



Espey Mfg. & Electronics Corp. Reports Third Quarter and Nine Month Results

Saratoga Springs, NY, May 13, 2014 - Espey Mfg. & Electronics Corp. (NYSE MKT: ESP) reports the results for the third quarter and the first nine months of fiscal year 2014, ended March 31, 2014.

Net sales for the third quarter of fiscal year 2014, January 1 to March 31, 2014, were \$6,549,623 as compared with last fiscal year's third quarter net sales of \$6,799,970. Net income for the period was \$706,030, \$.31 per diluted share, as compared with net income of \$915,231, \$.41 per diluted share for the corresponding period the last fiscal year.

For the first nine months of fiscal year 2014, July 1, 2013 to March 31, 2014, net sales were \$20,040,219, as compared with \$22,744,294 for the first nine months of fiscal 2013. Net income for the period was \$1,866,089, \$.82 per diluted share, as compared with net income of \$3,267,725, \$1.46 per diluted share, for the corresponding period last fiscal year.

The sales order backlog for the Company was \$31.9 million at March 31, 2014, compared with last fiscal year's sales order backlog of \$47.9 million at March 31, 2013.

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

"Although sales and earnings of \$6.5 million and \$.31 per share both improved from the last quarter, they lag behind last year's comparable period performance of \$6.8 million and \$.41 per share. Of greater concern – and the focus of our attention in this austere Defense budget environment - is backlog, which was approximately \$32 million at quarter-end, versus nearly \$48 million last year at this time. Our backlog does vary significantly due to the variability and timing of contracts, but we cannot and will not ignore the definite trend of increased competition for diminishing federal defense contracts and deferred and scaled-back military programs. To that end, we have recently reinforced our sales and marketing resources to better penetrate customer opportunities, added a technical resource to the sales team, and refined our target opportunities list. We expect benefit from these moves, but there can be no question that, as we have been advising, Fiscal 2015 will be a difficult year while the full effect of spending decreases are felt over the next 12 months. As has been the case for the last 4 years of uncertainty regarding federal defense spending, your management team intends to "stay the course" and position Espey for long-term success."

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 nine-month figures for the periods ended March 31, 2014 and 2013				
	Three-Month		Nine-Month	
	2014	2013	2014	2013
Sales:	\$6,549,623	\$6,799,970	\$20,040,219	\$22,744,294
Net Income:	706,030	915,231	1,866,089	3,267,725
Income per share:				
Basic	.31	.41	.83	1.48
Diluted	.31	.41	.82	1.46
Weighted average number of Shares outstanding:				
Basic	2,249,175	2,217,641	2,240,834	2,201,619
Diluted	2,294,616	2,247,599	2,285,904	2,240,181