

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(MARK ONE)

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED OCTOBER 31, 1999 OR
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

For the transition period from _____ to _____

COMMISSION FILE NUMBER 1-4604

HEICO CORPORATION
(Exact name of registrant as specified in its charter)

FLORIDA 65-0341002
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION) (I.R.S. EMPLOYER IDENTIFICATION NO.)

3000 TAFT STREET, HOLLYWOOD, FLORIDA 33021
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES) (ZIP CODE)

(954) 987-6101
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

COMMON STOCK, PAR VALUE \$.01 PER SHARE	NEW YORK STOCK EXCHANGE
CLASS A COMMON STOCK, PAR VALUE \$.01 PER SHARE	(Name of Each Exchange On Which Registered)
(Title of Each Class)	

Securities registered pursuant to Section 12(g) of the Act:

PREFERRED STOCK PURCHASE RIGHTS
(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

The aggregate market value of the voting and non-voting stock held by nonaffiliates of the registrant as of December 31, 1999 was \$270,000,000 based on the closing price of Common Stock of \$21 13/16 and Class A Common Stock of \$21 1/8 on December 31, 1999 as reported by the New York Stock Exchange and after subtracting from the number of shares outstanding on that date the number of shares held by affiliates of the registrant.

The number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date:

COMMON STOCK, \$.01 PAR VALUE	8,419,144 SHARES
CLASS A COMMON STOCK, \$.01 PAR VALUE	7,347,266 SHARES
(Class)	(Outstanding at December 31, 1999)

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the proxy statement for the 2000 Annual Meeting of Shareholders are incorporated by reference into Part III. See Item 14(a)(3) on page 50 for a listing of exhibits.

CERTAIN STATEMENTS IN THIS REPORT CONSTITUTE FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. WE HAVE BASED THESE FORWARD-LOOKING STATEMENTS ON OUR CURRENT EXPECTATIONS AND PROJECTIONS ABOUT FUTURE EVENTS. THESE FORWARD-LOOKING STATEMENTS ARE SUBJECT TO RISKS, UNCERTAINTIES, AND ASSUMPTIONS ABOUT HEICO CORPORATION, INCLUDING, AMONG OTHER THINGS:

- o Lower commercial air travel;
- o Our anticipated growth strategies and ability to achieve operating synergies from acquired businesses;
- o Our intention to introduce new products;
- o Product pricing levels;
- o Product specification costs and requirements;

- o Governmental and regulatory demands;
- o Competition on military programs;
- o Anticipated trends in our businesses, including trends in the markets for jet engine parts, jet engine overhaul and electronics and ground support equipment;
- o Economic conditions within and outside of the aerospace, aviation and defense industries; and
- o Our ability to continue to control costs and maintain quality.

We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

PART I

ITEM 1. BUSINESS

THE COMPANY

HEICO Corporation ("HEICO" or the "Company") believes it is the world's largest manufacturer of Federal Aviation Administration ("FAA") approved jet engine replacement parts, other than the original equipment manufacturers ("OEMs") and their subcontractors. It is also a leading manufacturer of certain electronic and ground support equipment to the airline and defense industries. The Company's operations are divided into two segments, the Flight Support Group ("FSG") and the Electronics & Ground Support Group ("EGSG"). Through our FSG we use proprietary technology to design, manufacture and sell jet engine replacement parts for sale at lower prices than those manufactured by OEMs. These parts are approved by the FAA and are the functional equivalent of parts sold by OEMs. In addition, our FSG repairs, refurbishes and overhauls jet engine and aircraft components for domestic and foreign commercial air carriers and aircraft repair companies, and manufactures thermal insulation products and related components primarily for aerospace and defense applications. In fiscal 1999, the FSG accounted for 67% of our revenues. Through our EGSG, we manufacture various types of electrical and aircraft ground support equipment ("GSE"), including electrical power, back-up power supplies, circuit board shielding and infrared simulation and ground test equipment as well as air start, air conditioning and heating units, primarily for the aerospace industry. In fiscal 1999, the EGSG accounted for 33% of our revenues.

We have continuously operated in the aerospace industry for approximately 40 years. Since assuming control in 1990, current management has achieved significant sales and profit growth through expanded product offerings, an expanded customer base, increased research and development expenditures, and the completion of acquisitions. As a result of internal growth and acquisitions, our revenues have grown from \$19.2 million in fiscal 1994 to \$141.3 million in fiscal 1999, a compound annual growth rate of 49% over the five-year period. During the same period, diluted earnings per share increased from \$.06 to \$.93, a compound annual growth rate of 73%.

In October 1997, we formed a strategic alliance with Lufthansa Technik AG ("Lufthansa"), the technical services subsidiary of Lufthansa German Airlines AG. Lufthansa is the world's largest independent provider of engineering and maintenance services for aircraft and aircraft engines and supports over 200 airlines, governments and other customers. As part of the transaction, Lufthansa acquired a 20% minority interest in our FSG, investing \$42 million to date and committing to invest an additional \$3 million for research and development projects over the next year. This includes direct equity investments and the funding of specific research and development projects. In connection with subsequent acquisitions by our FSG, Lufthansa invested additional amounts pursuant to its option to maintain a 20% equity interest. This strategic alliance should continue to enable us to expand domestically and internationally by enhancing our ability to (i) identify key jet engine replacement parts with significant profit potential by utilizing Lufthansa's extensive operating data on engine parts, (ii) introduce those parts throughout the world in an efficient manner due to Lufthansa's testing and diagnostic resources, and (iii) broaden our customer base by capitalizing on Lufthansa's established relationships and alliances within the airline industry.

Beginning in fiscal 1997, the Company, through acquisitions, has added seven subsidiaries to its FSG and three subsidiaries to its EGSG. See "Management's Discussion of Financial Condition and Results of Operations" for details of the Company's acquisitions.

FLIGHT SUPPORT GROUP

Our FSG designs, engineers, manufactures, repairs and/or overhauls jet engine parts and components such as combustion chambers, gas flow transition ducts and various other engine and airframe parts. We also manufacture specialty aviation and defense components as a subcontractor. We serve a broad spectrum of the aviation industry, including (i) commercial airlines and air cargo couriers, (ii) repair and overhaul facilities, (iii) OEMs, and (iv) the U.S. government. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" for a listing of operating subsidiaries included in the FSG.

Jet engine replacement parts can be categorized by their ongoing ability to be repaired and returned to service. The general categories (in all of which we participate) are as follows: (i) rotatable; (ii) repairable; and (iii) expendable. A rotatable is a part which is removed periodically as dictated by an operator's maintenance procedures or on an as needed basis and is typically repaired or overhauled and re-used an indefinite number of times. An important subset of rotatables is "life limited" parts. A life limited rotatable has a designated number of allowable flight hours and/or cycles (one take-off and landing generally constitutes one cycle) after which it is rendered unusable. A repairable is similar to a rotatable except that it can only be repaired a limited number of times before it must be discarded. An expendable is generally a part which is used and not thereafter repaired for further use.

Jet engine replacement parts are classified within the industry as (i) factory-new, (ii) new surplus, (iii) overhauled, (iv) serviceable, and (v) as removed. A factory-new or new surplus part is one that has never been installed or used. Factory-new parts are purchased from FAA-approved manufacturers (such as HEICO or OEMs) or their authorized distributors. New surplus parts are purchased from excess stock of airlines, repair facilities or other redistributors. An overhauled part has been completely repaired and inspected by a licensed repair facility (such as ours). An aircraft spare part is classified repairable if it can be repaired by a licensed repair facility under applicable regulations. A part may also be classified repairable if it can be removed by the operator from an aircraft or engine while operating under an approved maintenance program and is airworthy and meets any manufacturer or time and cycle restrictions applicable to the part. A factory-new, new surplus, overhauled or serviceable part designation indicates that the part can be immediately utilized on an aircraft. A part in "as removed" condition requires inspection and possibly functional testing, repair or overhaul by a licensed facility prior to being returned to service in an aircraft.

FACTORY-NEW JET ENGINE REPLACEMENT PARTS. The principal business of the FSG is the research and development, design, manufacture and sale of FAA-approved jet engine replacement parts that are sold to domestic and foreign commercial air carriers and aircraft repair and overhaul companies. Our principal competitor is Pratt & Whitney, a

division of United Technologies Corporation ("UTC"). The FSG's factory-new jet engine replacement parts include combustion chambers and various other jet engine replacement parts. A key element of our growth strategy is the continued design and development of an increasing number of Parts Manufacturer Approval (PMA) replacement parts in order to further penetrate our existing customer base and obtain new customers. We select the jet engine replacement parts to design and manufacture through a selection process which analyzes industry information to determine which jet engine replacement parts are expected to generate the greatest profitability. As part of Lufthansa's investment in the FSG, Lufthansa has the right to select 50% of the engine parts for which we will seek PMAs, provided that such parts are technologically and economically feasible and substantially comparable with the profitability of our other PMA parts.

The following table sets forth (i) the lines of engines for which we provide jet engine replacement parts and (ii) the approximate number of such engines currently in service as estimated by us. Although we expect that our strategic alliance with Lufthansa will broaden our product lines, most of our current PMA parts are for Pratt & Whitney engines, with a substantial majority for the JT8D.

OEM	LINES	NUMBER IN SERVICE	PRINCIPAL ENGINE APPLICATION
Pratt & Whitney	JT8D	9,000	Boeing 727 and 737 (100 and 200 series)
	JT9D	2,000	McDonnell Douglas DC-9 and MD-80 Boeing 747 (100, 200 and 300 series) and 767 (200 series)
	PW2000	700	Airbus A300 and A310 McDonnell Douglas DC-10
	PW4000	1,800	Boeing 757 Boeing 747-400, 767-300 and 777 Airbus A300, A310 and A330
CFM International (a joint Venture of General Electric and SNECMA)	CFM56	6,600	McDonnell Douglas MD-11 Boeing 737 (300, 400, 500, 700, 800 and 900 series)
General Electric	CF6	4,200	Airbus A320 and A340-200 Boeing 747 and 767 Airbus A300, A310 and A330 McDonnell Douglas MD-11

REPAIR AND OVERHAUL SERVICES. We provide repair and overhaul services on selected parts for certain aircraft engines, as well as for avionics, instruments, and electronic equipment for commercial aircraft. Our repair and overhaul operations require a high level of expertise, advanced technology and sophisticated equipment. Services on jet engine replacement parts include the repair, refurbishment and overhaul of numerous accessories and parts mounted on gas turbine engines, aircraft wings and frames or fuselages. Engine accessories include fuel pumps, generators and fuel controls. Parts include pneumatic valves, starters and actuators, turbo compressors and constant speed drives, hydraulic pumps, valves and actuators, electro-mechanical equipment and auxiliary power unit accessories.

SUBCONTRACTING FOR OEMS/MANUFACTURE OF SPECIALTY AIRCRAFT/DEFENSE RELATED PARTS. We also manufacture thermal insulation blankets primarily for aerospace and defense applications. These blankets are primarily used in the engine or "hot section" of aircrafts and are usually replaced every three to five years. We also derive revenue from the sale of specialty components as a subcontractor for OEMs and the U.S. government.

MANUFACTURING AND QUALITY CONTROL

Our FSG manufacturing operations involve a high level of technical expertise and vertical integration, including computer numerical control ("CNC") machining and grinding, complex sheet metal fabrication, vacuum heat treating, plasma spraying and laser cutting. We also perform all of the design and engineering for our products. Specific components of the process include:

- o RESEARCH AND DEVELOPMENT. Our research and development department uses state-of-the-art equipment such as a scanning electron microscope, CAD/CAM/CAE workstations and finite element analysis and thermal testing software to design and engineer components, as well as to ensure accurate data transfer between our new product development and manufacturing departments. Our engineers are recruited from OEMs and other aerospace industry participants in a variety of disciplines, including aerodynamics, heat transfer, manufacturing, materials and structures. See "-- FAA Approvals and Product Design."
- o MACHINING AND FABRICATION. Our CNC machining and grinding capabilities provide cost advantages and dimensional repeatability with a variety of aerospace materials. Our lathes are frequently equipped with touch probes to perform critical in-process evaluations and automatically adjust machining parameters. Fabrication capabilities include custom-designed machines that automatically position and spot, fusion and flash weld, mechanical and hydraulic presses, and wire, as well as conventional, electrical discharge machining.
- o SPECIAL PROCESSES. We believe that our heat treatment, brazing, plasma spraying and other in-house special process capabilities reduce lead times and allow us to better control the quality of our products. For example, our robotic systems can apply thermal barrier and heat resistant coatings to parts ranging from 0.25 inches to 60 inches in dimension.
- o QUALITY CONTROL. We incur significant costs to maintain the most stringent quality control of our products and services. In addition to domestic and foreign governmental regulations, OEMs, commercial airlines and other customers require that we satisfy certain requirements relating to the quality of our products and services. We perform testing and certification procedures on all of the products that we design, engineer, manufacture, repair and overhaul, and maintain detailed records to ensure traceability of the production of and service on each aircraft component. Management believes that the resources required to institute and maintain our quality control procedures represents a barrier to entry for competitors.

FAA APPROVALS AND PRODUCT DESIGN

Non-OEM manufacturers of jet engine replacement parts must receive a PMA from the FAA. The PMA process includes the submission of sample parts, drawings and testing data to one of the FAA's Aircraft Certification Offices where the submitted data are analyzed. We believe that an applicant's ability to successfully complete the PMA process is limited by several factors, including (i) the agency's confidence level in the applicant, (ii) the complexity of the part, (iii) the volume of PMAs being filed, and (iv) the resources available to the FAA. We also believe that companies such as HEICO that have demonstrated their manufacturing capabilities and established favorable track records with the FAA generally receive a faster turnaround time in the processing of PMA applications. Finally, we believe that the PMA process creates a significant barrier to entry in this market niche through both its technical demands and its limits on the rate at which competitors can bring products to market.

As part of our growth strategy, we have continued to increase our research and development activities. Research and development expenditures increased from approximately \$300,000 in 1991 to approximately \$7.9 million in fiscal 1999 including \$6.7 million reimbursed under our strategic alliance with Lufthansa. We believe that our FSG's research and development capabilities are a significant component of our historical success and an integral

part of our growth strategy. As of October 31, 1999 an aggregate of \$4.5 million remained available under Lufthansa's commitment to reimburse research and development expenditures.

The Company's expanded research and development activities have included development of more complex jet engine replacement parts. In October 1999, the Company received its first PMA for a compressor blade from the FAA and is continuing research and development of other compressor blades. The Company believes the development and sale of complex parts represents a significant long-term market opportunity; however, no assurance can be given that the FAA will continue to grant PMAs or that the Company will achieve acceptable levels of net sales and gross profits on such parts in the future.

We benefit from our proprietary rights relating to certain designs, engineering, manufacturing processes and repair and overhaul procedures. Customers often rely on us to provide initial and additional components, as well as to redesign, re-engineer, replace or repair and provide overhaul services on such aircraft components at every stage of their useful lives. In addition, for some products, our unique manufacturing capabilities are required by the customer's specifications or designs, thereby necessitating reliance on us for production of such designed product.

While we have developed proprietary techniques, software and manufacturing expertise for the manufacture of jet replacement parts, we have no patents for these proprietary techniques and choose to rely on trade secret protection. We believe that although our proprietary techniques, software and expertise are subject to misappropriation or obsolescence, development of improved methods and processes and new techniques by us will continue on an ongoing basis as dictated by the technological needs of our business.

ELECTRONICS AND GROUND SUPPORT GROUP

Our EGSG manufactures various types of electrically engineered products, such as power supplies, shielding for communications, computer and aerospace applications, infrared simulation and ground test equipment, and GSE. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" for a listing of operating subsidiaries included in the EGSG.

We currently serve the commercial and military GSE markets through the manufacture of electrical ground power units, air start units, and air conditioning and heating units that are sold to both domestic and foreign commercial and military customers. We also manufacture specialty military electronics such as shipboard power supplies and power converters. Because military and commercial aircraft vary so widely by size and manufacturer, unique equipment is often required for each distinct airframe. Military aircraft require particularly unique equipment arrangements that necessitate custom manufacturing. Examples of our GSE products include a sophisticated cooling system for the Air Force's new F-22 fighter aircraft and a combination ground power and air conditioning unit for the F-16 aircraft.

During fiscal 1999, the Company added the following products through acquisitions. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" for a description of these acquisitions.

- o ON-BOARD AIRCRAFT POWER SUPPLIES. Our EGSG manufactures power supply and current control products and replacement components used in aircraft. Our products include battery and charger units to support emergency lighting, emergency fuel shut-off devices, emergency exit door power assists, static inverters for emergency lighting and cockpit lighting dimmers. These products enhanced the EGSG's existing power supply product line. While periodically, entire units may require replacement, there is an ongoing replacement market for batteries which have an estimated service life of approximately 3 to 5 years. These products are mainly sold to OEM customers and customers in the retrofit and modification market.

- o INFRARED SIMULATION AND GROUND TEST EQUIPMENT. EGSG is also a leading international designer and manufacturer of state-of-the-art aerospace and defense infrared simulation and ground test equipment. Our products include high precision blackbody sources, optical systems and fully integrated test calibration systems. In addition, the new MIRAGE IR Scene Simulator, which is used to test and calibrate complex infrared targeting and imaging systems, incorporates a state-of-the-art, large scale integrated circuit as the infrared emitter chip.
- o CIRCUIT BOARD SHIELDING. EGSG also manufactures electromagnetic and radio frequency shielding for circuit boards utilized in telecommunications, aerospace, and microwave applications. The circuit board shielding technology reduces electronic noise and protects sensitive components. We have the ability to fabricate short to medium runs, in a wide variety of shapes and applications, which is a manufacturing advantage.

FINANCIAL INFORMATION ABOUT OPERATING SEGMENTS, FOREIGN AND DOMESTIC OPERATIONS AND EXPORT SALES

See Note 13 to the Consolidated Financial Statements for financial information by operating segment and information about foreign and domestic operations as well as export sales.

SALES, MARKETING AND CUSTOMERS

Each of our operating segments and their subsidiaries independently conducts sales and marketing efforts directed at their respective customers and industries and, in some cases, collaborates with other operating divisions and subsidiaries within its group for cross-marketing efforts. Sales and marketing efforts are conducted primarily by in-house personnel and, to a lesser extent, by independent manufacturer's representatives. Generally, the in-house sales personnel receive a base salary plus commission and manufacturer's representatives receive a commission on sales.

We believe that direct relationships are crucial to establishing and maintaining a strong customer base and, accordingly, our senior management is actively involved in our marketing activities, particularly with established customers. We are also a member of various trade and business organizations related to the commercial aviation industry, such as the Aerospace Industries Association ("AIA"), the leading trade association representing the nation's manufacturers of commercial, military and business aircraft, aircraft engines and related components and equipment. Due in large part to our established industry presence, we enjoy strong customer relations, name recognition and repeat business.

We sell our products to a broad customer base consisting of domestic and foreign commercial and cargo airlines, repair and overhaul facilities, other aftermarket suppliers of aircraft engine and airframe materials, OEMs, military units, electronic manufacturing services companies, manufacturers for the defense industry and telecommunications companies. No one customer accounted for sales of 10% or more of total consolidated sales from continuing operations during any of the last three fiscal years. Net sales to our five largest customers accounted for approximately 20% of total net sales during the year ended October 31, 1999.

COMPETITION

The aerospace product and service industry is characterized by intense competition and some of our competitors have substantially greater name recognition, inventories, complementary product and service offerings, financial, marketing and other resources than us. As a result, such competitors may be able to respond more quickly to customer requirements than us. Moreover, smaller competitors may be in a position to offer more attractive pricing of engine parts as a result of lower labor costs and other factors.

Our jet engine replacement parts business competes primarily with Pratt & Whitney and, to a much lesser extent, General Electric. The competition is principally based on price and service inasmuch as our parts are interchangeable with the parts produced by Pratt & Whitney. We believe that we supply over 50% of the market for certain JT8D engine parts for which we hold a PMA from the FAA, with Pratt & Whitney controlling the balance. With respect to other aerospace products and services sold by the FSG, we compete with both the leading jet engine OEMs and a large number of machining, fabrication and repair companies, some of which have greater financial and other resources than us. Competition is based mainly on price, product performance, service and technical capability.

Competition for the repair and overhaul of jet engine components comes from three principal sources: OEMs, major commercial airlines and other independent service companies. Some of these companies have greater financial and other resources than us. Some major commercial airlines own and operate their own service centers and sell repair and overhaul services to other aircraft operators. Foreign airlines that provide repair and overhaul services typically provide these services for their own components and for third parties. OEMs also maintain service centers that provide repair and overhaul services for the components they manufacture. Other independent service organizations also compete for the repair and overhaul business of other users of aircraft components. We believe that the principal competitive factors in the airmotive market are quality, turnaround time, overall customer service and price.

Our EGSG competes with several large and small domestic and foreign competitors, some of which have greater financial resources than us. We believe the market for our GSE is highly fragmented, with competition based mainly on price, product performance and service. The market for our electronic products are niche markets with few competitors with competition based mainly on design, technology, quality, price and customer satisfaction.

RAW MATERIALS

We purchase a variety of raw materials, primarily consisting of high temperature alloy sheet metal and castings, forgings, pre-plated steel and pre-plated phosphor bronze from various vendors. We also purchase parts, including electrical components, diesel and gas powered engines, compressors and generators. The materials used by our operations are generally available from a number of sources and in sufficient quantities to meet current requirements subject to normal lead times.

BACKLOGS

Our total backlog of unshipped orders was \$60.1 million on October 31, 1999 versus \$18.5 million on October 31, 1998. Our FSG operations had a backlog of unshipped orders as of October 31, 1999 of \$17.4 million as compared to \$11.7 million as of October 31, 1998. This backlog excludes forecasted shipments for certain contracts of the FSG pursuant to which customers provide only estimated annual usage and not firm purchase orders. Our EGSG operations had a backlog of \$42.7 million as of October 31, 1999 and \$6.8 million as of October 31, 1998. Substantially all of the backlog of orders as of October 31, 1999 are expected to be delivered during fiscal 2000.

GOVERNMENT REGULATION

The FAA regulates the manufacture, repair and operation of all aircraft and aircraft parts operated in the United States. Its regulations are designed to ensure that all aircraft and aviation equipment are continuously maintained in proper condition to ensure safe operation of the aircraft. Similar rules apply in other countries. All aircraft must be maintained under a continuous condition monitoring program and must periodically undergo thorough inspection and maintenance. The inspection, maintenance and repair procedures for the various types of aircraft and equipment are prescribed by regulatory authorities and can be performed only by certified repair facilities utilizing certified technicians. Certification and conformance is required prior to installation of a part on an aircraft. Aircraft operators must maintain logs concerning the utilization and condition of aircraft engines, life-limited engine parts and

airframes. In addition, the FAA requires that various maintenance routines be performed on aircraft engines, some engine parts and airframes at regular intervals based on cycles or flight time. Engine maintenance must also be performed upon the occurrence of certain events, such as foreign object damage in an aircraft engine or the replacement of life-limited engine parts. Such maintenance usually requires that an aircraft engine be taken out of service. Our operations may in the future be subject to new and more stringent regulatory requirements. In that regard, we closely monitor the FAA and industry trade groups in an attempt to understand how possible future regulations might impact us.

Because our jet engine replacement parts largely consist of older model JT8D aircraft engines and engine parts, we are substantially impacted by the FAA's noise regulations. The ability of aircraft operators to utilize such JT8D aircraft engines in domestic flight operations is significantly influenced by regulations promulgated by the FAA governing, among other things, noise emission standards. Pursuant to the Aircraft Noise and Capacity Act, the FAA has required all aircraft operating in the United States with a maximum weight of more than 75,000 pounds to have met Stage 3 noise restriction levels by December 31, 1999, unless waived by the FAA. Aircraft which require hush-kits or other modifications to be in compliance with Stage 3 include the Boeing 727-200s, Boeing 737-200s and McDonnell Douglas DC-9-30/40/50s. This ban on operation in the United States of non-Stage 3 compliant aircraft applies to both domestic and foreign aircraft operators. The European Union (EU) established regulation effective May 1, 2000 which would bar the operation in EU countries of both hushkitted and certain re-engined U.S. aircraft that have not been operated in those countries previously. The EU's ban results from efforts of environmental lobbyists in the EU. The U.S. Aviation Industry has endorsed a putative Administration decision to file an Article 84 complaint under the Chicago Convention with the International Civil Aviation Organization (ICAO). Article 84 is the means through which disputes are settled among ICAO member nations. U.S. and EU officials may meet to reach a compromise to avoid ICAO involvement. Various communities surrounding the larger European cities also have adopted more stringent local regulations which restrict the operation of non-hush-kitted aircraft in such jurisdictions. Approximately 40% of our net sales in fiscal 1999 consisted of sales of replacement parts and overhaul services for the JT8D aircraft engine down from 48% in fiscal 1998.

There has been no material adverse effect to the Company's consolidated financial statements as a result of these government regulations.

ENVIRONMENTAL REGULATION

Our operations are subject to extensive, and frequently changing, federal, state and local environmental laws and substantial related regulation by government agencies, including the Environmental Protection Agency (the "EPA"). Among other matters, these regulatory authorities impose requirements that regulate the operation, handling, transportation, and disposal of hazardous materials, the health and safety of workers, and require us to obtain and maintain licenses and permits in connection with our operations. This extensive regulatory framework imposes significant compliance burdens and risks on us. Notwithstanding these burdens, we believe that we are in material compliance with all federal, state, and local laws and regulations governing our operations.

We are principally subject to the requirements of the Clean Air Act of 1970 (the "CAA"), as amended in 1990; the Clean Water Act of 1977; the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"); the Resource Conservation Recovery Act of 1976 (the "RCRA"); and the Hazardous and Solid Waste Amendments of 1984. The following is a summary of the material regulations that are applicable to us.

The CAA imposes significant requirements upon owners and operators of facilities that discharge air pollutants into the environment. The CAA mandates that facilities which emit air pollutants comply with certain operational criteria and secure appropriate permits. Additionally, authorized states such as Florida may implement various aspects of the CAA and develop their own regulations for air pollution control. Our facilities presently hold air emission permits and we intend to conduct an air emissions inventory and health and safety audit of our facilities and, depending upon the results of such assessments, may find it necessary to secure additional permits and/or to

install additional control technology, which could result in the initiation of an enforcement action, the imposition of penalties and the possibility of substantial capital expenditures.

CERCLA, as amended by the Superfund Amendments and Reauthorization Act of 1986 ("SARA"), is designed to respond to the release of hazardous substances. CERCLA's most notable objectives are to provide criteria and funding for the cleanup of sites contaminated by hazardous substances and impose strict liability on parties responsible for such contamination, namely owners and operators of facilities or vessels from which such releases or threatened releases occur, and persons who generated, transported, or arranged for the transportation of hazardous substances to a facility from which such release or threatened release occurs.

RCRA and EPA's implementing regulations establish the basic framework for federal regulation of hazardous waste. RCRA governs the generation, transportation, treatment, storage and disposal of hazardous waste through a comprehensive system of hazardous waste management techniques and requirements. RCRA requires facilities such as ours that treat, store, or dispose of hazardous waste to comply with enumerated operating standards. Many states, including Florida, have created programs similar to RCRA for the purpose of issuing annual operating permits and conducting routine inspections of such facilities to ensure regulatory compliance. We believe that our facilities are in material compliance with all currently applicable RCRA and similar state requirements, hold all applicable permits required under RCRA, and are operating in material compliance with the terms of all such permits.

In addition, Congress has enacted federal regulations governing the underground storage of petroleum products and hazardous substances. The federal underground storage tank ("UST") regulatory scheme mandates that EPA establish requirements for leak detection, construction standards for new USTs, reporting of releases, corrective actions, on-site practices and record-keeping, closure standards, and financial responsibility. Some states, including Florida, have promulgated their own performance criteria for new USTs, including requirements for spill and overflow protection, UST location, as well as primary and secondary containment. We believe that our facilities are in material compliance with the federal and state UST regulatory requirements and performance criteria.

OTHER REGULATION. We are also subject to a variety of other regulations including work-related and community safety laws. The Occupational Safety and Health Act of 1970 ("OSHA") mandates general requirements for safe workplaces for all employees. In particular, OSHA provides special procedures and measures for the handling of some hazardous and toxic substances. In addition, specific safety standards have been promulgated for workplaces engaged in the treatment, disposal or storage of hazardous waste. Requirements under state law, in some circumstances, may mandate additional measures for facilities handling materials specified as extremely dangerous. We believe that our operations are in material compliance with OSHA's health and safety requirements.

INSURANCE

We are a named insured under policies which include the following coverage: (i) product liability, including grounding; (ii) personal property, inventory and business income at our facilities; (iii) general liability coverage; (iv) employee benefit liability; (v) international liability and automobile liability; (vi) umbrella liability coverage; and (vii) various other activities or items subject to certain limits and deductibles. We believe that coverages are adequate to insure against the various liability risks of our business.

EMPLOYEES

As of December 31, 1999, the Company had 1,105 full-time employees, of which 691 were in the FSG, 402 were in the EGSG, and 12 were corporate. None of our employees are represented by a union. We believe that our employee relations are good.

ITEM 2. PROPERTIES

We own or lease the following facilities:

FLIGHT SUPPORT GROUP

LOCATION	DESCRIPTION	SQUARE FOOTAGE	OWNED/LEASE EXPIRATION
Hollywood, Florida	Manufacturing and engineering facility and corporate headquarters	140,000	Owned
Hollywood, Florida	Manufacturing and overhaul/repair facility	45,000(1)	Owned
Atlanta, Georgia	Manufacturing and engineering facility	40,000	Owned
Miami, Florida	Overhaul and repair facility	56,000	Owned
Miami, Florida	Overhaul and repair facility	12,000	July 2001
Miami, Florida	Warehouse facility	9,000	December 2000
Anacortes, Washington	Engineering and manufacturing facility	10,000	June 2003
Glastonbury, Connecticut	Engineering facility	5,000	June 2002
Corona, California	Manufacturing and engineering facility	91,000	August 2001 - June 2003
Roswell, New Mexico	Manufacturing and engineering facility	34,000	October 2000

ELECTRONICS & GROUND SUPPORT GROUP

LOCATION	DESCRIPTION	SQUARE FOOTAGE	OWNED/LEASE EXPIRATION
Palmetto, Florida	Manufacturing and engineering facility and offices	113,000	Owned
Tampa, Florida	Manufacturing and engineering facility and offices	41,000	August 2000
Santa Barbara, California	Manufacturing and engineering facility	15,000	August 2003

CORPORATE

LOCATION	DESCRIPTION	SQUARE FOOTAGE	OWNED/LEASE EXPIRATION
Hollywood, Florida	Corporate headquarters	Included above	Owned
Miami, Florida	Administrative offices	3,000	August 2000

(1) After completion of current construction expected by February 2000.

For additional information with respect to our leases, see Note 5 of Notes to our Consolidated Financial Statements.

We believe that our current capacity, coupled with our plans for facilities expansion, is sufficient to handle our anticipated needs for the foreseeable future.

ITEM 3. LEGAL PROCEEDINGS

In November 1989, HEICO Aerospace Corporation and Jet Avion were named defendants in a complaint filed by United Technologies Corporation (UTC) in the United States District Court for the Southern District of Florida. All counts of UTC's complaint that were not previously withdrawn by UTC have been dismissed by the court. UTC has appealed the dismissal. The complaint, as amended in fiscal 1995, alleged infringement of a patent, misappropriation of trade secrets and unfair competition relating to certain jet engine parts and coatings sold by Jet Avion in competition with Pratt & Whitney, a division of UTC. UTC sought approximately \$8 million in damages for the patent infringement and approximately \$30 million in damages for the misappropriation of trade secrets and unfair competition claims. The aggregate damages referred to in the preceding sentence did not exceed approximately \$30 million because a portion of the misappropriation and unfair competition damages duplicate the patent infringement damages. UTC also sought, among other things, pre-judgment interest and treble damages.

The Company has counterclaims against UTC for, among other things, malicious prosecution, trade disparagement, tortious interference and unfair competition. The Company is seeking compensatory and punitive damages in amounts to be determined at trial. UTC filed an answer denying the counterclaims. No trial date is currently set.

The ultimate outcome of this litigation is not certain at this time and no provision for gain or loss, if any, has been made in the consolidated financial statements.

In May 1998, the Company and its HEICO Aerospace Corporation and Jet Avion subsidiaries were served with a lawsuit by Travelers Casualty & Surety Co., f/k/a the Travelers Casualty and Surety Co. (Travelers). In June 1999, the Travelers lawsuit was dismissed by the federal court based on a lack of jurisdiction. Travelers has appealed the dismissal. The complaint seeks reimbursement of legal fees and costs totaling in excess of \$15 million paid by Travelers in defending the Company in the above referenced litigation with UTC. In addition, Travelers seeks a declaratory judgement that the Company did not and does not have insurance coverage under certain insurance policies with Travelers and accordingly, that Travelers did not have and does not have a duty to defend or indemnify the Company under such policies. Also named as defendants in Travelers' lawsuit are UTC and one of the law firms representing the Company in the UTC litigation.

The Company believes that it has significant counterclaims against Travelers for damages. After taking into consideration legal counsel's evaluation of Travelers' claim, management is of the opinion that the outcome of the Travelers litigation will not have a significant adverse effect on the Company's consolidated financial statements. No provision for gain or loss, if any, has been made in the consolidated financial statements.

The Company is involved in various other legal actions arising in the normal course of business. Based upon the amounts sought by the plaintiffs in these actions, management is of the opinion that the outcome of these other matters will not have a significant effect on the Company's consolidated financial statements.

OTHER CONTINGENCIES

In January 1999, the Company received notice of a proposed adjustment pursuant to an examination by the Internal Revenue Service of the Company's fiscal 1995 and 1996 tax returns, disallowing the utilization of a \$4.6 million capital loss carryforward to offset the gain recognized by the Company in connection with the sale of its health care operations in July 1996. The Company has filed a protest requesting an appeal of such proposed adjustment, which would result in additional taxes of approximately \$1.8 million on the gain on the sale of the discontinued health care operations. The outcome of this matter is uncertain, accordingly, no provision for additional taxes, if any, has been made in the consolidated financial statements.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITIES HOLDERS

There were no matters submitted to a vote of securities holders during the fourth quarter of fiscal 1999.

EXECUTIVE OFFICERS OF THE REGISTRANT

The Executive Officers are elected by the Board of Directors at the first meeting following the annual meeting of shareholders and serve at the discretion of the Board. The names and ages of, and offices held by, the executive officers of the Company are as follows:

NAME -----	AGE ----	POSITION(S) -----	DIRECTOR SINCE -----
Laurans A. Mendelson	61	Chairman of the Board, President and Chief Executive Officer	1989
Thomas S. Irwin	53	Executive Vice President and Chief Financial Officer	
Eric A. Mendelson	34	Vice President and Director, President of HEICO Aerospace Holdings Corp.	1992
Victor H. Mendelson	32	Vice President, General Counsel and Director, President of HEICO Aviation Products Corp.	1996
James L. Reum	68	Executive Vice President of HEICO Aerospace Holdings Corp.	

LAURANS A. MENDELSON has served as Chairman of the Board of the Company since December 1990. Mr. Mendelson has also served as Chief Executive Officer of the Company since February 1990, President of the Company since September 1991 and served as President of MediTek Health Corporation from May 1994 until its sale in July 1996. He has been Chairman of the Board of Ambassador Square, Inc. (a Miami, Florida real estate development and management company) since 1980 and President of that company since 1988. He has been Chairman of Columbia Ventures, Inc. (a private investment company) since 1985 and President of that company since 1988. In 1997 and 1999, Mr. Mendelson served on the board of governors of the AIA. Mr. Mendelson is a Certified Public Accountant. Mr. Mendelson is a member of the Board of Trustees of Columbia University and the Board of Trustees of Mount Sinai Medical Center in Miami Beach, Florida.

THOMAS S. IRWIN has served as Executive Vice President and Chief Financial Officer of the Company since September 1991 and served as Senior Vice President of the Company from 1986 to 1991 and Vice President and Treasurer from 1982 to 1986. Mr. Irwin is a Certified Public Accountant.

ERIC A. MENDELSON has served as Vice President of the Company since 1992, and has been President of HEICO Aerospace Holdings Corp. ("HEICO Aerospace"), a subsidiary of HEICO, since its formation in 1997 and President of HEICO Aerospace Corporation since 1993. He also served as President of HEICO's Jet Avion Corporation, a wholly owned subsidiary of HEICO Aerospace, from 1993 to 1996 and served as Jet Avion's Executive Vice President and Chief Operating Officer from 1991 to 1993. From 1990 to 1991, Mr. Mendelson was Director of Planning and Operations of the Company. Mr. Mendelson is a co-founder, and, since 1987, has been Managing Director of Mendelson International Corporation ("MIC"), a private investment company which is a shareholder of HEICO. Eric Mendelson is the son of Laurans Mendelson and the brother of Victor Mendelson.

VICTOR H. MENDELSON has served as Vice President of the Company since 1996, as President of HEICO Aviation Products Corp., a subsidiary of HEICO, since September 1996 and as General Counsel of the Company since 1993. He served as Executive Vice President of MediTek Health Corporation from 1994 and its Chief Operating Officer

from 1995 until its sale in July 1996. He was the Company's Associate General Counsel from 1992 until 1993. From 1990 until 1992, he worked on a consulting basis with the Company developing and analyzing various strategic opportunities. Mr. Mendelson is a co-founder, and, since 1987, has been President, of Mendelson International Corporation (a private investment company which is a shareholder of HEICO). He is a Trustee of St. Thomas University, Miami, Florida. Victor Mendelson is the son of Laurans Mendelson and the brother of Eric Mendelson.

JAMES L. REUM has served as Executive Vice President of HEICO Aerospace since April 1993 and Chief Operating Officer of HEICO Aerospace from May 1995 until September 1999. He also served as President of LPI Industries Corporation from 1991 to 1998 and President of Jet Avion Corporation from 1996 to 1998. From January 1990 to August 1991, he served as Director of Research and Development for Jet Avion Corporation. From 1986 to 1989, Mr. Reum was self-employed as a management and engineering consultant to companies primarily within the aerospace industry. From 1957 to 1986, he was employed in various management positions with Chromalloy Gas Turbine Corp., Cooper Airmotive (later named Aviall, Inc.), United Airlines, Inc. and General Electric Company.

COMPLIANCE WITH SECTION 16(A) OF THE SECURITIES AND EXCHANGE ACT OF 1934

Section 16(a) of the Securities and Exchange Act of 1934 requires the Company's Directors, Executive Officers and 10% shareholders to file initial reports of ownership and changes in ownership of Common Stock with the Securities and Exchange Commission and the New York Stock Exchange. Directors, Executive Officers and 10% shareholders are required to furnish the Company with copies of all Section 16(a) forms they file. Based on the review of such reports furnished to the Company, the Company believes that during 1999, the Company's Directors, Executive Officers and 10% shareholders complied with all Section 16(a) filing requirements applicable to them.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

Commencing April 24, 1998, the Class A Common Stock began trading on the American Stock Exchange (AMEX) under the symbol "HEI.A." On January 29, 1999, the Class A Common Stock and the Common Stock commenced trading on the New York Stock Exchange (NYSE) under the symbols "HEI.A" and "HEI," respectively, and both classes of stock ceased trading on AMEX. The following table sets forth, for the periods indicated, the high and low sales prices for the Class A Common Stock and the Common Stock as reported on AMEX and NYSE, as applicable, as well as the amount of cash dividends paid per share during such periods. Lufthansa Technik, as a 20% shareholder of our FSG, will be entitled to 20% of any dividends paid by our FSG.

In November 1997, the Company declared a three-for-two stock split. In April 1998, the Company paid a 50% stock distribution in shares of Class A Common Stock. The quarterly sales prices and cash dividend amounts have been retroactively adjusted for the stock split and stock distribution.

CLASS A COMMON STOCK

	HIGH ----	LOW ---	CASH DIVIDENDS PER SHARE -----
FISCAL 1998:			
Third Quarter (commencing April 24, 1998).....	\$ 29.75	\$ 21.25	\$.025
Fourth Quarter.....	23.75	12.13	--
FISCAL 1999			
First Quarter.....	24.13	19.50	\$.025
Second Quarter.....	24.63	18.94	--
Third Quarter.....	24.38	20.94	\$.025
Fourth Quarter.....	22.31	15.00	--

On January 10, 2000 there were 1,080 holders of record of the Class A Common Stock.

COMMON STOCK

	HIGH ----	LOW ---	CASH DIVIDENDS PER SHARE -----
FISCAL 1998:			
First Quarter.....	\$ 19.25	\$ 13.78	\$.025
Second Quarter.....	33.50	19.20	--
Third Quarter.....	33.75	23.06	.025
Fourth Quarter.....	25.63	15.94	--
FISCAL 1999:			
First Quarter.....	\$ 32.25	\$ 23.25	\$.025
Second Quarter.....	27.38	20.06	--
Third Quarter.....	25.63	22.63	.025
Fourth Quarter.....	23.88	16.94	--

On January 10, 2000, there were 1,193 holders of record of the Common Stock.

ITEM 6. SELECTED FINANCIAL DATA

	YEAR ENDED OCTOBER 31,				
	1995	1996	1997(3)	1998(3)	1999(3)
	(IN THOUSANDS, EXCEPT PER SHARE DATA)				
OPERATING DATA:					
Net sales	\$ 25,613	\$ 34,565	\$ 63,674	\$ 95,351	\$141,269
Gross profit	8,116	12,169	20,629	36,104	57,532
Selling, general and administrative expenses ..	6,405	7,657	11,515	17,140	24,717
Operating income	1,711	4,512	9,114	18,964	32,815
Interest expense	169	185	477	984	2,173
Income:					
From continuing operations	1,437	3,665	7,019	10,509	16,337
From discontinued operations(1)	1,258	963	--	--	--
From gain on sale of discontinued operations	--	5,264	--	--	--
Net income	\$ 2,695	\$ 9,892	\$ 7,019	\$ 10,509	\$ 16,337
Weighted average number of common shares outstanding:(2)					
Basic	11,307	11,680	12,040	12,499	14,821
Diluted	11,930	13,282	14,418	15,541	17,643
PER SHARE DATA:(2)					
Income from continuing operations					
Basic	\$.13	\$.31	\$.58	\$.84	\$ 1.10
Diluted .....	.12	.28	.49	.68	.93
Net income:					
Basic .....	.24	.84	.58	.84	1.10
Diluted .....	.23	.75	.49	.68	.93
Cash dividends(2) .....	.032	.038	.045	.050	.050
BALANCE SHEET DATA (AT YEAR END):					
Working capital	\$ 14,755	\$ 25,248	\$ 45,131	\$ 40,587	63,278
Total assets	47,401	61,836	88,639	133,061	273,163
Total debt (including current portion)	7,870	6,516	10,800	30,520	73,501
Minority interest in consolidated subsidiary ..	--	--	3,273	14,892	30,022
Shareholders' equity	30,146	41,488	59,446	67,607	139,289

- (1) Represents income from the discontinued health care operations that were sold in fiscal 1996.
- (2) Information has been adjusted to reflect three-for-two stock splits distributed in April 1996 and December 1997, 10% stock dividends paid in July 1995, February 1996, July 1996 and January 1997 and a 50% stock distribution, paid in shares of Class A Common Stock in April 1998.
- (3) Results include the results of acquisitions from each respective effective date as explained in "Management's Discussion and Analysis of Financial Condition and Results of Operations." In addition, the Company acquired Trilectron Industries, Inc. effective September 1, 1996.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

Our Flight Support Group (FSG), which currently accounts for approximately 67% of our revenues, consists of the following ten operating subsidiaries:

NAME -----	DESCRIPTION OF PRINCIPAL OPERATIONS -----
Jet Avion Corporation.....	Design and manufacture of FAA-approved jet engine replacement parts
McClain International, Inc. (McClain).....	Design, manufacture and overhaul of FAA-approved jet engine replacement parts
Rogers-Dierks, Inc. (Rogers-Dierks).....	Design and manufacture of FAA-approved jet engine replacement parts
Turbine Kinetics, Inc. (Turbine).....	Design and manufacture of FAA-approved jet engine replacement parts
Aircraft Technology, Inc.....	Repair and overhaul of jet engine components
Northwings Accessories Corp. (Northwings).....	Repair and overhaul of jet engine and airframe components and accessories
Associated Composite, Inc. (ACI).....	Repair and overhaul of aircraft fuselage structures
Air Radio & Instruments Corp. (Air Radio).....	Repair and overhaul of avionics, instruments and electronic equipment for aircraft
LPI Industries Corporation.....	Original equipment manufacturer subcontractor
Thermal Structures, Inc. (Thermal)	Manufacture of thermal insulation products and related components

Our Electronic & Ground Support Group (EGSG), which currently accounts for approximately 33% of our revenues, consists of the following four operating subsidiaries:

NAME -----	DESCRIPTION OF PRINCIPAL OPERATIONS -----
Trilectron Industries, Inc.....	Design and manufacture of electronically controlled ground support equipment for aircraft
Radiant Power Corp. (Radiant).....	Manufacture of electrical back-up power supplies and battery packs for commercial aircraft applications.
Leader Tech, Inc. (Leader Tech).....	Manufacture of electromagnetic and radio frequency shielding for primarily communications, computer and aerospace applications.
Santa Barbara Infrared, Inc. (SBIR).....	Design and manufacture of aerospace and defense electronically controlled infrared simulation and ground test equipment.

Our results of operations during the current and prior fiscal years have been affected by a number of significant transactions. This discussion of our financial condition and results of operations should be read in conjunction with our Consolidated Financial Statements and Notes thereto included or incorporated by reference herein. For further

information regarding the acquisitions and strategic alliance discussed below, see Note 2 to our Consolidated Financial Statements. These acquisitions have been accounted for using the purchase method of accounting and are included in the Company's results of operations from the effective date of acquisition.

Effective September 1997, the Company acquired Northwings. In consideration of this acquisition, the Company paid approximately \$6.7 million in cash and 232,360 shares of the Company's common stock, having an aggregate fair value of approximately \$3.5 million.

In October 1997, the Company entered into a strategic alliance with Lufthansa (see "Item 1 - Business"), whereby Lufthansa agreed to invest approximately \$26 million in HEICO Aerospace Holdings Corp. (HEICO Aerospace) including \$10 million paid at closing pursuant to a stock purchase agreement and approximately \$16 million to be paid to HEICO Aerospace over three years pursuant to a research and development cooperation agreement, which has partially funded the accelerated development of additional Federal Aviation Administration (FAA)-approved replacement parts for jet engines. The funds received as a result of the research and development cooperation agreement reduce research and development expenses in the period such expenses are incurred. In addition, Lufthansa and HEICO Aerospace have agreed to cooperate regarding technical services and marketing support for jet engine parts on a worldwide basis. As part of the strategic alliance, the Company sold 20% of HEICO Aerospace to Lufthansa. As of October 31, 1999, an aggregate of \$4.5 million remained available under Lufthansa's commitment to reimburse research and development expenditures. In connection with subsequent acquisitions by HEICO Aerospace described below, Lufthansa invested additional amounts aggregating approximately \$21 million pursuant to its option to maintain a 20% equity interest.

In July 1998, the Company completed the acquisition of McClain for approximately \$41 million in cash. The Company also acquired McClain's headquarters and manufacturing facility for \$2.5 million in cash.

In October 1998, the Company acquired ACI for cash consideration. The purchase price was not significant.

Between December 1998 and September 1999, the Company acquired Rogers-Dierks, Radiant, Air Radio, Leader Tech, Turbine and SBIR for an aggregate purchase price of approximately \$73 million.

In connection with the Roger-Dierks acquisition, the Company committed to pay \$1.1 million in deferred payments over the next two years, with additional consideration of up to \$7.3 million payable in cash or shares of the Company's Class A Common Stock.

Subject to meeting certain earnings objectives, the former shareholders of Air Radio could receive additional consideration of up to \$1.25 million under the terms of the acquisition.

Effective June 30, 1999, the Company acquired Thermal for approximately \$28.9 million in cash, and assumed approximately \$4 million in debt. The assumed debt was repaid by the Company at closing. Subject to meeting certain earnings objectives, one of Thermal's selling shareholders would receive additional consideration of up to \$1 million over the three years following the acquisition date.

The Company paid a 10% stock dividend in January 1997 and distributed a 3-for-2 stock split in December 1997. In April 1998, the Company paid a 50% stock distribution in shares of Class A Common Stock. All net income per share, dividends per share and common stock outstanding information has been adjusted for all years presented to give effect to the stock dividends and stock splits.

RESULTS OF OPERATIONS

For the periods indicated, the following table sets forth net sales by operating segment and the percentage of net sales represented by the respective items in the Company's Consolidated Statements of Operations.

	YEAR ENDED OCTOBER 31,		
	1997	1998	1999
	(DOLLAR AMOUNTS IN THOUSANDS)		
Net sales			
FSG	\$ 41,522	\$ 65,412	\$ 94,617
EGSG	22,152	29,939	46,652
	\$ 63,674	\$ 95,351	\$ 141,269
Net sales	100.0%	100.0%	100.0%
Gross profit	32.4%	37.9%	40.7%
Selling, general and administrative expenses	18.1%	18.0%	17.5%
Operating income	14.3%	19.9%	23.2%
Interest expense	0.7%	1.0%	1.5%
Interest and other income	2.7%	2.2%	0.6%
Income tax expense	5.2%	7.3%	8.2%
Minority interest	--	2.7%	2.5%
Net income	11.0%	11.0%	11.6%

COMPARISON OF FISCAL 1999 TO FISCAL 1998

NET SALES

Net sales in fiscal 1999 totaled \$141.3 million, up 48% when compared to fiscal 1998 net sales of \$95.4 million.

The increase in sales for fiscal 1999 reflects an increase of \$29.2 million (a 45% increase) to \$94.6 million from the Company's FSG and an increase of \$16.7 million (a 56% increase) to \$46.7 million in revenues from the Company's EGSG. Sales from the FSG reflect increases in sales of new products and services, including newly developed and acquired FAA-approved jet engine replacement parts, and increased demand from engine component and accessory overhaul services. The FSG sales increase also includes revenues of \$11.1 million from newly acquired businesses (ACI, Air Radio and Thermal). Sales from the EGSG reflect revenues of \$10.1 million from newly acquired businesses (Radiant, Leader Tech, and SBIR). The balance of the EGSG sales increase reflects internal growth, primarily attributed to sales of new products and increased market penetration.

GROSS PROFITS AND OPERATING EXPENSES

The Company's gross profit margins averaged 40.7% for fiscal 1999 as compared to 37.9% for fiscal 1998 resulting from improved margins in both operating segments. The increase in the FSG operations was due to favorable sales price terms under certain contracts, continuing efforts to lower manufacturing costs, the reimbursement of research and development costs from Lufthansa and higher gross margins contributed by newly developed and acquired FAA-approved jet engine replacement parts as well as newly acquired businesses. Fiscal 1999 and 1998 cost of sales amounts include approximately \$1.2 million and \$900,000 of new product and development expenses. These amounts are net of \$6.7 million and \$3.5 million received from Lufthansa in 1999 and 1998, respectively. Pursuant to the research and development agreement with Lufthansa, a total of \$4.5 million remained available to reimburse new product and development expenses. Accordingly, new product development expense is likely to increase by approximately \$2 million in fiscal 2000. The gross margin improvement in the EGSG primarily reflects higher gross profit margins contributed by newly acquired businesses and the addition of new products with higher profit margins.

Selling, general and administrative (SG&A) expenses were \$24.7 million for fiscal 1999 and \$17.1 million for fiscal 1998. The increase results from the inclusion of SG&A expenses of the newly acquired companies, including additional amortization of intangibles which totaled \$3.9 million in fiscal 1999 and \$.8 million in fiscal 1998, increases in both segments related to internal sales growth, partially offset by a reduction in corporate expenses due to lower executive compensation expense. As a percentage of net sales, SG&A expenses declined to 17.5% for fiscal 1999 from 18.0% for fiscal 1998 reflecting continuing efforts to control costs while increasing revenues.

OPERATING INCOME

Operating income increased \$13.8 million to \$32.8 million (a 73% increase) for fiscal 1999 from \$19.0 million for fiscal 1998. The increase in operating income reflects an increase of \$9.0 million (a 41% increase) from \$22.3 million to \$31.3 million in the Company's FSG and an increase of \$4.0 million (a 215% increase) from \$1.9 million to \$5.9 million in the Company's EGSG. The increases in operating income were due primarily to increases in sales and gross profits in the FSG and EGSG discussed above.

As a percentage of net sales, operating income improved from 19.9% in fiscal 1998 to 23.2% in fiscal 1999 reflecting the increase in gross profit margins and the decline in SG&A expenses as a percentage of net sales discussed above. The FSG's operating income as a percentage of net sales declined slightly from 34.0% in fiscal 1998 to 33.1% in fiscal 1999 due principally to growth in the Company's repair and overhaul services, which generally have lower margins than sales of the Company's FAA-approved jet engine replacement parts. The EGSG's operating income as a percentage of net sales improved significantly from 6.3 % in fiscal 1998 to 12.7% in fiscal 1999. This improvement reflects higher operating margins contributed by newly acquired businesses and newly developed products as well as manufacturing cost improvements.

INTEREST EXPENSE

Interest expense increased \$1.2 million to \$2.2 million from fiscal 1998 to fiscal 1999. The increase was principally due to increased outstanding debt balances during the period related to borrowings on the Company's Credit Facility used principally to finance acquisitions.

INTEREST AND OTHER INCOME

Interest and other income decreased \$1.2 million to \$894,000 from fiscal 1998 to fiscal 1999 due principally to the decrease in invested funds used for acquisitions.

INCOME TAX EXPENSE

The Company's effective tax rate increased 2.3 percentage points to 36.8% in fiscal 1999 from 34.5% in fiscal 1998, principally due to an increase in non-deductible goodwill, a decrease in tax free investments, and an increase in other miscellaneous non-deductible items. For a detailed analysis of the provision for income taxes, see Note 6 to the Consolidated Financial Statements.

MINORITY INTEREST

Minority interest represents the 20% minority interest held by Lufthansa which increased \$974,000 from fiscal 1998 to fiscal 1999 due to higher net income of the FSG.

NET INCOME

The Company's net income totaled \$16.3 million, or \$.93 per diluted share, in fiscal 1999, improving 55% from net income of \$10.5 million, or \$.68 per diluted share, in fiscal 1998. The percentage increase in net income exceeded the earnings per share percentage increase due to an increase in common stock shares outstanding resulting from the offering of 3.0 million shares of Class A Common Stock during the second quarter of fiscal 1999.

The improvement in net income for fiscal 1999 over fiscal 1998 is primarily attributable to the increased sales and operating income discussed above. These increases were partially offset by the aforementioned higher interest costs and increase in minority interest as well as an increase in the Company's effective tax rate.

COMPARISON OF FISCAL 1998 TO FISCAL 1997

NET SALES

Net sales in fiscal 1998 totaled \$95.4 million, up 50% when compared to fiscal 1997 net sales of \$63.7 million.

The increase in fiscal 1998 sales reflects an increase of \$23.9 million (a 58% increase) to \$65.4 million from the Company's FSG. This increase includes incremental sales of \$12.7 million from newly acquired businesses (Northwings and ACI), with the balance reflecting increased sales of jet engine replacement parts. The net sales increase also reflects an increase of \$7.8 million (a 35% increase) to \$29.9 million in revenues from the Company's EGSG principally due to higher demand for the Company's Ground Support products as well as sales of new products.

GROSS PROFITS AND OPERATING EXPENSES

The Company's gross profit margins averaged 37.9% in fiscal 1998 as compared to 32.4% in fiscal 1997. This increase reflects improvements in gross margins in both of the Company's operating segments. The improvement in gross profit margins in the FSG reflects an increase resulting from the reimbursement of research and development costs from Lufthansa and higher gross profit margins for Northwings. Fiscal 1998 and 1997 cost of sales amounts include approximately \$900,000 and \$3.1 million, respectively, of new product research and development expenses. The expenses for fiscal 1998 are net of \$3.5 million received from Lufthansa. The improved gross margins in the EGSG resulted principally from manufacturing cost efficiencies and increased sales of products with higher profit margins.

SG&A expenses were \$17.1 million in fiscal 1998 and \$11.5 million in fiscal 1997. As a percentage of net sales, SG&A expenses remained comparable at 18.0% in fiscal 1998 and 18.1% in fiscal 1997, despite higher corporate expenses and the inclusion of a full year of Northwings' SG&A expenses, reflecting continuing efforts to control costs while increasing revenues.

OPERATING INCOME

Operating income increased \$9.9 million to \$19.0 million (a 108% increase) in fiscal 1998 from \$9.1 million in fiscal 1997. The increase in operating income reflects an increase of \$10.1 million (an 82% increase) from \$12.2 million to \$22.3 million in the Company's FSG and an increase of \$.9 million (an 80% increase) from \$1.0 million to \$1.9 million in operating income from the EGSG. The improvements in operating income were due primarily to increases in sales and gross profits in the FSG and EGSG discussed above.

As a percentage of net sales, operating income improved from 14.3% in fiscal 1997 to 19.9% in fiscal 1998 reflecting the increase in gross profit margins discussed above. The FSG's operating income as a percentage of net sales improved from 29.4% in fiscal 1997 to 34.0% in fiscal 1998 and the EGSG's operating income as a percentage of net sales improved from 4.9% in fiscal 1997 to 6.3% in fiscal 1998 due principally to the improvements in gross profit margins discussed above.

INTEREST EXPENSE

Interest expense increased \$507,000 to \$984,000 from fiscal 1997 to fiscal 1998. The increase was principally due to increased outstanding debt balances during the period related to borrowings on the Company's Credit Facility, used principally to finance the Company's acquisitions.

INTEREST AND OTHER INCOME

Interest and other income increased \$340,000 to \$2.1 million from fiscal 1997 to fiscal 1998 due principally to the investment of cash received from the sale of a 20% interest in the FSG to Lufthansa in October 1997.

INCOME TAX EXPENSE

The Company's effective tax rate increased 2.3 percentage points to 34.5% in fiscal 1998 from 32.2% in fiscal 1997 due to a decrease in benefits from export sales and a reduction in tax-free investments. For a detailed analysis of the provisions for income taxes, see Note 6 to the Consolidated Financial Statements.

MINORITY INTEREST

Minority interest in fiscal 1998 represents the previously discussed 20% minority interest held by Lufthansa.

NET INCOME

The Company's net income totaled \$10.5 million, or \$.68 per diluted share in fiscal 1998, improving 50% from net income of \$7.0 million, or \$.49 per diluted share in fiscal 1997.

The improvement in net income for fiscal 1998 over fiscal 1997 is primarily attributable to the increased sales volumes and improved profit margins discussed above, offset by the minority interest in earnings of the FSG as well as an increase in the Company's effective tax rate.

INFLATION

The Company has generally experienced increases in its costs of labor, materials and services consistent with overall rates of inflation. The impact of such increases on the Company's net income has been generally minimized by efforts to lower costs through manufacturing efficiencies and cost reductions.

LIQUIDITY AND CAPITAL RESOURCES

The Company generates cash primarily from operating activities and financing activities, including borrowings under long-term credit agreements. In 1997, the Company also generated cash from the sale of its health care operations.

Principal uses of cash by the Company include acquisitions, payments of interest and principal on debt, capital expenditures and increases in working capital.

The Company believes that operating cash flow and available borrowings under the Company's Credit Facility will be sufficient to fund cash requirements for the foreseeable future.

OPERATING ACTIVITIES

Cash flow from operations was \$8.0 million for fiscal 1999, principally reflecting net income of \$16.3 million, adjustments for depreciation and amortization and minority interest of \$6.1 million and \$3.6 million, respectively, offset by an increase in net operating assets of \$18.1 million. The increase in net operating assets primarily resulted from an increase in inventories to meet increased sales orders and an increase in accounts receivable resulting from extended payment terms under certain EGSG contracts.

Cash flow from operations was \$9.5 million in fiscal 1998 principally reflecting net income of \$10.5 million, adjustments for depreciation and amortization and minority interest of \$2.8 million and \$2.6 million, respectively, offset by an increase in net operating assets of \$5.0 million. This increase in net operating assets primarily resulted from the net effect of an increase in inventory and accounts receivable offset by an increase in trade payables and other current liabilities associated with higher levels of operations and deferred reimbursement of research and development costs from Lufthansa.

Cash flow from operations was \$1.7 million in fiscal 1997 principally reflecting net income of \$7.0 million, an adjustment for depreciation and amortization of \$1.6 million offset by an increase in net operating assets of \$6.3 million. The increase in net operating assets was primarily due to increases in inventory and accounts receivable associated with higher levels of operations.

INVESTING ACTIVITIES

The principal cash used in investing activities the last three years was cash used in acquisitions totaling \$157.2 million (See Note 2 to the Consolidated Financial Statements). Capital expenditures totaled \$23.9 million primarily representing the purchase of new facilities and improvements to and expansion of existing facilities. The Company also purchased short-term investments totaling approximately \$6.9 million. Principal cash proceeds was \$10.0 million in fiscal 1997 resulting from the sale of the Company's health care operations in fiscal 1996.

FINANCING ACTIVITIES

The Company's principal financing activities over the last three years included net proceeds from the offering of 3.0 million shares of Class A Common Stock totaling \$56.3 million and long-term debt of \$127.6 million, including \$120.5 million from the Company's Credit Facility used primarily to fund acquisitions. In addition, the Company received \$30.2 million from Lufthansa representing minority interest investments over the last three years to purchase and maintain its 20% equity position in the FSG, \$2.7 million from stock option exercises and \$2.4 million in tax benefits related to stock option exercises. The Company repaid \$54.5 million of the outstanding balance on its Credit Facility and \$5.1 million in other long-term debt. The Company also used an aggregate of \$4.7 million to repurchase common stock during fiscal 1999 and 1998.

In July 1998, the Company entered into a \$120 million revolving credit facility with a bank syndicate, which contains both revolving credit and term loan features. The credit facility may be used for working capital and general corporate needs of the Company and to finance acquisitions (generally not in excess of \$25.0 million for any single acquisition nor in excess of an aggregate of \$25.0 million for acquisitions during any four fiscal quarter period without the requisite approval of the bank syndicate) on a revolving basis through July 2002. The revolving credit portion may be extended by mutual consent through July 2003. Advances under the credit facility accrue interest, at the Company's option, at a premium (based on the Company's ratio of total funded debt to earnings before interest, taxes, depreciation and amortization) over the LIBOR rate or the higher of the prime lending rate and the Federal Funds Rate. The Company is required to maintain certain financial covenants, including minimum net worth, limitations on capital expenditures (excluding expenditures for the acquisition of businesses) and limitations on additional indebtedness. See Note 4 to the Consolidated Financial Statements for further information regarding credit facilities.

IMPACT OF THE YEAR 2000

Many older computer software programs refer to years in terms of their final two digits only. Such programs may interpret the year 2000 to mean the year 1900 instead. If not corrected, those programs could cause date-related transaction failures.

We developed a compliance assurance process to address this concern. A project team performed a detailed assessment of all internal computer systems and developed and implemented plans to correct any problems.

Year 2000 problems could affect our research and development, production, distribution, financial, administrative and communication operations. Systems critical to our business which were identified as non-Year 2000 compliant were either replaced or corrected through programming modifications. In addition, the project team looked at Year 2000 readiness from other aspects of our business, including customer order-taking, manufacturing, raw materials supply and plant process equipment. We remediated and replaced systems as needed and have been successfully testing and verifying our modifications. In addition to our in-house efforts, we have asked vendors, major customers, service suppliers, communications providers and banks whose systems failures potentially could have a significant impact on our operations to verify their Year 2000 readiness.

As part of our compliance process we developed a contingency plan for those areas that are critical to the Company's business. These plans were designed to mitigate serious disruptions to our business flow beyond the end of 1999, and will operate independently of our external providers' Year 2000 compliance. The major drive for contingency planning was in the first half of 1999. To date, we have not encountered any significant effects related to the Year 2000 and we

do not anticipate that any unforeseen Year 2000 problems will have a material effect on our results of operations or financial condition.

External and internal costs specifically associated with modifying internal use software for Year 2000 compliance were expensed as incurred. To date, we have spent less than \$200,000 on this project. Such costs do not include normal system upgrades and replacements.

The above expectations are subject to uncertainties. For example, if we were unsuccessful in identifying or fixing all Year 2000 problems in our critical operations, or if we are affected by the inability of suppliers or major customers to continue operations due to such a problem, our results of operations or financial condition could be materially impacted.

NEW ACCOUNTING STANDARDS

Effective November 1, 1998, the Company adopted SFAS No. 130, "Reporting Comprehensive Income." SFAS 130 requires companies to report all changes in equity during a period, except those resulting from investment by owners and distributions to owners, in a financial statement for the period in which they are recognized. The Company has chosen to disclose Comprehensive Income which encompasses net income and unrealized holding losses on investments, in the Consolidated Statements of Shareholders' Equity and Comprehensive Income. Prior years have been reclassified to conform to the SFAS 130 requirements.

Effective November 1, 1998, the Company adopted SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." SFAS No. 131, establishes standards for the way that public companies report selected information about operating segments in annual financial statements and requires that those companies report selected information about segments in interim financial reports issued to shareholders. It also establishes standards for related disclosures about products and services, geographic areas, and major customers. Adoption of this statement did not impact the Company's consolidated financial position, results of operations or cash flows, and any effect was limited to the form and content of its disclosures. Prior years have been reclassified to conform to the SFAS 131 requirements. See Note 13 to the Consolidated Financial Statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As of October 31, 1999, the Company maintains a portion of its cash and cash equivalents in financial instruments with original maturities of three months or less. These financial instruments are subject to interest rate risk and will decline in value if interest increase. Due to the short duration of these financial instruments, an immediate increase of 1% in interest rates would not have a material effect on the Company's financial condition.

The Company's outstanding debt under the revolving credit facility and industrial development revenue bonds at October 31, 1999 was \$72.0 million. Interest rates on the revolving credit facility borrowings are based on LIBOR plus a variable margin. Interest rates on the industrial development revenue bonds are based on variable rates. Based on the outstanding balance, a change of 1% in interest rates would cause a change in interest expense of approximately \$720,000 on an annual basis.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA HEICO CORPORATION AND
SUBSIDIARIES

HEICO CORPORATION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and
Shareholders of HEICO Corporation:

We have audited the accompanying consolidated balance sheets of HEICO Corporation and subsidiaries (the "Company") as of October 31, 1999 and 1998, and the related consolidated statements of operations, of shareholders' equity and comprehensive income, and of cash flows for each of the three years in the period ended October 31, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company as of October 31, 1999 and 1998, and the results of its operations and its cash flows for each of the three years in the period ended October 31, 1999, in conformity with generally accepted accounting principles.

DELOITTE & TOUCHE LLP
Certified Public Accountants

Fort Lauderdale, Florida
December 21, 1999

HEICO CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
OCTOBER 31, 1999 AND 1998

	1999	1998
	-----	-----
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 6,031,000	\$ 8,609,000
Short-term investments	--	2,051,000
Accounts receivable, net	35,326,000	19,422,000
Inventories	45,172,000	24,327,000
Prepaid expenses and other current assets	2,527,000	1,768,000
Deferred income taxes	1,534,000	2,010,000
	-----	-----
Total current assets	90,590,000	58,187,000
Property, plant and equipment, net	28,336,000	14,795,000
Unexpended bond proceeds	280,000	2,252,000
Intangible assets, net	143,557,000	53,964,000
Long-term investments	3,231,000	--
Deferred income taxes	1,366,000	495,000
Other assets	5,803,000	3,368,000
	-----	-----
Total assets	\$273,163,000	\$133,061,000
	=====	=====

The accompanying notes are an integral part of these consolidated financial statements.

HEICO CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
OCTOBER 31, 1999 AND 1998

	1999	1998
	-----	-----
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt	\$ 551,000	\$ 377,000
Trade accounts payable	11,070,000	6,158,000
Accrued expenses and other current liabilities	15,299,000	10,401,000
Income taxes payable	392,000	664,000
	-----	-----
Total current liabilities	27,312,000	17,600,000
Long-term debt, net of current maturities	72,950,000	30,143,000
Other non-current liabilities	3,590,000	2,819,000
	-----	-----
Total liabilities	103,852,000	50,562,000
Minority interest in consolidated subsidiary	30,022,000	14,892,000
	-----	-----
Commitments and contingencies (Notes 2, 5 and 15)		
Shareholders' equity:		
Preferred stock, par value \$.01 per share; Authorized -- 10,000,000 shares issuable in series, 200,000 designated as Series A Junior Participating Preferred Stock, none issued	--	--
Common stock, \$.01 par value; Authorized -- 30,000,000 shares; Issued and Outstanding 8,408,821 shares in 1999 and 8,323,036 in 1998	84,000	83,000
Class A Common stock, \$.01 par value; Authorized -- 30,000,000 shares; Issued and Outstanding 7,334,750 shares in 1999 and 4,140,404 in 1998	73,000	41,000
Capital in excess of par value	91,094,000	34,474,000
Accumulated other comprehensive loss	(2,235,000)	(1,142,000)
Retained earnings	52,280,000	36,649,000
	-----	-----
Total shareholders' equity	141,296,000	70,105,000
Less: Note receivable from employee savings and investment plan	(2,007,000)	(2,498,000)
	-----	-----
Total shareholders' equity	139,289,000	67,607,000
	-----	-----
Total liabilities and shareholders' equity	\$ 273,163,000	\$ 133,061,000
	=====	=====

The accompanying notes are an integral part of these consolidated financial statements.

HEICO CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED OCTOBER 31, 1999, 1998 AND 1997

	1999	1998	1997
	-----	-----	-----
Net sales	\$ 141,269,000	\$ 95,351,000	\$ 63,674,000
	-----	-----	-----
Operating costs and expenses:			
Cost of sales	83,737,000	59,247,000	43,045,000
Selling, general and administrative expenses	24,717,000	17,140,000	11,515,000
	-----	-----	-----
Total operating costs and expenses	108,454,000	76,387,000	54,560,000
	-----	-----	-----
Operating income	32,815,000	18,964,000	9,114,000
Interest expense	(2,173,000)	(984,000)	(477,000)
Interest and other income	894,000	2,062,000	1,722,000
	-----	-----	-----
Income from continuing operations before income taxes and minority interest	31,536,000	20,042,000	10,359,000
Income tax expense	11,606,000	6,914,000	3,340,000
	-----	-----	-----
Income before minority interest	19,930,000	13,128,000	7,019,000
Minority interest	3,593,000	2,619,000	--
	-----	-----	-----
Net income	\$ 16,337,000	\$ 10,509,000	\$ 7,019,000
	=====	=====	=====
Net income per share:			
Basic	\$ 1.10	\$.84	\$.58
	=====	=====	=====
Diluted	\$.93	\$.68	\$.49
	=====	=====	=====
Weighted average number of common shares outstanding:			
Basic	14,820,719	12,499,079	12,040,359
	=====	=====	=====
Diluted	17,643,090	15,540,620	14,418,308
	=====	=====	=====

The accompanying notes are an integral part of these consolidated financial statements.

HEICO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME
FOR THE YEARS ENDED OCTOBER 31, 1999, 1998 AND 1997

	COMMON STOCK	CLASS A COMMON STOCK	CAPITAL IN EXCESS OF PAR VALUE	ACCUMULATED OTHER COMPREHENSIVE LOSS	RETAINED EARNINGS	NOTE RECEIVABLE	COMPREHENSIVE INCOME
Balances, October 31, 1996	\$ 53,000	\$ --	\$ 30,881,000	\$ --	\$ 13,893,000	\$ (3,339,000)	
Exercise of stock options	1,000	--	850,000	--	--	--	
Tax benefit for stock option exercises	--	--	267,000	--	--	--	
Payment on note receivable from employee savings and investment plan	--	--	--	--	--	397,000	
Cash dividends (\$.045 per share)	--	--	--	--	(548,000)	--	
Stock issued in acquisition	2,000	--	3,542,000	--	--	--	
Excess of purchase price over book value on sale of minority interest .	--	--	--	--	6,427,000	--	
Three-for-two Common Stock split distributed December 16, 1997	27,000	--	(27,000)	--	--	--	
Net income for the year	--	--	--	--	7,019,000	--	\$ 7,019,000
Other	--	--	20,000	--	(19,000)	--	=====
Balances, October 31, 1997	83,000	--	35,533,000	--	26,772,000	(2,942,000)	
Distribution of one share of Class A Common Stock for each two shares of Common Stock made April 23, 1998 ..	--	42,000	(42,000)	--	--	--	
Repurchase of stock	(1,000)	(1,000)	(2,036,000)	--	--	--	
Exercise of stock options	1,000	--	471,000	--	--	--	
Tax benefit for stock option exercises	--	--	485,000	--	--	--	
Payment on note receivable from employee savings and investment plan	--	--	--	--	--	444,000	
Cash dividends (\$.05 per share)	--	--	--	--	(643,000)	--	
Net income for the year	--	--	--	--	10,509,000	--	\$ 10,509,000
Unrealized loss on investments, net of tax of \$671,000	--	--	--	(1,142,000)	--	--	(1,142,000)
Comprehensive income	--	--	--	--	--	--	\$ 9,367,000
Other	--	--	63,000	--	11,000	--	=====
Balances, October 31, 1998	83,000	41,000	34,474,000	(1,142,000)	36,649,000	(2,498,000)	
Secondary offering of Class A Common shares	--	30,000	56,235,000	--	--	--	
Repurchase of stock	(1,000)	--	(2,625,000)	--	--	--	
Exercise of stock options	2,000	2,000	1,335,000	--	--	--	
Tax benefit for stock option exercises	--	--	1,610,000	--	--	--	
Payment on note receivable from employee savings and investment plan	--	--	--	--	--	491,000	
Cash dividends (\$.05 per share)	--	--	--	--	(708,000)	--	
Net income for the year	--	--	--	--	16,337,000	--	16,337,000
Unrealized loss on investments, net of tax of \$721,000	--	--	--	(1,093,000)	--	--	(1,093,000)
Comprehensive income	--	--	--	--	--	--	\$ 15,244,000
Other	--	--	65,000	--	2,000	--	=====
Balances, October 31, 1999	\$ 84,000	\$ 73,000	\$ 91,094,000	\$ (2,235,000)	\$ 52,280,000	\$ (2,007,000)	

The accompanying notes are an integral part of these consolidated financial statements.

HEICO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED OCTOBER 31, 1999, 1998 AND 1997

	1999	1998	1997
	-----	-----	-----
Cash flows from operating activities:			
Net income	\$ 16,337,000	\$ 10,509,000	\$ 7,019,000
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	6,097,000	2,761,000	1,624,000
Deferred income taxes	31,000	(342,000)	(486,000)
Deferred financing costs	--	(1,039,000)	(144,000)
Minority interest in consolidated subsidiary	3,593,000	2,619,000	--
Change in assets and liabilities, net of acquisitions:			
Increase in accounts receivable	(5,442,000)	(3,822,000)	(2,713,000)
Increase in inventories	(12,209,000)	(4,642,000)	(2,912,000)
Increase in prepaid expenses and other current assets	(393,000)	(182,000)	(605,000)
Increase in unexpended bond proceeds	(134,000)	(229,000)	(222,000)
Increase (decrease) in trade payables, accrued expenses and other current liabilities	231,000	4,653,000	(215,000)
(Decrease) increase in income taxes payable	(569,000)	(961,000)	118,000
(Decrease) increase in other non-current liabilities	(114,000)	--	266,000
Other	574,000	214,000	(14,000)
Net cash provided by operating activities	8,002,000	9,539,000	1,716,000
Cash flows from investing activities:			
Acquisitions, net of cash acquired	(104,861,000)	(45,627,000)	(6,737,000)
Net change in available-for-sale investments	(2,366,000)	(3,864,000)	--
Capital expenditures	(14,217,000)	(6,171,000)	(3,551,000)
Payment received from employee savings and investment plan note receivable	491,000	444,000	397,000
(Issuance) sale of note receivable	(81,000)	--	10,000,000
Other	(436,000)	(171,000)	(268,000)
Net cash used in investing activities	(121,470,000)	(55,389,000)	(159,000)
Cash flows from financing activities:			
Proceeds from Class A Common Stock offering, net	56,265,000	--	--
Proceeds from the issuance of long-term debt:			
Proceeds from revolving credit facility	95,500,000	25,000,000	--
Bond reimbursement proceeds	513,000	3,384,000	1,427,000
Other	836,000	95,000	845,000
Principal payments on long-term debt	(53,187,000)	(5,493,000)	(926,000)
Minority interest investments	11,537,000	9,000,000	9,700,000
Proceeds from the exercise of stock options	1,339,000	472,000	851,000
Tax benefit on stock option exercises	1,610,000	485,000	267,000
Repurchases of common stock	(2,626,000)	(2,038,000)	--
Cash dividends paid	(708,000)	(643,000)	(548,000)
Other	(189,000)	(2,000)	1,000
Net cash provided by financing activities	110,890,000	30,260,000	11,617,000
Net (decrease) increase in cash and cash equivalents	(2,578,000)	(15,590,000)	13,174,000
Cash and cash equivalents at beginning of year	8,609,000	24,199,000	11,025,000
Cash and cash equivalents at end of year	\$ 6,031,000	\$ 8,609,000	\$ 24,199,000
	=====	=====	=====

The accompanying notes are an integral part of these consolidated financial statements.

HEICO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 1999, 1998 AND 1997

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF BUSINESS

HEICO Corporation, through its principal subsidiaries HEICO Aerospace Holdings Corp. (HEICO Aerospace) and HEICO Aviation Products Corp. (HEICO Aviation) and their subsidiaries (collectively, the Company), is principally engaged in the design, manufacture and sale of aerospace related products and services throughout the United States and internationally. HEICO Aerospace's subsidiaries include HEICO Aerospace Corporation, Jet Avion Corporation (Jet Avion), LPI Industries Corporation (LPI), Aircraft Technology, Inc. (Aircraft Technology), Northwings Accessories Corporation (Northwings), McClain International, Inc. (McClain), Associated Composite, Inc. (ACI), Rogers-Dierks, Inc. (Rogers-Dierks) acquired December 1998, Air Radio & Instruments Corp. (Air Radio) acquired May 1999, Turbine Kinetics, Inc. and AeroKinetics, Inc. (together Turbine) acquired June 1999, Thermal Structures, Inc. and its Quality Honeycomb, Inc. affiliate (together Thermal) acquired effective June 1999. HEICO Aviation's subsidiaries include Trilectron Industries, Inc. (Trilectron), Radiant Power Corp (Radiant Power) acquired January 1999, Leader Tech, Inc. (Leader Tech) acquired May 1999 and Santa Barbara Infrared, Inc. (SBIR) acquired September 1999. For further detail of acquired subsidiaries discussed above, see Note 2. The Company's customer base is primarily the commercial airline and defense industries. As of October 31, 1999, the Company's principal operations are located in Atlanta, Georgia; Anacortes, Washington; Glastonbury, Connecticut; Corona and Santa Barbara, California; and Hollywood, Miami, Tampa and Palmetto, Florida.

BASIS OF PRESENTATION

The consolidated financial statements include the accounts of HEICO Corporation and its subsidiaries, all of which are wholly-owned except for HEICO Aerospace, of which a 20% interest was sold to Lufthansa Technik AG (Lufthansa) in October 1997 (see Note 2). All significant intercompany balances and transactions are eliminated.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

RECLASSIFICATIONS

Certain amounts in the prior years' financial statements have been reclassified to conform to the current year presentation.

CASH AND CASH EQUIVALENTS

For purposes of the consolidated financial statements, the Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

INVENTORIES

Portions of the inventories are stated at the lower of cost or market, with cost being determined on the first-in, first-out basis. The remaining portions of the inventories are stated at the lower of cost or market, on a per contract basis, with estimated total contract costs being allocated ratably to all units. The effects of changes in estimated total contract costs are recognized in the period determined. Losses, if any, are recognized fully when identified.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost. Depreciation and amortization is provided mainly on the straight-line method over the estimated useful lives of the various assets. Property, plant and equipment useful lives are as follows:

Buildings and components.....	7 to 55 years
Building and leasehold improvements.....	3 to 15 years
Machinery and equipment.....	3 to 20 years

The costs of major renewals and betterments are capitalized. Repairs and maintenance are charged to operations as incurred. Upon disposition, the cost and related accumulated depreciation are removed from the accounts and any related gain or loss is reflected in earnings.

INTANGIBLE ASSETS

Intangible assets include the excess of cost over the fair value of net assets acquired and deferred charges which are amortized on the straight-line method over their legal or estimated useful lives, whichever is shorter, as follows:

Excess of cost over the fair market value of net assets acquired.....	20 to 40 years
Deferred charges.....	3 to 20 years

The Company reviews the carrying value of the excess of cost over the fair value of net assets acquired (goodwill) for impairment whenever events or changes in circumstances indicate that it may not be recoverable. An impairment would be recognized in operating results, based upon the difference between each consolidated entities' respective present value of future cash flows and the carrying value of the goodwill, if a permanent diminution in value were to occur.

FINANCIAL INSTRUMENTS

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and accrued expenses and other current liabilities approximate fair value due to the relatively short maturity of the respective instruments. The carrying value of long-term debt approximates fair market value due to its floating interest rates.

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of temporary cash investments and trade receivables. The Company places its temporary cash investments with high credit quality financial institutions and limits the amount of credit exposure to any one financial institution. Concentrations of credit risk with respect to trade receivables are limited due to the large number of customers comprising the Company's customer base, and their dispersion across many different geographical regions.

Short and long-term investments are stated at fair value based on quoted market prices.

REVENUE RECOGNITION

Revenue is recognized on an accrual basis, primarily upon shipment of products and the rendering of services. Revenue from certain fixed price contracts for which costs can be dependably estimated are recognized on the percentage of completion method, measured by the cost-to-cost method. For contracts in which costs cannot be dependably estimated, revenue is recognized on the completed-contract method. A contract is considered complete when all costs except insignificant items have been incurred or the item has been accepted by the customer.

INCOME TAXES

Deferred income taxes are provided on elements of income that are recognized for financial accounting purposes in periods different from such items recognized for income tax purposes in accordance with the provisions of Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes."

NET INCOME PER SHARE

Basic net income per share is calculated on the basis of the weighted average number of shares outstanding during the period, excluding dilution. Diluted net income per share is computed on the basis of the weighted average number of shares outstanding during the period plus potentially dilutive common shares arising from the assumed exercise of stock options, if dilutive. The dilutive impact of potentially dilutive common shares is determined by applying the treasury stock method. Per share information for fiscal 1997 has been restated in accordance with Statement of Financial Accounting Standard No. 128, "Earnings Per Share."

STOCK BASED COMPENSATION

The Company measures compensation cost for stock options using the intrinsic value method of accounting prescribed by Accounting Principles Board (APB) Opinion No. 25, "Accounting for Stock Issued to Employees." The Company has elected to continue using the accounting methods prescribed by APB No. 25 and to provide in Note 10 the pro forma disclosures required by SFAS No. 123.

CONTINGENCIES

Losses for contingencies such as product warranties, litigation and environmental matters are recognized in income when they are probable and can be reasonably estimated. Gain contingencies are not recognized in income.

NEW ACCOUNTING STANDARDS

Effective November 1, 1998, the Company adopted SFAS No. 130, "Reporting Comprehensive Income." SFAS 130 requires companies to report all changes in equity during a period, except those resulting from investment by owners and distributions to owners, in a financial statement for the period in which they are recognized. The Company has chosen to disclose comprehensive income which encompasses net income and unrealized holding losses on investments, in the Consolidated Statements of Shareholders' Equity and Comprehensive Income. Prior years have been reclassified to conform to the SFAS 130 requirements.

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any effect was limited to the form and content of its disclosures. Prior years have been reclassified to conform to the SFAS 131 requirements (Note 13).

2. STRATEGIC ALLIANCE AND ACQUISITIONS

STRATEGIC ALLIANCE AND SALE OF MINORITY INTEREST IN CONSOLIDATED SUBSIDIARY

In October 1997, the Company entered into a strategic alliance with Lufthansa, the technical services subsidiary of Lufthansa German Airlines, whereby Lufthansa agreed to invest approximately \$26 million in HEICO Aerospace, including \$10 million paid at closing pursuant to a stock purchase agreement and approximately \$16 million to be paid to HEICO Aerospace over three years pursuant to a research and development cooperation agreement, which has partially funded the accelerated development of additional Federal Aviation Administration (FAA)-approved replacement parts for jet engines. The funds received as a result of the research and development cooperation agreement reduce research and development expenses in the period such expenses are incurred. In addition, Lufthansa and HEICO Aerospace have agreed to cooperate regarding technical services and marketing support for jet engine parts on a worldwide basis.

As part of the strategic alliance, the Company sold 20% of HEICO Aerospace (200 shares) with an approximate book value of \$3,273,000 to Lufthansa for \$10 million. The Company's accounting policy is to treat the sale of a subsidiary's stock as an equity transaction, recording the difference between the purchase price, net of transaction costs incurred, and book value of the subsidiary, to the subsidiary's retained earnings. As a result of this sale, \$6,427,000 was recorded as an increase to the retained earnings of the Company in the consolidated financial statements.

In connection with subsequent acquisitions by HEICO Aerospace, Lufthansa invested additional amounts aggregating \$20.7 million pursuant to its option to maintain a 20% equity interest as described below.

ACQUISITIONS

Pursuant to a Stock Purchase Agreement, the Company, through a subsidiary, acquired effective as of September 1, 1997 all of the outstanding stock of Northwings. In consideration of this acquisition, the Company paid approximately \$6.7 million in cash and 232,360 shares of the Company's common stock, having an aggregate fair value of approximately \$3.5 million. Northwings is an FAA-authorized overhaul and repair facility servicing aircraft engine components and airframe accessories.

On July 31, 1998, the Company, through a subsidiary, acquired all of the outstanding capital stock of McClain. In consideration of this acquisition, the Company paid approximately \$41 million in cash. The Company also purchased from one of McClain's selling shareholders, McClain's headquarters and manufacturing facility for \$2.5 million in cash. McClain designs, manufactures and overhauls FAA-approved aircraft jet engine replacement components. The source of the purchase price was \$10 million from available funds, \$9 million from an additional minority interest investment by Lufthansa and \$25 million from proceeds of the Company's Credit Facility (Note 4).

On October 19, 1998, the Company, through a subsidiary, acquired all of the outstanding capital stock of ACI for cash. The purchase price was not significant. ACI is an FAA-licensed repair and overhaul company.

Between December 1998 and September 1999, the Company acquired substantially all of the assets of Rogers-Dierks, Radiant, Turbine and all of the outstanding capital stock of Air Radio, Leader Tech and SBIR for an aggregate purchase price of approximately \$72.6 million. Rogers-Dierks, Turbine and Air Radio were acquired through HEICO Aerospace. Radiant, Leader Tech, and SBIR were acquired through HEICO Aviation. The source of the purchase price for these acquisitions was proceeds from the Company's Credit Facility, excluding Air Radio and Turbine, which were funded primarily from the proceeds of the Company's public offering discussed in Note 9.

Subsequent to the closings of the HEICO Aerospace transactions, Lufthansa made additional investments of approximately \$5.0 million in HEICO Aerospace pursuant to Lufthansa's option to maintain its 20 percent equity interest in HEICO Aerospace.

In connection with the Roger-Dierks acquisition, the Company committed to pay \$1.1 million in deferred payments over the next two years. Subject to meeting certain earnings objectives, the former shareholders' of Rogers-Dierks could receive additional consideration of up to \$7.3 million payable in cash or shares of the Company's Class A Common Stock. Rogers-Dierks formerly designed and manufactured FAA-approved, factory-new jet engine replacement parts for sale to commercial airlines. The Company has continued to use the acquired assets for the same purposes as formerly used by Rogers-Dierks.

The Radiant Power product line includes back-up power supplies and battery packs for a variety of aircraft applications.

Turbine is engaged in the design and manufacture of FAA-approved, factory-new aircraft jet engine replacement parts.

Air Radio is engaged in the overhaul and repair of avionics, instruments and electronic equipment for commercial aircraft. Subject to meeting certain earnings objectives, the former shareholders of Air Radio could receive additional consideration of up to \$1.25 million under the terms of the acquisition.

Leader Tech manufactures electromagnetic and radio frequency shielding for circuit boards primarily utilized in telecommunications, computer, aerospace and microwave applications.

SBIR is an international designer and manufacturer of aerospace and defense infrared simulation and ground test equipment.

Effective June 30, 1999, the Company, through HEICO Aerospace, acquired all of the outstanding capital stock of Thermal Structures, Inc. and its Quality Honeycomb, Inc. affiliate (together "Thermal"). Thermal manufactures thermal insulation products and related components primarily for aerospace and defense applications. In consideration of this acquisition, the Company paid approximately \$28.9 million in cash, and assumed approximately \$4 million in debt. The assumed debt was repaid by the Company at closing. Subject to meeting certain earnings objectives, one of Thermal's selling shareholders would receive additional consideration of up to \$1 million over the three years following the acquisition date. The source of the purchase price was proceeds from the Company's Credit Facility. Subsequent to the closing of the transaction, Lufthansa made an additional investment of \$6.7 million in HEICO Aerospace pursuant to Lufthansa's option to maintain its 20% equity interest in HEICO Aerospace.

All of the acquisitions described above were accounted for using the purchase method of accounting and the results of each company were included in the Company's results from their effective dates. The costs of each acquisition have been allocated to the assets acquired and liabilities assumed based on their fair values at the date of acquisition as determined by management. The excess of the purchase prices over the fair value of the identifiable net assets acquired aggregated approximately \$92.6 million, \$40.5 million, and \$8.6 million in fiscal 1999, 1998, and 1997, respectively, and are being amortized over a range of 20 to 30 years using the straight-line method.

In June 1999, the Company, through its newly formed subsidiary, Trilectron Europe, LTD, acquired 40% of the outstanding capital stock of R.H. Phillips and Sons Engineers. LTD (Phillips) along with the exclusive worldwide rights to certain Phillips' products. The Company accounts for this investment under the equity method. The purchase price of this transaction was insignificant.

The following table presents unaudited pro forma consolidated operating results as if the Company's acquisitions of McClain and Thermal, acquired July 31, 1998, and June 30, 1999, respectively, had been consummated as of November 1, 1997. The acquisition of Rogers-Dierks, Radiant, Air Radio, Leader Tech, Turbine and SBIR have not been considered in the unaudited proforma results below as such acquisitions were insignificant to the Company's consolidated financial statements. The unaudited pro forma results include adjustments to historical amounts including additional amortization of the excess of costs over the fair value of net assets acquired, increased interest on borrowings to finance the acquisitions, discontinuance of certain compensation previously paid by the acquired companies to their shareholders, reduced investment income on available funds used to finance the acquisitions, and the incremental minority interest of Lufthansa in the net income of the acquired companies. The pro forma consolidated operating results do not purport to present actual operating results had the acquisition been made at the beginning of fiscal 1998, or the results which may occur in the future.

	(Unaudited)	
	Year Ended October 31,	
	1999	1998
Net sales	\$ 152,732,000	\$ 124,617,000
Net income	\$ 16,450,000	\$ 12,243,000
Net income per share:		
Basic	\$ 1.11	\$.98
Diluted	\$.93	\$.79

3. INVESTMENTS

Long-term and short-term investments consist of equity securities with an aggregate cost of \$6,858,000 and \$3,864,000 as of October 31, 1999 and 1998, respectively. These investments are classified as available-for-sale and stated at a fair value of \$3,231,000 and \$2,051,000 as of October 31, 1999 and 1998, respectively. The gross unrealized losses were \$3,627,000 and \$1,813,000 as of October 31, 1999 and 1998, respectively. There were no investments during the year ended October 31, 1997. Unrealized gains and losses, net of deferred taxes, are reflected as a component of comprehensive income (loss). Gross realized gains on sales of securities classified as available-for-sale, using the average cost method, were \$0 and \$288,000 for fiscal 1999 and 1998, respectively. There were no realized losses during these periods. The investments were reclassified to non-current in fiscal 1999 to correspond with management's intentions to hold the investments a minimum of one year.

4. CREDIT FACILITIES AND LONG-TERM DEBT

Long-term debt consists of:

	OCTOBER 31,	
	1999	1998
Borrowings under revolving credit facility	\$ 66,000,000	\$ 20,000,000
Industrial Development Revenue Bonds -- Series 1997A	3,000,000	3,000,000
Industrial Development Revenue Bonds -- Series 1997C	995,000	995,000
Industrial Development Revenue Bonds -- Series 1996	--	3,500,000
Industrial Development Revenue Refunding Bonds -- Series 1988	1,980,000	1,980,000
Equipment loans	1,526,000	1,045,000
	73,501,000	30,520,000
Less current maturities	(551,000)	(377,000)
	\$ 72,950,000	\$ 30,143,000
	=====	=====

The amount of long-term debt maturing in each of the next five years is \$551,000 in fiscal 2000, \$413,000 in fiscal 2001, \$5,769,000 in fiscal 2002, \$22,195,000 in 2003, \$22,098,000 in fiscal 2004 and \$22,475,000 thereafter. The amount of long-term debt maturing in each of the next five years assumes the outstanding borrowings under the revolving credit facility of \$66,000,000 will be converted to term loans in July 2002 and amortized over a three year period in accordance with the terms of the facility.

REVOLVING CREDIT FACILITY

In July 1998, the Company entered into a \$120 million credit facility (Credit Facility) with a bank syndicate replacing its \$7 million credit facility. Funds are available for funding acquisitions, working capital and general corporate requirements on a revolving basis through July 2002. The Credit Facility may be extended by mutual consent through July 2003. The Company has the option to convert outstanding advances to term loans amortizing over a five year period, with a maximum Credit Facility term of seven years. Outstanding borrowings bear interest at the Company's choice of prime rate or London Interbank Offering Rates (LIBOR) plus applicable margins. The applicable margins range from .00% to .50% for prime rate borrowings and from .75% to 2.00% for LIBOR based borrowings depending on the leverage ratio of the Company. A fee of .20% to .40% is charged on the amount of the unused commitment depending on the leverage ratio of the Company. The Credit Facility is secured by all the assets, excluding real estate, of the Company and its subsidiaries and contains covenants which, among other things, requires the maintenance of certain working capital, leverage and debt service ratios as well as minimum net worth requirements. At October 31, 1999, the Company had a total of \$66 million borrowed under the Credit Facility at a weighted average interest rate of 6.42%, which was borrowed to partially fund acquisitions (Note 2).

INDUSTRIAL DEVELOPMENT REVENUE BONDS

The industrial development revenue bonds represent bonds issued by Manatee County, Florida in 1997 (the 1997 bonds), and bonds issued by Broward County, Florida in 1996 (the 1996 bonds) and in 1988 (the 1988 bonds).

Series 1997A and 1997B bonds were issued in March 1997 in the amounts of \$3,000,000 and \$1,000,000, respectively, for the purpose of constructing and purchasing equipment for a new facility in Palmetto, Florida. In November 1997, the Series 1997B bonds were refinanced by the issuance of Series 1997C bonds. As of October 31, 1999 and 1998, the Company had been reimbursed \$513,000 and \$3,384,000 for such expenditures, and the balance of the unexpended bond proceeds of \$280,000 and \$785,000, respectively, including investment earnings, was held by the trustee and is available for future qualified expenditures. The Series 1997A and 1997C bonds bear interest at variable rates calculated weekly (3.80% and 3.25% at October 31, 1999 and 1998, respectively). The 1997A and 1997C bonds are due March 2017 and are secured by a letter of credit expiring in March 2004 and a mortgage on the related properties pledged as collateral. The letter of credit requires annual sinking fund payments of \$200,000 beginning in March 1998.

In September 1999, the Company redeemed its Series 1996 bonds using the related unexpended bond proceeds of approximately \$1.5 million and proceeds of a \$2.0 million additional minority interest investment by Lufthansa (Note 2). The Series 1996 bonds interest rates were 3.45% and 3.20% at September 1, 1999 and October 31, 1998, respectively.

The 1988 bonds are due April 2008 and bear interest at a variable rate calculated weekly (3.40% and 3.05% at October 31, 1999 and 1998, respectively). The 1988 bonds are secured by a letter of credit expiring in February 2004, a bond sinking fund (\$8,250 payable monthly) and a mortgage on the related properties pledged as collateral.

EQUIPMENT LOAN FACILITY

In March 1994, a bank committed to advance up to \$2,000,000 through August 2000, as amended, for the purpose of purchasing equipment to be used in the Company's operations. Each term loan is limited to 80% of the purchase price of the related equipment and is repayable up to a maximum of 60 months with interest at a rate equal to prime rate (as defined). The term loans are secured by collateral representing the related purchased equipment. Equipment loans beared interest at rates ranging from 8.5% to 9.0% at October 31, 1999 and 1998.

5. LEASE COMMITMENTS

The Company leases certain property and equipment, including manufacturing facilities and office equipment under operating leases. Some of these leases provide the Company with the option after the initial lease term either to purchase the property at the then fair market value or renew its lease at the then fair rental value. Generally, management expects that leases will be renewed or replaced by other leases in the normal course of business.

Minimum payments for operating leases having initial or remaining noncancelable terms in excess of one year are as follows:

Year ending October 31,	
2000.....	\$ 1,482,000
2001.....	1,257,000
2002.....	900,000
2003.....	782,000
2004.....	475,000
After 2004.....	158,000

Total minimum lease commitments.....	\$ 5,054,000
	=====

Total rent expense charged to operations for operating leases in fiscal 1999, fiscal 1998 and fiscal 1997 amounted to \$976,000, \$319,000 and \$240,000, respectively.

6. INCOME TAXES

The provision for income taxes on income from operations for each of the three years ended October 31, was as follows:

	1999	1998	1997
	-----	-----	-----
Current:			
Federal	\$10,540,000	\$ 6,687,000	\$ 3,468,000
State	1,035,000	569,000	358,000
	-----	-----	-----
	11,575,000	7,256,000	3,826,000
Deferred	31,000	(342,000)	(486,000)
	-----	-----	-----
Total income tax expense	\$11,606,000	\$ 6,914,000	\$ 3,340,000
	=====	=====	=====

A deferred tax benefit of \$721,000 and \$671,000, relating to gross unrealized losses on available-for-sale equity securities, was recorded as an adjustment to shareholders' equity in fiscal 1999 and 1998, respectively.

In connection with its acquisitions during fiscal 1999, the Company assumed net deferred tax liabilities of \$295,000.

The following table reconciles the federal statutory tax rate to the Company's effective tax rate from operations:

	1999	1998	1997
	-----	-----	-----
Federal statutory tax rate	35.0%	35.0%	34.0%
State taxes, less applicable federal income tax reduction	2.1	2.1	1.9
Tax benefits on export sales	(2.0)	(2.1)	(3.6)
Tax benefits from tax free investments	--	(.2)	(1.0)
Nondeductible amortization of intangible assets	1.3	.8	.5
Other, net .....	.4	(1.1)	.4
	-----	-----	-----
Effective tax rate	36.8%	34.5%	32.2%
	=====	=====	=====

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities as of October 31, 1999, 1998 and 1997 are as follows:

	OCTOBER 31,		
	1999	1998	1997
	-----	-----	-----
Deferred tax assets:			
Inventory	\$ 924,000	\$ 486,000	\$ 571,000
Bad debt allowances	271,000	119,000	124,000
Deferred compensation liability	809,000	586,000	445,000
Vacation accruals	257,000	222,000	121,000
Customer rebates and credits	142,000	511,000	169,000
Retirement plan liability	212,000	183,000	156,000
Warranty accruals	210,000	243,000	256,000
Unrealized loss on short-term investments	1,392,000	671,000	--
Other	102,000	--	113,000
	-----	-----	-----
Total deferred tax assets	4,319,000	3,021,000	1,955,000
	-----	-----	-----
Deferred tax liabilities:			
Accelerated depreciation	396,000	259,000	436,000
Intangible asset amortization	857,000	176,000	22,000
Other	166,000	81,000	5,000
	-----	-----	-----
Total deferred tax liabilities	1,419,000	516,000	463,000
	-----	-----	-----
Net deferred tax asset	2,900,000	2,505,000	1,492,000
Less current portion	(1,534,000)	(2,010,000)	(1,098,000)
	-----	-----	-----
Net deferred tax asset, long-term portion	\$ 1,366,000	\$ 495,000	\$ 394,000
	=====	=====	=====

7. STOCK DIVIDENDS AND SPLITS

In December 1996, the Company's Board of Directors declared a 10% stock dividend that was paid in January 1997. The dividend was valued based on the closing market prices of the Company's stock as of the declaration date. In November 1997, the Company's Board of Directors declared a three-for-two stock split that was distributed in December 1997. In March 1998, the Company's Board of Directors declared a stock distribution payable of one share of newly-authorized Class A Common Stock to each shareholder of Common Stock for each two shares of Common Stock held. The Class A Common Stock distribution was made on April 23, 1998 to shareholders of record on April 9, 1998. All income per share, dividend per share, stock options and common shares outstanding information has been retroactively restated to reflect these stock dividends and splits.

8. PREFERRED STOCK PURCHASE RIGHTS PLAN

In November 1993, pursuant to a plan adopted by the Board of Directors on such date, the Board declared a distribution of one Preferred Stock Purchase Right (the Rights) for each outstanding share of common stock of the Company. The Rights trade with the common stock and are not exercisable or transferable apart from the Common Stock and Class A Common Stock until after a person or group either acquires 15% or more of the outstanding common stock or commences or announces an intention to commence a tender offer for 30% or more of the outstanding common stock. Absent either of the aforementioned events transpiring, the Rights will expire at the close of business on November 2, 2003.

The Rights have certain anti-takeover effects and, therefore, will cause substantial dilution to a person or group who attempts to acquire the Company on terms not approved by the Company's Board of Directors or who acquires 15% or more of the outstanding common stock without approval of the Company's Board of Directors. The Rights should not interfere with any merger or other business combination approved by the Board since they may be redeemed by the Company at \$.01 per Right at any time until the close of business on the tenth day after a person or group has obtained beneficial ownership of 15% or more of the outstanding common stock or until a person commences or announces an intention to commence a tender offer for 30% or more of the outstanding common stock.

9. COMMON STOCK AND CLASS A COMMON STOCK

In February and March 1999, the Company completed, through a public offering, the issuance of an aggregate of 2,994,050 shares of Class A Common Stock, including over-allotment options granted to the underwriters. The net proceeds of the offering to the Company were \$56.3 million. A portion of the proceeds of the offering were used to repay the outstanding balance under the Company's Credit Facility and to acquire Air Radio and Turbine (Note 2). The remaining proceeds were used for working capital and general corporate purposes.

In accordance with the Company's share repurchase program, 96,300 and 29,600 shares of Common Stock and Class A Common Stock, respectively, were repurchased in fiscal 1999 at a total cost of approximately \$2.6 million. In fiscal 1998, 58,300 and 75,400 shares of Common Stock and Class A Common Stock, respectively, were repurchased at a total cost of approximately \$2.0 million.

Each share of Common Stock is entitled to one vote per share. Each share of Class A Common Stock is entitled to a 1/10 vote per share. Holders of the Company's Common Stock and Class A Common Stock are entitled to receive when, as and if declared by the Board of Directors, dividends and other distributions payable in cash, property, stock, or otherwise. In the event of liquidation, after payment of debts and other liabilities of the Company, and after making provision for the holders of preferred stock, if any, the remaining assets of the Company will be distributable ratably among the holders of all classes of common stock.

10. STOCK OPTIONS

The Company currently has two stock option plans, the 1993 Stock Option Plan (1993 Plan) and the Non-Qualified Stock Option Plan (NQSOP). In March 1999, 1998 and 1997, shareholders of the Company approved increases in the number of shares issuable pursuant to the 1993 Plan by 600,000, 586,865 and 596,421, respectively. In September 1999, the Board of Directors reserved 379,250 shares of Class A Common Stock for the issuance of non-qualified stock options in conjunction with the employment of the former shareholders of SBIR. A total of 3,024,287 Common and 1,929,816 Class A Common shares of the Company's stock are reserved for issuance to directors, officers and key employees as of October 31, 1999. Options issued under the 1993 Plan may be designated incentive stock options (ISO) or non-qualified stock options (NQSOP). ISOs are granted at not less than 100% of the fair market value at the date of grant (110% thereof in certain cases) and are exercisable in percentages specified at date of grant over a period up to ten years. Only employees are eligible to receive ISOs. NQSOPs may be granted at

less than fair market value and may be immediately exercisable. Options granted under the NQSOP may be granted to directors, officers and employees at no less than the fair market value at the date of grant and are generally exercisable in four equal annual installments commencing one year from date of grant.

All stock option share and price per share information has been retroactively restated for stock dividends and splits.

Information concerning all of the stock option transactions for the three years ended October 31, 1999 is as follows:

	SHARES AVAILABLE FOR OPTION	SHARES UNDER OPTION	
		SHARES	PRICE PER SHARE
Outstanding, October 31, 1996	281,771	3,396,057	\$1.46 -- \$7.39
Additional shares approved for 1993			
Stock Option Plan	596,421	--	--
Granted	(814,500)	814,500	\$6.22 -- \$12.36
Cancelled	5,208	(87,991)	\$2.65 -- \$10.89
Exercised	--	(208,377)	\$1.95 -- \$7.39
Outstanding, October 31, 1997	68,900	3,914,189	\$1.46 -- \$12.36
Additional shares approved for 1993			
Stock Option Plan	586,865	--	--
Granted	(429,002)	429,002	\$9.92 -- \$30.63
Cancelled	2,382	(21,521)	\$9.83 -- \$16.33
Exercised	--	(153,945)	\$1.95 -- \$16.33
Outstanding, October 31, 1998	229,145	4,167,725	\$1.46 -- \$30.63
Additional shares approved for 1993			
Stock Option Plan	600,000	--	--
Shares approved for grant to former shareholders of SBIR	379,250	--	--
Granted	(890,100)	890,100	\$20.22 -- \$25.94
Cancelled	26,346	(26,721)	\$1.95 -- \$29.17
Exercised	--	(421,642)	\$1.95 -- \$11.67
Outstanding, October 31, 1999	344,641	4,609,462	\$1.46 -- \$30.63

Summary of shares available for option and shares under option by class of common stock is as follows:

	SHARES AVAILABLE FOR OPTION	SHARES UNDER OPTION	
		SHARES	PRICE PER SHARE
Common Stock	41,190	2,765,932	\$1.46 -- \$30.63
Class A Common Stock	187,955	1,401,793	\$1.46 -- \$29.17
Outstanding, October 31, 1998	229,145	4,167,725	
Common Stock	175,403	2,848,884	\$1.46 -- \$30.63
Class A Common Stock	169,238	1,760,578	\$1.46 -- \$29.17
Outstanding, October 31, 1999	344,641	4,609,462	

Information concerning stock options outstanding and exercisable by class of common stock as of October 31, 1999 is as follows:

COMMON STOCK

RANGE OF EXERCISE PRICES	OPTIONS OUTSTANDING	WEIGHTED AVERAGE EXERCISE PRICE	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE (YEARS)	OPTIONS EXERCISABLE	WEIGHTED AVERAGE EXERCISE PRICE
\$ 1.46 - \$ 3.33	1,314,691	\$ 2.24	2.6	1,309,563	\$ 2.24
\$ 3.34 - \$ 7.33	451,178	4.53	5.2	395,975	4.48
\$ 7.34 - \$12.36	534,465	9.93	7.4	350,304	9.85
\$12.37 - \$30.63	548,550	28.01	9.0	54,150	30.17
	-----	-----	---	-----	-----
	2,848,884	\$ 9.01	5.2	2,109,992	\$ 4.64
	=====	=====	===	=====	=====

CLASS A COMMON STOCK

RANGE OF EXERCISE PRICES	OPTIONS OUTSTANDING	WEIGHTED AVERAGE EXERCISE PRICE	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE (YEARS)	OPTIONS EXERCISABLE	WEIGHTED AVERAGE EXERCISE PRICE
\$ 1.46 - \$ 3.33	544,201	\$ 2.20	2.8	541,637	\$ 2.20
\$ 3.34 - \$ 7.33	216,284	4.50	5.1	188,678	4.45
\$ 7.34 - \$12.36	241,916	10.01	7.4	149,879	9.96
\$12.37 - \$29.17	758,177	22.76	9.5	430,073	21.26
	-----	-----	---	-----	-----
	1,760,578	\$12.41	6.6	1,310,267	\$ 9.67
	=====	=====	===	=====	=====

Information concerning stock options outstanding and exercisable by class of Common Stock as of October 31, 1998, is as follows:

COMMON STOCK

RANGE OF EXERCISE PRICES	OPTIONS OUTSTANDING	WEIGHTED AVERAGE EXERCISE PRICE	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE (YEARS)	OPTIONS EXERCISABLE	WEIGHTED AVERAGE EXERCISE PRICE
\$ 1.46 - \$ 3.33	1,423,362	\$ 2.23	3.5	1,407,013	\$ 2.23
\$ 3.34 - \$ 7.33	502,895	4.47	5.8	405,425	4.41
\$ 7.34 - \$12.36	566,925	9.96	8.4	303,754	9.87
\$12.37 - \$30.63	272,750	30.16	9.6	--	--
	-----	-----	---	-----	-----
	2,765,932	\$ 6.98	5.5	2,116,192	\$ 3.74
	=====	=====	===	=====	=====

CLASS A COMMON STOCK

RANGE OF EXERCISE PRICES	OPTIONS OUTSTANDING	WEIGHTED AVERAGE EXERCISE PRICE	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE (YEARS)	OPTIONS EXERCISABLE	WEIGHTED AVERAGE EXERCISE PRICE
\$ 1.46 - \$ 3.33	711,533	\$ 2.23	3.3	703,348	\$ 2.23
\$ 3.34 - \$ 7.33	251,592	4.47	5.6	202,846	4.41
\$ 7.34 - \$12.36	283,541	9.96	8.4	151,997	9.87
\$12.37 - \$29.17	155,127	27.30	9.6	25,000	27.50
	-----	-----	---	-----	-----
	1,401,793	\$ 6.97	5.4	1,083,191	\$ 4.29
	=====	=====	===	=====	=====

Information concerning stock options outstanding and exercisable as of October 31, 1997, all of which related to Common Stock, is as follows:

RANGE OF EXERCISE PRICES	OPTIONS OUTSTANDING	WEIGHTED AVERAGE EXERCISE PRICE	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE (YEARS)	OPTIONS EXERCISABLE	WEIGHTED AVERAGE EXERCISE PRICE
\$ 1.46 - \$ 3.33	2,299,653	\$ 2.25	3.9	2,248,029	\$ 2.25
\$ 3.34 - \$ 7.33	755,486	4.47	6.3	546,770	4.39
\$ 7.34 - \$12.36	859,050	9.97	9.4	355,072	9.87
	-----	-----	---	-----	-----
	3,914,189	\$ 4.37	5.6	3,149,871	\$ 3.48
	=====	=====	===	=====	=====

If there were a change in control of the Company, options for an additional 738,892 shares of Common Stock and 450,311 shares of Class A Common Stock would become immediately exercisable.

The Company applies APB Opinion No. 25 and related Interpretations in accounting for its stock option plans. Accordingly, compensation expense has been recorded in the accompanying consolidated financial statements for those options granted below the fair market value of the stock on the date of grant. Had the fair value of all grants under these plans been recognized as compensation expense over the vesting period of the grants, consistent with SFAS No. 123, the Company's net income would have been \$10,665,988 (\$.72 and \$.60 basic and diluted net income per share, respectively) for fiscal 1999, \$8,913,000 (\$.71 and \$.57 basic and diluted net income per share, respectively) for fiscal 1998, and \$4,805,000 (\$.40 and \$.33 basic and diluted net income per share, respectively) for fiscal 1997.

The estimated weighted average fair value of options granted was \$18.10 per share for Common Stock and \$14.26 per share for Class A Common Stock in fiscal 1999, \$22.85 per share for Common Stock and \$20.55 per share for Class A Common Stock in fiscal 1998 and \$7.73 per share, all of which was Common Stock, in fiscal 1997.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions:

	1999 -----		1998 -----		1997 -----
	COMMON STOCK -----	CLASS A COMMON STOCK -----	COMMON STOCK -----	CLASS A COMMON STOCK -----	COMMON STOCK -----
Volatility	59.42%	56.74%	59.69%	58.55%	66.21%
Risk free interest rate (weighted average)	5.21%	5.17%	4.94%	5.44%	6.35%
Dividend yield (weighted average) .....	.0019%	.0021%	.0017%	.0019%	.67%
Expected life (years)	8	8	10	10	10

11. RETIREMENT PLANS

The Company has a qualified defined contribution retirement plan (the Plan) under which eligible employees of the Company and its participating subsidiaries may contribute up to 10% of their annual compensation, as defined, and the Company will contribute specified percentages ranging from 25% to 50% of employee contributions up to 3% of annual pay in Company stock or cash, as determined by the Company. The Plan also provides that the Company may contribute additional amounts in its common stock or cash at the discretion of the Board of Directors.

In September 1992, the Company sold 987,699 shares of the Company's Common Stock and 493,850 shares of Class A Common Stock to the Plan for an aggregate price of \$4,122,000 entirely financed through a promissory note with the Company. The promissory note is payable in nine equal annual installments, inclusive of principal and interest at the rate of 8% per annum, of \$655,000 each and a final installment of \$640,000 in September 2002 and is prepayable in full or in part without penalty at any time.

Participants receive 100% vesting in employee contributions. Vesting in Company contributions is based on number of years of service. Contributions to the Plan charged to income for fiscal 1999, 1998 and 1997 totaled \$503,000, \$452,000, and \$498,000, respectively, net of interest income earned on the note received from the Plan of \$202,000 in fiscal 1999, \$182,000 in fiscal 1998 and \$267,000 in fiscal 1997.

In 1991, the Company established a Directors Retirement Plan covering its then current directors. The net assets of this plan as of October 31, 1999 and 1998 are not material to the financial position of the Company. During fiscal 1999, 1998 and 1997, \$67,000, \$80,000, and \$76,000 respectively, was expensed for this plan.

12. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
	-----	-----	-----	-----
Net sales:				
1999	\$28,211,000	\$32,731,000	\$35,593,000	\$44,734,000
1998	19,783,000	22,673,000	24,062,000	28,833,000
1997	14,267,000	13,552,000	16,716,000	19,139,000
Gross profit:				
1999	\$11,683,000	\$13,429,000	\$14,479,000	\$17,941,000
1998	7,304,000	8,156,000	8,808,000	11,836,000
1997	4,741,000	4,536,000	4,869,000	6,483,000
Net income:				
1999	\$ 3,203,000	\$ 4,090,000	\$ 4,351,000	\$ 4,693,000
1998	2,282,000	2,451,000	2,613,000	3,163,000
1997	1,594,000	1,640,000	1,712,000	2,073,000
Net income per share:				
Basic				
1999	\$.26	\$.27	\$.28	\$.30
1998 .....	.18	.20	.21	.25
1997 .....	.13	.14	.14	.17
Diluted				
1999	\$.21	\$.23	\$.24	\$.26
1998 .....	.15	.16	.17	.21
1997 .....	.11	.11	.12	.14

Due to changes in the average number of common shares outstanding, net income per share for the full fiscal year does not equal the sum of the four individual quarters.

13. OPERATING SEGMENTS

The Company has two operating segments: the Flight Support Group (FSG) which represents HEICO Aerospace and its subsidiaries and the Electronics & Ground Support Group (EGSG) which represents HEICO Aviation and its subsidiaries. The FSG designs and manufactures jet engine replacement parts, provides FAA-authorized repair and overhaul services and provides subcontracting services to OEMs in the aerospace industry. The EGSG designs and manufactures commercial and military electronics and ground support equipment, back-up power supplies, circuit board shielding and infrared simulation and ground test equipment primarily for the aerospace industry.

The Company's reportable business divisions offer distinctive products and services that are marketed through different channels. They are managed separately because of their unique technology and service requirements.

SEGMENT PROFIT OR LOSS

The accounting policies for segments are the same as those described in the summary of significant accounting policies (Note 1). Management evaluates segment performance based on segment operating income.

	SEGMENTS		OTHER, PRIMARILY CORPORATE	CONSOLIDATED TOTALS
	FSG	EGSG		
FOR THE YEAR ENDED OCTOBER 31, 1999:				
Net sales	\$ 94,617,000	\$ 46,652,000	\$ --	\$141,269,000
Depreciation and amortization	4,727,000	1,172,000	198,000	6,097,000
Operating income	31,338,000	5,937,000	(4,460,000)	32,815,000
Total assets	173,635,000	89,486,000	10,042,000	273,163,000
Capital expenditures	13,359,000	835,000	23,000	14,217,000
FOR THE YEAR ENDED OCTOBER 31, 1998:				
Net sales	\$ 65,412,000	\$ 29,939,000	\$ --	\$ 95,351,000
Depreciation and amortization	2,353,000	325,000	83,000	2,761,000
Operating income	22,263,000	1,882,000	(5,181,000)	18,964,000
Total assets	100,835,000	24,354,000	7,872,000	133,061,000
Capital expenditures	1,192,000	4,920,000	59,000	6,171,000
FOR THE YEAR ENDED OCTOBER 31, 1997:				
Net sales	\$ 41,522,000	\$ 22,152,000	\$ --	\$ 63,674,000
Depreciation and amortization	1,347,000	230,000	47,000	1,624,000
Operating income	12,205,000	1,049,000	(4,140,000)	9,114,000
Total assets	41,713,000	19,068,000	27,395,000	88,176,000
Capital expenditures	2,951,000	589,000	11,000	3,551,000

MAJOR CUSTOMER AND GEOGRAPHIC INFORMATION

No one customer accounted for 10 percent or more of the Company's consolidated net sales during the last three fiscal years. The Company had no material sales originating or long-lived assets held outside of the United States during the last three fiscal years.

Export sales were \$42,167,000 in fiscal 1999, \$22,874,000 in fiscal 1998 and \$9,806,000 in fiscal 1997.

14. OTHER CONSOLIDATED BALANCE SHEETS, STATEMENTS OF OPERATIONS AND STATEMENTS OF CASH FLOWS INFORMATION

Accounts receivable are composed of the following:

	BALANCE AT OCTOBER 31,	
	1999	1998
Accounts receivable	\$ 36,047,000	\$ 19,681,000
Less allowance for doubtful accounts	(721,000)	(259,000)
Accounts receivable, net .	\$ 35,326,000	\$ 19,422,000

Revenue amounts set forth in the accompanying Consolidated Statements of Operations do not include any material amounts in excess of billings related to long-term contracts.

Inventories are composed of the following:

	BALANCE AT OCTOBER 31,	
	1999	1998
Finished products	\$15,401,000	\$ 9,306,000
Work in process	12,801,000	5,213,000
Materials, parts, assemblies and supplies	16,970,000	9,808,000
Total inventories	\$45,172,000	\$24,327,000

Inventories related to long-term contracts were not significant as of October 31, 1999 and 1998.

Property, plant and equipment are composed of the following:

	BALANCE AT OCTOBER 31,	
	1999	1998
Land	\$ 1,799,000	\$ 707,000
Buildings and improvements	16,954,000	7,477,000
Machinery and equipment	22,412,000	17,581,000
Construction in progress	5,759,000	5,058,000
	46,924,000	30,823,000
Less accumulated depreciation	(18,588,000)	(16,028,000)
Property, plant and equipment, net	\$ 28,336,000	\$ 14,795,000

Depreciation and amortization expense on property, plant, and equipment amounted to approximately \$2,238,000, \$1,973,000 and \$1,243,000 for the years ended October 31, 1999, 1998 and 1997, respectively.

Intangible assets are composed of the following:

	BALANCE AT OCTOBER 31,	
	1999	1998
Excess of cost over the fair value of net assets acquired	\$ 146,964,000	\$ 54,247,000
Deferred charges	2,504,000	1,691,000
	149,468,000	55,938,000
Less accumulated amortization	(5,911,000)	(1,974,000)
Intangible assets, net	\$ 143,557,000	\$ 53,964,000

Amortization expense related to excess of costs over the fair value of net assets acquired and deferred charges amounted to approximately \$3,859,000, \$788,000 and \$381,000 for the years ended October 31, 1999, 1998 and 1997, respectively.

Accrued expenses and other current liabilities are composed of the following:

	BALANCE AT OCTOBER 31,	
	1999	1998
Accrued employee compensation	\$ 3,321,000	\$ 3,515,000
Accrued customer rebates and credits	1,631,000	2,434,000
Estimated purchase price adjustments related to acquisitions	2,481,000	1,000,000
Deferred reimbursement of research and development costs ...	1,404,000	990,000
Accrued license payment	1,043,000	--
Accrued acquisition costs	879,000	--
Other	4,540,000	2,462,000
Total accrued expenses and other current liabilities	<u>\$15,299,000</u>	<u>\$10,401,000</u>

RESEARCH AND DEVELOPMENT EXPENSES

Fiscal 1999, 1998, and 1997 cost of sales amounts include approximately \$1,300,000, \$900,000 and \$3,100,000, respectively, of new product research and development expenses. The expenses for fiscal 1999 and 1998 are net of \$6,700,000 and \$3,500,000, respectively, received from Lufthansa and spent by the Company for both years pursuant to a research and development cooperation agreement entered into October 1997. Amounts received from Lufthansa and not used as of October 31, 1999 and 1998 totaled \$1,404,000 and \$990,000, respectively and are recorded as deferred income on the consolidated balance sheets.

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION ARE AS FOLLOWS:

Cash paid for interest was \$2,052,000, \$996,000, and \$477,000 in fiscal 1999, 1998 and 1997, respectively. Cash paid for income taxes was \$10,312,000, \$6,753,000 and \$3,438,000 in fiscal 1999, 1998 and 1997, respectively.

Non-cash investing and financing activities related to the acquisitions and contingent note payments during fiscal 1999, 1998 and 1997 were as follows:

	1999	1998	1997
Fair value of assets acquired:			
Intangible assets	\$ 93,347,000	\$ 40,468,000	\$ 8,395,000
Inventories	8,640,000	1,327,000	669,000
Accounts receivable	10,381,000	3,040,000	2,032,000
Property, plant and equipment	1,597,000	1,985,000	421,000
Other assets	2,213,000	95,000	24,000
Cash paid, including contingent note payments	(104,861,000)	(45,627,000)	(6,737,000)
Fair value of common stock issued	--	--	(3,544,000)
Liabilities assumed	<u>\$ 11,317,000</u>	<u>\$ 1,288,000</u>	<u>\$ 1,260,000</u>

There were no significant capital lease financing activities during fiscal 1999, 1998 and 1997.

15. CONTINGENCIES

PENDING LITIGATION

In November 1989, HEICO Aerospace Corporation and Jet Avion were named defendants in a complaint filed by United Technologies Corporation (UTC) in the United States District Court for the Southern District of Florida. All counts of UTC's complaint that were not previously withdrawn by UTC have been dismissed by the court. UTC has appealed the dismissal. The complaint, as amended in fiscal 1995, alleged infringement of a patent, misappropriation of trade secrets and unfair competition relating to certain jet engine parts and coatings sold by Jet Avion in competition with Pratt & Whitney, a division of UTC. UTC sought approximately \$8 million in damages for the patent infringement and approximately \$30 million in damages for the misappropriation of trade secrets and unfair competition claims. The aggregate damages referred to in the preceding sentence did not exceed approximately \$30 million because a portion of the misappropriation and unfair competition damages duplicate the patent infringement damages. UTC also sought, among other things, pre-judgment interest and treble damages.

The Company has counterclaims against UTC for, among other things, malicious prosecution, trade disparagement, tortious interference and unfair competition. The Company is seeking compensatory and punitive damages in amounts to be determined at trial. UTC filed an answer denying the counterclaims. No trial date is currently set.

The ultimate outcome of this litigation is not certain at this time and no provision for gain or loss, if any, has been made in the consolidated financial statements.

In May 1998, the Company and its HEICO Aerospace Corporation and Jet Avion subsidiaries were served with a lawsuit by Travelers Casualty & Surety Co., f/k/a the Travelers Casualty and Surety Co. (Travelers). In June 1999, the Travelers lawsuit was dismissed by the federal court based on a lack of jurisdiction. Travelers has appealed the dismissal. The complaint seeks reimbursement of legal fees and costs totaling in excess of \$15 million paid by Travelers in defending the Company in the above referenced litigation with UTC. In addition, Travelers seeks a declaratory judgement that the Company did not and does not have insurance coverage under certain insurance policies with Travelers and accordingly, that Travelers did not have and does not have a duty to defend or indemnify the Company under such policies. Also named as defendants in Travelers' lawsuit are UTC and one of the law firms representing the Company in the UTC litigation.

The Company believes that it has significant counterclaims against Travelers for damages. After taking into consideration legal counsel's evaluation of Travelers' claim, management is of the opinion that the outcome of the Travelers litigation will not have a significant adverse effect on the Company's consolidated financial statements. No provision for gain or loss, if any, has been made in the consolidated financial statements.

The Company is involved in various other legal actions arising in the normal course of business. Based upon the amounts sought by the plaintiffs in these actions, management is of the opinion that the outcome of these other matters will not have a significant effect on the Company's consolidated financial statements.

OTHER CONTINGENCIES

In January 1999, the Company received notice of a proposed adjustment pursuant to an examination by the Internal Revenue Service of the Company's fiscal 1995 and 1996 tax returns, disallowing the utilization of a \$4.6 million capital loss carryforward to offset the gain recognized by the Company in connection with the sale of its health care operations in July 1996. The Company has filed a protest requesting an appeal of such proposed adjustment, which would result in additional taxes of approximately \$1.8 million on the gain on the sale of the discontinued health care operations. The outcome of this matter is uncertain, accordingly, no provision for additional taxes, if any, has been made in the consolidated financial statements.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information concerning the Directors of the Company is incorporated by reference to the Company's definitive proxy statement which will be filed with the Securities and Exchange Commission (Commission) within 120 days after the close of fiscal 1999.

Information concerning the executive officers of the Company is set forth at Part I hereof under the caption "Executive Officers of the Registrant."

ITEM 11. EXECUTIVE COMPENSATION

Information concerning executive compensation is hereby incorporated by reference to the Company's definitive proxy statement which will be filed with the Commission within 120 days after the close of fiscal 1999.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information concerning security ownership of certain beneficial owners and management is hereby incorporated by reference to the Company's definitive proxy statement which will be filed with the Commission within 120 days after the close of fiscal 1999.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information concerning certain relationships and related transactions is hereby incorporated by reference to the Company's definitive proxy statement which will be filed with the Commission within 120 days after the close of fiscal 1999.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a)(1) FINANCIAL STATEMENTS:

The following consolidated financial statements of the Company and subsidiaries are included in Part II, Item 8:

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Independent Auditors' Report.....	25
Consolidated Balance Sheets at October 31, 1999 and 1998.....	26 - 27
Consolidated Statements of Operations for the years ended October 31, 1999, 1998 and 1997.....	28
Consolidated Statements of Shareholders' Equity and Comprehensive Income for the years ended October 31, 1999, 1998 and 1997.....	29
Consolidated Statements of Cash Flows for the years ended October 31, 1999, 1998 and 1997.....	30
Notes to Consolidated Financial Statements.....	31 - 48

(a)(2) FINANCIAL STATEMENT SCHEDULES:

No schedules have been submitted because they are not applicable or the required information is included in the financial statements or notes thereto.

(a)(3) EXHIBITS

EXHIBIT NUMBER	DESCRIPTION
2.1	-- Amended and Restated Agreement of Merger and Plan of Reorganization, dated as of March 22, 1993, by and among HEICO Corporation, HEICO Industries, Corp. and New HEICO, Inc. is incorporated by reference to Exhibit 2.1 to the Registrant's Registration Statement on Form S-4 (Registration No. 33-57624) Amendment No. 1 filed on March 19, 1993.*
2.2	-- Stock Purchase Agreement, dated June 20, 1996, by and among HEICO Corporation, MediTek Health Corporation and U.S. Diagnostic Inc. is incorporated by reference to Exhibit 2 to The Form 8-K dated July 11, 1996.*
2.3	-- Stock Purchase Agreement, dated as of September 16, 1996, by and between HEICO Corporation and Sigmund Borax is incorporated by reference to Exhibit 2 to the Form 8-K dated September 16, 1996.*
2.4	-- Stock Purchase Agreement dated July 25, 1997, among HEICO Corporation, N.A.C. Acquisition Corporation, Northwings Accessories Corporation, Ramon Portela and Otto Newman (without schedules) is incorporated by reference to Exhibit 2 to Form 8-K dated September 16, 1997.*
2.5	-- Stock Purchase Agreement dated as of July 12, 1999 among HEICO Corporation, Thermal Structures, Inc., Quality Honeycomb, Inc., David A. Janes, Vaughn Barnes, Stephen T. Braunheim, DLD Investments, LLC, and Acme Freight, LLC (without schedules and exhibits) is incorporated by reference to Exhibit 2.1 to Form 8-K dated July 30, 1999.*
3.1	-- Articles of Incorporation of the Registrant are incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form S-4 (Registration No. 33-57624) Amendment No. 1 filed on March 19, 1993.*
3.2	-- Articles of Amendment of the Articles of Incorporation of the Registrant, dated April 27, 1993, are incorporated by reference to Exhibit 3.2 to the Company's Registration Statement on Form 8-B dated April 29, 1993.*
3.3	-- Articles of Amendment of the Articles of Incorporation of the Registrant, dated November 3, 1993, are incorporated by reference to Exhibit 3.3 to the Form 10-K for the year ended October 31, 1993.*
3.4	-- Articles of Amendment of the Articles of Incorporation of the Registrant, dated March 19, 1998, are incorporated by reference to Exhibit 3.4 to the Company's Registration Statement on Form S-3 (Registration No. 333-48439) filed on March 23, 1998.*
3.5	-- Bylaws of the Registrant are incorporated by reference to Exhibit 3.4 to the Form 10-K for the year ended October 31, 1996.*

- 4.0 -- The description and terms of Preferred Stock Purchase Rights are set forth in a Rights Agreement between the Company and SunBank, N.A., as Rights Agent, dated as of November 2, 1993, incorporated by reference to Exhibit 1 to the Form 8-K dated November 2, 1993.*
- 10.1 -- Loan Agreement, dated March 1, 1988, between HEICO Corporation and Broward County, Florida is incorporated by reference to Exhibit 10.1 to the Form 10-K for the year ended October 31, 1994.*
- 10.2 -- SunBank Reimbursement Agreement, dated February 28, 1994, between HEICO Aerospace Corporation and SunBank/South Florida, N.A. is incorporated by reference to Exhibit 10.2 to the Form 10-K for the year ended October 31, 1994.*
- 10.3 -- Amendment, dated March 1, 1995, to the SunBank Reimbursement Agreement dated February 28, 1994 between HEICO Aerospace Corporation and SunBank/South Florida, N.A. is incorporated by reference to Exhibit 10.3 to the Form 10-K from the year ended October 31, 1995.*
- 10.4 -- Amendment and Extension, dated February 28, 1999 to Loan Agreement dated February 28, 1994, between SunTrust Bank, South Florida, N.A. and HEICO Aerospace Corporation.**
- 10.5 -- Loan Agreement, dated March 31, 1994, between HEICO Corporation and Eagle National Bank of Miami is incorporated by reference to Exhibit 10.5 to the Form 10-K for the year ended October 31, 1994.*
- 10.6 -- The First Amendment, dated May 31, 1994, to Loan Agreement dated March 31, 1994 between HEICO Corporation and Eagle National Bank of Miami is incorporated by reference to Exhibit 10.6 to the Form 10-K for the year ended October 31, 1994.*
- 10.7 -- The Second Amendment, dated August 9, 1995, to the Loan Agreement dated March 31, 1994 between HEICO Corporation and Eagle National Bank of Miami is incorporated by reference to Exhibit 10.9 to the Form 10-K for the year ended October 31, 1995.*
- 10.8 -- Second Loan Modification Agreement, dated February 27, 1997, between HEICO Corporation and Eagle National Bank of Miami is Incorporated by reference to Exhibit 10.3 to the Form 10-Q for the three months ended April 30, 1997.*
- 10.9 -- Third Loan Modification Agreement, dated February 6, 1998, between HEICO Corporation and Eagle National Bank of Miami is Incorporated by reference to Exhibit 10.1 to the Form 10-Q for The three months ended January 31, 1998.*
- 10.10 -- Fourth Loan Modification Agreement, dated August 24, 1999, between HEICO Corporation and Eagle National Bank of Miami.**
- 10.11 -- Loan Agreement, dated October 1, 1996, between HEICO Aerospace Corporation and Broward County, Florida is incorporated by Reference to Exhibit 10.10 to the Form 10-K for the year ended October 31, 1996.*

- 10.12 -- SunTrust Bank Reimbursement Agreement, dated October 1, 1996, between HEICO Aerospace Corporation and SunTrust Bank, South Florida, N.A. is incorporated by reference to Exhibit 10.11 to the Form 10-K for the year ended October 31, 1996.*
- 10.13 -- HEICO Savings and Investment Plan and Trust, as amended and restated effective January 2, 1987 is incorporated by reference to Exhibit 10.2 to the Form 10-K for the year ended October 31, 1987.*
- 10.14 -- HEICO Savings and Investment Plan, as amended and restated December 19, 1994, is incorporated by reference to Exhibit 10.11 to the Form 10-K for the year ended October 31, 1994.*
- 10.15 -- HEICO Corporation 1993 Stock Option Plan, as amended, is incorporated by reference to Exhibit 4.7 to the Company's Registration Statement on Form S-8 (Registration No. 333-81789) filed on June 29, 1999.*
- 10.16 -- HEICO Corporation Combined Stock Option Plan, dated March 15, 1988, is incorporated by reference to Exhibit 10.3 to the Form 10-K for the year ended October 31, 1989.*
- 10.17 -- Non-Qualified Stock Option Agreement for Directors, Officers and Employees is incorporated by reference to Exhibit 10.8 to the Form 10-K for the year ended October 31, 1985.*
- 10.18 -- HEICO Corporation Directors' Retirement Plan, as amended, dated as of May 31, 1991, is incorporated by reference to Exhibit 10.19 to the Form 10-K for the year ended October 31, 1992.*
- 10.19 -- Key Employee Termination Agreement, dated as of April 5, 1988, between HEICO Corporation and Thomas S. Irwin is incorporated by reference to Exhibit 10.20 to the Form 10-K for the year ended October 31, 1992.*
- 10.20 -- Employment and Non-compete Agreement, dated as of September 16, 1996, by and between HEICO Corporation and Sigmund Borax is incorporated by reference to Exhibit 10.1 to the Form 8-K dated September 16, 1996.*
- 10.21 -- Employment and Non-compete Agreement, dated as of September 16, 1996, by and between HEICO Corporation and Charles Kott is incorporated by reference to Exhibit 10.2 to the Form 8-K dated September 16, 1996.*
- 10.22 -- Loan Agreement, dated as of March 1, 1997, between Trilectron Industries, Inc. and Manatee County, Florida is incorporated by reference to Exhibit 10.1 to the Form 10-Q for the three Months ended April 30, 1997.*
- 10.23 -- Letter of Credit and Reimbursement Agreement, dated as of March 1, 1997, between Trilectron Industries, Inc., and First Union National Bank of Florida (excluding referenced exhibits) is incorporated by reference to Exhibit 10.2 to the Form 10-Q for the three months ended April 30, 1997.*

- 10.24 -- Registration Rights Agreement, dated September 15, 1997, by and between HEICO Corporation and Ramon Portela is incorporated by reference to Exhibit 10.1 to Form 8-K dated September 16, 1997.*
- 10.25 -- Employment and Non-compete Agreement dated September 16, 1997, by and between Northwings Accessories Corporation and Ramon Portela is incorporated by reference to Exhibit 10.2 to Form 8-K dated September 16, 1997.*
- 10.26 -- Stock Purchase Agreement, dated October 30, 1997, by and among HEICO Corporation, HEICO Aerospace Holdings Corp. and Lufthansa Technik AG is incorporated by reference to Exhibit 10.31 to Form 10-K/A for the year ended October 31, 1997.*
- 10.27 -- Shareholders Agreement, dated October 30, 1997, by and between HEICO Aerospace Holdings Corp., HEICO Aerospace Corporation and all of the shareholders of HEICO Aerospace Holdings Corp. and Lufthansa Technik AG is incorporated by reference to Exhibit 10.32 to Form 10-K/A for the year ended October 31, 1997.*
- 10.28 -- Stock Purchase Agreement dated as of June 9, 1998 among HEICO Aerospace Holdings Corp., McClain International, Inc., Randolph S. McClain, Janet M. Wallace and Paul R. Schwinne (without schedules) is incorporated by reference to Exhibit 2 to Form 8-K dated August 4, 1998.*
- 10.29 -- Agreement for the Sale and Purchase of Real Property, by and among Randolph S. McClain and HEICO Aerospace Holdings Corp., is incorporated by reference to Exhibit 10.1 to Form 8-K dated August 4, 1998.*
- 10.30 -- Credit Agreement among HEICO Corporation and SunTrust Bank, South Florida, N.A., as Agent, dated as of July 30, 1998, is incorporated by reference to Exhibit 10.2 to Form 8-K dated August 4, 1998.*
- 10.31 -- First Amendment, dated July 30, 1998 to Credit Agreement among HEICO Corporation and SunTrust Bank, South Florida, N.A., as agent, dated as of July 31, 1998.**
- 10.32 -- Second Amendment, dated May 12, 1999, to Credit Agreement among HEICO Corporation and SunTrust Bank, South Florida, N.A., as agent, dated as of July 31, 1998.**
- 10.33 -- Asset Purchase Agreement, dated as of December 4, 1998, among RDI Acquisition Corp., HEICO Aerospace Holdings Corp., HEICO Corporation, Rogers-Dierks, Inc., William Rogers and John Dierks (without schedules and exhibits) is incorporated by Reference to Exhibit 2.1 to Form 8-K dated December 22, 1998.*
- 21 -- Subsidiaries of the Company.**
- 23.1 -- Consent of Deloitte & Touche LLP.**
- 27.1 -- Financial Data Schedule.**
- 27.2 -- Financial Data Schedule.**
- 27.3 -- Financial Data Schedule.**
- 27.4 -- Financial Data Schedule.**
- 27.5 -- Financial Data Schedule.**
- 27.6 -- Financial Data Schedule.**
- 27.7 -- Financial Data Schedule.**
- 27.8 -- Financial Data Schedule.**
- 27.9 -- Financial Data Schedule.**

- - - - -
 * Previously filed.
 ** Filed herewith.

(b) REPORTS ON FORM 8-K

There were no reports filed on Form 8-K by the Company during the fourth quarter of fiscal 1999.

(c) EXHIBITS

See Item 14(a)(3).

(d) SEPARATE FINANCIAL STATEMENTS REQUIRED

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this amendment to be signed on its behalf by the undersigned, thereunto duly authorized.

HEICO CORPORATION

By: /s/ THOMAS S. IRWIN

Thomas S. Irwin
EXECUTIVE VICE PRESIDENT
AND CHIEF FINANCIAL OFFICER
(PRINCIPAL FINANCIAL AND
ACCOUNTING OFFICER)

Date: January 27, 2000

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ LAURANS A. MENDELSON

Chairman, President, Chief
Executive Officer and
Director (Principal
Executive Officer)

Laurans A. Mendelson

/s/ JACOB T. CARWILE

Director

Jacob T. Carwile

/s/ SAMUEL L. HIGGINBOTTOM

Director

Samuel L. Higginbottom

/s/ ERIC A. MENDELSON

Director

Eric A. Mendelson

/s/ VICTOR H. MENDELSON

Director

Victor H. Mendelson

/s/ ALBERT MORRISON, JR

Director

Albert Morrison, Jr.

Director

Alan Schriesheim

/s/ GUY C. SHAFER

Director

Guy C. Shafer

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION
10.4	-- Amendment and Extension, dated February 28, 1999 to Loan Agreement dated February 28, 1994, between SunTrust Bank, South Florida, N.A. and HEICO Aerospace Corporation.
10.10	-- Fourth Loan Modification Agreement, dated August 24, 1999, between HEICO Corporation and Eagle National Bank of Miami.
10.31	-- First Amendment, dated July 30, 1998 to Credit Agreement among HEICO Corporation and SunTrust Bank, South Florida, N.A., as agent, dated as of July 31, 1998.
10.32	-- Second Amendment, dated May 12, 1999, to Credit Agreement among HEICO Corporation and SunTrust Bank, South Florida, N.A., as agent, dated as of July 31, 1998.
21	-- Subsidiaries of the Company.
23.1	-- Consent of Deloitte & Touche LLP.
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27.3	-- Financial Data Schedule.
27.4	-- Financial Data Schedule.
27.5	-- Financial Data Schedule.
27.6	-- Financial Data Schedule.
27.7	-- Financial Data Schedule.
27.8	-- Financial Data Schedule.
27.9	-- Financial Data Schedule.

AMENDMENT TO AND EXTENSION OF REIMBURSEMENT AGREEMENT

This Amendment to and Extension of Reimbursement Agreement (the "Amendment") is entered into as of the 28th day of February, 1999, between SunTrust Bank, South Florida, National Association (formerly known as SunBank/South Florida, National Association) (the "Bank") and HEICO Aerospace Corporation (formerly known as HEICO Corporation) (the "Company"), a Florida corporation, for the purpose of amending the SunBank Reimbursement Agreement dated as of February 28, 1994, as heretofore amended, including, without limitation, by an amendment dated as of March 1, 1995 (the "Agreement") between the Bank and the Company as provided herein.

WHEREAS, the Bank issued its Irrevocable Letter of Credit No. F4896 (now No. F070082) on February 28, 1994 (the "Letter of Credit") to secure the payment of the \$1,980,000 Broward County, Florida Industrial Development Revenue Bonds (HEICO Corporation Project), Series 1988, which Letter of Credit currently has an expiration date of February 28, 1999; and

WHEREAS, the Company has requested that the Bank extend the stated expiration date of the Letter of Credit to February 28, 2004, and that the Bank agree to certain other modifications to the terms of the Agreement, and the Bank is willing to grant such extension and to agree to such modifications to the terms of the Agreement;

NOW, THEREFORE, in consideration of the mutual agreements contained herein, and other good and valuable consideration, including, without limitation, the extension of the term of the Letter of Credit, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. AMENDMENTS TO THE AGREEMENT. The Agreement is hereby amended as follows:

A. Section 2(c)(ix) of the Agreement is hereby amended in its entirety to read as follows:

(ix) on each anniversary date of this Agreement (the "Anniversary Date"), a fee equal to 0.875% of the excess, if any, of the Stated Amount of the Letter of Credit over the balance in the Yield Restricted Account on the Anniversary Date;

B. Section 6(y) of the Agreement is hereby amended in its entirety to read as follows:

(y) Company and its Subsidiaries shall maintain a ratio of Total Funded Debt to Capitalization of less than 0.60:1.0. As used herein, the term "Total Funded Debt" shall mean and include, without duplication, the following obligations of the Company and any of its Subsidiaries: (i) any liability or

obligation for borrowed money that under generally accepted accounting principles is required to be shown on the balance sheet as a liability; (ii) indebtedness that is secured by any security interest on property owned by the Company or any Subsidiary (such as capitalized leases, asset securitization vehicles, conditional sales contracts and similar title retention arrangements), irrespective of whether or not the Indebtedness secured thereby shall have been assumed by the Company or such Subsidiary; (iii) guarantees, endorsements (other than endorsements of negotiable instruments for collection in the ordinary course of business), and other contingent liabilities, whether direct or indirect (such as by way of a letter of credit issued for the account of the Company or a Subsidiary) in connection with the obligations for borrowed money, stock or dividends of any person; (iv) obligations under any contract providing for the making of loans, advances or capital contributions to any person in order to enable such person primarily to maintain working capital, net worth, or any other balance sheet condition or to pay debts, dividends or expenses; and (v) obligations under any contract which, in economic effect, is substantially equivalent to a guarantee of loans, advances or capital contributions of another person, all as determined for the Company and its Subsidiaries on a consolidated basis, in accordance with generally accepted accounting principles applied on a consistent basis. The term "Capitalization" shall mean, as measured on a consolidated basis, Total Funded Debt plus Consolidated Net Worth, determined in accordance with generally accepted accounting principles, of the Company and its Subsidiaries, and the term "Consolidated Net Worth" shall mean the consolidated net worth of the Company and its Subsidiaries determined in accordance with generally accepted accounting principles applied on a consistent basis.

C. Section 6(w) of the Agreement is hereby deleted in its entirety.

D. Notwithstanding anything in the Agreement to the contrary, the term of the Agreement is extended to the end of the term of the Letter of Credit and the payment to the Bank of all amounts due it under the Agreement.

SECTION 2. LIMITED SCOPE. Except as expressly amended hereby, all provisions of the Agreement shall remain in full force and effect.

SECTION 3. NO CLAIMS. AS A MATERIAL INDUCEMENT FOR THE BANK TO AMEND THE AGREEMENT PURSUANT TO THIS AMENDMENT, THE COMPANY COVENANTS WITH AND WARRANTS UNTO THE BANK, AND ITS AFFILIATES AND ASSIGNS, THAT THERE EXIST NO CLAIMS, COUNTERCLAIMS, DEFENSES, OBJECTIONS, OFFSETS OR CLAIMS OF OFFSETS AGAINST THE BANK RELATING IN ANY WAY TO THE INDENTURE, THE AGREEMENT OR OTHER ASSOCIATED LOAN DOCUMENTS, THROUGH THE DATE HEREOF, OR THE OBLIGATION OF THE

COMPANY TO PAY OR PERFORM ALL OBLIGATIONS TO THE BANK EVIDENCED BY THE AGREEMENT OR OTHERWISE.

SECTION 4. WAIVER. AS A MATERIAL INDUCEMENT FOR THE BANK TO AMEND THE AGREEMENT PURSUANT TO THIS AMENDMENT, THE COMPANY

DOES HEREBY RELEASE, WAIVE, DISCHARGE, COVENANT NOT TO SUE, ACQUIT, SATISFY AND FOREVER DISCHARGE THE BANK, ITS OFFICERS, DIRECTORS, EMPLOYEES, ATTORNEYS AND AGENTS AND ITS AFFILIATES AND ASSIGNS FROM ANY AND ALL LIABILITY, CLAIMS, COUNTERCLAIMS, DEFENSES, ACTIONS, CAUSES OF ACTION, SUITS, CONTROVERSIES, AGREEMENTS, PROMISES AND DEMANDS WHATSOEVER, IN LAW OR IN EQUITY, WHICH THE COMPANY EVER HAD, NOW HAS OR WHICH ANY PERSONAL REPRESENTATIVE, SUCCESSOR, HEIR OR ASSIGN OF THE COMPANY HEREAFTER CAN, SHALL OR MAY HAVE AGAINST THE BANK, ITS OFFICERS, DIRECTORS, EMPLOYEES, ATTORNEYS AND AGENTS, AND ITS AFFILIATES AND ASSIGNS, FOR, UPON OR BY REASON OF ANY MATTER, CAUSE OR THING WHATSOEVER RELATING IN ANY WAY TO THE INDENTURE, THE AGREEMENT AND OTHER ASSOCIATED LOAN DOCUMENTS, THROUGH THE DATE HEREOF. THE COMPANY FURTHER EXPRESSLY AGREES THAT THE FOREGOING RELEASE AND WAIVER AGREEMENT IS INTENDED TO BE AS BROAD AND INCLUSIVE AS IS PERMITTED BY THE LAWS OF THE STATE OF FLORIDA.

SECTION 5. WAIVER OF TRIAL BY JURY. THE BANK AND THE COMPANY HEREBY MUTUALLY, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT EITHER MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY LITIGATION BASED HEREON OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH THE AGREEMENT AND ANY AGREEMENT CONTEMPLATED OR TO BE EXECUTED IN CONJUNCTION THEREWITH, UNDER ANY ASSOCIATED LOAN DOCUMENTS, OR ANY COURSE OF CONDUCT, COURSE OF DEALING STATEMENTS (WHETHER VERBAL OR WRITTEN), OR ACTIONS OF ANY PARTY. THE COMPANY ACKNOWLEDGES THAT THE WAIVER OF JURY TRIAL IS A MATERIAL INDUCEMENT TO THE BANK IN ACCEPTING THIS AMENDMENT, AND THAT THE BANK WOULD NOT HAVE ACCEPTED THIS AMENDMENT WITHOUT THIS JURY TRIAL WAIVER. THE COMPANY ACKNOWLEDGES THAT THE COMPANY HAS BEEN REPRESENTED BY AN ATTORNEY OR HAS HAD AN OPPORTUNITY TO CONSULT WITH AN ATTORNEY REGARDING THIS JURY TRIAL WAIVER, AND UNDERSTANDS THE LEGAL EFFECT OF THIS JURY TRIAL WAIVER. THE WAIVER CONTAINED HEREIN IS IRREVOCABLE, CONSTITUTES A KNOWING AND VOLUNTARY WAIVER, AND SHALL BE SUBJECT TO NO EXCEPTIONS. THE BANK HAS IN NO WAY AGREED WITH OR REPRESENTED TO THE COMPANY OR ANY OTHER PARTY THAT THE PROVISIONS OF THIS JURY TRIAL WAIVER WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

SECTION 6. EFFECTIVE DATE. This Amendment shall take effect on February 28, 1999.

SECTION 7. COUNTERPARTS. This Amendment may be executed in multiple counterparts, all of which shall constitute one and the same instrument and each of which shall be deemed to be an original.

IN WITNESS WHEREOF, the Issuer and the Bank have executed this Amendment by their respective duly authorized representatives, all as of the date first written above.

HEICO AEROSPACE CORPORATION
(formerly known as HEICO Corporation)

By: _____

Title:

By: _____

Title:

SUNTRUST BANK, SOUTH FLORIDA,
NATIONAL ASSOCIATION (formerly known as SunBank/South Florida, National Association)

By: _____

Title:

By execution below, the following entities consent to the execution of this Amendment to and Extension of Reimbursement Agreement and each agrees to remain bound by its Guaranty (as defined in the Agreement).

JET AVION HEAT TREAT CORPORATION

By: _____
Its:

HEICO CORPORATION

By: _____
Its:

HEICO-NEWCO, INC.

By: _____
Its:

JET AVION CORPORATION

By: _____
Its:

LPI INDUSTRIES CORPORATION

By: _____
Its:

AIRCRAFT TECHNOLOGY, INC.

By: _____
Its:

FOURTH LOAN MODIFICATION AGREEMENT

This Fourth Loan Modification Agreement (the "Agreement") is made and entered into this 24th day of August, 1999, effective as of March 1, 1999 (the "Effective Date"), by and among EAGLE NATIONAL BANK OF MIAMI, A National Banking Association with its principal place of business at 701 Brickell Avenue, Suite 1250, Miami, Florida 33131 (the "Lender"), and HEICO CORPORATION, HEICO AEROSPACE CORPORATION, JET AVION CORPORATION, JET AVION HEAT TREAT CORPORATION, LPI INDUSTRIES CORPORATION, and AIRCRAFT TECHNOLOGY, INC., (collectively the "Original Borrowers"), TRILECTRON INDUSTRIES, INC., a New York Corporation, HEICO AVIATION PRODUCTS CORP. and NORTHWINGS ACCESSORIES CORP., each a Florida Corporation (unless otherwise noted) (the "Additional Borrowers"); the Original Borrowers and the Additional Borrowers are hereinafter collectively referred to as the "Borrowers" and individually a "Borrower".

WITNESSETH

WHEREAS, on or about March 31, 1994 Lender and Original Borrowers entered into that certain Loan Agreement (the "Loan Agreement") pursuant to which Lender provided Borrowers a credit facility in the aggregate principal amount of One Million, Six Hundred Thousand Dollars (\$1,600,000.00) (the "Credit Facility") for the purpose of making term loans to Borrowers for purchasing or refinancing equipment to be used in Borrowers' business operations; and

WHEREAS, Original Borrowers requested and Lender agreed to a modification of the terms and conditions of the Loan Agreement, in accordance with the terms and conditions of that certain Loan Modification Agreement dated August 9, 1995 (the "First Modification"); and

WHEREAS, Borrowers requested and Lender agreed to a modification of the terms and conditions of the Loan Agreement and First Modification Agreement, in accordance with the terms and conditions of that certain Second Loan Modification Agreement dated February 27, 1997 (the "Second Modification"); and

WHEREAS, Borrowers requested and Lender agreed to a modification of the terms and conditions of the Loan Agreement, First Modification and Second Modification Agreement, in accordance with the terms and conditions of that certain Third Loan Modification Agreement dated February 6, 1998 (the "Third Modification"); and

WHEREAS, Borrowers have requested and Lender has agreed to a modification of the terms and conditions of the Loan Agreement, the First Modification Agreement, the Second Modification Agreement and the Third Loan Modification Agreement in accordance with the terms and conditions of this Agreement (this Fourth Agreement, the Loan Agreement, the First Modification Agreement, the Second Modification Agreement and the Third Modification shall hereafter be referred to as the "Modified Agreement");

NOW THEREFORE, in consideration of the premises, the mutual covenants set forth below and the sum of \$10.00, and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, Borrowers and Lender agree as follows:

TERMS

1. AFFIRMATION OF LOAN AGREEMENT. Except as modified hereby, all of the terms and conditions of the Loan Agreement, the First Modification Agreement, the Second Modification Agreement and the Third Modification Agreement, as well as all other documents and instruments executed and delivered by Borrowers to Lender in connection therewith, are hereby ratified, affirmed and approved in all respects and shall remain in full force and effect.

2. DEFINITIONS. Unless otherwise defined all capitalized terms in this Agreement shall have the same meaning as in the Loan Agreement.

3. THE CREDIT FACILITY. Lender agrees, pursuant to the terms of this Agreement, to extend the period of time the Credit Facility to September 1, 2000 (the "Termination Date"). The terms for each Equipment Loan shall remain as set forth in the Loan Agreement, except to the extent modified by this Agreement.

4. CREDIT FACILITY FEE. Paragraph 1.12 of the Loan Agreement is hereby modified to read as follows: Borrowers agree to pay Lender a facility fee equal to 50 basis point on the amount of each individual loan request at the time of disbursement.

5. CLOSING COSTS. Borrowers acknowledge to Lender that all costs associated with the closing of each individual transaction including but not limited to Documentary Stamp Taxes in each individual Note, Filing Fees and Documentation/Processing Fees, will be borne by the Borrower.

6. COMMITMENT. Paragraph 1.1 of the Loan Agreement is hereby modified to read as follows:

"1.1 The proceeds of each Equipment Loan shall be used exclusively for the purpose of purchasing equipment to be used in the applicable Borrower's business or to refinance existing equipment purchased not earlier than December 1st, 1997 and used in the applicable Borrower's business."

7. CONFLICT. The provisions of this Agreement shall control in the event of any conflict between it and any of the Loan Documents, except that the provisions of the Notes and security agreements (given pursuant to paragraph 2.3 of the Loan Agreement, the "Security Agreements") shall control in the event of any conflict between the Notes or the Security Agreements and this Agreement.

8. TIME. Time is of the essence with respect to all matters set forth

herein.

9. WAIVER MODIFICATION OR CANCELLATION. Any waiver, alteration or modification of any of the provisions of this Agreement shall not be valid unless in writing and signed by the parties hereto.

10. WAIVER OF CLAIMS OR DEFENSES. Borrowers hereby covenant that they have no claims or defenses against Lender that could give rise to any defense, off-set or counterclaim in connection with the enforcement of the Loan Agreement, as modified hereby or any Equipment Loans.

11. WAIVER OF JURY TRIAL ALL PARTIES TO THIS AGREEMENT HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY IN ANY LAWSUIT, PROCEEDING, OR COUNTERCLAIM BASED UPON, OR ARISING OUT OF THIS AGREEMENT, THE EQUIPMENT LOANS, THE LOAN DOCUMENTS AND ANY AGREEMENT EXECUTED IN CONJUNCTION HERewith OR THEREWITH, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN), OR ACTIONS OR OMISSIONS OF EITHER PARTY. THIS PROVISION FOR WAIVER OF A JURY TRIAL IS A MATERIAL INDUCEMENT FOR LENDER TO ENTER INTO THIS AGREEMENT AND TO MAKE THE EQUIPMENT LOANS.

12. FURTHER ASSURANCE. At all times following the date of this Agreement, Borrowers agree to execute and deliver, or to cause to be executed and delivered, such documents and to do, or cause to be done, such other acts and things as might be reasonably requested by Lender to effectuate the terms and provisions of this Agreement and the transactions contemplated herein to assure that the benefits of this Agreement are realized by the parties hereto.

IN WITNESS WHEREOF, Borrowers (Parent and Subsidiaries) and Lender have hereunto caused these presents to be executed on this date first above written.

WITNESS:

LENDER:

EAGLE NATIONAL BANK OF MIAMI,
a National Banking Association

By: _____
Print Name: _____
Title: _____

STATE OF FLORIDA
COUNTY OF MIAMI DADE

The foregoing instrument was acknowledged before me this 18th day of August, 1999 by Antoinette Infante as Assistant Vice President of Eagle National Bank of Miami, who is personally known to me or who has produced a Florida Driver License as identification.

NOTARY PUBLIC
Print Name: _____
My Commission Expires: _____

BORROWERS:

WITNESSES:

PARENT:

- -----
- -----

HEICO CORPORATION, a Florida Corporation

By: _____

Print Name: _____

Title: _____

STATE OF FLORIDA
COUNTY OF MIAMI DADE

The foregoing instrument was acknowledged before me this 24th day of August, 1999 by Thomas S. Irwin as Treasurer of HEICO CORPORATION, a Florida Corporation, who is personally known to me or who has produced a Florida Driver License as identification.

NOTARY PUBLIC

Print Name: _____

My Commission Expires: _____

SUBSIDIARIES:

WITNESSES:

- -----
- -----

JET AVION CORPORATION, a Florida Corporation

By: _____

Print Name: _____

Title: _____

STATE OF FLORIDA
COUNTY OF MIAMI DADE

The foregoing instrument was acknowledged before me this 24th day of August, 1999 by Thomas S. Irwin as Treasurer of JET AVION CORPORATION, a Florida Corporation, who is personally known to me or who has produced a Florida Driver License as identification.

NOTARY PUBLIC

Print Name: _____

My Commission Expires: _____

WITNESSES:

HEICO AEROSPACE CORPORATION, a
Florida Corporation

By: _____
Print Name: _____
Title: _____

STATE OF FLORIDA
COUNTY OF MIAMI DADE

The foregoing instrument was acknowledged before me this 24th day of August,
1999 by Thomas S. Irwin as Treasurer of HEICO AEROSPACE CORPORATION, a Florida
Corporation, who is personally known to me or who has produced a Florida Driver
License as identification.

NOTARY PUBLIC
Print Name: _____
My Commission Expires: _____

WITNESSES:

JET AVION HEAT TREAT CORPORATION, a
Florida Corporation

By: _____
Print Name: _____
Title: _____

STATE OF FLORIDA
COUNTY OF MIAMI DADE

The foregoing instrument was acknowledged before me this 24th day of August,
1999 by Thomas S. Irwin as Treasurer of JET AVION HEAT TREAT CORPORATION, a
Florida Corporation, who is personally known to me or who has produced a Florida
Driver License as identification.

NOTARY PUBLIC
Print Name: _____
My Commission Expires: _____

WITNESSES:

LPI INDUSTRIES CORPORATION, a
Florida Corporation

By: _____
Print Name: _____
Title: _____

STATE OF FLORIDA
COUNTY OF MIAMI DADE

The foregoing instrument was acknowledged before me this 24th day of August,
1999 by Thomas S. Irwin as Treasurer of LPI INDUSTRIES CORPORATION, a Florida
Corporation, who is personally known to me or who has produced a Florida Driver
License as identification.

NOTARY PUBLIC
Print Name: _____
My Commission Expires: _____

WITNESSES:

AIRCRAFT TECHNOLOGY INC., a
Florida Corporation

By: _____
Print Name: _____
Title: _____

STATE OF FLORIDA
COUNTY OF MIAMI DADE

The foregoing instrument was acknowledged before me this 24th day of August,
1999 by Thomas S. Irwin as Treasurer of AIRCRAFT TECHNOLOGY INC. a Florida
Corporation, who is personally known to me or who has produced a Florida Driver
License as identification.

NOTARY PUBLIC
Print Name: _____
My Commission Expires: _____

WITNESSES: TRILECTRON INDUSTRIES INC., a
New York Corporation

By: _____
Print Name: _____
Title: _____

STATE OF FLORIDA
COUNTY OF MIAMI DADE

The foregoing instrument was acknowledged before me this 24th day of August, 1999 by Thomas S. Irwin as Treasurer of TRILECTRON INDUSTRIES, INC., a New York Corporation, who is personally known to me or who has produced a Florida Driver License as identification.

NOTARY PUBLIC
Print Name: _____
My Commission Expires: _____

WITNESSES: HEICO AVIATION PRODUCTS
CORPORATION, a Florida Corporation

By: _____
Print Name: _____
Title: _____

STATE OF FLORIDA
COUNTY OF MIAMI DADE

The foregoing instrument was acknowledged before me this 24th day of August, 1999 by Thomas S. Irwin as Treasurer of HEICO AVIATION PRODUCTS CORPORATION, a Florida Corporation, who is personally known to me or who has produced a Florida Driver License as identification.

NOTARY PUBLIC
Print Name: _____
My Commission Expires: _____

WITNESSES:

NORTHWINGS ACCESSORIES
CORPORATION, a Florida Corporation

- -----
- -----

By:

Print Name:

Title:

STATE OF FLORIDA
COUNTY OF MIAMI DADE

The foregoing instrument was acknowledged before me this 24th day of August, 1999 by Thomas S. Irwin as Treasurer of NORTHWINGS ACCESSORIES CORPORATION, a Florida Corporation, who is personally known to me or who has produced a Florida Driver License as identification.

NOTARY PUBLIC

Print Name:

My Commission Expires:

AMENDMENT NO. 1 TO CREDIT AGREEMENT

This AMENDMENT NO. 1 TO CREDIT AGREEMENT (the "Amendment") is made and entered as of the 30th day of July, 1998, by and among HEICO CORPORATION, a Florida corporation (together with its successors and permitted assigns, "Borrower"), the lenders which are or may in the future be listed on the signature pages to the Credit Agreement (as hereinafter defined) and hereto (together with their successors and permitted assigns, individually a "Lender" and collectively, the "Lenders"), and SUNTRUST BANK, SOUTH FLORIDA, NATIONAL ASSOCIATION, as agent for the Lenders (together with any successor agent appointed pursuant to the provisions herein, the "Agent").

BACKGROUND

The Borrower, the Lenders and the Agent are parties to a Credit Agreement dated as of July 30, 1998 (the "Credit Agreement") and all of the parties now desire to amend the Credit Agreement as provided herein.

NOW, THEREFORE, in consideration of the premises and the mutual agreements, covenants, and conditions herein, Borrower, the Lenders, and Agent agree as follows:

1. SECTION 1.1 (DEFINED TERMS) of the Credit Agreement shall be amended by adding thereto the following definition:

"DOCUMENTATION AGENT" shall mean First Union National Bank.

2. SECTION 1.1 (DEFINED TERMS) of the Credit Agreement shall be amended in the paragraph thereof defining "Guarantors" by deleting the word "and" before the words "PTM Acquisition Corporation, a Florida corporation", and by adding immediately after such words and immediately before the words "as to all of the Obligations (as herein defined)", the words: "and McClain International, Inc., a Georgia corporation".

3. SECTION 2.7 (REVOLVING CREDIT TERMINATION DATE) of the Credit Agreement shall be amended to read in its entirety as follows:

(a) REVOLVING CREDIT TERMINATION DATE; REQUEST FOR EXTENSION. "All Borrowings outstanding under the Revolving Credit Facility shall be due and payable in full on the Revolving Credit Termination Date. The Borrower shall not request and the Lenders will not be required to make or consider requests for Revolving Credit Advances after the Revolving Credit Termination Date. The Borrower may, by written notice to the Agent (which shall promptly deliver a copy to each of the Lenders), given not more than one hundred twenty (120) days nor less than ninety (90) days prior to the first anniversary date

of the Closing Date, and again not more than one hundred twenty (120) days nor less than ninety (90) days prior to the second anniversary date of the Closing Date, request that the Lenders extend the then scheduled Revolving Credit Termination Date. Upon delivery of such notice by the Borrower, the Lenders shall determine, in their sole and absolute discretion, by decision of not less than all of the Lenders (except as provided in paragraphs (b) and (c) of this Section 2.7), whether to extend the Revolving Credit Termination Date for one (1) additional year on the same terms and conditions as set forth in this Agreement, and Agent shall give written notice to Borrower on or before the anniversary date of the Closing Date prior to which such notice from the Borrower was delivered, as to whether the Lenders have elected so to extend the Revolving Credit Termination Date for one (1) additional year.

(b) OPTIONS TO EXTEND REVOLVING CREDIT TERMINATION DATE BY REPLACING NON-RENEWING LENDERS. In the event that after delivery of a renewal notice by Borrower as provided in paragraph (a) of this Section 2.7, one or more Lenders decide not to extend the Revolving Credit Termination Date on the first anniversary date of the Closing Date or on the second anniversary date of the Closing Date, as the case may be, for an additional one (1) year period, the Agent shall first offer the Lenders who agree to extend the Revolving Credit Termination Date the right to replace the non-renewing Lender(s). Any such existing Lender(s) who agree to replace the non-renewing Lender(s) shall assume all of the rights and obligations of the non-renewing Lender(s) hereunder as of the first or second anniversary date of the Closing Date, as the case may be, pursuant to Section 13.17 of this Agreement and one or more Assignment and Assumption Agreements as provided therein. In its renewal notice delivered to Agent pursuant to paragraph (a) of this Section 2.7, Borrower will have the right to designate proposed new lender(s) to replace any non-renewing Lender(s), and if the extension is not accomplished in the manner set forth in the preceding sentence, then if such designated new lender(s) are acceptable to the Agent and agree(s) to become a party to this Agreement as Lender(s) hereunder, then as of the first or second anniversary date of the Closing Date, as the case may be, the non-renewing Lender(s) shall assign all of its or their rights and obligations under this Agreement to such designated new lender(s), who shall assume all of such rights and obligations, pursuant to Section 13.17 of this Agreement and

one or more Assignment and Assumption Agreements as provided therein. Such new lender(s) shall thereby replace the non-renewing Lender(s) as Lender(s) under and party to this

Agreement and shall have all the rights and obligations of such non-renewing assigning Lender(s) under the Loan Documents to the same extent as if such new Lender(s) were original parties thereto.

(c) OPTION TO PRE-PAY NON-RENEWING LENDERS AND EXTEND REVOLVING CREDIT TERMINATION DATE AS TO REDUCED REVOLVING CREDIT COMMITMENTS. In the event that after delivery of a renewal notice by Borrower as provided in paragraph (a) of this Section 2.7, the Required Lenders decide to extend, but one or more Lenders decide not to extend, the Revolving Credit Termination Date on the first anniversary date of the Closing Date or on the second anniversary date of the Closing Date, as the case may be, for an additional one (1) year period, and in the event that pursuant to the provisions of Section 2.7(b) all non-renewing Lenders are not replaced with existing Lenders or new Lenders, the Borrower will have the right, if so elected in writing in the renewal notice, to prepay, in whole and not in part, and terminate the Revolving Credit Commitments of the non-renewing Lenders who have not been so replaced subject to the provisions of Section 2.10, except that the provisions of Section 2.10(b)(i) shall not apply. The Required Lenders who elected to extend may thereupon unanimately extend the Revolving Credit Termination Date as to the remaining aggregate Revolving Credit Commitments of such Lenders for one (1) additional year.

(d) DOCUMENTATION FOR EXTENSIONS OF REVOLVING CREDIT TERMINATION DATE. If all of the Lenders (including any such new Lender(s) who become parties hereto pursuant to Section 2.7(b)), or the Required Lenders in the event of a pre-payment and termination of the Revolving Credit Commitments of non-renewing Lenders pursuant to Section 2.7(c), elect to make any such extension of the Revolving Credit Termination Date, assuming Borrower elects to accept such extension, Borrower, at its expense, shall, and shall cause its Subsidiaries to, execute such amendments to this Agreement and other documents as shall be reasonably required by Agent on behalf of the Lenders in connection with any such extension. Nothing contained herein shall obligate the Lenders to make any such extension of the Revolving Credit Termination Date."

4. SECTION 2.10(B) (REDUCTION OF REVOLVING CREDIT COMMITMENTS) shall be amended by deleting the "(c)" at the beginning of the first paragraph thereof, and by adding at the beginning of subsection (i) thereof, the words: "Except as provided in Section 2.7(c),".

5. SECTION 9.10 (HEICO AEROSPACE HOLDINGS CORP.) of the Credit Agreement shall be amended by adding at the end thereof, the following language:

"Notwithstanding this Section 9.10, upon obtaining the prior written consent of the Agent in each case on a case by case basis, which consent shall not be unreasonably withheld, the Borrower or the direct Subsidiaries of HEICO Aerospace Holdings Corp. (i) may on the closing date of any Permitted Acquisition made by HEICO Aerospace Holdings Corp. fund through HEICO Aerospace Holdings Corp. the cash portion of the acquisition purchase price to be paid at the closing of such Permitted Acquisition, provided that Borrower shall cause HEICO Aerospace Holdings Corp. to pay such cash acquisition price immediately upon receipt of any such funds, such that no such cash shall remain in HEICO Aerospace Holdings Corp. for longer than twenty-four (24) hours, and (ii) no more frequently than quarterly, may fund any payment of taxes required to be made directly by HEICO Aerospace Holdings Corp., provided that Borrower shall cause HEICO Aerospace Holdings Corp. to pay such taxes immediately upon receipt of any such funds, such that no cash remains in HEICO Aerospace Holdings Corp. for longer than one (1) hour."

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their duly authorized officers as of the day and year first above written.

SIGNATURE PAGE

Amendment No. 1 to Credit Agreement among HEICO Corporation, SunTrust Bank, South Florida, National Association, as Agent, and the Lenders party thereto.

Witness: HEICO CORPORATION,

a Florida corporation

By: -----

Name: Thomas S. Irwin
Title: Executive Vice President and
Chief Financial Officer

(SEAL)

Address:

HEICO CORPORATION
3000 Taft Street
Hollywood, Florida 33021
Attn: Thomas S. Irwin
Executive Vice President and
Chief Financial Officer
Fax No. (954) 987-8228
Confirming Tel. No. (954) 987-4000

SIGNATURE PAGE

Amendment No. 1 to Credit Agreement among HEICO Corporation, SunTrust Bank, South Florida, National Association, as Agent, and the Lenders party thereto.

Witness: SUNTRUST BANK, SOUTH FLORIDA,
NATIONAL ASSOCIATION
a National Banking Association,
as Agent

By: -----

Name: Dorman Parrish
Title: Vice President

Address of Lending Office for Notice:
501 East Las Olas Boulevard, 7th Floor
Corporate Banking Division
Fort Lauderdale, Florida 33301
Attn: Dorman Parrish
Vice President
Corporate Banking Division
Fax No. (954) 765-7301
Confirming Tel. No. (954) 765-7311

SIGNATURE PAGE

Amendment No. 1 to Credit Agreement among HEICO Corporation, SunTrust Bank, South Florida, National Association, as Agent, and the Lenders party thereto.

Witness: SUNTRUST BANK, SOUTH FLORIDA,
NATIONAL ASSOCIATION,
a National Banking Association,
as Lender

By: -----

Name: Dorman Parrish
Title: Vice President

Address of Lending Office for Notice:
501 East Las Olas Boulevard, 7th Floor
Corporate Banking Division
Fort Lauderdale, Florida 33301
Attn: Dorman Parrish
Vice President
Corporate Banking Division
Fax No. (954) 765-7301
Confirming Tel. No. (954) 765-7311

Revolving Credit Commitment: \$120,000,000.00

AMENDMENT NO. 2 TO CREDIT AGREEMENT

This AMENDMENT NO. 2 TO CREDIT AGREEMENT (the "Amendment") is made and entered this 12th day of May, 1999, by and among HEICO CORPORATION, a Florida corporation (together with its successors and permitted assigns, "Borrower"), the lenders which are or may in the future be listed on the signature pages to the Credit Agreement (as hereinafter defined), as amended, and hereto (together with their successors and permitted assigns, individually a "Lender" and collectively, the "Lenders"), and SUNTRUST BANK, SOUTH FLORIDA, NATIONAL ASSOCIATION, as agent for the Lenders (together with any successor agent appointed pursuant to the provisions of the Credit Agreement, the "Agent").

BACKGROUND

The Borrower, the Lenders and the Agent are parties to a Credit Agreement dated as of July 30, 1998, as amended by Amendment No. 1 to Credit Agreement, dated as of July 30, 1998 (the "Credit Agreement"); the Lenders listed on the signature pages hereto other than SunTrust Bank, South Florida, National Association ("SunTrust") became Lenders and parties to the Credit Agreement pursuant to Assignment And Acceptance Agreements, each dated October 7, 1998, between SunTrust and such respective Lenders; and

Pursuant to Section 2.7(a) of the Credit Agreement, the Borrower has requested by notice given within the required period prior to the first anniversary date of the Closing Date, and the Lenders have determined, by unanimous decision of all of the Lenders signatory hereto, to extend the Revolving Credit Termination Date for one (1) additional year on the terms and conditions set forth in the Credit Agreement, as amended hereby; and all of the parties now desire to amend the Credit Agreement as provided herein.

NOW, THEREFORE, in consideration of the premises and the mutual agreements, covenants, and conditions herein, Borrower, the Lenders, and Agent agree as follows:

1. THE DEFINITION OF "REVOLVING CREDIT TERMINATION DATE" UNDER SECTION 1.1 (DEFINED TERMS) of the Credit Agreement shall be amended to read in its entirety as follows:

"REVOLVING CREDIT TERMINATION DATE" means the date four (4) years after the Closing Date hereunder (or such later date as may be agreed to by the Lenders pursuant to Section 2.7), or, if such day is not a Business Day, the next succeeding Business Day, or such earlier date on which all amounts outstanding hereunder and under the Revolving Credit Notes shall be due and payable pursuant to the terms hereof.

2. SECTION 1.1 (DEFINED TERMS) of the Credit Agreement shall be amended in the paragraph thereof defining "Guarantors" by adding immediately before the words "as to all of the Obligations (as herein defined)", the words: "and Associated Composite, Inc., a Florida corporation, Radiant Power Corp., a Florida corporation, Northwings Accessories Corp., a Florida corporation, Rogers-Dierks, Inc., a Florida corporation, Air Radio & Instruments Corp., a Florida corporation and HNW Building Corp., a Florida corporation."

3. SECTION 4.2 (LETTER OF CREDIT FEES) of the Credit Agreement shall be amended to read in its entirety as follows:

"In consideration for the issuance of each Letter of Credit, the Borrower shall pay:

(a) FOR STANDBY LETTERS OF CREDIT:

(i) to the Agent for its own account, an application, processing and facing fee (A) with respect to each new standby Letter of Credit issued, in the amount of the greater of (i) 0.10% of the face amount of such Letter of Credit or (ii) \$250.00, which fee shall be due and payable on the date of issuance of each such Letter of Credit, and (B) with respect to each amendment to a standby Letter of Credit, in the amount of the greater of (i) 0.05% of the face amount of such Letter of Credit or (ii) \$125.00, which fee shall be due and payable on the date of amendment of each such Letter of Credit; and

(ii) to the Agent for the account of the Agent and the Lenders in accordance with their Pro Rata Portions, with respect to each standby Letter of Credit, a letter of credit fee, payable quarterly in advance, on the first day of each fiscal quarter of the Borrower, in an amount equal to the Applicable Revolver Margin for LIBOR Rate Advances multiplied by (on the basis of actual days elapsed in a 360-day year) the amount available to be drawn under such Letter of Credit from day to day during the previous quarter.

(b) FOR COMMERCIAL LETTERS OF CREDIT: to the Agent for its own account and/or for the account of the Agent and the Lenders in accordance with their Pro Rata Portions, with respect to each commercial letter of credit issued or amended, such fees, including without limitation any and all application, processing, facing, issuance, negotiation, amendment or other fees, as shall be charged by the Agent in accordance with the Agent's then standard pricing for commercial Letters of Credit."

4. CONTINUING FULL FORCE AND EFFECT OF CREDIT AGREEMENT. Except as

amended by this Amendment, the Credit Agreement remains in full force and effect, without change, modification or amendment thereto.

5. COUNTERPARTS; FAXED SIGNATURES; EFFECTIVE DATE. This Amendment may be executed in multiple counterparts, and by facsimile transmission of signed counterparts, in any number, each of which shall be deemed an original, no one of which need contain all of the signatures of the parties, and as many of such counterparts as shall together contain all of the signatures of the parties shall be deemed to constitute one and the same instrument. A set of the counterparts of this Amendment signed by all parties hereto shall be lodged with Agent. This Amendment shall become effective upon receipt by Agent of original signed counterparts or facsimile confirmation of signed counterparts of this Amendment, each of which shall be deemed an original, from each of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their duly authorized officers as of the day and year first above written.

SIGNATURE PAGE

Amendment No. 2 to Credit Agreement among HEICO Corporation, SunTrust Bank, South Florida, National Association, as Agent, and the Lenders party thereto.

Witness:

HEICO CORPORATION,
a Florida corporation

By: -----

Name: Thomas S. Irwin
Title: Executive Vice President and
Chief Financial Officer

(SEAL)

Address:

HEICO CORPORATION
3000 Taft Street
Hollywood, FL 33021
Attn: Thomas S. Irwin
Executive Vice President and
Chief Financial Officer
Fax No. (954) 987-8228
Confirming Tel. No. (954) 987-4000

SIGNATURE PAGE

Amendment No. 2 to Credit Agreement among HEICO Corporation, SunTrust Bank, South Florida, National Association, as Agent, and the Lenders party thereto.

Witness: SUNTRUST BANK, SOUTH FLORIDA,
NATIONAL ASSOCIATION
a National Banking Association,
as Agent

By: -----

Name: Carol F. Fine
Title: Vice President

Address of Lending Office for Notice:
501 East Las Olas Boulevard
7th Floor
Corporate Banking Division
Fort Lauderdale, FL 33301
Attn: Carol F. Fine
Vice President
Corporate & Investment Banking
Fax No. (954) 765-7240
Confirming Tel. No. (954) 765-7151

HEICO CORPORATION AND SUBSIDIARIES
SUBSIDIARIES OF COMPANY

NAME	STATE OF INCORPORATION
-----	-----
HEICO Aerospace Holdings Corp.	Florida
HEICO Aerospace Corporation	Florida
Jet Avion Corporation	Florida
LPI Industries Corporation	Florida
Aircraft Technology, Inc.	Florida
ATI Heat Treat Corporation (Inactive)	Florida
Jet Avion Heat Treat Corporation (Inactive)	Florida
N.A.C. Acquisition Corporation	Florida
Northwings Accessories Corporation	Florida
HNW Building Corp.	Florida
McClain International, Inc.	Georgia
MC Property Corp.	Florida
Associated Composite, Inc.	Florida
Rogers-Dierks, Inc.	Florida
Turbine Kinetics, Inc.	Florida
Air Radio & Instruments Corp.	Florida
Thermal Structures, Inc.	California
Quality Honeycomb, Inc.	California
HEICO Aviation Products Corp.	Florida
Radiant Power Corp.	Florida
Leader Tech, Inc.	Florida
Santa Barbara Infrared, Inc.	California
Trilectron Industries, Inc.	New York
HEICO International Corporation	U.S. Virgin Islands
HEICO East Corporation	Florida
HEICO-NEWCO, Inc. (Inactive)	Florida
HEICO Engineering Corp. (Inactive)	Florida
HEICO--Jet Corp. (Inactive)	Florida
HEICO Bearings Corp. (Inactive)	Florida

Subsidiaries of the Company, all of which are directly or indirectly wholly-owned (except for HEICO Aerospace Holdings Corp. and its subsidiaries, which are 80%-owned), are included in the Company's consolidated financial statements.

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement Nos. 33-4945, 33-62156, 333-8063, 333-19667, 333-26059 and 333-81789 of HEICO Corporation on Forms S-8 of our report dated December 21, 1999 appearing in this Annual Report on Form 10-K of HEICO Corporation for the year ended October 31, 1999.

DELOITTE & TOUCHE LLP
Certified Public Accountants
Fort Lauderdale, Florida

January 24, 2000

YEAR

	OCT-31-1999	
	OCT-31-1999	
	6,031,000	
	0	
	36,047,000	
	(721,000)	
	45,172,000	
	90,590,000	
	46,924,000	
	(18,588,000)	
	273,163,000	
27,312,000		5,975,000
0		
	0	
	157,000	
	139,132,000	
273,163,000		
	141,269,000	
	141,269,000	
	83,737,000	
	83,737,000	
	24,717,000	
	0	
	2,173,000	
	31,536,000	
	11,606,000	
16,337,000		
0		
0		
	0	
	16,337,000	
	1.10	
	0.93	

3-MOS

	OCT-31-1999	
	JAN-31-1999	
	9,828,000	
	6,482,000	
	19,557,000	
	(322,000)	
	26,910,000	
	66,615,000	
	34,961,000	
	(16,411,000)	
	159,738,000	
17,945,000		9,475,000
0		
	0	
	125,000	
	73,027,000	
159,738,000		
	28,211,000	
28,211,000		
	16,528,000	
	16,528,000	
	4,906,000	
	0	
596,000		
	6,407,000	
	2,307,000	
3,203,000		
	0	
0		
	0	
	3,203,000	
	.26	
	.21	

6-MOS

	OCT-31-1999	
	APR-30-1999	
		17,674,000
		5,548,000
		22,564,000
		(426,000)
		31,456,000
	81,174,000	
		37,819,000
		(16,834,000)
	183,016,000	
16,163,000		9,475,000
0		
	0	
		157,000
		133,454,000
183,016,000		
		60,942,000
	60,942,000	
		35,830,000
		35,830,000
	10,563,000	
	0	
	821,000	
		14,275,000
		5,151,000
7,293,000		
0		
0		
	0	
		7,293,000
		.52
		.43

9-MOS

	OCT-31-1999	
	JUL-31-1999	
	6,734,000	
	4,817,000	
	28,074,000	
	(559,000)	
	38,998,000	
	82,937,000	
	42,197,000	
	(17,594,000)	
	242,873,000	
22,858,000		9,475,000
0		
	0	
	157,000	
	137,032,000	
242,873,000		
	96,535,000	
	96,535,000	
	56,944,000	
	56,944,000	
	16,608,000	
	0	
	1,072,000	
	22,638,000	
	8,263,000	
11,644,000		
0		
0		
	0	
	11,644,000	
	.80	
	.67	

3-MOS

	OCT-31-1998	
	JAN-31-1998	
		26,222,000
	0	
	12,682,000	
	(381,000)	
	20,586,000	
	62,039,000	
		24,046,000
	(15,218,000)	
	93,240,000	
14,199,000		9,475,000
0		
	0	
	83,000	
	61,811,000	
93,240,000		
	19,783,000	
	19,783,000	
		12,479,000
	12,479,000	
	3,483,000	
	0	
	129,000	
	4,206,000	
	1,406,000	
	2,282,000	
	0	
	0	
	0	
	2,282,000	
	.28	
	.22	

6-MOS

	OCT-31-1998	
	APR-30-1998	
	21,774,000	
	5,108,000	
	15,358,000	
	(331,000)	
	23,068,000	
	68,501,000	
	24,886,000	
	(15,212,000)	
	99,587,000	
16,854,000		9,475,000
0		
	0	
	126,000	
	64,967,000	
99,587,000		
	42,456,000	
42,456,000		
	26,996,000	
	26,996,000	
	7,481,000	
0		
253,000		
	8,825,000	
	2,990,000	
4,733,000		
0		
0		
	0	
	4,733,000	
	.38	
	.31	

9-MOS

	OCT-31-1998	
	JUL-31-1998	
		13,684,000
		3,689,000
		17,011,000
		(349,000)
		26,038,000
		62,725,000
		30,698,000
		(15,604,000)
		136,571,000
17,395,000		9,475,000
0		
	0	
		126,000
		66,903,000
136,571,000		
		66,518,000
		66,518,000
		42,250,000
		42,250,000
		11,845,000
	0	
	381,000	
		13,778,000
		4,723,000
7,346,000		
0		
0		
	0	
		7,346,000
		.59
		.47

YEAR

	OCT-31-1998	
	OCT-31-1998	
	8,609,000	
	2,051,000	
	19,681,000	
	(259,000)	
	24,327,000	
	58,187,000	
	30,823,000	
	(16,028,000)	
	133,061,000	
17,600,000		9,475,000
0		
	0	
	124,000	
	67,483,000	
133,061,000		
	95,351,000	
	95,351,000	
	59,247,000	
	59,247,000	
	17,140,000	
	0	
	984,000	
	20,042,000	
	6,914,000	
10,509,000		
0		
0		
	0	
	10,509,000	
	.84	
	.68	

YEAR

	OCT-31-1997	
	OCT-31-1997	
		24,199,000
	0	
	12,922,000	
	(362,000)	
	18,359,000	
	57,716,000	
		23,363,000
	(14,820,000)	
	88,639,000	
12,585,000		9,480,000
0	0	
	0	
	83,000	
	59,363,000	
88,639,000		
	63,674,000	
	63,674,000	
		43,045,000
	43,045,000	
	11,515,000	
	0	
	477,000	
	10,359,000	
	3,340,000	
7,019,000		
0		
0		
	0	
	7,019,000	
	.73	
	.71	