



Espey Mfg. & Electronics Corp. Reports Second Quarter Results

Saratoga Springs, NY, February 13, 2014 - Espey Mfg. & Electronics Corp. (NYSE MKT: ESP) reports results for the second quarter and the first six months of fiscal year 2014, ended December 31, 2013.

Net sales for the second quarter of fiscal year 2014, October 1 to December 31, 2013, were \$6.6 million, compared with last year's second quarter net sales of \$8.1 million. The net income for the period was \$111,152, \$.05 per diluted share, compared with \$1,071,776, \$.48 per diluted share for the corresponding period the last fiscal year.

For the first six months of fiscal 2014, July 1 to December 31, 2013, net sales were \$13.5 million, compared with \$15.9 million for the first six months of fiscal 2013. Net income for the six months was \$1,160,059, \$.51 per diluted share, compared with net income of \$2,352,494, \$1.05 per diluted share, for the corresponding period last fiscal year.

The sales order backlog for the Company was \$37.8 million at December 31, 2013, compared with last year's sales backlog of \$48.5 million at December 31, 2012. New sales orders in the first half of fiscal 2014 were approximately \$9.3 million, compared with new sales orders in the first half of fiscal 2013 of approximately \$14 million.

Mr. Mark St. Pierre, President and CEO, commented:

"Sales, earnings, and backlog all declined in the second quarter ended December 31, 2013, attributable to two principal factors. First, two large development programs fell behind schedule --and therefore over budget--during the quarter, negatively impacting earnings. Second, several expected large new orders did not materialize as a result of delays in United States Department of Defense procurement attributable to ongoing Congressional actions pertaining to the federal budget. And, of course, delayed orders and lower shipments translate to proportionately lower earnings.

Several of those delayed projects are due to be awarded in the near future and we are optimistic that we will win one or more of these significant awards. However the typical technical complexity of our products accompanied by long development and qualification schedules means a year before significant revenue and profit are generated from these expected jobs, and so we predict some continued pressure on our earnings and shipments until these programs are won and are completed.

We remain optimistic that we are pursuing the right strategy and identifying large opportunities that will result in our long term continued financial success and growth. Espey's management intends to stay the course through this difficult time for our entire industry."

Espey's primary business is the development, design, and production of specialized military and industrial power supplies/electronic equipment. The Company's web site can be found on the Internet at www.espey.com.

For further information, contact Mr. David O'Neil or Mr. Mark St. Pierre at (518) 245-4400.

This press release may contain certain statements that are "forward-looking statements" and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements represent the Company's current expectations or beliefs concerning future events. The matters covered by these statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those set forth in the forward-looking statements. The Company wishes to caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made.

Espey Mfg. & Electronics Corp. comparative unaudited three-month and six-month figures for the periods ended December 31, 2013 and 2012.

	Three Months		Six Months	
	2013	2012	2013	2012
Sales:	\$6,569,641	\$8,052,447	\$13,490,596	\$15,944,324
Net Income:	111,152	1,071,776	1,160,059	2,352,494
Income per share:				
Basic	.05	.49	.52	1.07
Diluted	.05	.48	.51	1.05
Weighted average number of Shares outstanding:				
Basic	2,242,436	2,201,140	2,236,754	2,193,782
Diluted	2,297,463	2,238,745	2,281,643	2,236,553