SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 10-K

(Mark One)

|X| ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended October 31, 2002 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) 987-4000
(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	
(Title of Each Class)	(Name of Each Exchange On Which Registered)

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 |X| 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. |X|

The aggregate market value of the voting and non-voting common equity held by nonaffiliates of the registrant was $175,000,000 based on the closing price of Common Stock and Class A Common Stock as of December 31, 2002 as reported by the New York Stock Exchange.

The number of shares outstanding of each of the registrant's classes of common stock, as of December 31, 2002:

Common Stock, $.01 par value	9,431,375 shares
Class A Common Stock, $.01 par value	11,587,444 shares

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for the 2003 Annual Meeting of Shareholders are incorporated by reference into Part III. See Item 15(a)(3) beginning on page 58 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. All statements contained herein that are not clearly historical in nature are forward-looking and the words "believe," "expect," "estimate" and similar expressions are generally intended to identify forward-looking statements. Any forward-looking statements contained herein, in press releases, written statements or other documents filed with the Securities and Exchange Commission or in communications and discussions with the investors and analysts in the normal course of business through meetings, phone calls and conference calls, concerning our operations, economic performance and financial condition are subject to known and unknown risks, uncertainties and contingencies. We have based these forward-looking statements on our current expectations and projections about future events. All forward-looking statements involve risks and uncertainties, many of which are beyond our control, which may cause actual results, performance or achievements to differ materially from anticipated results, performance or achievements. Also, forward-looking statements are based upon management's estimates of fair values and of future costs, using currently available information. Therefore, actual results may differ materially from those expressed or implied in those statements. Factors that could cause such differences include, but are not limited to:

- Our ability to introduce new products;
- Our ability to make acquisitions and achieve operating synergies from

acquired businesses;

- Our ability to continue to control costs and maintain quality;
- Product pricing levels;
- Product specification costs and requirements;
- Governmental and regulatory demands;
- U.S. governmental export policies and restrictions;
- Competition on military programs;
- Military program funding by U.S. and non-U. S. government agencies;
- Risks inherent in changes in market interest rates;
- Anticipated trends in our businesses, including trends in the markets for aircraft engine and aircraft component replacement parts, aircraft engine overhaul and electronics equipment and airline fleet changes;
- The demand for commercial air travel;
- The adverse impact of the September 11, 2001 terrorist attacks on commercial airlines and the economy in general;
- Credit risk related to receivables from customers; and
- Economic conditions within and outside of the aerospace, defense and electronics industries.

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," "we," "us," "our" or "the Company") believes it is the world's largest manufacturer of Federal Aviation Administration (FAA)-approved jet engine and aircraft component replacement parts, other than the original equipment manufacturers (OEMs) and their subcontractors. HEICO is also a leading manufacturer of certain electronic equipment to the aerospace, defense, medical, telecommunications and electronics industries. The Company's businesses are comprised of two operating segments, the Flight Support Group (FSG) consisting of HEICO Aerospace Holdings Corp. (HEICO Aerospace) and its subsidiaries and the Electronic Technologies Group (ETG) consisting of HEICO Electronic Technologies Corp. (HEICO Electronic) and its subsidiaries. The FSG uses proprietary technology to design and manufacture jet engine and aircraft component 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, the 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 other component parts primarily for aerospace, defense and commercial applications. In fiscal 2002, the FSG accounted for 70% of our revenues. The ETG designs, manufactures and sells various types of electronic and electro-optical products, including infrared simulation and test equipment, hybrid laser rangefinder receivers, electrical power supplies, back-up power supplies, electromagnetic interference and radio frequency interference shielding, high power laser diode drivers, amplifiers, photodetectors, amplifier modules and flash lamp drivers. In addition, the ETG also repairs and overhauls inertial navigation systems and other avionics, instruments and components for commercial, military and business aircraft operators. In fiscal 2002, the ETG accounted for 30% of our revenues.

We have continuously operated in the aerospace industry for over 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. Since fiscal 1998, we have added ten subsidiaries to our FSG and five subsidiaries to our ETG through acquisitions. See Item 7 of this annual report, "Management's Discussion and Analysis of Financial Condition and Results of Operations," for details of our most recent acquisitions. As a result of internal growth and acquisitions, our revenues from continuing operations have grown from $34.6 million in fiscal 1996 to $172.1 million in fiscal 2002, a compound annual growth rate of approximately 31% over the six-year period.

In October 1997, we entered into 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 components and jet engines and supports over 200 airlines, governments and other customers. As part of the transaction, Lufthansa acquired a 20% minority interest in HEICO Aerospace, and partially funded the accelerated development of additional FAA-approved replacement parts for jet engines and aircraft components over the subsequent four years pursuant to a research and development cooperation agreement. This strategic alliance has enabled us to expand domestically and internationally by enhancing our ability to (i) identify key jet aircraft and component replacement parts with significant profit potential by utilizing Lufthansa's extensive operating data on engine and component 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.

In February 2001, we entered into a joint venture with AMR Corporation (AMR), parent company of American Airlines, one of the world's largest airlines, to develop, design and sell FAA-approved jet engine and aircraft component replacement parts through our subsidiary, HEICO Aerospace. As part of the joint venture, AMR will reimburse HEICO Aerospace a portion of new product research and development costs. The joint venture is 16% owned by AMR. AMR and HEICO Aerospace have agreed to cooperate regarding technical services and marketing

support on a worldwide basis. We believe that AMR's investment, along with its vast technical experience as an operator and overhauler of aircraft and engines, will allow us to accelerate the development of new FAA-approved replacement parts and, accordingly, to manufacture and market such parts.

In May 2002, we entered into a strategic relationship with United Airlines, Inc. (United Airlines) through our subsidiary, HEICO Aerospace, making it the third such unique partnering relationship between HEICO Aerospace and a major international airline. The strategic relationship provides for the acceleration of HEICO's efforts in developing a broad range of jet engine and aircraft component replacement parts for FAA approval. United Airlines has agreed to purchase these newly developed parts, and most of HEICO Aerospace's current FAA-approved parts product line, on an exclusive basis from HEICO Aerospace.

Flight Support Group

The FSG is headquartered in Hollywood, Florida and designs, engineers, manufactures, repairs and/or overhauls jet engine and aircraft parts and components such as combustion chambers, compressor blades, vanes, seals and various other engine and aircraft parts. The FSG also manufactures specialty aviation and defense components as a subcontractor. The FSG serves a broad spectrum of the aviation industry, including (i) commercial airlines and air cargo carriers, (ii) repair and overhaul facilities, (iii) OEMs, and (iv) U.S. and foreign governments.

Jet engine and aircraft component 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) rotable; (ii) repairable; and (iii) expendable. A rotable 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 rotables is "life limited" parts. A life limited rotable 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 rotable 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 and aircraft component 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 is one that has been completely repaired and inspected by a licensed repair facility such as ours. An aircraft spare part is classified as "repairable" if it can be repaired by a licensed repair facility under applicable regulations. A part may also be classified as "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 and Aircraft Component Replacement Parts. The principal business of the FSG is the research and development, design, manufacture and sale of FAA-approved replacement parts that are sold to domestic and foreign commercial air carriers and aircraft repair and overhaul companies. Our principal competitors are Pratt & Whitney, a division of United Technologies Corporation (UTC) and General Electric Company (General Electric), including its CFM International joint venture. The FSG's factory-new replacement parts include various jet engine and aircraft component 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 and aircraft component replacement parts to design and manufacture through a selection process which analyzes industry

information to determine which 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 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.

OEM	Lines	Number In Service	Principal Engine Application
Pratt & Whitney	JT8D	8,500(1)	Boeing 727 and 737 (100 and 200 series) McDonnell Douglas DC-9 and MD-80
	JT9D	1,700	Boeing 747 (100, 200 and 300 series) and 767 (200 series) Airbus A300 and A310 McDonnell Douglas DC-10
	PW2000	1,200	Boeing 757
	PW4000	2,300	Boeing 747-400, 767-300 and 777 Airbus A300, A310 and A330 McDonnell Douglas MD-11
CFM International (a joint venture of General Electric and SNECMA)	CFM56	11,500	Boeing 737 (300, 400, 500, 700, 800 and 900 series) Airbus A320 series and A340-200 and 300 series
General Electric	CF6	5,000	Boeing 747 and 767 Airbus A300, A310 and A330 McDonnell Douglas MD-11
IAE (a joint venture of Pratt & Whitney and Rolls Royce)	V2500	1,700	Airbus A320 series McDonnell Douglas MD-90

(1) Includes approximately 2,000 engines, which the Company estimates are on aircraft currently parked and/or in storage. Such aircraft may or may not be returned to service.

Repair and Overhaul Services. The FSG provides repair and overhaul services on selected jet engine and aircraft component parts, as well as on avionics, instruments, composites and flight surfaces of commercial aircraft. The FSG also provides repair and overhaul services to military aircraft operators and aircraft repair and overhaul companies. Our repair and overhaul operations require a high level of expertise, advanced technology and sophisticated equipment. Services include the repair, refurbishment and overhaul of numerous accessories and parts mounted on gas turbine engines and airframes. Components overhauled include fuel pumps, generators, fuel controls, pneumatic valves, starters and actuators, turbo compressors and constant speed drives, hydraulic pumps, valves and actuators, composite flight controls, electro-mechanical equipment and auxiliary power unit accessories.

Manufacture of Specialty Aircraft/Defense Related Parts and Subcontracting for OEMs. The FSG manufactures thermal insulation blankets primarily for aerospace, defense and commercial applications. The FSG also manufactures specialty components for sale as a subcontractor to OEMs and the U.S. government.

FAA Approvals and Product Design

Non-OEM manufacturers of jet engine replacement parts must receive a Parts Manufacture Approval (PMA) from the FAA to sell the part. The PMA approval 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 by the FSG increased from approximately $300,000 in 1991 to approximately $7.8 million in fiscal 2002. 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.

Our expanded research and development activities have included development of more complex jet engine and aircraft component replacement parts. In October 1999, we received our first PMA for a compressor blade from the FAA and we are continuing research and development of other complex parts. We believe the development and sale of complex parts represents a significant long-term market opportunity. In fiscal 2002, the FAA granted us PMAs for approximately 300 new parts; however, no assurance can be given that the FAA will continue to grant PMAs or that we 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 products.

While we have developed proprietary techniques, software and manufacturing expertise for the manufacture of jet engine and aircraft component 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.

Continuing Impact of September 11, 2001 and the Economic Softness Thereafter

In the aftermath of the September 11, 2001 terrorist attacks and the weak economy that followed, passenger traffic on commercial flights has been significantly lower than prior to the attacks. In addition, many commercial airlines have reduced their operating schedules and are struggling to return to profitability. As a result, we have seen a direct decline in sales to commercial aerospace markets, particularly sales of JT8D PMA replacement parts. However, over two-thirds of our PMA parts offered for sale are non-JT8D and we are continually working to increase our market penetration of non-JT8D parts. In fiscal 2002, we increased our new product and development expense by $2.0 million (more than 25%) over fiscal 2001 to develop new FAA-approved replacement parts.

Although softness in the airline industry may continue in the foreseeable future, we believe our products and services offer our customers substantial opportunities for cost savings. In addition, our diversification of operations beyond the commercial aerospace markets we have historically served has cushioned the impact of the events of September 11, 2001 and the economic softness thereafter. Revenues from the defense industry and other markets, including industrial, medical, electronics and telecommunications, represented approximately one-third of our total Company-wide revenues in fiscal 2002 with defense customers representing approximately 25% of revenues.

Electronic Technologies Group

The ETG is headquartered in Miami, Florida and designs, manufactures and sells various types of electrically and electro-optical engineered products, such as power supplies, shielding for communications, computer and aerospace applications, infrared simulation and test equipment, laser diode drivers and hybrid laser rangefinder receivers. In addition, the ETG also repairs and overhauls inertial navigation systems and other avionics, instruments and components used on commercial, military and business aircraft.

Products of the ETG include:

- Electro-optical Infrared Simulation and Test Equipment. The ETG is a leading international designer and manufacturer of state-of-the-art aerospace and defense electro-optical infrared simulation and test equipment. These products include high precision blackbody sources, optical systems and fully integrated test calibration systems. In addition, the MIRAGE IR Scene Simulator is used to project infrared scenes to assist with product development and training for complex infrared targeting and imaging systems and other items.

- Electro-optical Laser Products. The ETG is engaged in the design and manufacture of electro-optical laser products primarily for use in the laser industry. These products include hybrid laser rangefinder receivers, amplifiers, photodetectors, amplifier modules, flash lamp drivers and power supplies.

- On-board Aircraft Power Supplies and Batteries. The ETG manufactures power supply and current control products and replacement components used in aircraft. These 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. While entire units may require replacement periodically, 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.

- Circuit Board Shielding. The ETG manufactures electromagnetic interference and radio frequency interference shielding for circuit boards and other items utilized in telecommunications, aerospace, and microwave applications. The circuit board shielding technology reduces electronic noise and protects sensitive components. The ETG has a line of patented products and the ability to fabricate in a wide variety of shapes and applications, which we believe is a manufacturing advantage.

- Repair and Overhaul Services. The ETG is engaged in the repair and overhaul of inertial navigation systems which are used by commercial and military aircraft operators to ascertain their location during flight operations. In addition, the ETG also repairs and overhauls various avionics, instruments and other components for a wide array of commercial, military and business aircraft operators.

Until the September 2000 sale of Trilectron, the ETG also served the commercial and military ground support equipment markets. This entire product line was sold in the sale discussed in Note 3 to the Consolidated Financial Statements.

Financial information about operating segments, foreign and domestic operations and export sales

See Note 15 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 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, domestic and foreign military units, electronic manufacturing services companies, manufacturers for the defense industry and telecommunications companies as well as medical, scientific and industrial 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 21% of total net sales during the year ended October 31, 2002.

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 we do. As a result, such competitors may be able to respond more quickly to customer requirements than we can. 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 and aircraft component replacement parts business competes primarily with Pratt & Whitney and General Electric. The competition is principally based on price and service inasmuch as our parts are interchangeable. 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 we do. Competition is based mainly on price, product performance, service and technical capability.

Competition for the repair and overhaul of jet engine and aircraft 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 we do. 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 aircraft 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 repair and overhaul market are quality, turnaround time, overall customer service and price.

Our ETG competes with several large and small domestic and foreign competitors, some of which have greater financial and other resources than we do. The market for our electronic products are niche markets with several 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, pre-plated phospher bronze and electrical components from various vendors. 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 $36.3 million on October 31, 2002 versus $47.0 million on October 31, 2001. Our FSG had a backlog of unshipped orders as of October 31, 2002 of $13.1 million as compared to $12.3 million as of October 31, 2001. 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 backlogs within the FSG are typically short-lead in nature with many product orders being received within the month of shipment. Our ETG had a backlog of $23.1 million as of October 31, 2002 as compared to $34.6 million as of October 31, 2001. The year-over-year decline in backlogs of the ETG is due primarily to the timing of several large-order placements and shipments. Substantially all of the backlog of orders as of October 31, 2002 are expected to be delivered during fiscal 2003.

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.

There has been no material adverse effect to our 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.

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 mandates general requirements for safe workplaces for all employees and established the Occupational Safety and Health Administration (OSHA) in the Department of Labor. 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. We have seen an increase in insurance costs following the September 11, 2001 terrorist attacks, however, the increase in these costs has not had a significant adverse impact on our operations.

Employees

As of December 31, 2002, we had 953 full-time employees, of which 687 were in the FSG, 253 were in the ETG, and 13 were corporate. None of our employees are represented by a union. We believe that our employee relations are good.

Available Information

We maintain an Internet web site with an address of http://www.heico.com. We make available free of charge through our web site our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as soon as reasonably practicable after we file such material with, or furnish it to, the Securities and Exchange Commission. The information contained on or through our web site is not incorporated into this annual report on Form 10-K.

Item 2. Properties

The Company owns or leases a number of facilities, which are utilized by its Flight Support Group (FSG), Electronic Technologies Group (ETG), and Corporate office. Summary information on the facilities utilized within the FSG and the ETG to support its principal operating activities is as follows:

Flight Support Group

Manufacture of Jet Engine and Aircraft Component Replacement Parts

Location	Square footage	Owned/Leased	Description
Florida	140,000	Owned	Manufacturing and engineering facilities, warehouse and corporate headquarters
Florida	2,000	Leased	Engineering facility
California	91,000	Leased	Manufacturing and engineering facility
New Mexico	45,000	Leased	Manufacturing and engineering facility
Georgia	40,000	Owned	Manufacturing and engineering facility
Washington	30,000	Leased	Manufacturing and engineering facilities
Connecticut	15,000	Leased	Manufacturing and engineering facility
Tennessee	6,000	Leased	Manufacturing and engineering facility
Arizona	2,000	Leased	Manufacturing and engineering facility

Repair and Overhaul of Jet Engine and Aircraft Components

Location	Square footage	Owned/Leased	Description
Florida	159,000(1)	Owned	Overhaul and repair facilities
California	27,000	Leased	Overhaul and repair facilities

Electronic Technologies Group

Manufacture of Electronic and Electro-Optical Equipment

Location	Square footage	Owned/Leased	Description
Florida	71,000	Leased	Manufacturing and engineering facilities
California	14,000	Leased	Manufacturing and engineering facility

Repair and Overhaul of Aircraft Electronic Equipment

Location	Square footage	Owned/Leased	Description
Ohio	19,000	Leased	Overhaul and repair facility

Corporate

Location	Square footage	Owned/Leased	Description
Florida	(2)	Owned	Corporate headquarters and administrative offices

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(1) Subsequent to October 31, 2002, the Company began consolidating the operations of two of its Florida-based owned facilities. Upon completion of the consolidation, a 45,000-square foot facility (included in this total) will be vacant, which the Company plans to lease or sell.
(2) The square footage of the Company's corporate headquarters is included within the square footage for Florida under the caption "FSG - Manufacture of Jet Engine and Aircraft Component Replacement Parts." The Company also has 6,000 square feet of administrative offices within Florida.

All of the facilities owned or leased by the Company are in good operating condition, are well maintained and are in regular use, except the facility noted above that is in the process of being consolidated. The Company believes that its existing facilities are sufficient to meet its operational needs for the foreseeable future.

Item 3. Legal Proceedings

The Company is involved in various 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 matters will not have a material adverse effect on the Company's results of operations or financial position.

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 2002.

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	64	Chairman of the Board, President and Chief Executive Officer	1989
Thomas S. Irwin	56	Executive Vice President and Chief Financial Officer	
Eric A. Mendelson	37	Executive Vice President and Director, President and Chief Executive Officer of HEICO Aerospace Holdings Corp.	1992
Victor H. Mendelson	35	Executive Vice President, General Counsel and Director, President and Chief Executive Officer of HEICO Electronics Technologies Corp.	1996
James L. Reum	71	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, and as President of the Company since September 1991. Mr. Mendelson serves on the board of governors and is a member of the Finance Committee of the Aerospace Industries Association in Washington, D.C. He also serves on the Board of Directors and is Chairman of the Audit Committee of Hawker Pacific Aerospace, which provides overhaul and repair services to the aviation industry. Mr. Mendelson is also a member of the Board of Trustees, the Executive Committee and Founders Club of Mount Sinai Medical Center in Miami Beach, Florida. In addition, Mr. Mendelson served as a Trustee of Columbia University in The City of New York from 1995 to 2001, as well as, Chairman of the Trustees' Audit Committee. Mr. Mendelson currently serves as Trustee Emeritus of Columbia University and maintains membership positions on the Trustee Committees he had before becoming Trustee Emeritus. Mr. Mendelson is a Certified Public Accountant. Laurans Mendelson is the father of Eric Mendelson and Victor Mendelson.

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 Executive Vice President of the Company since 2001, Vice President of the Company from 1992 to 2001, and has been President and Chief Executive Officer of HEICO Aerospace, a subsidiary of the Company, since is 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 Executive Vice President of the Company since 2001, Vice President of the Company from 1996 to 2001, as President and Chief Executive Officer of HEICO Electronic Technologies Corp., a subsidiary of the Company, since September 1996 and as General Counsel of the Company since 1993. He served as Executive Vice President of the Company's former MediTek Health Corporation subsidiary 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 MIC, a private investment company, which is a shareholder of HEICO. He is a Trustee of St. Thomas University, Miami, Florida and Chairman of its Finance Committee, as well as a Director of the Florida Grand Opera. Victor Mendelson is the son of Laurans Mendelson and the brother of Eric Mendelson.

James L. Reum retired from full-time service to HEICO Aerospace in August 2001 and remains active on a part-time basis with HEICO Aerospace as Executive Vice President. He served as Chief Operating Officer of HEICO Aerospace and its predecessor from 1995 to 1999, President of LPI Industries Corporation from 1991 to 1998 and President of Jet Avion Corporation from 1996 to 1998. From 1990 to 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 fiscal 2002, 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

The Company's Class A Common Stock and Common Stock are listed and traded on the New York Stock Exchange (NYSE) under the symbols "HEI.A" and "HEI," respectively. The following table sets forth, for the periods indicated, the high and low closing prices for the Class A Common Stock and the Common Stock as reported on the NYSE, as well as the amount of cash dividends paid per share during such periods. Lufthansa Technik AG, as a 20% shareholder of our FSG, will be entitled to 20% of any dividends paid by our FSG with the balance payable to the Company.

In August 2001, the Company paid a 10% stock dividend on all shares outstanding in Class A Common Stock. The quarterly sales prices and cash dividend amounts have been retroactively adjusted for the 10% stock dividend.

Class A Common Stock

	High	Low	Cash Dividends Per Share
Fiscal 2001:			
First Quarter................	$13.17	$ 9.15	$ .022
Second Quarter...............	15.55	11.00	--
Third Quarter................	17.91	13.73	$ .023
Fourth Quarter...............	17.58	9.40	--
Fiscal 2002:			
First Quarter................	$14.10	$10.85	$ .025
Second Quarter...............	14.45	12.58	--
Third Quarter................	14.30	9.31	$ .025
Fourth Quarter...............	10.34	6.05	--

On December 31, 2002, there were 1,086 holders of record of the Class A Common Stock.

Common Stock

	High	Low	Cash Dividends Per Share
Fiscal 2001:			
First Quarter.................	$17.05	$11.14	$ .022
Second Quarter................	16.64	12.36	--
Third Quarter.................	19.26	13.91	$ .023
Fourth Quarter................	20.58	10.98	--
Fiscal 2002:			
First Quarter.................	$17.80	$13.74	$ .025
Second Quarter................	17.43	14.20	--
Third Quarter.................	17.25	11.44	$ .025
Fourth Quarter................	13.10	7.70	--

On December 31, 2002, there were 1,082 holders of record of the Common Stock.

Item 6. Selected Financial Data

	For the year ended October 31, (1)				
	1998	1999	2000	2001	2002
	(in thousands, except per share data)				
Operating Data:					
Net sales	$ 95,351	$141,269	$202,909	$171,259	$172,112
Gross profit	36,104	57,532	75,811	71,146	61,502
Selling, general and administrative expenses	17,140	24,717	37,888	40,155	39,102
Operating income	18,964	32,815	37,923	30,991	22,400
Interest expense	984	2,173	5,611	2,486	2,248
Interest and other income	2,062	894	929	1,598	97
Gain on sale of product line	--	--	17,296(2)	--	1,230(3)
Income (loss):					
From continuing operations	10,509	16,337	27,739(2)	15,833	15,226(3)(4)
From gain on sale of discontinued operations	--	--	(1,422)(5)	--	--
Net income	$ 10,509	$ 16,337	$ 26,317(2)	$ 15,833	$ 15,226(3)(4)
Weighted average number of common shares outstanding:(6)					
Basic	15,124	17,933	19,114	19,925	20,913
Diluted	18,805	21,348	21,908	22,305	22,484
Per Share Data:(6)					
Income from continuing operations:					
Basic	$ .69	$ .91	$ 1.45(2)	$ .79	$ .73(3)(4)
Diluted	.56	.77	1.27(2)	.71	.68(3)(4)
Net income:					
Basic	.69	.91	1.38(2)	.79	.73(3)(4)
Diluted	.56	.77	1.20(2)	.71	.68(3)(4)
Cash dividends	.041	.041	.044	.045	.050
Balance Sheet Data (as of October 31):					
Working capital	$ 40,587	$ 63,278	$ 55,469	$ 71,515	$ 69,235
Total assets	133,061	273,163	281,732	325,640	336,332
Total debt (including current portion)	30,520	73,501	40,042	67,014	55,986
Minority interests in consolidated subsidiaries	14,892	30,022	33,351	36,845	38,313
Shareholders' equity	67,607	139,289	169,844	188,769	207,064

(1) Results include the results of acquisitions and disposition of a product line from each respective effective date.

(2) Represents the pretax gain on sale of Trilectron Industries, Inc. (Trilectron) in September 2000. The gain on sale of Trilectron increased income from continuing operations and net income in fiscal 2000 by $10,542,000, or $.55 per basic share and $.48 per diluted share, net of tax.

(3) Represents the increase in the gain on sale of the Trilectron product line of $1,230,000 ($765,000, or $.04 per basic share and $.03 per diluted share, net of tax) resulting from the elimination of certain reserves upon expiration of indemnification provisions of the sale.

(4) Net income includes the recovery of a portion of taxes paid in prior years resulting from a recently completed income tax audit, which increased net income by $2,107,000, or $.10 per basic share and $.09 per diluted share, net of related expenses.

(5) Represents an adjustment to the gain from the sale of the discontinued health care operations ($.07 per basic share and $.07 per diluted share, net of tax) that were sold in fiscal 1996.

(6) Information has been adjusted to reflect a three-for-two stock split in December 1997, a 50% stock distribution paid in shares of Class A Common Stock in April 1998 and 10% stock dividends paid in shares of Class A Common Stock in July 2000 and August 2001.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

The Company's operations are comprised of two operating segments, the Flight Support Group (FSG) and the Electronic Technologies Group (ETG).

The FSG consists of HEICO Aerospace Holdings Corp. (HEICO Aerospace) and its subsidiaries, which primarily:

- Manufacture Jet Engine and Aircraft Component Replacement Parts - The FSG designs and manufactures jet engine and aircraft component replacement parts for sale at lower prices than those manufactured by the original equipment manufacturers. The Federal Aviation Administration (FAA) has approved these parts and they are the functional equivalent of parts sold by original equipment manufacturers. The FSG also manufactures and sells specialty parts as a subcontractor for original equipment manufacturers and the United States government.

- Repair and Overhaul Jet Engine and Aircraft Components - The FSG repairs and overhauls jet engine and aircraft components for domestic and foreign commercial air carriers, military aircraft operators and aircraft repair and overhaul companies.

The ETG consists of HEICO Electronic Technologies Corp. (HEICO Electronic) and its subsidiaries, which primarily:

- Manufacture Electronic and Electro-Optical Equipment - The ETG designs, manufactures and sells electronic and electro-optical equipment and components, including power supplies, laser rangefinder receivers, infra-red simulation, calibration and testing equipment and electromagnetic interference shielding for commercial and military aircraft operators, electronics companies and telecommunications equipment suppliers.

- Repair and Overhaul Aircraft Electronic Equipment - The ETG repairs and overhauls inertial navigation systems and other avionics equipment for commercial, military and business aircraft operators.

The Company's results of operations during each of the past three fiscal years have been affected by a number of transactions. This discussion of the Company's financial condition and results of operations should be read in conjunction with the Consolidated Financial Statements and Notes thereto included herein. For further information regarding the acquisitions and strategic alliances discussed below, see Note 2 to the Consolidated Financial Statements. The 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.

During fiscal 2000, the Company acquired Future Aviation, Inc. for $14.7 million. During fiscal 2001, the Company acquired Analog Modules, Inc., Aero Design, Inc., Avitech Engineering Corporation, and Aviation Facilities, Inc. for an aggregate purchase price of approximately $24.6 million. In addition, the Company acquired Inertial Airline Services, Inc. for $20 million in cash and $5 million in HEICO Class A Common Stock (289,964 shares) paid at closing. The Company guaranteed that the resale value of such Class A Common Stock would be at least $5 million through August 31, 2002, which both parties agreed to extend to August 31, 2003. Based on the closing market price of HEICO Class A Common Stock on October 31, 2002, the Company would have had to pay the seller an additional amount of approximately $2.8 million in cash, which would have been recorded as a reduction of shareholders' equity. In addition, subject to meeting certain earnings targets during the first two years following the acquisition, the Company may be obligated to pay additional consideration of $3 million in cash. Concurrent with the purchase, the Company loaned the seller $5 million, which is due August 31, 2003 and is secured by the 289,964 shares of HEICO Class A Common Stock. The loan is reflected as a reduction in the equity section of the Company's consolidated balance sheet as a note receivable secured by Class A Common Stock.

During fiscal 2002, the Company acquired Jetseal, Inc. The purchase price was not significant to the Company's consolidated financial statements.

The source of the purchase prices for these acquisitions was primarily from proceeds of the Company's Credit Facility. Had the fiscal 2000, fiscal 2001, and fiscal 2002 acquisitions been made at the beginning of their respective fiscal years, the pro forma consolidated results would not have been materially different from the reported results.

In October 1997, the Company entered into a strategic alliance with Lufthansa Technik AG (Lufthansa), the technical services subsidiary of Lufthansa German Airlines, whereby Lufthansa invested approximately $26 million in HEICO Aerospace, including $10 million paid at closing pursuant to a stock purchase agreement and approximately $16 million paid to HEICO Aerospace pursuant to a research and development cooperation agreement, which has partially funded the accelerated development of additional FAA-approved replacement parts for jet engines and aircraft components. The funds received as a result of the research and development cooperation agreement reduced research and development expenses in the periods such expenses were incurred. In addition, Lufthansa and HEICO Aerospace have agreed to cooperate regarding technical services and marketing support for jet engine and aircraft component replacement parts on a worldwide basis. In connection with subsequent acquisitions by HEICO Aerospace, Lufthansa invested additional amounts aggregating to approximately $21 million pursuant to its option to maintain a 20% equity interest.

In February 2001, the Company entered into a joint venture with AMR Corporation (AMR) to develop, design and sell FAA-approved jet engine and aircraft component replacement parts through its subsidiary, HEICO Aerospace. As part of the joint venture, AMR will reimburse HEICO Aerospace a portion of new product research and development costs. The funds received as a result of the new product research and development costs paid by AMR generally reduce new product research and development expenses in the period such expenses are incurred. The balance of the development costs are incurred by the joint venture, which is 16% owned by AMR. In addition, AMR and HEICO Aerospace have agreed to cooperate regarding technical services and marketing support on a worldwide basis.

In September 2000, the Company consummated the sale of all of the outstanding capital stock of HEICO Electronic's wholly-owned subsidiary, Trilectron Industries, Inc. (Trilectron). In consideration of the sale of Trilectron's capital stock, the Company received an aggregate of $69.0 million in cash and retained certain property having a book value of approximately $1.5 million, which was sold in fiscal 2001. The proceeds from the sale were used to pay down the outstanding balance on the Company's Credit Facility.

The sale of Trilectron did not meet the requirements for classification as a discontinued operation in accordance with APB Opinion No. 30 because its activities could not be clearly distinguished, physically and operationally and for financial reporting purposes, from the other assets, results of operations, and activities of the ETG operating segment of which it was a part. Trilectron was managed as part of the ETG and the ETG was treated as a single operating segment. The ETG shared facilities, staff, information technology processing and other centrally provided services with no allocation of costs and interest expense between the divisions within the ETG. Accordingly, the sale was reported as a sale of a product line and Trilectron's results of operations through the date of the closing have been reported in the Company's consolidated statements of operations.

The sale of Trilectron resulted in a pretax gain in fiscal 2000 of $17,296,000 ($10,542,000 or $.48 per diluted share, net of income tax). The pretax gain is net of expenses of $10.8 million directly related to the transaction. Expenses related to the sale included Board-approved management incentive bonuses, professional service fees, contract indemnification costs, required reserves and miscellaneous costs and expenses. See Note 3 to the Consolidated Financial Statements for further details of expenses related to the sale. In fiscal 2002, the Company recognized an additional pretax gain of $1,230,000 ($765,000 or $.03 per diluted share, net of income tax) on the

sale of the Trilectron product line due to the elimination of certain of the above reserves upon the expiration of indemnification provisions of the sales contract.

Critical Accounting Policies

The Company believes that the following are its most critical accounting policies, some of which require management to make judgments about matters that are inherently uncertain.

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 percentage of costs incurred to date to estimated total costs for each contract. Variations in actual labor performance, changes to estimated profitability and final contract settlements may result in revisions to the cost estimates. Revisions in cost estimates as contracts progress have the effect of increasing or decreasing profits in the period of revision. 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. The aggregate effects of changes in estimates relating to inventories and/or long-term contracts did not have a significant impact on net income and diluted net income per share in fiscal 2002 or fiscal 2000. Changes in estimates increased net income and diluted net income per share by $700,000, or $.03 per diluted share in fiscal 2001 as further explained in Notes 14 and 16 to the Consolidated Financial Statements.

Valuation of Accounts Receivable

The valuation of accounts receivable requires that the Company set up an allowance for estimated uncollectible accounts and record a corresponding charge to bad debt expense. The Company estimates uncollectible receivables based on such factors as its prior experience, its appraisal of a customer's ability to pay, and economic conditions within and outside of the aerospace, defense and electronics industries. Actual bad debt expense could differ from estimates made.

Valuation of 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.

The Company periodically evaluates the carrying value of inventories, giving consideration to factors such as its physical condition, sales patterns, and expected future demand and estimates a reasonable amount to be provided for slow moving, obsolete or damaged inventory. These estimates could vary significantly, either favorably or unfavorably, from actual requirements based upon future economic conditions, customer inventory levels or competitive factors that were not foreseen or did not exist when the valuation allowances were established.

Valuation of Goodwill

The Company adopted the provisions of Statement of Financial Accounting Standards No. 142 (SFAS 142), "Goodwill and Other Intangible Assets," effective November 1, 2001. SFAS 142 eliminates the amortization of goodwill. Pursuant to SFAS 142, the Company tests goodwill for impairment annually as of October 31 or more frequently if events or changes in circumstances indicate that the carrying amount of these assets may not be fully recoverable. The test requires the Company to compare the fair value of each of its reporting units to its carrying

value to determine potential impairment. If the carrying value of a reporting unit exceeds its fair value, the implied fair value of that reporting unit's goodwill is to be calculated and an impairment loss shall be recognized in the amount by which the carrying value of a reporting unit's goodwill exceeds its implied fair value, if any. The determination of fair value requires the Company to make a number of estimates, assumptions and judgments. If there is a material change in such assumptions used by the Company in determining fair value or if there is a material change in the conditions or circumstances influencing fair value, the Company could be required to recognize a material impairment charge. Based on the annual goodwill test for impairment as of October 31, 2002, the Company determined there is no impairment of its goodwill, which aggregated to $187.7 million.

Results of Operations

The following table sets forth the results of operations, net sales and operating income by operating segment and the percentage of net sales represented by the respective items including fiscal 2000 results as adjusted to exclude the direct results of operations of the Trilectron product line. The Company believes fiscal 2000 results as adjusted provide more meaningful information in certain cases for comparing the results of operations in fiscal 2001 and fiscal 2002. Accordingly, certain discussion of fiscal 2001 results below reflects comparisons to the Company's fiscal 2000 results as adjusted to exclude the direct results of operations of Trilectron.

	For the year ended October 31,			
	2000		2001	2002
	As Reported	As Adjusted		
Net sales	$202,909,000	$152,756,000	$171,259,000	$172,112,000
Cost of sales	127,098,000	86,061,000	100,113,000	110,610,000
Selling, general and administrative expenses	37,888,000	32,198,000	40,155,000	39,102,000
Total operating costs and expenses	164,986,000	118,259,000	140,268,000	149,712,000
Operating income	$ 37,923,000	$ 34,497,000	$ 30,991,000	$ 22,400,000
Net sales by segment: (1)				
Flight Support Group	$119,304,000	$119,304,000	$132,459,000	$120,097,000
Electronic Technologies Group	83,605,000	33,452,000	38,800,000	52,510,000
Intersegment sales	--	--	--	(495,000)
	$202,909,000	$152,756,000	$171,259,000	$172,112,000
Operating income by segment:(1)				
Flight Support Group	$ 29,621,000	$ 29,621,000	$ 27,454,000	$ 15,846,000
Electronic Technologies Group	12,464,000	9,038,000	7,835,000	11,873,000
Other, primarily corporate	(4,162,000)	(4,162,000)	(4,298,000)	(5,319,000)
	$ 37,923,000	$ 34,497,000	$ 30,991,000(2)	$ 22,400,000
Net sales	100.0%	100.0%	100.0%	100.0%
Gross profit	37.4%	43.7%	41.5%	35.7%
Selling, general and administrative expenses	18.7%	21.1%	23.4%	22.7%
Operating income	18.7%	22.6%	18.1%	13.0%
Interest expense	2.8%	N/A	1.5%	1.3%
Interest and other income	0.5%	N/A	0.9%	0.1%
Gain on sale of product line	8.5%	N/A	--	0.7%
Income tax expense	9.6%	N/A	6.7%	2.9%
Minority interests	1.6%	N/A	1.6%	0.8%
Net income	13.0%	N/A	9.2%	8.8%

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(1) During fiscal 2002, one of the Company's subsidiaries formerly included in the Electronic Technologies Group was reclassified to the Flight Support Group. Prior period results have been retroactively restated to reflect the revised segment classification.

(2) For the fiscal year ended October 31, 2001, operating income as adjusted for the adoption of SFAS 142 would have been $37,826,000 including operating income of the Flight Support Group and the Electronic Technologies Group of $32,469,000 and $9,655,000, respectively.

Comparison of Fiscal 2002 to Fiscal 2001

Net Sales

Net sales in fiscal 2002 totaled $172.1 million, up 1% when compared to net sales of $171.3 million in fiscal 2001. The increase reflects higher sales within the ETG, which increased 35% to $52.5 million in fiscal 2002 compared to $38.8 million in fiscal 2001, partially offset by lower sales within the FSG, which decreased 9% to $120.1 million in fiscal 2002 from $132.5 million in fiscal 2001. The sales increase within the ETG is primarily attributed to revenues resulting from acquisitions as the Company expanded its operations to include laser and navigation technologies, partially offset by lower sales of electromagnetic interference (EMI) shielding products to the electronics and communications industries. The sales decrease within the FSG primarily reflects lower commercial aftermarket parts and services sales as a result of the impact of the September 11, 2001 terrorist attacks and continued weakness within the commercial aviation industry, partially offset by sales from newly acquired businesses. The fiscal 2002 increase in sales attributable to newly acquired businesses of both the ETG and the FSG is approximately $22 million.

Gross Profits and Operating Expenses

The Company's gross profit margins averaged 35.7% in fiscal 2002 as compared to 41.5% in fiscal 2001. This decrease is primarily due to lower margins within the FSG attributed to lower sales of higher margin FAA-approved replacement parts and a $1.9 million increase in new product research and development expenses over fiscal 2001 spending. The decrease was partially offset by slightly higher gross margins in the ETG due primarily to increased sales of higher margin defense related products. Cost of sales in fiscal 2002 and fiscal 2001 includes approximately $9.7 million and $7.7 million, respectively, of new product research and development expenses net of reimbursements pursuant to cooperation and joint venture agreements. The fiscal year-over-year increase in new product research and development expenses relates primarily to the development of FAA-approved replacement parts. New product development, which is critical to the Company's long-term growth, reduced diluted earnings per share by approximately $.04 in fiscal 2002 versus fiscal 2001.

Selling, general and administrative (SG&A) expenses decreased $1.1 million to $39.1 million in fiscal 2002 from $40.2 million in fiscal 2001. The decrease in SG&A expenses is mainly due to the elimination of goodwill amortization as required under SFAS 142, partially offset by additional SG&A expenses of newly acquired businesses and professional fees associated with a recently completed income tax audit, which resulted in the recovery of a portion of taxes paid in prior years as further explained below within "Income Tax Expense". As a percentage of sales, SG&A expenses decreased to 22.7% in fiscal 2002 compared to 23.4% in fiscal 2001. The decrease is primarily due to the elimination of goodwill amortization, partially offset by the impact of lower year-over-year sales, excluding sales from new acquisitions, and the professional fees associated with the recently completed income tax audit.

Operating Income

Operating income decreased to $22.4 million in fiscal 2002 from $31.0 million in fiscal 2001. As a percentage of sales, operating income decreased from 18.1% in fiscal 2001 to 13.0% in fiscal 2002. The decrease in operating income reflects lower operating income within the FSG, which decreased to $15.8 million in fiscal 2002 from $27.5 million in fiscal 2001, partially offset by higher operating income within the ETG, which increased to $11.9 million in fiscal 2002 compared to $7.8 million in fiscal 2001. The decline in operating income as a percentage of sales reflects a decline in the FSG's operating income as a percentage of sales from 20.7% in fiscal 2001 to 13.2% in fiscal 2002, partially offset by an increase in the ETG's operating income as a percentage of sales from 20.2% in fiscal 2001 to 22.6% in fiscal 2002. The decrease in the FSG's operating income as a percentage of sales reflects the lower sales and gross margins discussed above, partially offset by the elimination of goodwill amortization. The

increase in the ETG's operating income as a percentage of sales reflects the higher sales and gross margins discussed above, and the elimination of goodwill amortization.

Interest Expense

Interest expense decreased to $2.2 million in fiscal 2002 from $2.5 million in fiscal 2001. The decrease was principally due to lower interest rates in fiscal 2002, partially offset by a higher weighted average balance outstanding under the Company's Credit Facility in fiscal 2002 related to borrowings made during fiscal 2001 to fund acquisitions.

Interest and Other Income

Interest and other income decreased from $1.6 million in fiscal 2001 to $97,000 in fiscal 2002. The decrease is mainly due to the inclusion in fiscal 2001 of a gain of $657,000 on the sale of property retained in the sale of the Trilectron product line sold in fiscal 2000 and a realized gain of $180,000 on the sale of long-term investments. The decrease also reflects lower investment interest rates and other income in fiscal 2002.

Gain on Sale of Product Line

In fiscal 2002, the Company recognized an additional pretax gain of $1,230,000 ($765,000 net of tax, or $.03 per diluted share) on the sale of the Trilectron product line due to the elimination of certain reserves upon the expiration of indemnification provisions of the sales contract.

Income Tax Expense

Income tax expense in fiscal 2002 reflects the recovery of a portion of taxes paid in prior years resulting from a recently completed income tax audit, which increased net income by $2.1 million, or $.09 per diluted share, net of related expenses (including professional fees and interest) as explained further in Note 7 to the Consolidated Financial Statements. The recovery was the principal driver behind the reduction in the Company's effective tax rate from 38.1% in fiscal 2001 to 23.0% in fiscal 2002. The elimination of goodwill amortization also contributed to the year-over-year decline in the effective tax rate. For a detailed analysis of the provision for income taxes, see Note 7 to the Consolidated Financial Statements.

Minority Interests

Minority interests in consolidated subsidiaries represents the minority interests held in HEICO Aerospace. Minority interests decreased to $1.3 million in fiscal 2002 from $2.8 million in fiscal 2001 due mainly to the lower earnings within the FSG.

Net Income

The Company's net income was $15.2 million, or $.68 per diluted share, in fiscal 2002 compared to net income of $15.8 million, or $.71 per diluted share in fiscal 2001. The slightly lower net income in fiscal 2002 reflects the lower operating income discussed above, partially offset by the income tax recovery and lower minority interests as discussed above. Net income for fiscal 2001 as adjusted on a pro forma basis for the adoption of SFAS 142 would have been $20.2 million, or $.91 per diluted share.

Outlook

Like most companies supplying the airline industry, the Company's fiscal 2002 results were negatively impacted by the events of September 11, 2001 coupled with a weak economy as sales to commercial airlines fell after the terrorist

attacks. While the airline industry as a whole struggles to return to profitability, the Company is pleased to note that it continues to increase market share and penetration and continues to operate profitably with positive cash flow from operations and free cash flow (cash flow from operations less capital expenditures). Further, the Company's diversification of its operations beyond the commercial aerospace markets it has historically served has cushioned the impact of the events of September 11, 2001 and the economic softness thereafter. Revenues from the defense industry and other markets, including industrial, medical, electronics and telecommunications, represented approximately one-third of the Company's total revenues in fiscal 2002 with defense customers representing approximately 25% of revenues.

Although softness in the airline industry may continue in the foreseeable future, the Company believes its products and services offer its customers substantial opportunities for cost savings. Furthermore, the Company believes that its strategy of developing new revenue sources and further expanding its markets through both internal growth and acquisitions, combined with a strong balance sheet, will result in long-term growth. The near-term impact of the uncertainties within the commercial aviation industry and domestic economy make it difficult for the Company to predict its short-term sales and earnings. The Company does currently believe, however, that sales and earnings will improve in fiscal 2003 relative to fiscal 2002 levels.

Comparison of Fiscal 2001 to Fiscal 2000

Net Sales

Net sales in fiscal 2001 totaled $171.3 million, up 12% when compared to fiscal 2000 net sales of $152.8 million as adjusted (to exclude Trilectron).

The increase in sales for fiscal 2001 reflects an increase of $13.2 million (an 11% increase) to $132.5 million from the Company's FSG and an increase of $5.3 million as adjusted (a 16% increase) to $38.8 million in revenues from the Company's ETG. The FSG sales increase primarily represents revenues resulting from an increase in FAA-approved (PMA) replacement parts sales and an increase in jet engine and aircraft component repair and overhaul revenues. PMA replacement parts sales in fiscal 2001 increased over fiscal 2000 primarily as a result of new products while component repair and overhaul revenues increased as a result of the Company's entry into the regional and business aviation maintenance repair and overhaul (MRO) market through an acquisition made in fiscal 2000, partially offset by softness in the commercial MRO market. The FSG's sales increase includes additional revenue of $9.8 million from businesses acquired during fiscal 2000 and fiscal 2001. The FSG's commercial aerospace operations experienced a decline in sales after the September 11, 2001 terrorist attacks. The ETG's sales increase is primarily attributed to revenues of $9.0 million resulting from fiscal 2001 acquisitions, partially offset by weakness in sales of EMI shielding products to the electronics and communications industries reflecting the general economic weakness within some of the technology industries.

Gross Profits and Operating Expenses

The Company's gross profit margins averaged 41.5% for fiscal 2001 as compared to 43.7% as adjusted for fiscal 2000. This decrease reflects lower margins within the FSG contributed by a budgeted increase in new product research and development expenses of $3.5 million resulting from lower new product research and development reimbursements as discussed below and softness within the commercial component repair and overhaul market, partially offset by the impact of higher PMA replacement parts sales. The decrease also reflects lower margins within the ETG as a result of lower sales of higher margin EMI shielding products. Cost of sales amounts for fiscal 2001 and fiscal 2000 include approximately $5.8 million and $2.3 million, respectively, of new product research and development expenses of HEICO Aerospace. These amounts are net of $1,275,000 and $5,200,000 received in fiscal 2001 and fiscal 2000, respectively, pursuant to research and development cooperation and joint venture agreements (see Note 2 to the Consolidated Financial Statements).

Selling, general and administrative (SG&A) expenses increased $8.0 million to $40.2 million for fiscal 2001 from $32.2 million as adjusted for fiscal 2000. As a percentage of net sales, SG&A expenses increased to 23.4% for fiscal 2001 compared to 21.1% as adjusted for fiscal 2000. The increases in SG&A expenses and SG&A expenses as a percentage of net sales are primarily a result of higher marketing costs in the FSG associated with expanding product lines and a $700,000 increase in goodwill amortization primarily resulting from acquisitions.

Operating Income

Operating income decreased $3.5 million to $31.0 million (a 10% decrease) for fiscal 2001 from $34.5 million as adjusted for fiscal 2000. As a percentage of net sales, operating income decreased from 22.6% in fiscal 2000 as adjusted to 18.1% in fiscal 2001. The decrease in operating income and operating income as a percentage of net sales reflects a decrease of $2.1 million (a 7% decrease) from $29.6 million to $27.5 million in the Company's FSG and a decrease of $1.2 million (a 13% decrease) from $9.0 million as adjusted to $7.8 million in the Company's ETG. The FSG's operating income as a percentage of net sales declined from 24.8% in fiscal 2000 to 20.7% in fiscal 2001 while the ETG's operating income as a percentage of net sales decreased from 27.0% in fiscal 2000 to 20.2% in fiscal 2001. The decrease in the FSG's operating income and operating income as a percentage of net sales in fiscal 2001 was due primarily to the impact of higher PMA replacement parts sales discussed above being more than offset by lower gross profit margins reflecting lower new product research and development reimbursements, higher marketing costs and higher goodwill amortization. Operating income for fiscal 2001 was also affected by softness in the commercial MRO market and the impact of the September 11, 2001 events on commercial airline customers. The decrease in the ETG's operating income and operating income as a percentage of net sales was due primarily to lower sales of higher margin EMI shielding products discussed above, partially offset by additional earnings from acquisitions.

Interest Expense

Interest expense decreased $3.1 million to $2.5 million from fiscal 2000 to fiscal 2001. The decrease was principally due to a decrease in the outstanding debt balances during the period related to repayment of borrowings on the Company's Credit Facility from the proceeds from the sale of Trilectron and a decrease in interest rates partially offset by additional borrowings to partially fund acquisitions.

Interest and Other Income

Interest and other income increased by $669,000 to $1.6 million from fiscal 2000 to fiscal 2001 due principally to a pretax gain of $657,000 realized on the sale of property retained in the sale of Trilectron and a realized gain of $180,000 on the sale of long-term investments.

Income Tax Expense

The Company's effective tax rate decreased to 38.1% in fiscal 2001 from 38.6% in fiscal 2000, primarily due to a higher tax benefit on export sales partially offset by higher non-deductible goodwill resulting from acquisitions. For a detailed analysis of the provisions for income taxes, see Note 7 to the Consolidated Financial Statements.

Minority Interests

Minority interests in consolidated subsidiaries represents the minority interests held in HEICO Aerospace. Minority interests decreased $499,000 to $2.8 million in fiscal 2001 from $3.3 million in fiscal 2000 mainly due to minority interest income of $342,000 representing AMR's share in the new product research and development costs incurred within the joint venture.

Income from Continuing Operations

The Company's income from continuing operations was $15.8 million, or $.71 per diluted share, in fiscal 2001. Income from continuing operations in fiscal 2000 was $27.7 million, or $1.27 per diluted share, including the impact of the gain on sale of Trilectron, which was $10.5 million ($.48 per diluted share). The decrease in income from continuing operations is primarily due to the gain on the sale of product line in the fourth quarter of fiscal 2000 and the lower operating income discussed above.

Net Income

The Company's net income was $15.8 million, or $.71 per diluted share, in fiscal 2001. In fiscal 2000, net income was $26.3 million, or $1.20 per diluted share, including the impact of the gain on sale of Trilectron, which was $10.5 million ($.48 per diluted share). The lower net income in fiscal 2001 is primarily due to the Trilectron gain and the lower operating income discussed above. Trilectron, which was sold in the fourth quarter of fiscal 2000, contributed approximately $.05 per diluted share to earnings in fiscal 2000.

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 its operating activities and financing activities, including borrowings under long-term credit agreements.

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 its 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 $23.3 million for fiscal 2002, principally reflecting net income of $15.2 million, depreciation and amortization of $4.5 million, deferred income tax provision of $3.9 million, and a tax benefit related to stock option exercises of $2.9 million, partially offset by an increase in net operating assets of $3.4 million. The increase in net operating assets (current assets used in operations net of current liabilities) primarily resulted from higher inventories and capitalized tooling costs in the FSG associated with new products.

Cash flow from operations was $16.5 million for fiscal 2001, principally reflecting net income of $15.8 million, depreciation and amortization and minority interest of $10.6 million and $2.8 million, respectively, offset by an increase in net operating assets of $12.9 million. The increase in net operating assets (current assets used in operations net of current liabilities) primarily resulted from an increase in inventories to meet increased PMA sales and payment of income taxes of approximately $7 million on the fiscal 2000 gain from the sale of Trilectron.

Cash flow from operations was $12.1 million in fiscal 2000 principally reflecting net income of $26.3 million, adjustments for gain on sale of product line, depreciation and amortization, minority interest, and tax benefits related to stock option exercises of $17.3 million, $9.8 million, $3.3 million and $1.7 million, respectively, offset by an

increase in net operating assets of $11.5 million. The increase in net operating assets primarily resulted from an increase in accounts receivable resulting from extended payment terms, and an increase in inventories to meet increased sales orders under certain ETG contracts, as well as increases in income taxes payable and accrued expenses of $7.9 million and $1.2 million, respectively, mainly due to the sale of Trilectron. Excluding cash flow used in the operations of Trilectron prior to its sale, cash flow from operations totaled approximately $21 million in fiscal 2000.

Investing Activities

Cash used in investing activities during the three fiscal year period ended October 31, 2002 was primarily cash used in various acquisitions, including contingent payments, totaling $90.5 million. For further details on acquisitions see Notes 2 and 16 to the Consolidated Financial Statements. Capital expenditures aggregated to $21.4 million over the last three fiscal years, primarily reflecting the purchases of new facilities and the expansion of existing production facilities and capabilities. The principal cash provided by investing activities was $12.4 million and $48.4 million generated in fiscal 2001 and fiscal 2000, respectively, as a result of the sale of Trilectron in fiscal 2000. In addition, the Company received proceeds of $9.2 million in fiscal 2001 from the sale of long-term investments and property that was held for disposition.

Financing Activities

The Company's principal financing source of cash over the past three fiscal years ended October 31, 2002 was proceeds from long-term debt of $91.2 million, including $90.0 million from the Company's Credit Facility and proceeds from stock option exercises of $3.9 million. During this same period, the Company repaid $103.4 million of the outstanding balance on its Credit Facility and other long-term debt and paid cash dividends aggregating to $2.8 million.

In July 1998, the Company entered into a $120 million revolving credit facility (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 2003. The Company has the option to convert outstanding advances to term loans amortizing over a period through July 2005. The Company plans to renew or replace this Credit Facility prior to its July 2003 expiration date. Advances under the Credit Facility accrue interest, at the Company's choice of the London Interbank Offered Rate (LIBOR) or the higher of the Prime Rate or the Federal Funds Rate, plus applicable margins (based on the Company's ratio of total funded debt to earnings before interest, taxes, depreciation and amortization). 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 5 to the Consolidated Financial Statements for further information regarding the Credit Facility.

New Accounting Standards

In August 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 144 (SFAS 144), "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS 144 supercedes SFAS 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed of." SFAS 144 applies to all long-lived assets (including discontinued operations) and consequently amends Accounting Principles Board Opinion No. 30 (APB 30), "Reporting Results of Operations-Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions." SFAS 144 develops one accounting model (based on the model in SFAS 121) for long-lived assets that are to be disposed of by sale, as well as addresses the principal implementation issues. SFAS 144 requires that long-lived assets that are to be disposed of by sale be measured at the lower of carrying value or fair value less cost to sell. That requirement eliminates the requirement of APB 30 that discontinued operations be measured at net realizable value or that entities include under "discontinued operations" in the financial statements amounts for operating losses that have not yet occurred. Additionally, SFAS 144 expands the scope of discontinued operations to include all components of an entity with operations that (1) can be distinguished from the rest of the entity and (2) will be eliminated from the ongoing operations of the entity in a disposal transaction. SFAS 144 is effective for fiscal years beginning after December 15, 2001 and generally the provisions of the statement will be applied prospectively. The Company does not expect the adoption of SFAS 144 to have a material effect on its results of operations or financial position.

In April 2002, the FASB issued SFAS No. 145 (SFAS 145), "Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections." This statement eliminates the SFAS 4 requirement that gains and losses from extinguishment of debt be classified as an extraordinary item, and requires that such gains and losses be evaluated for extraordinary classification under the criteria of APB 30. This statement also amends SFAS 13, "Accounting for Leases," to require that certain lease modifications that have economic effects that are similar to sales-leaseback transactions be accounted for in the same manner as sales-leaseback transactions. SFAS 145 also makes various other technical corrections to existing pronouncements. This statement is effective for fiscal years beginning after May 15, 2002. The Company does not expect the adoption of SFAS 145 to have a material effect on its results of operations or financial position.

In July 2002, the FASB issued SFAS No. 146 (SFAS 146), "Accounting for Costs Associated with Exit or Disposal Activities." SFAS 146 addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force Issue No. 94-3 (EITF 94-3), "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (Including Certain Costs Incurred in a Restructuring)." SFAS 146 requires recognition of a liability for a cost associated with an exit or disposal activity when the liability is incurred, as opposed to when the entity commits to an exit plan under EITF 94-3. SFAS 146 also establishes that fair value is the objective for the initial measurement of the liability. This statement is effective for exit or disposal activities initiated after December 31, 2002. The Company does not expect the adoption of SFAS 146 to have a material effect on its results of operations or financial position.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Market risk is the risk of loss arising from changes in values of financial instruments, including interest rate risk and liquidity risk. The Company engages in transactions in the normal course of business that expose it to market risks. The primary market risk to which the Company has exposure is interest rate risk, mainly related to its revolving credit facility and industrial revenue bonds, which had an aggregate outstanding balance of $56.0 million at October 31, 2002. Interest rates on the revolving credit facility borrowings are based on LIBOR plus a variable margin, while interest rates on the industrial development revenue bonds are based on variable rates. Interest rate risk associated with the Company's variable rate debt is the potential increase in interest expense from an increase in

interest rates. Based on the outstanding debt balance at October 31, 2002, a hypothetical 10% increase in interest rates would increase the Company's interest expense by approximately $160,000 in fiscal 2003.

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 rates increase. Due to the short duration of these financial instruments, a hypothetical 10% increase in interest rates as of October 31, 2002 would not have a material effect on the Company's results of operations or financial position.

Item 8. Financial Statements and Supplementary Data

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, 2002 and 2001, 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, 2002. 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 auditing standards generally accepted in the United States of America. 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, 2002 and 2001, and the results of its operations and its cash flows for each of the three years in the period ended October 31, 2002, in conformity with accounting principles generally accepted in the United States of America.

DELOITTE & TOUCHE LLP
Certified Public Accountants

Fort Lauderdale, Florida
December 18, 2002

HEICO CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	As of October 31,	
	2002	2001
ASSETS		
Current assets:		
Cash and cash equivalents	$ 4,539,000	$ 4,333,000
Accounts receivable, net	28,407,000	31,506,000
Inventories	54,514,000	52,017,000
Prepaid expenses and other current assets	7,811,000	5,281,000
Deferred income taxes	3,295,000	3,180,000
Total current assets	98,566,000	96,317,000
Property, plant and equipment, net	40,059,000	39,298,000
Goodwill and other intangible assets, net	189,482,000	183,048,000
Other assets	8,225,000	6,977,000
Total assets	$ 336,332,000	$ 325,640,000

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

HEICO CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	As of October 31,	
	2002	2001
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt	$ 6,756,000	$ 27,000
Trade accounts payable	7,640,000	7,768,000
Accrued expenses and other current liabilities	14,935,000	16,443,000
Income taxes payable	--	564,000
Total current liabilities	29,331,000	24,802,000
Long-term debt, net of current maturities	49,230,000	66,987,000
Deferred income taxes	6,240,000	2,064,000
Other non-current liabilities	6,154,000	6,173,000
Total liabilities	90,955,000	100,026,000
Minority interests in consolidated subsidiaries	38,313,000	36,845,000
Commitments and contingencies (Notes 2, 3, 5, 6 and 17)		
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 -- 9,380,174 and 9,317,453 shares, respectively	94,000	93,000
Class A Common Stock, $.01 par value; Authorized -- 30,000,000 shares; Issued and Outstanding -- 11,570,195 and 11,515,779 shares, respectively	116,000	115,000
Capital in excess of par value	153,847,000	150,605,000
Accumulated other comprehensive loss	--	(226,000)
Retained earnings	58,007,000	43,830,000
	212,064,000	194,417,000
Less: Note receivable secured by Class A Common Stock	(5,000,000)	(5,000,000)
Note receivable from employee savings and investment plan	--	(648,000)
Total shareholders' equity	207,064,000	188,769,000
Total liabilities and shareholders' equity	$ 336,332,000	$ 325,640,000

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

HEICO CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the year ended October 31,		
	2002	2001	2000
Net sales	$172,112,000	$171,259,000	$202,909,000
Operating costs and expenses:			
Cost of sales	110,610,000	100,113,000	127,098,000
Selling, general and administrative expenses	39,102,000	40,155,000	37,888,000
Total operating costs and expenses	149,712,000	140,268,000	164,986,000
Operating income	22,400,000	30,991,000	37,923,000
Interest expense	(2,248,000)	(2,486,000)	(5,611,000)
Interest and other income	97,000	1,598,000	929,000
Gain on sale of product line	1,230,000	--	17,296,000
Income from continuing operations before income taxes and minority interests	21,479,000	30,103,000	50,537,000
Income tax expense	4,930,000	11,480,000	19,509,000
Income from continuing operations before minority interests	16,549,000	18,623,000	31,028,000
Minority interests in consolidated subsidiaries	1,323,000	2,790,000	3,289,000
Income from continuing operations	15,226,000	15,833,000	27,739,000
Adjustment to gain on sale of discontinued health care operations, net of applicable income tax benefit of $208,000	--	--	(1,422,000)
Net income	$ 15,226,000	$ 15,833,000	$ 26,317,000
Basic per share data:			
Income from continuing operations	$ .73	$ .79	$ 1.45
Adjustment to gain on sale of discontinued health care operations	--	--	(.07)
Net income	$ .73	$ .79	$ 1.38
Diluted per share data:			
Income from continuing operations	$ .68	$ .71	$ 1.27
Adjustment to gain on sale of discontinued health care operations	--	--	(.07)
Net income	$ .68	$ .71	$ 1.20
Weighted average number of common shares outstanding:			
Basic	20,912,531	19,924,962	19,114,323
Diluted	22,484,254	22,305,365	21,908,473

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

HEICO CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME

	Common Stock	Class A Common Stock	Capital in Excess of Par Value	Accumulated Other Comprehensive Loss	Retained Earnings	Notes Receivable	Comprehensive Income
Balances as of October 31, 1999....	$ 84,000	$ 73,000	$ 91,094,000	$ (2,235,000)	$ 52,280,000	$(2,007,000)	
10% Common and Class A stock dividend paid in Class A shares	--	15,000	17,125,000	--	(17,158,000)	--	
Repurchase of stock................	--	--	(105,000)	--	--	--	
Exercise of stock options..........	1,000	2,000	978,000	--	--	--	
Tax benefit for stock option exercises...............	--	--	1,736,000	--	--	--	
Payment on note receivable from employee savings and investment plan................	--	--	--	--	--	556,000	
Cash dividends ($.044 per share) ..	--	--	--	--	(828,000)	--	
Net income for the year............	--	--	--	--	26,317,000	--	$ 26,317,000
Unrealized gain on investments, net of tax of $998,000.........	--	--	--	1,603,000	--	--	1,603,000
Comprehensive income..............	--	--	--	--	--	--	$ 27,920,000
Other..............................	--	--	310,000	--	3,000	--	
Balances as of October 31, 2000....	85,000	90,000	111,138,000	(632,000)	60,614,000	(1,451,000)	
10% Common and Class A stock dividend paid in Class A shares	--	19,000	31,648,000	--	(31,709,000)	--	
Shares issued in connection with business acquisition (Note 2)..	--	3,000	4,997,000	--	--	(5,000,000)	
Exercise of stock options..........	8,000	3,000	2,420,000	--	--	--	
Tax benefit for stock option exercises...............	--	--	334,000	--	--	--	
Payment on note receivable from employee savings and investment plan................	--	--	--	--	--	803,000	
Cash dividends ($.045 per share) ..	--	--	--	--	(900,000)	--	
Net income for the year............	--	--	--	--	15,833,000	--	$ 15,833,000
Unrealized gain on investments, net of tax of $394,000.........	--	--	--	632,000	--	--	632,000
Unrealized loss on interest rate swap, net of tax of $144,000...	--	--	--	(226,000)	--	--	(226,000)
Comprehensive income..............	--	--	--	--	--	--	$ 16,239,000
Other..............................	--	--	68,000	--	(8,000)	--	
Balances as of October 31, 2001....	93,000	115,000	150,605,000	(226,000)	43,830,000	(5,648,000)	
Repurchase of stock................	--	--	(200,000)	--	--	--	
Exercise of stock options..........	1,000	1,000	436,000	--	--	--	
Tax benefit for stock option exercises......................	--	--	2,944,000	--	--	--	
Payment on note receivable from employee savings and investment plan............	--	--	--	--	--	648,000	
Cash dividends ($.050 per share) ..	--	--	--	--	(1,045,000)	--	
Net income for the year............	--	--	--	--	15,226,000	--	$ 15,226,000
Unrealized gain on interest rate swap, net of tax of $144,000...	--	--	--	226,000	--	--	226,000
Comprehensive income..............	--	--	--	--	--	--	$ 15,452,000
Other..............................	--	--	62,000	--	(4,000)	--	
Balances as of October 31, 2002....	$ 94,000	$116,000	$153,847,000	$ --	$ 58,007,000	$(5,000,000)	

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

HEICO CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the year ended October 31,		
	2002	2001	2000
Operating Activities:			
Net income	$ 15,226,000	$ 15,833,000	$ 26,317,000
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	4,532,000	10,588,000	9,775,000
Gain on sale of product line	(1,230,000)	--	(17,296,000)
Gain on sale of property held for disposition	--	(657,000)	--
Gain on sale of investments	--	(180,000)	--
Deferred income tax provision (benefit)	3,917,000	760,000	(175,000)
Minority interests in consolidated subsidiaries	1,323,000	2,790,000	3,289,000
Tax benefit on stock option exercises	2,944,000	334,000	1,736,000
Deferred financing costs	--	--	8,000
Change in assets and liabilities, net of acquisitions and dispositions:			
Decrease (increase) in accounts receivable	3,421,000	1,194,000	(11,569,000)
Increase in inventories	(2,996,000)	(6,773,000)	(7,471,000)
Increase in prepaid expenses and other current assets	(2,967,000)	(329,000)	(1,662,000)
(Decrease) increase in trade payables, accrued expenses and other current liabilities	(588,000)	1,154,000	1,159,000
(Decrease) increase in income taxes payable	(564,000)	(8,147,000)	7,866,000
Other	267,000	(37,000)	155,000
Net cash provided by operating activities	23,285,000	16,530,000	12,132,000
Investing Activities:			
Acquisitions, net of cash acquired, including contingent payments	(4,515,000)	(61,207,000)	(24,799,000)
Capital expenditures	(5,853,000)	(6,927,000)	(8,665,000)
Proceeds from sale of product line, net of expenses	--	--	44,377,000
Proceeds from receivable from sale of product line	--	12,412,000	4,000,000
Proceeds from sale of long-term investments	--	7,039,000	--
Proceeds from sale of property held for disposition	--	2,157,000	--
Payment received from employee savings and investment plan note receivable	648,000	803,000	556,000
Other	(1,664,000)	(160,000)	(724,000)
Net cash (used in) provided by investing activities	(11,384,000)	(45,883,000)	14,745,000
Financing Activities:			
Proceeds from the issuance of long-term debt:			
Revolving credit facility	5,000,000	56,000,000	29,000,000
Other	--	--	1,167,000
Principal payments on long-term debt	(16,028,000)	(29,028,000)	(58,381,000)
Proceeds from the exercise of stock options	438,000	2,431,000	981,000
Cash dividends paid (including fractional Class A share payments of $41,000 and $18,000 in fiscal 2001 and fiscal 2000, respectively)	(1,045,000)	(941,000)	(846,000)
Repurchases of common stock	(200,000)	--	(105,000)
Minority interest investment	--	414,000	--
Other	140,000	3,000	83,000
Net cash (used in) provided by financing activities	(11,695,000)	28,879,000	(28,101,000)
Net increase (decrease) in cash and cash equivalents	206,000	(474,000)	(1,224,000)
Cash and cash equivalents at beginning of year	4,333,000	4,807,000	6,031,000
Cash and cash equivalents at end of year	$ 4,539,000	$ 4,333,000	$ 4,807,000

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of business

HEICO Corporation, through its principal subsidiaries HEICO Aerospace Holdings Corp. (HEICO Aerospace) and HEICO Electronic Technologies Corp. (HEICO Electronic) and their subsidiaries (collectively, the Company), is principally engaged in the design, manufacture and sale of aerospace, defense and electronics related products and services throughout the United States and internationally. HEICO Aerospace's principal subsidiaries include HEICO Aerospace Corporation, Jet Avion Corporation, LPI Industries Corporation, Aircraft Technology, Inc., Northwings Accessories Corporation, McClain International, Inc., Associated Composite, Inc., Rogers-Dierks, Inc., Air Radio & Instruments Corp., Turbine Kinetics, Inc., Thermal Structures, Inc., Future Aviation, Inc., Aero Design, Inc., Avitech Engineering Corporation, HEICO Aerospace Parts Corp., Aviation Facilities, Inc., and Jetseal, Inc. HEICO Electronic's principal subsidiaries include Radiant Power Corp., Leader Tech, Inc., Santa Barbara Infrared, Inc., Analog Modules, Inc. and Inertial Airline Services, Inc. Trilectron Industries, Inc., which was sold September 2000, was formerly a subsidiary of HEICO Electronic. For further details of acquired and sold subsidiaries listed above, see Notes 2 and 3. The Company's customer base is primarily the commercial airline, defense and electronics industries. As of October 31, 2002, the Company's principal operations are located in Glastonbury, Connecticut; Atlanta, Georgia; Cleveland, Ohio; Anacortes and Spokane, Washington; Corona, Hayward, and Santa Barbara, California; and Fort Myers, Hollywood, Miami, Orlando, Sarasota, Tampa and Titusville, 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, which is 20%-owned by Lufthansa Technik AG (Lufthansa), the technical services subsidiary of Lufthansa German Airlines. In addition, HEICO Aerospace consolidates a joint venture formed in February 2001 (Note 2), which is 16%-owned by American Airlines' parent company, AMR Corporation (AMR), and an 80%-owned subsidiary. HEICO Aerospace also accounts for a 50%-owned joint venture formed in fiscal 2002 under the equity method. The Company's investment in the 50%-owned joint venture and its share of its operating results were not significant to the Company's consolidated financial statements. All significant intercompany balances and transactions are eliminated.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Tooling costs

Tooling costs are capitalized, generally as a component of other assets, and amortized over their estimated useful lives, ranging from 2 to 5 years.

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.

Goodwill and other intangible assets

The Company adopted the provisions of Statement of Financial Accounting Standards No. 142 (SFAS 142), "Goodwill and Other Intangible Assets," effective November 1, 2001. SFAS 142 eliminates the amortization of goodwill. Prior to the adoption of SFAS 142, goodwill was being amortized on a straight-line basis over periods ranging from 20 to 40 years. The Company has performed the transitional impairment test as of November 1, 2001, which requires a comparison of carrying values to fair values, and if appropriate, the carrying value of impaired assets is reduced to fair value. As a result of the test performed, the Company determined there was no goodwill impairment as of the date of adoption. Pursuant to SFAS 142, the Company tests goodwill for impairment annually as of October 31 or more frequently if events or changes in circumstance indicate that the carrying amount of these assets may not be fully recoverable.

The Company's intangible assets subject to amortization under SFAS 142 consist primarily of licenses, loan costs, patents and non-compete covenants and are amortized on the straight-line method over their legal or estimated useful lives, ranging from 3 to 20 years. See Note 16 for additional disclosures related to goodwill and other intangible assets.

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.

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 percentage of costs incurred to date to estimated total costs for each contract. Revisions in cost estimates as contracts progress have the effect of increasing or decreasing profits in the period of revision. 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. The aggregate effects of changes in estimates relating to inventories and/or long-term contracts were not material except as noted in the unaudited quarterly financial information presented in Note 14 to the Consolidated Financial Statements. Revenues earned from rendering services represented less than 10% of consolidated net sales for all periods presented.

Long-term contracts

Accounts receivable and accrued expenses and other current liabilities include amounts related to the production of products under fixed-price contracts exceeding terms of one year. Certain of these contracts recognize revenues on the percentage-of-completion method, measured by the percentage of costs incurred to date to estimated total costs for each contract. This method is used because management considers costs incurred to be the best available measure of progress on these contracts. Certain other contracts have revenues recognized on the completed-contract method. This method is used when the Company does not have adequate historical data to ensure that estimates are reasonably dependable.

Contract costs include all direct material and labor costs and those indirect costs related to contract performance, such as indirect labor, supplies, tools, repairs, and depreciation costs. Selling, general and administrative costs are charged to expense as incurred. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Variations in actual labor performance, changes to estimated profitability and final contract settlements may result in revisions to cost estimates and are recognized in income in the period in which the revisions are determined.

The asset, "Costs and estimated earnings in excess of billings on uncompleted percentage-of-completion contracts," included in accounts receivable, represents revenues recognized in excess of amounts billed. The liability, "Billings in excess of costs and estimated earnings," included in accrued expenses and other current liabilities, represents billings in excess of revenues recognized on contracts accounted for under either the percentage-of-completion method or the completed-contract method. Billings are made based on the completion of certain milestones as provided for in the contracts.

Income taxes

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

Net income per share

Basic net income per share is computed by dividing net income by the weighted average number of common shares outstanding during the period. Diluted net income per share is computed by dividing net income by the weighted average number of common 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.

Stock based compensation

The Company measures compensation cost for stock options using the intrinsic value method of accounting prescribed by Accounting Principles Board Opinion No. 25 (APB 25), "Accounting for Stock Issued to Employees." The Company has elected to continue using the accounting methods prescribed by APB 25 and to provide in Note 11 the pro forma disclosures required by Statement of Financial Accounting Standards No. 123 (SFAS 123), "Accounting for Stock-Based Compensation."

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 until they have been realized.

New accounting standards

In August 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 144 (SFAS 144), "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS 144 supercedes SFAS 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed of." SFAS 144 applies to all long-lived assets (including discontinued operations) and consequently amends Accounting Principles Board Opinion No. 30 (APB 30), "Reporting Results of Operations-Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions." SFAS 144 develops one accounting model (based on the model in SFAS 121) for long-lived assets that are to be disposed of by sale, as well as addresses the principal implementation issues. SFAS 144 requires that long-lived assets that are to be disposed of by sale be measured at the lower of carrying value or fair value less cost to sell. That requirement eliminates the requirement of APB 30 that discontinued operations be measured at net realizable value or that entities include under "discontinued operations" in the financial statements amounts for operating losses that have not yet occurred. Additionally, SFAS 144 expands the scope of discontinued operations to include all components of an entity with operations that (1) can be distinguished from the rest of the entity and (2) will be eliminated from the ongoing operations of the entity in a disposal transaction. SFAS 144 is effective for fiscal years beginning after December 15, 2001 and generally the provisions of the statement will be applied prospectively. The Company does not expect the adoption of SFAS 144 to have a material effect on its results of operations or financial position.

In April 2002, the FASB issued SFAS No. 145 (SFAS 145), "Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections." This statement eliminates the SFAS 4 requirement that gains and losses from extinguishment of debt be classified as an extraordinary item, and requires

that such gains and losses be evaluated for extraordinary classification under the criteria of APB 30. This statement also amends SFAS 13, "Accounting for Leases," to require that certain lease modifications that have economic effects that are similar to sales-leaseback transactions be accounted for in the same manner as sales-leaseback transactions. SFAS 145 also makes various other technical corrections to existing pronouncements. This statement is effective for fiscal years beginning after May 15, 2002. The Company does not expect the adoption of SFAS 145 to have a material effect on its results of operations or financial position.

In July 2002, the FASB issued SFAS No. 146 (SFAS 146), "Accounting for Costs Associated with Exit or Disposal Activities." SFAS 146 addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force Issue No. 94-3 (EITF 94-3), "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (Including Certain Costs Incurred in a Restructuring)." SFAS 146 requires recognition of a liability for a cost associated with an exit or disposal activity when the liability is incurred, as opposed to when the entity commits to an exit plan under EITF 94-3. SFAS 146 also establishes that fair value is the objective for the initial measurement of the liability. This statement is effective for exit or disposal activities initiated after December 31, 2002. The Company does not expect the adoption of SFAS 146 to have a material effect on its results of operations or financial position.

2. ACQUISITIONS AND STRATEGIC ALLIANCES

Acquisitions

In June 2000, the Company, through a subsidiary, acquired substantially all of the assets and certain liabilities of Future Aviation, Inc. (Future) for $14.7 million in cash. The source of the purchase price was proceeds from the Company's Credit Facility. Future is engaged in the repair and overhaul of aircraft components and accessories principally serving the regional, commuter and business aircraft market.

In April 2001, the Company, through a subsidiary, acquired substantially all of the assets and certain liabilities of Analog Modules, Inc. (AMI) for $15.6 million in cash. The source of the purchase price was proceeds from the Company's Credit Facility. AMI is engaged in the design and manufacture of electronic products primarily for use in the laser and electro-optics industries.

In August 2001, the Company, through a subsidiary, acquired Inertial Airline Services, Inc. (IAS) pursuant to a stock purchase agreement, for $20 million in cash and $5 million in HEICO Class A Common Stock (289,964 shares) paid at closing. The Company guaranteed that the resale value of such Class A Common Stock would be at least $5 million through August 31, 2002, which both parties agreed to extend to August 31, 2003. Based on the closing market price of HEICO Class A Common Stock on October 31, 2002, the Company would have had to pay the seller an additional amount of approximately $2.8 million in cash, which would have been recorded as a reduction of shareholders' equity. In addition, subject to meeting certain earnings targets during the first two years following the acquisition, the Company may be obligated to pay additional consideration of $3 million in cash. Concurrent with the purchase, the Company loaned the seller $5 million, which is due August 31, 2003 and is secured by the 289,964 shares of HEICO Class A Common Stock. The loan is reflected as a reduction in the equity section of the Company's consolidated balance sheet as a note receivable secured by Class A Common Stock. The source of the purchase price, including the loan, was proceeds from the Company's Credit Facility. IAS is engaged primarily in the repair and overhaul of inertial navigation systems and other avionics equipment, which are used by commercial, military and business aircraft.

During fiscal 2001, the Company, through subsidiaries, also acquired certain assets and liabilities of Avitech Engineering Corporation (Avitech), Aviation Facilities, Inc. (AFI) and Aero Design, Inc. The purchase price of each acquisition was insignificant and in total aggregated to approximately $9 million. Aero Design, Inc. and AFI are in the business of design and manufacture of FAA-approved replacement parts. Avitech is engaged in the repair

and overhaul of aircraft components and accessories principally serving the regional commuter and business aircraft market.

In November 2001, the Company, through a subsidiary, acquired certain assets and liabilities of Jetseal, Inc. (Jetseal). The purchase price was not significant to the Company's consolidated financial statements and the pro forma consolidated operating results assuming the acquisition had been consummated as of the beginning of fiscal 2002 would not have been materially different from the reported results. Jetseal is engaged in the manufacture of compression seals.

In connection with the acquisition of Air Radio & Instruments Corp. in fiscal 1999, the former shareholders received additional consideration of $1.25 million in fiscal 2000 as a result of meeting certain earnings objectives under the terms of the acquisition. In connection with the acquisition of Rogers-Dierks, Inc. in fiscal 1999, the Company paid $1.1 million of deferred payments over the two-year period ended October 31, 2001 and the Company paid a total of $5.9 million in additional purchase consideration between fiscal 2000 and fiscal 2001 as a result of meeting certain earnings objectives. In addition, the former shareholders of Santa Barbara Infrared, Inc. (acquired in fiscal 1999) received additional consideration of $3.6 million in fiscal 2001 as part of the final purchase price adjustment.

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 purchase 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 (See Note 16 - Supplemental disclosures of cash flow information).

Strategic alliances and sale of minority interests in consolidated subsidiaries

In October 1997, the Company entered into a strategic alliance with Lufthansa, whereby Lufthansa invested approximately $26 million in HEICO Aerospace, including $10 million paid at closing pursuant to a stock purchase agreement and approximately $16 million paid over four years to HEICO Aerospace 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 and aircraft components. The funds received as a result of the research and development cooperation agreement reduced research and development expenses in the periods such expenses were incurred. In addition, Lufthansa and HEICO Aerospace have agreed to cooperate regarding technical services and marketing support for jet engine and aircraft component replacement parts on a worldwide basis. In connection with subsequent acquisitions by HEICO Aerospace, Lufthansa invested additional amounts aggregating to approximately $21 million pursuant to its option to maintain a 20% equity interest.

In February 2001, the Company entered into a joint venture with AMR to develop, design and sell FAA-approved jet engine and aircraft component replacement parts through its subsidiary, HEICO Aerospace. As part of the joint venture, AMR will reimburse HEICO Aerospace a portion of new product research and development costs. The funds received as a result of the new product research and development costs paid by AMR generally reduce new product research and development expenses in the period such expenses are incurred. The balance of the development costs are incurred by the joint venture, which is 16% owned by AMR. In addition, AMR and HEICO Aerospace have agreed to cooperate regarding technical services and marketing support on a worldwide basis. See Note 16 for additional disclosures on research and development expenses.

3. SALE OF PRODUCT LINE

In September 2000, the Company consummated the sale of all of the outstanding capital stock of HEICO Electronic's wholly-owned subsidiary, Trilectron Industries, Inc. (Trilectron), to a subsidiary of Illinois Tool Works

Inc. In consideration of the sale of Trilectron's capital stock, the Company received $52.5 million in cash, an unsecured non-interest bearing promissory note for $12.0 million payable in three equal installments over 90 days, a purchase price adjustment of $4.5 million based on the net worth of Trilectron as of the closing date of the sale, and retained certain property having a book value of approximately $1.5 million, which was sold in fiscal 2001. The proceeds from the sale were used to pay down the outstanding balance on the Company's Credit Facility.

The sale of Trilectron did not meet the requirements for classification as a discontinued operation in accordance with APB 30 because its activities could not be clearly distinguished, physically and operationally and for financial reporting purposes, from the other assets, results of operations, and activities of the Company's Electronic Technologies Group (ETG) operating segment of which it was a part. Trilectron was managed as part of the ETG and the ETG was treated as a single operating segment. The ETG shared facilities, staff, information technology processing and other centrally provided services with no allocation of costs and interest expense between the divisions within the ETG. Accordingly, the sale was reported as a sale of a product line and Trilectron's results of operations through the date of the closing have been reported in the Company's consolidated statements of operations.

The sale of Trilectron resulted in a pretax gain in fiscal 2000 of $17,296,000 ($10,542,000 or $.48 per diluted share, net of income tax). The pretax gain is net of expenses of $10.8 million directly related to the transaction.

A summary of the components of the expenses of the sale of the Trilectron product line are as follows:

Bonuses and related costs	$ 6,700,000 (a)
Professional service fees	2,500,000 (b)
Contract indemnification, reserves and miscellaneous costs and expenses	1,600,000 (c)
Total expenses of sale	$10,800,000

(a) Represents incentive bonus payments which were approved by the Board of Directors contingent upon the sale of Trilectron and paid from the proceeds of the sale.

(b) Represents investment banking, legal, accounting and tax consulting fees, all of which were incurred in connection with the sale.

(c) Represents reserves related to indemnification provisions entered into in connection with the sale of Trilectron, estimated expenses of relocating Radiant Power, Corp. from the Trilectron facility to new facilities and miscellaneous other expenses and costs which were incurred in connection with the sale of Trilectron.

In fiscal 2002, the Company recognized an additional pretax gain of $1,230,000 ($765,000 or $.03 per diluted share, net of income tax) on the sale of the Trilectron product line due to the elimination of certain of the above reserves upon the expiration of indemnification provisions of the sales contract.

4. ADJUSTMENT TO GAIN ON SALE OF DISCONTINUED OPERATIONS

In January 1999, the Company received notice of a proposed adjustment pursuant to an examination by the Internal Revenue Service (IRS) of the Company's fiscal 1995 and fiscal 1996 tax returns, disallowing the utilization of a $4.6 million capital loss carryforward to partially offset the gain recognized by the Company in connection with the sale of its health care operations in July 1996. In fiscal 2000, the Company reached a settlement pursuant to which the IRS conceded one-third of the original tax adjustment. Accordingly, the additional taxes and related interest, aggregating $1.4 million ($.07 per diluted share) is reflected as adjustment to gain on sale of discontinued health care operations in the consolidated statement of operations for fiscal 2000.

5. CREDIT FACILITIES AND LONG-TERM DEBT

Long-term debt consists of:

	As of October 31, 2002	As of October 31, 2001
Borrowings under revolving credit facility	$ 54,000,000	$ 65,000,000
Industrial Development Revenue Refunding Bonds-- Series 1988	1,980,000	1,980,000
Equipment loans	6,000	34,000
	55,986,000	67,014,000
Less: Current maturities of long-term debt	(6,756,000)	(27,000)
	$ 49,230,000	$ 66,987,000

Current maturities of long-term debt includes $6,750,000 of the outstanding borrowings under the revolving credit facility assuming borrowings outstanding as of October 31, 2002 are converted to a term loan pursuant to the Company's option to convert such borrowings as set forth below. The aggregate amount of long-term debt maturing in each of the next five fiscal years is $6,756,000 in fiscal 2003, $27,000,000 in fiscal 2004, $20,250,000 in fiscal 2005, $0 in fiscal 2006, $0 in fiscal 2007, and $1,980,000 thereafter.

Revolving credit facility

In July 1998, the Company entered into a $120 million revolving credit facility (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 2003. The Company has the option to convert outstanding advances to term loans amortizing over a period through July 2005. The Company plans to renew or replace this Credit Facility prior to its July 2003 expiration date. Advances under the Credit Facility accrue interest, at the Company's choice of the London Interbank Offered Rate (LIBOR) or the higher of the Prime Rate or the Federal Funds Rate, plus applicable margins (based on the Company's ratio of total funded debt to earnings before interest, taxes, depreciation and amortization). The applicable margins range from .00% to .50% for Prime Rate based borrowings and from .75% to 2.00% for LIBOR based borrowings. 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, 2002 and 2001, the Company had a total of $54 million and $65 million, respectively, borrowed under the Credit Facility at weighted average interest rates of 2.9% and 3.4%, respectively. The amounts were primarily borrowed to partially fund acquisitions (Note 2).

Interest rate swap agreements

Periodically, the Company enters into interest rate swap agreements to manage interest expense related to its Credit Facility. Interest rate risk associated with the Company's variable rate Credit Facility is the potential increase in interest expense from an increase in interest rates. A derivative instrument (e.g. interest rate swap agreement) that hedges the variability of cash flows related to a recognized liability is designated as a cash flow hedge.

On an ongoing basis, the Company assesses whether derivative instruments used in hedging transactions are highly effective in offsetting changes in cash flows of the hedged items and therefore qualify as cash flow hedges. For a derivative instrument that qualifies as a cash flow hedge, the effective portion of changes in fair value of the derivative is deferred and recorded as a component of other comprehensive income until the hedged transaction

occurs and is recognized in earnings. All other portions of changes in the fair value of a cash flow hedge are recognized in earnings immediately.

The cumulative effect of the Company's interest rate swap agreement (which expired in February 2002) on accumulated other comprehensive income as of October 31, 2002 and October 31, 2001 was income of $226,000 (net of $144,000 in income tax expense) and a loss of $226,000 (net of $144,000 in income tax benefit), respectively.

Industrial development revenue bonds

The industrial development revenue bonds outstanding at October 31, 2002 represent bonds issued by Broward County, Florida in 1988 (the 1988 bonds). The 1988 bonds are due April 2008 and bear interest at a variable rate calculated weekly (1.90% and 2.05% at October 31, 2002 and 2001, respectively). The 1988 bonds as amended are secured by a letter of credit expiring February 2004 and a mortgage on the related properties pledged as collateral.

6. 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 non-cancelable terms in excess of one year are as follows:

Year ending October 31,	
2003	$ 2,392,000
2004	1,324,000
2005	867,000
2006	613,000
2007	493,000
Thereafter	2,370,000
Total minimum lease commitments	$ 8,059,000

Total rent expense charged to operations for operating leases in fiscal 2002, fiscal 2001, and fiscal 2000 amounted to $2,956,000, $2,217,000 and $2,041,000, respectively.

7. INCOME TAXES

The provision (benefit) for income taxes on income from continuing operations for each of the three fiscal years ended October 31 is as follows:

	2002	2001	2000
Current:			
Federal	$ 849,000	$ 9,611,000	$ 17,690,000
State	164,000	1,109,000	1,994,000
	1,013,000	10,720,000	19,684,000
Deferred	3,917,000	760,000	(175,000)
Total income tax expense	$ 4,930,000	$ 11,480,000	$ 19,509,000

The Company recently completed a tax audit of its fiscal 1998 and fiscal 1999 income tax returns with the IRS that resulted in the recovery of a portion of income taxes paid in prior years. The recovery is based on a settlement reached with the IRS under which a portion of the reimbursements received pursuant to a research and development cooperation agreement was treated as shareholder reimbursements excluded from taxable income. The recovery, net of expenses (including related professional fees and interest), increased net income in fiscal 2002 by $2.1 million ($.09 per diluted share).

The following table reconciles the federal statutory tax rate to the Company's effective tax rate from continuing operations for each of the three fiscal years ended October 31:

	2002	2001	2000
Federal statutory tax rate	35.0%	35.0%	35.0%
State taxes, less applicable federal income tax reduction	2.8	2.6	2.5
Net tax benefits on export sales	(2.7)	(2.4)	(1.4)
Nondeductible amortization of intangible assets	--	2.7	1.6
Recovery of taxes paid in prior years resulting from tax audit	(11.6)	--	--
Other, net	(.5)	.2	.9
Effective tax rate	23.0%	38.1%	38.6%

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, 2002 and 2001 are as follows:

	As of October 31,	
	2002	2001
Deferred tax assets:		
Inventories	$ 1,868,000	$ 1,296,000
Bad debt allowances	619,000	468,000
Capitalized research and development expenses	1,088,000	--
Deferred compensation liability	1,769,000	1,650,000
Vacation accruals	384,000	253,000
Customer rebates and credits	244,000	480,000
Retirement plan liability	227,000	226,000
Warranty accruals	269,000	327,000
Accrued items related to sale of product line	65,000	720,000
Unrealized loss on interest rate swap/investments	--	144,000
Other	25,000	134,000
Total deferred tax assets	6,558,000	5,698,000
Deferred tax liabilities:		
Accelerated depreciation	2,355,000	1,120,000
Intangible asset amortization	7,077,000	3,201,000
Other	71,000	261,000
Total deferred tax liabilities	9,503,000	4,582,000
Net deferred tax (liability) asset	$(2,945,000)	$ 1,116,000

The net deferred tax (liability) asset is classified on the balance sheet as follows:

	As of October 31,	
	2002	2001
Net deferred tax (liability) asset:		
Current	$ 3,295,000	$ 3,180,000
Long term	(6,240,000)	(2,064,000)
Net deferred tax (liability) asset	$(2,945,000)	$ 1,116,000

A deferred tax charge of $144,000 relating to an unrealized gain on an interest rate swap was recorded as an adjustment to shareholders' equity in fiscal 2002. A net deferred tax charge of $250,000 relating to unrealized gains on long-term investments and an unrealized loss on an interest rate swap was recorded as an adjustment to shareholders' equity in fiscal 2001. A deferred tax charge of $998,000 relating to unrealized gains on long-term investments was recorded as an adjustment to shareholders' equity in fiscal 2000.

In connection with its acquisitions, the Company assumed net deferred tax assets of $37,000 in fiscal 2000. No deferred tax assets or liabilities were assumed in fiscal 2002 or fiscal 2001.

8. STOCK DIVIDENDS

In July 2000 and August 2001, the Company paid 10% stock dividends on all shares outstanding, payable in Class A Common Stock. Each 10% dividend was valued based on the closing market price of the Company's Class A Common Stock as of the day prior to the declaration date. All income per share, dividend per share, price per share, exercise price, stock option, and common shares outstanding information has been retroactively restated to reflect the stock dividends.

9. PREFERRED STOCK PURCHASE RIGHTS PLAN

In 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.

10. COMMON STOCK AND CLASS A COMMON STOCK

In accordance with the Company's share repurchase program, 33,000 shares of Class A Common Stock were repurchased at a total cost of $200,000 in fiscal 2002 and 6,600 shares of Common Stock were repurchased at a total cost of $105,000 in fiscal 2000. No shares were repurchased in fiscal 2001.

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.

11. STOCK OPTIONS

The Company currently has three stock option plans, the 1993 Stock Option Plan (1993 Plan), the Non-Qualified Stock Option Plan (NQSOP), and the 2002 Stock Option Plan (2002 Plan). A total of 4,731,902 shares of the Company's stock are reserved for issuance to employees, directors, officers, and consultants as of October 31, 2002, including 4,424,092 shares currently under option and 307,810 shares available for future grants. Options issued under the 1993 Plan and the 2002 Plan may be designated as incentive stock options (ISOs) or non-qualified stock options (NQSOs). 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 the date of grant over a period up to ten years. Only employees are eligible to receive ISOs. NQSOs may be granted at less than fair market value and may be immediately exercisable. Options granted under the NQSOP may be granted 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 the date of grant. Pursuant to the 2002 Plan, which was approved by the Shareholders in fiscal 2002, an aggregate of 520,000 shares are reserved for issuance upon the exercise of options granted under the Plan. The options granted pursuant to the 2002 Plan may be with respect to Common Stock and/or Class A Common Stock, in such proportions as shall be determined by the Board of Directors or the Stock Option Plan Committee in its sole discretion. Options under all stock option plans expire not later than ten years after the date of grant, unless extended by the Stock Option Plan Committee or the Board of Directors.

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

Information concerning stock option activity for each of the three fiscal years ended October 31 is as follows:

	Shares Available For Option	Shares Under Option: Shares	Shares Under Option: Weighted Average Exercise Price
Outstanding as of October 31, 1999	417,016	5,577,449	$ 8.52
Granted	(338,377)	338,377	$ 12.74
Cancelled	727,339	(760,340)	$ 21.67
Exercised	--	(208,196)	$ 4.71
Outstanding as of October 31, 2000	805,978	4,947,290	$ 6.95
Shares approved by Board of Directors for grant to former shareholders of SBIR ..	229,900	--	--
Granted	(995,200)	995,200	$ 14.56
Cancelled	153,370	(415,406)	$ 15.51
Exercised	--	(1,374,810)	$ 2.90
Outstanding as of October 31, 2001	194,048	4,152,274	$ 9.06
Shares approved by Board of Directors for grant to former shareholders of SBIR ..	250,000	--	--
Shares approved by the Shareholders for the 2002 Stock Option Plan	520,000	--	--
Granted	(700,900)	700,900	$ 10.71
Cancelled	44,662	(278,945)	$ 15.12
Exercised	--	(150,137)	$ 2.91
Outstanding as of October 31, 2002	307,810	4,424,092	$ 9.14

Information concerning stock options outstanding and stock options exercisable by class of common stock as of October 31, 2002 is as follows:

Common Stock

Range of Exercise Prices	Options Outstanding: Number Outstanding	Options Outstanding: Weighted Average Exercise Price	Options Outstanding: Weighted Average Remaining Contractual Life (Years)	Options Exercisable: Number Exercisable	Options Exercisable: Weighted Average Exercise Price
$ 1.20 - $ 2.75	545,067	$1.74	1.3	545,067	$1.74
$ 2.76 - $ 6.05	334,965	$3.85	2.9	334,965	$3.85
$ 6.06 - $10.22	358,033	$8.31	4.4	357,883	$8.31
$10.23 - $24.11	949,951	$14.86	8.6	575,200	$14.62
	2,188,016	$ 8.83	5.2	1,813,115	$7.51

Class A Common Stock

Range of Exercise Prices	Options Outstanding: Number Outstanding	Options Outstanding: Weighted Average Exercise Price	Options Outstanding: Weighted Average Remaining Contractual Life (Years)	Options Exercisable: Number Exercisable	Options Exercisable: Weighted Average Exercise Price
$ 1.20 - $ 2.75	412,815	$1.71	1.3	412,815	$1.71
$ 2.76 - $ 6.05	276,345	$3.86	3.0	276,345	$3.86
$ 6.06 - $10.22	716,938	$8.59	7.4	558,248	$8.25
$10.23 - $24.11	829,978	$15.90	7.2	485,690	$17.05
	2,236,076	$ 9.45	5.6	1,733,098	$8.46

If there were a change in control of the Company, options for an additional 374,901 shares of Common Stock and 493,478 shares of Class A Common Stock would become immediately exercisable.

The Company applies APB 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. The amount of compensation expense recognized in accordance with APB 25 was not significant to the Company's results of operations during fiscal 2002, fiscal 2001, and fiscal 2000. 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 123, the Company's net income would have been $11,381,000 ($.54 and $.51 basic and diluted net income per share, respectively) for fiscal 2002, $11,479,000 ($.58 and $.51 basic and diluted net income per share, respectively) for fiscal 2001, and $23,337,000 ($1.22 and $1.07 basic and diluted net income per share, respectively) for fiscal 2000. The SFAS 123 pro forma disclosures for fiscal 2001 and fiscal 2000 have been restated to give affect to the actual number of options that vested in the respective fiscal years.

The estimated weighted average fair value of options granted was $8.03 per share for Common Stock and $5.89 per share for Class A Common Stock in fiscal 2002, $11.23 per share for Common Stock and $8.94 per share for Class A Common Stock in fiscal 2001, and $9.15 per share for Common Stock and $8.95 per share for Class A Common Stock in fiscal 2000.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model based on the following weighted average assumptions for each of the three fiscal years ended October 31:

	2002		2001		2000	
	Common Stock	Class A Common Stock	Common Stock	Class A Common Stock	Common Stock	Class A Common Stock
Expected stock price volatility......................	53.61%	52.87%	55.65%	55.47%	55.83%	55.12%
Risk free interest rate	4.51%	4.12%	5.24%	5.22%	6.22%	6.16%
Dividend yield	.25%	.32%	.30%	.34%	.31%	.33%
Expected option life (years).........................	8	8	8	8	8	8

12. NET INCOME PER SHARE

The following table sets forth the computation of basic and diluted net income per share for each of the three fiscal years ended October 31:

	2002	2001	2000
Numerator:			
Net income...	$15,226,000	$15,833,000	$26,317,000
Denominator:			
Weighted average common shares outstanding - basic..	20,912,531	19,924,962	19,114,323
Effect of dilutive stock options....................	1,571,723	2,380,403	2,794,150
Weighted average common shares outstanding - diluted	22,484,254	22,305,365	21,908,473
Net income per share - basic............................	$.73	$.79	$1.38
Net income per share - diluted..........................	$.68	$.71	$1.20
Anti-dilutive stock options excluded....................	1,301,403	644,938	1,484,318

13. 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 15% of their annual compensation as defined by the Plan. Prior to January 1, 2002, participants were able to contribute up to 10% of their annual compensation. The Company generally contributes specified percentages ranging from 25% to 50% of employee contributions up to 3% of annual pay in the Company's Common Stock or cash, as determined by the Company. Effective January 2002, the Company's match of employee contributions paid in Common Stock is based on the fair market value of the shares at the date of contribution. Prior to January 2002, the Company made matching contributions through the promissory note discussed below. 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. Employee contributions can not be invested in Company stock.

In 1992, the Company sold 987,699 shares of the Company's Common Stock and 804,975 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 was payable in nine equal annual installments, inclusive of principal and interest at the rate of 8% per annum, and a final installment due September 2002. The promissory note was fully paid off effective December 2001. As the Plan accrued each payment of principal, an appropriate percentage of stock was allocated to eligible employees' accounts in accordance with applicable regulations under the Internal Revenue Code. The unallocated shares of stock collateralized the 1992 promissory note. The per share cost to the Plan for the 1992 stock sale ($2.30 per share) was determined based on the average closing market price of the Company's stock on the twenty business days prior to the effective date of the sale. In accordance with the provisions of the Plan, the Company was obligated to make cash contributions in amounts sufficient to meet the debt service requirements on the promissory note. Principal amounts repaid on the promissory note were determined based on the value of the shares released during the preceding twelve months but could not be less than the minimum annual installments required. Dividends on allocated shares were issued to participants' accounts. Dividends on unallocated shares were held in the Plan and could be used to make note payments.

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 2002, fiscal 2001, and fiscal 2000 totaled $691,000, $493,000, and $907,000, respectively, exclusive of interest income earned on the note received from the Plan of $9,000 in fiscal 2002, $52,000 in fiscal 2001 and $168,000 in fiscal 2000.

In 1991, the Company established a Directors Retirement Plan covering its then current directors. The net assets of this plan as of October 31, 2002, 2001 and 2000 are not material to the financial position of the Company. During fiscal 2002, fiscal 2001, and fiscal 2000, $34,000, $21,000, and $62,000, respectively, was expensed for this plan.

14. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net sales:				
2002	$ 41,012,000	$ 43,001,000	$ 42,587,000	$ 45,512,000
2001	39,650,000	41,742,000	43,845,000	46,022,000
2000	47,940,000	53,548,000	53,912,000	47,509,000
Gross profit:				
2002	14,850,000	15,359,000	14,936,000	16,357,000
2001	17,032,000	18,376,000	18,043,000	17,695,000
2000	17,858,000	19,679,000	19,679,000	18,595,000
Income from continuing operations:				
2002	2,828,000	3,970,000	2,829,000	5,599,000
2001	3,908,000	4,814,000	3,964,000	3,147,000
2000	4,015,000	4,789,000	4,721,000	14,214,000
Net income:				
2002	2,828,000	3,970,000	2,829,000	5,599,000
2001	3,908,000	4,814,000	3,964,000	3,147,000
2000	4,015,000	4,789,000	4,721,000	12,792,000
Income per share from continuing operations:				
Basic				
2002	.14	.19	.14	.27
2001	.20	.25	.19	.15
2000	.21	.25	.25	.74
Diluted				
2002	.13	.18	.13	.25
2001	.18	.22	.18	.14
2000	.18	.22	.22	.65
Net income per share:				
Basic				
2002	.14	.19	.14	.27
2001	.20	.25	.19	.15
2000	.21	.25	.25	.67
Diluted				
2002	.13	.18	.13	.25
2001	.18	.22	.18	.14
2000	.18	.22	.22	.58

Net income in the second quarter of fiscal 2002 includes an additional gain on the sale of Trilectron as referenced in Note 3. The impact of the gain was an increase to net income of $765,000 ($.03 per diluted share).

Net income in the fourth quarter of fiscal 2002 includes the recovery of a portion of taxes paid in prior years resulting from a tax audit as referenced in Note 7. The impact of the recovery was an increase to net income of $2,107,000 ($.09 per diluted share).

During the first and second quarters of fiscal 2001, the Company made certain changes in estimates due to estimated costs to complete long-term contracts accounted for under the percentage-of-completion method being lower than originally projected. The change in estimates increased net income and diluted net income per share by $200,000 ($.01 per diluted share) and $400,000 ($.02 per diluted share) in the first and second quarters of fiscal 2001, respectively. Changes in estimates did not have a significant impact on net income and diluted net income per share in the third and fourth quarters of fiscal 2001 or in any quarter during fiscal 2002 and fiscal 2000.

Income from continuing operations in the fourth quarter of fiscal 2000 includes the gain on sale of Trilectron and write-off of certain receivables referenced in Notes 3 and 16, respectively. The impact of the gain and the write-off was an increase of $10,542,000 ($.48 per diluted share) and a decrease of $651,000 ($.03 per diluted share), respectively, to income from continuing operations in the fourth quarter of fiscal 2000. Net income in the fourth quarter of fiscal 2000 also includes the adjustment to gain on sale of discontinued operations referenced in Note 4, which reduced net income by $1,422,000 ($.07 per diluted share).

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

15. OPERATING SEGMENTS

The Company has two operating segments: the Flight Support Group (FSG) consisting of HEICO Aerospace and its subsidiaries and the Electronic Technologies Group (ETG), consisting of HEICO Electronic and its subsidiaries. See Note 1 for the list of operating subsidiaries aggregated in each reportable operating segment. The FSG designs and manufactures FAA-approved replacement parts, provides FAA-authorized repair and overhaul services and provides subcontracting services to OEMs in the aviation industry and the U.S. Government. The ETG designs and manufactures commercial and military power supplies, circuit board shielding, laser and electro-optical products and infrared simulation and test equipment and repairs and overhauls aircraft electronic equipment primarily for the aerospace, defense and electronics industries.

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(1)		Other, Primarily Corporate and Intersegment	Consolidated Totals
	FSG	ETG		
For the year ended October 31, 2002:				
Net sales	$120,097,000	$ 52,510,000	($ 495,000)	$172,112,000
Depreciation and amortization	3,012,000	1,213,000	307,000	4,532,000
Operating income	15,846,000	11,873,000	(5,319,000)	22,400,000
Total assets	219,903,000	103,260,000	13,169,000	336,332,000
Capital expenditures	3,083,000	1,969,000	801,000	5,853,000
For the year ended October 31, 2001:				
Net sales	$132,459,000	$ 38,800,000	$ --	$171,259,000
Depreciation and amortization	7,641,000	2,648,000	299,000	10,588,000
Operating income	27,454,000	7,835,000	(4,298,000)	30,991,000
Total assets	213,001,000	101,817,000	10,822,000	325,640,000
Capital expenditures	4,916,000	1,281,000	730,000	6,927,000
For the year ended October 31, 2000:				
Net sales	$119,304,000	$ 83,605,000	$ --	$202,909,000
Depreciation and amortization	6,808,000	2,762,000	205,000	9,775,000
Operating income	29,621,000	12,464,000	(4,162,000)	37,923,000
Total assets	197,442,000	54,997,000	29,293,000	281,732,000
Capital expenditures	7,301,000	1,360,000	4,000	8,665,000

(1) During fiscal 2002, one of the Company's subsidiaries formerly included in the Electronic Technologies Group (ETG) was reclassified to the Flight Support Group (FSG). Prior period results have been retroactively restated to reflect the revised segment classification.

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 $51,061,000 in fiscal 2002, $46,014,000 in fiscal 2001 and $56,626,000 in fiscal 2000.

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

Accounts receivable are composed of the following:

	As of October 31, 2002	As of October 31, 2001
Accounts receivable	$ 30,029,000	$ 32,415,000
Less: Allowance for doubtful accounts	(1,622,000)	(909,000)
Accounts receivable, net ..	$ 28,407,000	$ 31,506,000

In fiscal 2002, fiscal 2001, and fiscal 2000, the Company wrote off receivables aggregating to $813,000, $577,000 and $1,312,000, respectively, as a result of bankruptcy filings by certain customers. The charges are included in selling, general and administrative expenses in the Consolidated Statements of Operations. The charges reduced fiscal 2002, fiscal 2001, and fiscal 2000 net income by $442,000 ($.02 per diluted share), $291,000 ($.01 per diluted share), and $651,000 ($.03 per diluted share), respectively.

Costs and estimated earnings on uncompleted percentage-of-completion contracts are as follows:

	As of October 31,	
	2002	2001
Costs incurred on uncompleted contracts	$ 4,453,000	$ 7,709,000
Estimated earnings	4,252,000	6,224,000
	8,705,000	13,933,000
Less: Billings to date	(8,551,000)	(14,770,000)
	$ 154,000	$ (837,000)
Included in accompanying balance sheets under the following captions:		
Accounts receivable, net (costs and estimated earnings in excess of billings)	$ 1,737,000	$ 234,000
Accrued expenses and other current liabilities (billings in excess of costs and estimated earnings)	(1,583,000)	(1,071,000)
	$ 154,000	$ (837,000)

During fiscal 2001, the Company made certain changes in estimates due to estimated costs to complete long-term contracts accounted for under the percentage-of-completion method being lower than originally projected. The change in estimates increased net income and diluted net income per share by $700,000 ($.03 per diluted share). Changes in estimates did not have a significant impact on net income and diluted net income per share in fiscal 2002 or fiscal 2000.

Inventories are composed of the following:

	As of October 31,	
	2002	2001
Finished products	$32,501,000	$27,791,000
Work in process	8,603,000	7,883,000
Materials, parts, assemblies and supplies	13,410,000	16,343,000
Total inventories	$54,514,000	$52,017,000

Inventories related to long-term contracts were not significant as of October 31, 2002 and 2001.

Property, plant and equipment are composed of the following:

	As of October 31,	
	2002	2001
Land	$ 2,627,000	$ 2,627,000
Buildings and improvements	20,846,000	18,380,000
Machinery and equipment	41,739,000	37,398,000
Construction in progress	1,702,000	3,566,000
	66,914,000	61,971,000
Less: Accumulated depreciation	(26,855,000)	(22,673,000)
Property, plant and equipment, net	$ 40,059,000	$ 39,298,000

Depreciation and amortization expense on property, plant, and equipment amounted to approximately $4,193,000, $3,090,000 and $3,011,000 for the years ended October 31, 2002, 2001 and 2000, respectively.

Included in the Company's property, plant and equipment is rotable equipment located at various customer locations in connection with certain repair and maintenance agreements. The rotables are stated at a net book value of $4,417,000 as of October 31, 2002. Under the terms of the agreements, the customers may cancel the agreements and purchase the equipment at specified prices. The equipment is currently being depreciated over its estimated life.

Goodwill and other intangible assets are composed of the following:

	As of October 31,	
	2002	2001
Goodwill	$ 205,213,000	$ 199,661,000
Other intangible assets	4,062,000	2,841,000
	209,275,000	202,502,000
Less: Accumulated amortization	(19,793,000)	(19,454,000)
Goodwill and other intangible assets, net	$ 189,482,000	$ 183,048,000

The following table reflects a comparison of net income and net income per share for each of the three fiscal years ended October 31, adjusted to give effect to the adoption of SFAS 142:

	2002	2001	2000
Reported net income	$15,226,000	$15,833,000	$26,317,000
Add-back after tax goodwill amortization	--	4,398,000	4,006,000
Adjusted net income	$15,226,000	$20,231,000	$30,323,000
Reported net income per share - basic	$.73	$.79	$1.38
Add-back after tax goodwill amortization	--	.23	.21
Adjusted net income per share - basic	$.73	$1.02	$1.59
Reported net income per share - diluted	$.68	$.71	$1.20
Add-back after tax goodwill amortization	--	.20	.18
Adjusted net income per share - diluted	$.68	$.91	$1.38

The changes in the carrying amount of goodwill during fiscal 2002 by segment are as follows:

	FSG	ETG	Consolidated Total
Balances as of November 1, 2001 (1)	$114,637,000	$67,441,000	$182,078,000
Goodwill acquired during the year	3,437,000	--	3,437,000
Adjustments to Goodwill	632,000	1,530,000	2,162,000
Balances as of October 31, 2002	$118,706,000	$68,971,000	$187,677,000

(1) During fiscal 2002, one of the Company's subsidiaries formerly included in the Electronic Technologies Group (ETG) was reclassified to the Flight Support Group (FSG). Balances as of November 1, 2001 have been retroactively restated to reflect the revised segment classification.

The increase in goodwill for the twelve months ended October 31, 2002 resulted primarily from the acquisition of assets and liabilities of Jetseal, Inc. in November 2001 and adjustments to the preliminary allocation of the

purchase price of other acquisitions based on updated fair value information of the assets acquired and liabilities assumed as of the dates of acquisition.

Other intangible assets subject to amortization consist primarily of licenses, loan costs, patents, and non-compete covenants. The gross carrying amount and accumulated amortization of other intangible assets was $4.1 million and $2.3 million, respectively, as of October 31, 2002. Amortization expense of other intangible assets for fiscal 2002 was $339,000. Amortization expense for the next five fiscal years is expected to be $304,000 in fiscal 2003, $289,000 in fiscal 2004, $239,000 in fiscal 2005, $117,000 in fiscal 2006, and $116,000 in fiscal 2007.

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

	As of October 31,	
	2002	2001
Accrued employee compensation	$ 4,714,000	$ 4,869,000
Accrued customer rebates and credits	3,893,000	3,418,000
Accrued expenses related to sale of product line	166,000	1,890,000
Billings in excess of costs and estimated earnings on uncompleted percentage-of-completion contracts	1,583,000	1,071,000
Other	4,579,000	5,195,000
Total accrued expenses and other current liabilities	$14,935,000	$16,443,000

Other non-current liabilities include deferred compensation of $4,624,000 and $3,983,000 as of October 31, 2002 and 2001, respectively.

Research and development expenses

Cost of sales amounts in fiscal 2002, fiscal 2001, and fiscal 2000 include approximately $9,742,000, $7,737,000 and $3,668,000, respectively, of new product research and development expenses. The expenses for fiscal 2001 and fiscal 2000 are net of $1,275,000 and $5,200,000, respectively, in reimbursements pursuant to research and development cooperation and joint venture agreements (Note 2). The reimbursements pursuant to such agreements were not significant in fiscal 2002.

Supplemental disclosures of cash flow information

Cash paid for interest was $2,407,000, $2,379,000 and $5,575,000 in fiscal 2002, fiscal 2001, and fiscal 2000, respectively. Cash paid for income taxes was $1,373,000, $18,563,000 and $10,248,000 in fiscal 2002, fiscal 2001, and fiscal 2000, respectively.

Non-cash investing and financing activities related to acquisitions, including contingent payments, for each of the three fiscal years ended October 31 is as follows:

	2002	2001	2000
Fair value of assets acquired:			
Liabilities assumed	$ 247,000	$ 468,000	$ 31,000
Less:			
Intangible assets	3,778,000	37,579,000	19,974,000
Inventories	371,000	10,882,000	1,698,000
Accounts receivable	351,000	3,147,000	1,567,000
Property, plant and equipment	258,000	8,479,000	83,000
Other assets	4,000	1,588,000	1,508,000
Cash paid, including contingent payments	$ (4,515,000)	$(61,207,000)	$(24,799,000)

As part of the consideration in connection with the sale of the Trilectron product line in fiscal 2000, the Company received an unsecured promissory note for $12.0 million that was paid in full in fiscal 2001 (Note 3). In connection with the purchase of IAS (Note 2), the Company issued 289,964 shares of HEICO Class A Common Stock then valued at $5 million and issued a $5 million note receivable guaranteed by the issued shares. Additionally, retained earnings was impacted by $31,709,000 and $17,158,000 in fiscal 2001 and fiscal 2000, respectively, as a result of the 10% stock dividends described in Note 9. There were no significant capital lease financing activities during fiscal 2002, fiscal 2001, and fiscal 2000.

17. CONTINGENCIES

Pending litigation

The Company is involved in various 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 matters will not have a significant effect on the Company's consolidated financial statements.

PART III

Item 9. Changes In and Disagreements With Accountants on Accounting and Financial Disclosure

Not applicable.

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 2002.

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 2002.

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 2002.

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 2002.

Item 14. Controls and Procedures

Evaluation of Controls and Procedures

Based upon an evaluation performed within 90 days of the date of this annual report on Form 10-K, the Company's Chief Executive Officer and its Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective (as defined in Exchange Act Rules 13a-14 and 15d-14).

Changes in internal controls

There have been no significant changes in internal controls or in other factors that could significantly affect these controls subsequent to the date of the evaluation.

PART IV

Item 15. 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:

	Page(s)
Independent Auditors' Report	29
Consolidated Balance Sheets at October 31, 2002 and 2001	30 - 31
Consolidated Statements of Operations for the years ended October 31, 2002, 2001 and 2000	32
Consolidated Statements of Shareholders' Equity and Comprehensive Income for the years ended October 31, 2002, 2001 and 2000	33
Consolidated Statements of Cash Flows for the years ended October 31, 2002, 2001 and 2000	34
Notes to Consolidated Financial Statements	35 - 56

(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		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 August 1, 2000, by and between HEICO Aviation Products Corp., N/K/A HEICO Electronic Technologies Corp. and Hobart Brothers Company (without schedules and exhibits) is incorporated by reference to Exhibit 2.1 to Form 8-K dated September 14, 2000.*
2.3	--	First Amendment to Stock Purchase Agreement, effective as of September 14, 2000, between HEICO Aviation Products Corp. N/K/A HEICO Electronic Technologies Corp. and Hobart Brothers Company is incorporated by reference to Exhibit 2.2 to Form 8-K dated September 14, 2000.*
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.*

Exhibit		Description
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 the SunBank Reimbursement Agreement dated February 28, 1994, between SunTrust Bank, South Florida, N.A. and HEICO Aerospace Corporation is incorporated by reference to Exhibit 10.4 to the Form 10-K for the year ended October 31, 1999.*
10.5	--	Amendment, dated July 20, 2000, to the SunBank Reimbursement Agreement dated February 28, 1994, between HEICO Aerospace Corporation and SunTrust Bank is incorporated by reference to Exhibit 10.5 to the Form 10-K for the year ended October 31, 2000.*
10.6	--	HEICO Savings and Investment Plan, as amended and restated effective January 1, 2002.**
10.7	--	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.*

Exhibit		Description
10.8	--	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.*
10.9	--	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.*
10.10	--	HEICO Corporation 2002 Stock Option Plan, effective March 19, 2002.**
10.11	--	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.*
10.12	--	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.*
10.13	--	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.*
10.14	--	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.*
10.15	--	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.*
10.16	--	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 is incorporated by reference to Exhibit 10.31 to the Form 10-K for the year ended October 31, 1999.*
10.17	--	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 is incorporated by reference to Exhibit 10.32 to the Form 10-K for the year ended October 31, 1999.*
10.18	--	Third Amendment, dated as of June 23, 2000, to Credit Agreement among HEICO Corporation and SunTrust Bank (formerly known as SunTrust Bank, South Florida, N.A.) as Agent dated as of July 31, 1998, is incorporated by reference to Exhibit 10.1 to Form 10-Q for the quarterly period ended July 31, 2000.*
21	--	Subsidiaries of the Company.**
23	--	Consent of Deloitte & Touche LLP.**

Exhibit		Description
99.1	--	Certification Pursuant to 18 U.S.C Section 1350, or Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**
99.2	--	Certification Pursuant to 18 U.S.C Section 1350, or Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**

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* 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 2002.

(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

Date: January 22, 2003

By: /s/ THOMAS S. IRWIN

Thomas S. Irwin
Executive Vice President
and Chief Financial Officer
(Principal Financial and
Accounting Officer)

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.

Signature	Title
/s/ LAURANS A. MENDELSON Laurans A. Mendelson	Chairman, President, Chief Executive Officer and Director (Principal Executive Officer)
/s/ SAMUEL L. HIGGINBOTTOM Samuel L. Higginbottom	Director
/s/ WOLFGANG MAYRHUBER Wolfgang Mayrhuber	Director
/s/ ERIC A. MENDELSON Eric A. Mendelson	Director
/s/ VICTOR H. MENDELSON Victor H. Mendelson	Director
/s/ ALBERT MORRISON, JR Albert Morrison, Jr.	Director
/s/ ALAN SCHRIESHEIM Alan Schriesheim	Director

CERTIFICATION

I, Laurans A. Mendelson, Chief Executive Officer of HEICO Corporation, certify that:

(1) I have reviewed this annual report on Form 10-K of HEICO Corporation;

(2) Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

(3) Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this annual report;

(4) The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the Registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) evaluated the effectiveness of the Registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

(5) The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the Registrant's ability to record, process, summarize and report financial data and have identified for the Registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal controls; and

(6) The Registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: January 22, 2003

/S/ LAURANS A. MENDELSON

Laurans A. Mendelson
Chief Executive Officer

CERTIFICATION

I, Thomas S. Irwin, Chief Financial Officer of HEICO Corporation, certify that:

(1) I have reviewed this annual report on Form 10-K of HEICO Corporation;

(2) Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

(3) Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this annual report;

(4) The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the Registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) evaluated the effectiveness of the Registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

(5) The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the Registrant's ability to record, process, summarize and report financial data and have identified for the Registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal controls; and

(6) The Registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: January 22, 2003

/S/ THOMAS S. IRWIN

Thomas S. Irwin
Chief Financial Officer

EXHIBIT INDEX

Exhibit #	Description
10.6	HEICO Savings and Investment Plan, as amended and restated effective January 1, 2002.
10.10	HEICO Corporation 2002 Stock Option Plan, effective March 19, 2002.
21	Subsidiaries of the Company.
23	Consent of Deloitte & Touche LLP.
99.1	Certification Pursuant to 18 U.S.C Section 1350, or Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.2	Certification Pursuant to 18 U.S.C Section 1350, or Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

HEICO CORPORATION

EXHIBIT 10.6

TO THE FORM 10-K

FOR THE FISCAL YEAR ENDED

OCTOBER 31, 2002

SECURITIES AND EXCHANGE COMMISSION FILE NUMBER 1-4604

Exhibit 10.6

HEICO SAVINGS AND INVESTMENT PLAN

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HEICO SAVINGS AND INVESTMENT PLAN

ARTICLE 1
INTRODUCTION

HEICO Corporation ("HEICO") adopted the HEICO Savings and Investment Plan (the "Plan") effective January 1, 1985 for the benefit of employees of HEICO and participating affiliated companies. The Plan is hereby amended and restated in its entirety effective January 1, 2002 (except for those sections of the Plan that have an alternate effective date).

The Plan is intended to be an employee stock ownership plan within the meaning of Code Section 4975(e)(7) which is designed to invest primarily in Common Stock and a stock bonus plan within the meaning of Treasury Regulation Section 1.401-1(b)(1)(iii) that is qualified under Code Section 401(a). The purposes of the Plan are (i) to encourage Employee savings by establishing a formal plan under which Employee contributions are supplemented by Employer contributions to create a flexible and competitive total compensation program for Employees, and (ii) to allow Employees the option to defer a portion of their compensation on a pre-tax basis.

ARTICLE 2
DEFINITIONS

The following terms when used herein shall have the designated meaning unless a different meaning is plainly required by the context in which the term is used:

2.01 "Accounts" shall mean the Account established and maintained by the Committee or Trustee for each Participant or his Beneficiary to which shall be allocated each Participant's interest in the Trust, and all dividends, income, gains and losses attributable thereto. Each Account shall be comprised of the sub-accounts described in Section 6.01.

2.02 "Actual Deferral Percentage" or "ADP" shall mean the ratio, expressed as a percentage, of Elective Deferral Contributions on behalf of an Eligible Employee for the Plan Year to the Eligible Employee's Compensation for the Plan Year. The Actual Deferral Percentage of each Eligible Employee shall be rounded to the nearest 100th of 1% of such Employee's Compensation. The Actual Deferral Percentage of an Eligible Employee who makes no Elective Deferral Contributions during a Plan Year is zero.

2.03 "Adjustment" shall mean, for a Valuation Date, the aggregate earnings, realized or unrealized appreciation, losses, expenses, and realized or unrealized depreciation of the Investment Fund since the immediately preceding Valuation Date.

2.04 "Affiliate" shall mean the Company and any corporation which is a member of a controlled group of corporations (as defined in Code Section 414(b)) which includes the Company; any trade or business (whether or not incorporated) which is under common control (as defined in Code Section 414(c)) with the Company; any organization (whether or not incorporated) which is a member of an affiliated service group (as defined in Code Section 414(m)) which includes the Company; and any other entity required to be aggregated with the Company pursuant to regulations under Code Section 414(o).

2.05 "Authorized Leave of Absence" shall mean that period during which the Participant is absent without Compensation and for which the Committee, in its sole discretion, has determined him to be on a "Leave of Absence" instead of having terminated his Employment. However, such discretion of the Committee shall be exercised in a nondiscriminatory manner. In all events, a Leave of Absence by reason of service in the armed forces of the United States shall end no later than the time at which a Participant's re-employment rights as a member of the armed forces cease to be protected by law; and a Leave of Absence for any other reason shall end after six (6) months, except that if the Participant resumes employment with the Employer prior thereto, the Leave of Absence shall end on such date of resumption of employment. The date that the Leave of Absence ends shall be deemed the Termination Date if the Participant does not resume employment with the Employer. In

determining a Year of Service for Accrual of Benefits, all such Leaves of Absence shall be considered periods when the Employee is a Participant.

2.06 "Average Actual Deferral Percentage" shall mean the average, expressed as a percentage, of the Actual Deferral Percentages of the Eligible Employees. The Average Actual Deferral Percentage of the Eligible Employees shall be rounded to the nearest 100th of 1%. If two or more plans maintained by the Employer or its Affiliates are treated as one plan for purposes of the nondiscrimination requirements of Code Section 401(a)(4) or the coverage requirements of Code Section 410(b) (other than for purposes of the average benefits test), all Elective Deferral Contributions that are made pursuant to those plans shall be treated as having been made pursuant to one plan.

2.07 "Average Actual Contribution Percentage" shall mean the average, expressed as percentage, of the Contribution Percentages of the Eligible Employees. The Average Actual Contribution Percentage of the Eligible Employees shall be rounded to the nearest 100th of 1%. If two or more plans maintained by the Employer or its Affiliates are treated as one plan for purposes of the nondiscrimination requirements of Code Section 401(a)(4) or the coverage requirements of Code Section 410(b) (other than for purposes of the average benefits test), all Employer Matching Contributions that are made pursuant to those plans shall be treated as having been made pursuant to one plan.

2.08 "Beneficiary" shall mean any person, including a contingent beneficiary or beneficiaries, designated by a Participant to receive benefits payable in the event of the death of a Participant; except that the Beneficiary of a Participant who is married shall be the Participant's spouse, unless such spouse consents in writing to the Participant's designation of a Beneficiary other than such spouse. Such written consent must be on a form acceptable to the Committee, delivered to the Committee, signed by the consenting spouse and notarized. Such consent shall not be required if it is established to the satisfaction of the Committee that there is no spouse or the spouse cannot be located. If no Beneficiary is designated or a designation is revoked, or if a designated Beneficiary shall not survive to receive payments due hereunder, all or a part of the Participant's Accounts which have not been distributed shall be payable to the surviving spouse of the Participant or, if there is not such surviving spouse, to the Participant's estate. The foregoing provisions shall not preclude the designation of the Beneficiary's estate or other conditional Beneficiaries in the event the first designated Beneficiary does not survive to receive full payment. A Participant may change his Beneficiary at any time by similar written designation. Any designation of a Beneficiary shall take effect upon receipt of written notice to the Committee.

2.09 "Board" shall mean the Board of Directors of HEICO Corporation.

2.10 "Code" shall mean the Internal Revenue Code of 1986, as it may be amended from time to time. A reference to a specific provision of the Code shall include such provision and any applicable Treasury Regulation pertaining thereto.

2.11 "Committee" shall mean the Committee appointed by the Board of Directors under Article 14 to administer the Plan.

2.12 "Common Stock" shall mean HEICO Corporation Common Stock that meets the requirements of Code Section 409(l).

2.13 "Company" shall mean HEICO Corporation or any successor to the HEICO Corporation by merger, consolidation, or purchase of substantially all of its assets.

2.14 "Compensation" shall mean the total base salary or wages paid by an Employer to an Employee during the Plan Year under consideration, excluding overtime pay, commissions, bonuses, incentive compensation, any amount paid in lieu of vacation days and all other items of extraordinary compensation reportable as taxable wages. Compensation also includes any elective deferrals under a cash-or-deferred arrangement or cafeteria plan that are not includible in gross income by reason of Code Section 125 or 402(e)(3), but does not include any other amounts contributed pursuant to, or received under, this Plan or any other defined contribution plan. Notwithstanding the foregoing, no amount may be taken into account as Compensation to the extent that it exceeds the maximum amount permitted by Code Section 401(a)(17).

Notwithstanding the above, effective for Plan Years beginning January 1, 1998, Compensation shall include any amount which is contributed by an Employer pursuant to a salary reduction agreement and which is not includible in the gross income of the Employee under Code Sections 125, 132(f), 402(e), 402(h) or 403(b).

Notwithstanding the above, the annual Compensation of each participant taken into account in determining allocations for any Plan Year beginning after December 31, 2001, shall not exceed $200,000, as adjusted for cost-of-living increases in accordance with section 401(a)(17)(B) of the Code. Annual Compensation means Compensation during the plan year or such other consecutive 12-month period over which compensation is otherwise determined under the plan (the determination period). The cost-of-living adjustment in effect for a calendar year applies to annual compensation for the determination period that begins with or within such calendar year.

2.15 "Contribution Percentage" shall mean the ratio, expressed as a percentage, of the sum of the after tax contributions and Employer Contributions under the Plan on behalf of an Eligible Employee for the Plan Year to the Eligible Employee's Compensation for the Plan Year. The Contribution Percentage of each Eligible Employee shall be rounded to the nearest 100th of 1% of such Employee's Compensation.

2.16 "Early Retirement Date" shall mean the later of (a) an Employee's 55th birthday or (b) the date on which he completes 10 Years of Service.

2.17 "Elective Deferral Contribution" shall mean any Employer contributions made to the Plan at the election of the Participant, in lieu of cash compensation, and shall include contributions made pursuant to a salary reduction agreement or other deferral mechanism. Elective Deferral Contributions shall be in whole percentages only. Elective Deferral Contributions shall not include any amount properly distributed as excess annual additions.

2.18 "Elective Deferral Contribution Account" shall mean the portion of a Participant's Account attributable to Elective Deferral Contributions, and the total of the Adjustments that have been credited to or deducted from a Participant's Account with respect to Elective Deferral Contributions.

2.19 "Eligible Employee" shall mean , except for those Employees identified in the following sentence, all Employees employed by an Employer. The following Employees shall not be considered Eligible Employees:

(a) Any Employee included in a collective bargaining unit for which a labor organization is recognized as collective bargaining agent unless such Employee has been designated by the Committee as an "Eligible Employee" for the purposes of this Plan;

(b) Any Employee who is employed by an Affiliate that is not an Participating Employer; or

(c) Any Employee who is a nonresident alien and who does not receive earned income form the Employer that constitutes income from sources within the United States.

2.20 "Employee" shall mean any person employed by an Employer, including a leased employee within the meaning of Code Section 414(n) and an individual who is treated as an employee pursuant to regulations issued under Code Section 414(o). An "Employee" also includes any person who would be an Employee but who is on an Authorized Leave of Absence.

2.21 "Employer" shall mean the Company and any Affiliate that has been approved by the Board to participate in the Plan and which shall have taken all action deemed necessary by the Board to participate. All references in the Plan to the term "Participating Employer" shall mean the Employer and vice versa. All Employers, groups of employees designated as participating in the Plan by such Employers (if not all employees), and the effective date of a company's designation as an Employer shall be specified in Appendix A.

2.22 "Employer Contributions" shall mean Employer Matching Contributions and Equity Builder Contributions. All references in the Plan to "Employer Account(s)" shall mean the Account(s) to which Employer Contributions are allocated thereto.

2.23 "Employer Matching Contributions" shall have the meaning as defined in Section 4.03.

2.24 "Employer Matching Contributions Account" shall mean the portion of a Participant's Account attributable to Employer Matching Contributions, and the total of the Adjustments that have been credited to or deducted from a Participant's Account with respect to Employer Matching Contributions.

2.25 "Employment" shall mean the active service of an Employee with the Employer or an Affiliate.

2.26 "Entry Date" shall mean the January 1 and July 1 of the Plan Year.

2.27 "ERISA" shall mean Public Law 93-406, the Employee Retirement Income Security Act of 1974, as it may be amended from time to time.

2.28 "Equity Builder Contributions" shall mean contributions that are made by an Employer on behalf of a Participant that is designated as an Equity Builder Contribution, pursuant to Section 4.03(b), and is not take into account under the tests described in Article 7.

2.29 "Equity Builder Contributions Account" shall mean the portion of a Participant's Account attributable to Equity Builder Contributions, and the total of the Adjustment that have been credited to or deducted from a Participant's Account with respect to such Equity Builder Contributions.

2.30 "Excess Aggregate Contributions" shall mean the amount described in Section 7.02(e).

2.31 "Excess Contributions" shall mean the amount described in Section 7.01(d).

2.32 "Excess Deferral Amount" shall mean the amount described in Section 4.01(c).

2.33 "Highly Compensated Employee" shall mean, effective for Plan Years beginning January 1, 1997:

(a) Any Employee who (i) was a five (5) percent owner at any time during the Plan Year or the preceding Plan Year, or (ii) for the preceding Plan Year received compensation in excess of $80,000 (adjusted at the same time and in the same manner as under Code Section 415(d)).

(b) A former Employer if the former Employee separated from service from an Employer and all Affiliates (or is deemed to have separated from service from the Employer and all Affiliates) prior to the determination year, performed no services for an Employer during the determination year, and was a highly

compensated active employee during the separation year or any determination year ending on or after the date the Employee attains age 55.

(c) The determination of who is a Highly Compensated Employee hereunder, including the determination as to the number and identity of employees in the top paid group, and the compensation considered shall be made in accordance with the provisions of Code Section 414(q) and the regulations issued thereunder.

(e) For purposes of this Section 2.33, the following terms shall have the following meanings:

(i) Compensation shall mean all compensation within the meaning of Code Section 414(s), including elective amounts that are not includible in the gross income of the Employee under Code Section 125, 132(f)(4), 402(e)(3), 402(h), or 403(b).

(ii) 5 Percent Owner shall mean any Employee who owns or is deemed to own (within the meaning of Code Section 318), more than five percent (5%) of the value of outstanding stock of the Employer or stock possessing more than five percent (5%) of the total combined voting power of the Employer.

2.34 "Hour of Service" shall mean:

(a) Each hour for which an Employee is paid, or entitled to payment, for performance of duties for performance of duties for an Employer or Employers.

(b) Each hour for which an Employee is paid, or entitled to payment, by an Employer or Employers, on account of a period of time during which no duties are performed (irrespective of whether the employment relationship is terminated) due to vacation, holiday, illness, incapacity, layoff, jury duty, military duty, or leave of absence; provided that in no event, shall an Employee receive credit for more than 501 Hours of Service for any single continuous period of non-working time.

(c) Each hour for which an Employee is absent from work by reason of (i) the pregnancy of the Employee, (ii) the birth of a child of the Employee, (iii) the placement of a child with the Employee in connection with the adoption of the child by the Employee, or (iv) the caring for a child referred to in Sections (i) through (iii) immediately following birth or placement. Hours credited under this Section shall be credited at the rate

of eight (8) hours per day, but shall not, in the aggregate, exceed the number of hours required to prevent the Employee from incurring a One-Year Break in Service (a maximum of 501 hours) during the first computation period in which a One-Year Break in Service would otherwise occur; provided, however, that this rule shall apply only during the Plan Year in which the absence from work begins and the immediately following Plan Year.

(d) Each hour for which back pay, irrespective of mitigation of damages, is either awarded or agreed to by an Employer or Employers. These hours shall be credited to the Employee for the computation period or period to which the award or agreement pertains, rather than the computation period in which the award, agreement, or payment is made.

(e) In lieu of the foregoing, an Employee who is not compensated on an hourly basis (such as salary and commission employees) shall be credited with 45 Hours of Service for each week (or 10 Hours of Service for each day) in which such Employee would be credited with Hours of Service in hourly pay. However, this method of computing Hours of Service may not be used for any Employee whose Hours of Service is required to be counted and recorded by an federal law, such as the Fair Labor Standards act. Any such method must yield an equivalency of at least 1,000 hours per computation.

(f) The following rules shall apply in determining whether an Employee completes an "Hour of Service:

(1) The same hours shall not be credited under Sections (a) or (b) above, as the case may be, and Sections (c) above.

(2) The rules relating to determining hours of service for reasons other than the performance of duties and for crediting hours of service to particular periods of employment shall be those rules stated in Department of Labor regulations Title 29, Chapter XXV, subchapter C, part 2530, Sections 200b-2(b) and 200(b)-2(c), respectively.

2.35 "Investment Fund" shall mean the separate funds under the Trust Fund that are distinguished by their investment objectives.

2.36 "Investment Manager" shall mean the term "Investment Manager" as defined in section 3(38) of ERISA.

2.37 "Non-Highly Compensated Employee" shall mean an Employee of the Employer who is not a Highly Compensated Employee.

2.38 "Normal Retirement Age" shall mean the date a Participant attains age sixty-five (65).

2.39 "One Year Break in Service" shall mean, with respect to any Employee or Participant, any Computation Period during which he is not credited with 500 Hours of Service.

2.40 "Participant" shall mean an Employee who becomes eligible to participate in the Plan as provided in Article 3.

(a) For purposes of Article 7, a Participant shall mean any Eligible Employee who (i) is eligible to receive an allocation of an Employer Matching Contribution, even if no Employer Matching Contribution is allocated due to the Eligible Employee's failure to make a required Elective Deferral Contribution, (ii) is eligible to make an Elective Deferral Contribution, including an Eligible Employee whose right to make Elective Deferral Contributions has been suspended because of an election not to participate or a hardship distribution, and (iii) is unable to receive an Employer Matching Contribution or make an Elective Deferral Contribution because his Compensation is less than a stated amount.

2.41 "PAYSOP Account" shall mean the portion of a Participant's Account attributable to contributions formerly made to the Plan under the provisions of the Code relating to PAYSOP plans. Effective January 1, 2002, the PAYSOP Account will merge with and into the Equity Builder Account.

2.42 "Plan" shall mean the HEICO Savings and Investment Plan.

2.43 "Plan Year" shall mean the calendar year.

2.44 "Rollover Contributions" shall mean:

(a) amounts transferred to this Plan directly from another qualified plan;

(b) lump sum distributions received by an Employee from another qualified plan which are eligible for tax-free rollover treatment and which are transferred by the Employee to this Plan within sixty (60) days following his receipt thereof;

(c) amounts transferred to this Plan from a conduit individual retirement account, provided that such account has no assets other than assets which were previously distributed to the Employee by another qualified plan; and further

provided that such amounts met the applicable requirements of Code section 408(d)(3) for rollover treatment on transfer to the conduit individual retirement account; and

(d) amounts distributed to an Employee from a conduit individual retirement account meeting the requirements of Section (c) above which are transferred by the Employee to this Plan within sixty (60) days of his receipt from such account.

2.45 "Rollover Contribution Account" shall mean the portion of a Participant's Account attributable to Rollover Contributions, and the total of the Adjustments which have been credited to or deducted from a Participant's Account with respect to Rollover Contributions.

2.46 "Termination of Employment" shall mean a Participant's separation from employment by reasons of retirement, death, or termination for any other reason. Transfer of employment among Affiliates will not be considered a termination of employment with any Employer. Termination of Employment will occur for all purposes of the Plan when an Employee is no longer an Employee of any Employer or Affiliate.

2.47 "Total and Permanent Disability" or "Disability" shall mean the mental or physical incapacity of an Employee that, in the opinion of a licensed physician approved by the Committee, renders him or her totally and permanently incapable of engaging in any occupation or employment for remuneration or profit, except for the purpose of rehabilitation not incompatible with a finding of disability. For the purposes of this Plan, Disability does not include any incapacity arising from (a) chronic or excessive use of intoxicants, drugs or narcotics, (b) intentionally self-inflicted injury or self-induced sickness, (c) any unlawful act of the Participant, or (d) military service, if the Participant is eligible to receive a military disability pension.

2.48 "Trust Agreement" shall mean the agreement and any amendments thereto entered into between the Company and the Trustee to establish the Trust Fund and specify the duties of the Trustee and the Company.

2.49 "Trust Fund" or "Trust" shall mean the cash and other properties held and administered by the Trustee pursuant to the Trust Agreement to carry out the provisions of the Plan.

2.50 "Trustee" shall mean the designated trustee acting at any time under the Trust Agreement.

2.51 "Qualified" as used in "qualified plan" or "qualified trust" shall mean a plan and trust which are entitled to the tax benefits provided respectively by Code Sections 401 and 501 and by related provisions of the Code.

2.52 "Valuation Date" shall mean the last day of each calendar quarter and any other date as of

which the value of Plan assets is determined.

2.53 "Year of Service" shall mean any Computation Period during which an Employee is credited with at least 1,000 Hours of Service.

(a) For purposes of applying the vesting rules a Year of Service shall mean any Computation Period a Participant is credited with 1,000 Hours of Service with an Employer or Affiliate. An Employee will receive credit for a Year of Service as of the end of the Computation Period if the Employee completes the required Hours of Service during such period, even if the Employee is not employed for the entire period.

(b) The term "Computation Period" for purpose of this Section 2.53 shall mean the 12-month period commencing on the date an Employee is first credited with an Hour of Service and each subsequent 12-month period commencing on the anniversary of such date.

(c) In the case of a Participant who has five (5) consecutive One Year Breaks in Service, all Years of Service after such period of break will be disregarded for the purpose of vesting in the portion of the Participant's Employer Accounts that was credited before such period of break.

(d) If a Participant has five (5) consecutive One Year Breaks in Service and had no vested interest in his Employer Accounts prior to the period of break, all Years of Service credited before the period of break shall be permanently disregarded for all purposes under the Plan.

ARTICLE 3
ELIGIBILITY AND PARTICIPATION

3.01 Participation in the Plan

(a) An Eligible Employee shall become a Participant in (and thereupon be permitted to make Elective Deferral Contributions) the Plan on the Entry Date coincident with or next following the later of (i) the date the Employee is credited with One Hour of Service, or (ii) the date the Employee becomes an Eligible Employee, if he was not an Eligible Employee.

(b) Prior to becoming a Participant, each Eligible Employee shall be provided an opportunity to designate the percentage of his Compensation to be contributed to the Plan under Section 4.01. Any such designation shall become effective as of the date such Employee becomes a Participant in accordance with Section 3.01(a)

above, provided the designation is made in the manner authorized by the Plan Administrator.

(c) A Participant who has a Termination Date or who ceases to be an Eligible Employee but does not have a Termination Date, then such Participant shall continue to be known as a "Participant", but shall not be eligible to make Elective Deferral Contributions and shall not be eligible to receive Employer Contributions.

(d) If an Employee's termination of Employment occurs after becoming a Participant and having a vested balance in his Account, such Employee shall become a Participant again on his date of rehire.

3.02 Rollover Contributions

An Eligible Employee who has not otherwise become a Participant may make a Rollover Contribution to the Plan before he is otherwise eligible to Participate in the Plan. Such an Employee becomes a Participant if he makes a Rollover Contribution. However, until his Entry Date, such an Employee will not be eligible to make Elective Deferral Contributions or receive an allocation of Employer Contributions.

3.04 Acquisitions

If a group of persons becomes employed by an Employer (or any of its subsidiaries or divisions) as a result of an acquisition of another employer, the Committee shall determine the applicable Entry Date or special entry date for such acquired employees, and any other terms and conditions which apply to participation in this Plan. Except to the extent required by law or provided for by the Committee, employees of an acquired business shall be treated as having first accrued an Hour of Service as of the date of the Employer's acquisition of such business.

ARTICLE 4
CONTRIBUTIONS

4.01 Elective Deferral Contributions

(a) Each Employer shall contribute to the Trust, on behalf of each Participant, Elective Deferral Contributions as specified in a salary reduction agreement between the Participant and such Employer; provided, however, that such contribution for a Participant shall not exceed the lesser of (i) $10,500 (as adjusted in the manner described in Code Section 402(g)(5) for the calendar year (including any other elective deferrals within the meaning of Code Section 402(g)(3) in the case of all

other plans, contracts, or arrangements of the Employer)) with respect to any calendar year, or (ii) 15% of the Participant's Compensation for such Plan Year.

(b) Notwithstanding any other provision of the Plan, Excess Deferral Amounts and income allocable thereto shall be distributed no later than the April 15th immediately following the end of the applicable Plan Year. A distribution pursuant to this Section 4.01(b) of Excess Deferral Amounts and income, gains and losses allocable thereto shall be made without regard to any consent otherwise required under Section 10.01(c) or any other provision of the Plan. A distribution pursuant to Section 4.01(b) of Excess Deferral Amounts and income, gains and losses allocable thereto shall not be treated as a distribution for purposes of determining whether a distribution required by Section 10.06 is satisfied. Any distribution under this Section 4.01(b) of less than the entire Excess Deferral Amount and income, gains and losses allocable thereto shall be treated as a pro rata distribution of Excess Deferral Amounts and income, gains and losses allocable thereto. In no case may an Employee receive from the Plan as a corrective distribution for a taxable year under Section 4.01(b) an amount in excess of the individual's total Elective Deferral Contributions under the Plan for the taxable year.

(c) "Excess Deferral Amount" shall mean those Elective Deferral Contributions that are includable in a Participant's gross income under Code Section 402(g) to the extent such Participant's Elective Deferral Contributions for a taxable year exceed the dollar limitation under Code Section 402(g). If an Excess Deferral Amount is not distributed by the first April 15 following the close of the Participant's taxable year, such amount shall be treated as an annual addition under the Plan.

(d) The Participant's notice made pursuant to Section 4.01(b) shall be in writing; shall be submitted to the Committee no later than March 1 with respect to the preceding calendar year; shall specify the Participant's Excess Deferral Amount for the preceding calendar year; and shall be accompanied by the Participant's written statement that if such amounts are not distributed, such Excess Deferral Amount, when added to amounts deferred under other plans or arrangements described in Code Sections 401(k), 408(k), or 403(b), exceeds the limit imposed on the Participant by Code Section 402(g) for the calendar year in which the deferral occurred. A Participant is deemed to notify the Committee of any Excess Deferral Amount that arises by taking into account only those Elective Deferral Contributions made to this Plan and any other plans of this Employer or an Affiliate.

(e) The Excess Deferral Amount shall be adjusted for income or loss. The income or loss allocable to the Excess Deferral Amount is equal to the allocable income or loss for the taxable year of the individual as follows:

The income or loss allocable to the Excess Deferral Amount for the taxable year of the individual is equal to the income or loss for the taxable year of the individual allocable to the Participant's Elective Deferral Contributions multiplied by a fraction, the numerator of which is such Participant's Excess Deferral Amount for the taxable year, and the denominator of which is equal to the sum of the Participant's Elective Deferral Account as of the beginning of the taxable year, plus the Participant's Elective Deferral Contributions for the taxable year.

(f) The Excess Deferral Amount, which may be distributed under Section 4.01(b) with respect to an Employee for a taxable year, shall be reduced by any Excess Contributions previously distributed with respect to such Employee for the Plan Year beginning with or within such taxable year. In the event of a reduction under this Section 4.01(f), the amount of Excess Contributions included in the gross income of the Employee and reported by the Employer as a distribution of Excess Contributions shall be reduced by the amount of the reduction under this Section 4.01(f).

4.02 Elections Regarding Elective Deferral Contributions

(a) A Participant may elect to change his Elective Deferral Contribution amount as often as four times a year by filing a completed election form with the Committee. Any change a Participant makes will be effective as of March 31, June 30, September 30 or December 31 provided that the Participant files his election form at least 15 days before such March 31, June 30, September 30 or December 31.

(b) A Participant may suspend further Elective Deferral Contributions to the Plan at any time, provided the request for such suspension is received by the Committee at least 15 days from the first pay period for which the suspension applies. Any Participant who suspends further Elective Deferral Contributions may reinstate such Elective Deferral Contributions at the beginning of the next calendar quarter by providing notice to the Committee at least 15 days prior to the beginning of the calendar quarter to which the reinstatement will apply.

4.03 Employer Contributions

(a) Employer Matching Contributions. Each Employer shall contribute Employer Matching Contributions as provided for in this Section 4.03(a). Employer Matching Contributions will be made at the end of each calendar quarter on behalf of any Participant for whom an Employer makes Elective Deferral Contributions. A Participant's Employer Matching Contributions is a percentage of his Elective Deferral Contributions, as fixed by the Board of Directors from time to time at its sole discretion. The Employer Matching Contribution percentage may vary (a) among Participants employed by different Employers; or (b) with the Participant's

rate of deferral, but must be uniform for Participants with equal rates of Elective Deferral Contributions and may not increase as the rate of Elective Deferral Contributions increases.

(b) Equity Builder Contributions. Each Employer may contribute Equity Builder Contributions as provided for in this Section 4.03(b). Each Participant's share of Equity Builder Contributions for a Plan Year is determined by multiplying (a) the total Equity Builder Contributions to be allocated among all Participants' Accounts by (b) the Participant's Compensation for the Plan Year and dividing the result by (c) the Compensation paid for the Plan Year to all Participants eligible for an allocation. Only Compensation paid by Employers on account of service while a Participant is taken into account. A Participant's share of Equity Builder Contributions shall be in an amount as fixed by the Board of Directors from time to time at its sole discretion.

(c) Eligibility to Receive Employer Matching Contributions and Equity Builder Contributions. Employer Matching Contributions and Equity Builder Contributions, if any, shall be allocated to the Employer Accounts of Participants based on the following:

(1) Employer Matching Contributions shall be allocated among and credited to the Employer Matching Contributions Account of Participants who are credited with 1,000 Hours of Service during the Plan Year with an Employer or who had a termination of employment during the Plan Year because of death, Disability or the attainment of Normal Retirement Age.

(2) Equity Builder Contributions shall be allocated among and credited to the Equity Builder Contributions Account of Participants who are credited with 1,000 Hours of Service during the Plan Year with an Employer and is employed on the last day of such Plan Year.

4.04 After-Tax Contributions.

Participants shall not be permitted to make after-tax contributions to the Plan.

4.05 Rollover Contributions

An Eligible Employee may make a Rollover Contribution to this Plan, provided, however, that the trust from which the funds are to be transferred must permit the transfer to be made, and provided, further, the Committee consents to such transfer and is reasonably satisfied that such transfer will not jeopardize the tax exempt status of this Plan or Trust. Rollover Contributions shall be made by delivery to the Trustee for deposit in the Trust. All Rollover Contributions must be in cash or property satisfactory to the Trustee, whose decision in this

regard shall be final. The Trustee will not accept rollovers of accumulated deductible employee contributions from a simplified employee pension plan. Upon approval by the Committee and the Trustee, the amount transferred shall be deposited in the Trust and shall be credited to the Participant's Rollover Account. A Rollover Contribution will not be matched by Employer Contributions, and is not subject to the restrictions provided in Section 4.01 or the limitations described in Article 5 and Article 7.

4.06 Form and Timing of Contributions

(a) Elective Deferral Contributions shall be deducted by the Employer from the Participant's Compensation and paid to the Trustee as promptly as possible after the end of each regular pay period but in no event later than 15 days after the end of the month in which such Elective Deferral Contributions are retained by the Employer.

(b) All Employer Contributions for the purpose of paying or prepaying principal, interest or fees on Plan Indebtedness related to Financed Stock, as defined in Article 12, must be made in cash. All other Employer Contributions may be made in cash, Company Stock or other property, in the contributing Employer's discretion. All Employer Contributions, whether in cash, Company Stock, or other property, are contingent upon acceptance by the Trustee and a determination that the contributions will not jeopardize the qualified status of this Plan.

(c) All Employer Contributions shall be paid to the Trustee on or before the time required by law for filing the Employer's federal income tax return (including extensions) for its taxable year in or with which the Plan Year with respect to which the contribution is made ends.

4.07 Nondeductible contributions and contributions made by mistake of fact

Any contribution or portion of a contribution to the Plan that (a) is determined to be nondeductible under Code Section 404 or (b) is made as a result of a mistake of fact may be reclaimed by the appropriate Employer within one year after the date of the disallowance of the deduction or the making of the mistaken contribution.

4.08 Forfeitures.

(a) As of each December 31st any amounts, which became Forfeitures since the last December 31st shall first be made available to reinstate previously forfeited Account balances of Participants, if any, in accordance with Section 8.03. The remaining Forfeitures, if any, may be used to pay administrative expenses of the Plan and the remainder, if any, may be used to reduce Employer Matching Contributions and/or Equity Builder Contributions that Employers would otherwise make on behalf of their Participants in the next Plan Year and each succeeding Plan Year.

(b) The term "Forfeiture" shall mean the amount of a Participant's nonvested Account balance which is forfeited as provided for in Article 8, or any excess Employer Matching Contributions forfeited in accordance with Article 7. The portion of a Participant's Accounts that are not distributable to him by reason of the provisions Article 7 or Article 8 shall be credited to a Forfeiture Account. The value of the Forfeiture Account shall be the market value as determined on each Valuation Date.

4.09 Investment Funds

The Trustee will establish a Company Stock Fund for the investment of Plan assets in Common Stock. The Committee may direct the Trustee to establish other Investment Funds within the Trust and to permit Participants to direct the allocation of their Account balances among these Investment Funds in accordance with rules prescribed by the Committee. The Committee may alter the available Investment Funds or the procedures for allocating Account balances among them at any time.

4.10 Investment of Contributions

Contributions made by a Participant pursuant to Sections 4.01 and 4.05 shall be remitted to the Trustee for investment in the Investment Fund selected by each Participant in accordance with rules prescribed by the Committee. Such contributions shall not be invested in the Company Stock Fund. Contributions, other than Elective Deferral Contributions, made by the Employer on behalf of a Participant shall be invested in the Company Stock Fund.

ARTICLE 5
MAXIMUM BENEFITS

5.01 Limitation on Annual Additions

(a) Notwithstanding any other provisions of the Plan, for Plan Years beginning January 1, 1998, the sum of the Annual Additions to a Participant's Accounts, when combined with Annual Additions to the Participant's account under all other qualified plans maintained by the Employer, for any Plan Year shall not exceed the lesser of $30,000, or 25% of such Participant's compensation (as such term is defined in Code Section 415(c)(3)). The term Annual Additions to a Participant's Accounts for any Plan Year means the sum of:

(1) such Participant's allocable share of the Employer Contributions for the Plan Year;

(2) such Participant's Elective Deferral Contributions for the Plan Year;

(3) forfeitures allocated to such Participant's account; and

(4) amounts described in Code Sections 415(l)(1) and 419A(d)(2).

The 25% limitation shall not apply to (i) any contribution for medical benefits (within the meaning of Code Section 419A(f)(2)) after separation from service which is otherwise treated as an Annual Addition, (ii) any amount otherwise treated as an Annual Addition under Code Section 415(l)(1), or (iii) any amount treated as a Rollover Contribution. Elective Deferral Contributions, and Employer Contributions do not fail to be Annual Additions merely because such contributions are Excess Deferral Amounts, Excess Contributions or Excess Aggregate Contributions or merely because such Excess Deferral Amounts, Excess Contributions and Excess Aggregate Contributions are corrected through distribution.

(b) If it is determined that, but for the limitations contained in Section (a) of this Section 5.01, the Annual Additions to a Participant's Accounts for any Plan Year would be in excess of the limitations contained herein, such Annual Additions shall be reduced to the extent necessary to bring such Annual Additions within the limitations contained in Section (a) of this Section 5.01 in the following order:

(1) First, if the Participant's Annual Additions exceed the maximum permissible amount as a result of (i) a reasonable error in estimating the Participant's Compensation, (ii) a reasonable error in estimating the amount of Elective Deferral Contributions that the Participant could make under Code Section 415, or (iii) other facts and circumstances that the Internal Revenue finds justifiable, the Committee may direct the Trustee to return to the Participant his Elective Deferral Contributions for such Plan year to the extent necessary to reduce the excess amount. Such returned Elective Deferral Contributions shall be ignored in performing the discrimination tests of Article 7.

(2) Second, any excess annual additions still remaining after the return of Elective Deferral Contributions shall be reallocated as determined by the Committee among the Participants whose Accounts have not exceeded the limit in the same proportion that the Compensation of each such Participant bears to the Compensation of all such Participants. If such reallocation would result in an addition to another Participant's Account, which exceeds the permitted limit, that excess shall likewise be reallocated among the Participants, whose Accounts do not exceed the limit. However, if the allocation or reallocation of the excess amounts pursuant to these provisions causes the limitations of Code Section 415

to be exceeded with respect to each Participant for the limitation year, then any such excess shall be held unallocated in a 415 Suspense Account. If the 415 Suspense Account is in existence at any time during the limitation year, other than the limitation year described in the preceding sentence, all amounts in the 415 Suspense Account shall be allocated and reallocated to Participant's Accounts (subject to the limitations of Code Section 415) before any Contributions which would constitute annual additions may be made to the Plan for that limitation year.

(3) If a Participant is covered under another qualified defined contribution plan maintained by an Employer during any limitation year, the annual additions which may be credited to a Participant's Account under this Plan for any such limitation year shall not exceed the maximum permissible amount reduced by the annual additions credited to a Participant's account under all such plans for the same limitation year. If a Participant's annual additions under this Plan and such other plans would result in an excess amount for a limitation year, the excess amount will be deemed to consist of the annual additions last allocated (and for this purpose, Employer Contributions shall be deemed to be allocated after Elective Deferral Contributions). In an excess amount is allocated to a Participant on an allocation date of this Plan which coincides with an allocation date of another plan, the excess amount attributed to this Plan will be the product of

(a) The total excess amount as of such date, times

(b) The ratio of (i) the annual additions allocated to the Participant for the limitation year as of such date under this Plan to (ii) the total annual additions allocated to the Participant for the limitation year as of such date under this Plan and all the qualified defined contribution plans maintained by the Employer.

Any excess amount attributed to this Plan will be disposed in the manner described in this Section 5.01.

(c) Effective for Plan Years beginning prior to January 1, 2000, if the Employer maintains, or at any time maintained, a qualified defined benefit plan covering any Participant in this Plan, the sum of the Participant's defined benefit fraction and defined contribution fraction will not exceed 1.0 in any limitation year. The Annual Additions which may be credited to the Participant's Account under this Plan for any limitation year are limited as follows: if the Participant's defined benefit fraction and defined contribution fraction would otherwise exceed 1.0, the

Participant's accruals under the defined benefit plan will be reduced to the extent necessary to prevent such combined fraction from exceeding 1.0 before any Annual Additions to this Plan or any other defined contribution plan maintained by Employer or its Affiliates are reduced.

(3) The term "defined benefit fraction" means a fraction, the numerator of which is the sum of the Participant's projected annual benefits under all the defined benefit plans (whether or not terminated) maintained by the Employer or its Affiliates, and the denominator of which is the lesser of 125% of the dollar limitation determined for the limitation year under Code Sections 415(b) and (d) or 140% of the highest average compensation, including any adjustments under Code Section 415(b).

(4) The term "defined contribution fraction" means a fraction, the numerator of which is the sum of the annual additions to the Participant's account under all the defined contribution plans (whether or not terminated) maintained by the Employer for the current and all prior limitation years (including the annual additions attributable to the Participant's nondeductible employee contributions to all defined benefit plans, whether or not terminated, maintained by the Employer, and the annual additions attributable to all welfare benefit funds, as defined in Code Section 419(e), individual medical accounts, as defined in Code Section 415(l)(2), maintained by the Employer and simplified employee pensions maintained by the Employer), and the denominator of which is the sum of the maximum aggregate amounts for the current and all prior limitation years of service with the Employer (regardless of whether a defined contribution plan was maintained by the Employer). The maximum aggregate amount in any limitation year is the lesser of 125% of the dollar limitation determined under Code Sections 415(b) and (d) in effect under Code Section 415(c)(1)(A) or 35% of the Participant's compensation for such year.

(d) For purposes of this Article, Employer shall mean the employer that adopts this Plan, and all members of a controlled group of corporations (as defined in Code Section 414(b) as modified by Code Section 415(h)), all commonly controlled trades or businesses (as defined in Code Section 414(c) as modified by Code section 415(h), or affiliated service groups (as defined in Code Section 414(m)) of which the adopting Employer is a part, and any other entity required to be aggregated with the Employer pursuant to regulations under Code Section 414(o).

5.02 Increase in Limitations on Annual Additions

Notwithstanding anything contained in Section 5.01 to the contrary, effective for Plan Years beginning January 1, 2002, the Annual Addition that may be contributed or allocated to a Participant's Account under the Plan for any limitation year shall not exceed the lesser of:

(a) $40,000, as adjusted for increases in the cost-of-living under Code Section 415(d), or

(b) 100 percent of the Participant's compensation, within the meaning of Code section 415(c)(3), for the limitation year. The compensation limit referred to in (b) shall not apply to any contribution for medical benefits after separation from service (within the meaning of Code Section 401(h) or 419(f)(2)) that is otherwise treated as an Annual Addition.

ARTICLE 6
ACCOUNTS AND ALLOCATIONS

6.01 Participant Accounts

(a) A separate Account shall be maintained for each Participant, or Beneficiary, so long as he has an interest in the Trust Fund.

(b) Sub-Accounts. Each Account shall be divided (as appropriate) into the following parts and sub-parts:

(1) The Elective Deferral Contributions Account, which shall reflect Elective Deferral Contributions contributed to this Plan and any Adjustments thereto.

(2) The Matching Contributions Account, which shall reflect Matching Contributions contributed to this Plan and any Adjustments thereto.

(3) The Equity Builder Contributions Account, which shall reflect Equity Builder Contributions contributed to this Plan and any Adjustments thereto.

(4) The Prior Employer Account, as defined in Appendix B, which shall reflect assets transferred to this Plan directly from a trustee of another Qualified plan to the Trustee of this Plan (and Adjustments thereto).

(5) The Rollover Account, which shall reflect the value of all investments derived from the Participant's Rollover Contributions under this Plan and any Adjustments thereto.

In addition, the Committee may divide such sub-accounts into such additional sub-portions as the Committee deems to be necessary or advisable under the circumstances or to establish other accounts or sub-accounts as needed.

6.02 Value of Account as of Valuation Date

As of each Valuation Date, each Participant's Account shall equal:

(1) His total Account as determined on the immediately preceding Valuation Date, plus

(2) His Elective Deferral Contributions added to his Account since the immediately preceding Valuation Date, plus

(3) His Employer Contributions added to his Account since the immediately preceding Valuation Date, plus

(4) His Rollover Contributions which were added to his Account since the immediately preceding Valuation Date, minus

(5) His Distributions, if any, since the immediately preceding Valuation Date, plus or minus

(6) His allocable share of Adjustments.

6.03 Allocation of Adjustments

On each Valuation Date during the Plan Year (and prior to the allocation of Employer Contributions), the Committee shall establish new Account balances that shall reflect each Account's Adjustment since the preceding Valuation Date. In determining such new Account balances, the Committee shall (i) credit the portion of each Participant's Account invested in each of the Investment Funds with interest in a manner consistent with the method used to credit interest by the institution in which the Investment Funds are invested or (ii) adjust the portion of each Participant's Account based on the actual investment return experience by the applicable fund. For purpose of such Adjustment, all assets of the Trust Fund shall be valued at their fair market value as of each Valuation Date.

ARTICLE 7
SPECIAL DISCRIMINATION RULES

7.01 Average Actual Deferral Percentage Limitation

(a) The Average Actual Deferral Percentage for Eligible Employees who are Highly Compensated Employees may not exceed the greater of:

(1) the Average Actual Deferral Percentage for all Eligible Employees who are Non-Highly Compensated Employees for the prior Plan Year multiplied by 1.25, or

(2) the Average Actual Deferral Percentage for all Eligible Employees who are Non-Highly Compensated Employees for the prior Plan Year multiplied by two, but not more than two percentage points in excess of the Average Actual Deferral Percentage of Eligible Employees who are Non-Highly Compensated Employees.

This method of testing is referred to as the "Prior Year Testing Method," and is effective for Plan Years beginning after 1996, unless otherwise specifically provided in the Plan.

If any Highly Compensated Employee is eligible to make Elective Deferral Contributions or to receive Matching Contributions, the disparities between the Average Actual Deferral Percentages of the respective groups shall be reduced as described in Section 7.03.

(b) Should neither limitation (1) nor (2) in Section 7.01(a) be met with respect to a Plan Year, the Committee, subject to applicable law and regulations, shall:

(1) Cause Excess Contributions and income allocable thereto to be distributed in accordance with Section 7.01(d) no later than 2 1/2 months following the end of any Plan Year to Participants on whose behalf such Excess Contributions were made for the preceding Plan Year.

A distribution of Excess Contributions and income, gains and losses allocable thereto shall be made without regard to any consent otherwise required under Section 10.01(c) or any other provision of the Plan. A distribution pursuant to Section 7.01(b)(1) of Excess Contributions and income, gains and losses allocable thereto shall not be treated as a distribution for purposes of determining whether the distribution required by Section 10.06 is satisfied. Any distribution under Section 7.01(b)(1) of less than the entire Excess Contribution

and income, gains and losses allocable thereto shall be treated as a pro rata distribution of Excess Contributions and income, gains and losses allocable thereto. In no event shall Excess Contributions for a Plan Year remain unallocated or be allocated to a suspense account for allocation to one or more employees in any future Plan Year.

(c) The Actual Deferral Percentage for any Eligible Employee who is a Highly Compensated Employee for the Plan Year and who is eligible to have Elective Deferral Contributions allocated to his account under two or more plans or arrangements described in Code Section 401(k) that are maintained by the Employer or an Affiliate shall be determined as if all such Elective Deferral Contributions were made under a single arrangement.

(d) Elective Deferral Contributions exceeding the limitations of Section 7.01 (a) ("Excess Contributions") and any income or loss allocable to such Excess Contribution shall be designated by the Committee as Excess Contributions and shall be distributed to Highly Compensated Employees whose Accounts were credited with Excess Contributions in the preceding Plan Year to determine the aggregate amount of Excess Contributions to be distributed, the Committee shall first determine the aggregate dollar amount of the distribution as follows:

(1) Determine the dollar amount by which the Elective Deferral Contributions of the Highly Compensated Employee(s) with the highest ADP must be reduced to equal the second highest ADP(s) under the Plan; then

(2) Determine the dollar amount by which the Elective Deferral Contributions for the two (or more) Highly Compensated Employees with the highest ADP(s) under the Plan must be reduced to equal the third highest ADP(s) under the Plan; then

(3) Repeat the steps described in (1) and (2) above with respect to the third and successive highest ADP levels under the Plan until the Average Actual Deferral Percentage does not exceed the amount allowable under Section 7.01(a); then

(4) Add the dollar amounts determined in each of steps (1), (2), and (3) above.

The aggregate dollar amount of Excess Contributions determined under steps (1) through (4) above shall be distributed as follows:

(1) First to those Highly Compensated Employee(s) with the highest amount of Elective Deferral Contributions until each such Employee's

Elective Deferral Contributions equals the second highest Elective Deferral Contributions under the Plan;

(2) Second, to the two (or more) Highly Compensated Employees with the next highest dollar amount of Elective Deferral Contributions under the Plan, until each such Participant's Elective Deferral Contributions equals the third highest amount of Elective Deferral Contributions under the Plan; and

(3) Third, the steps described in (1) and (2) above shall be repeated with respect to the third and successive Highly Compensated Employees with the highest amount of Elective Deferral Contributions until all Excess Contributions have been distributed.

(e) The income, gains and losses allocable to distributed Excess Contributions for purposes of Section 4.01(b) is equal to the sum of the allocable gain or loss for the Plan Year described in Section (e)(1) below, and the allocable gain or loss for the period between the end of the Plan Year and the date of distribution described in Section (e)(2) below.

(1) The gain or loss allocable to distributed Excess Contributions for the Plan Year is determined by multiplying the income for the Plan Year allocable to Elective Deferral Contributions by a fraction. The numerator of the fraction is the Excess Contribution distributed to the Employee for the Plan Year. The denominator of the fraction is the total Account Balance of the Employee attributable to Elective Deferral Contributions as of the end of the Plan Year, reduced by the gain allocable to such total amount for the Plan Year and increased by the loss allocable to such total amount for the Plan Year.

(2) The gain or loss allocable to Excess Contributions for the period between the end of the Plan Year and the distribution date is equal to 10% of the income allocable to Excess Contributions for the Plan Year (as calculated under Section (e)(1) above) multiplied by the number of calendar months that have elapsed since the end of the Plan Year. For purposes of determining the number of calendar months that have elapsed, a distribution occurring on or before the 15th day of the month will be treated as having been made on the last day of the preceding month, and a distribution occurring after such 15th day will be treated as having been made on the first day of the next month.

(f) Coordination of Excess Contributions with Distribution of Excess Deferrals.

The determination of the amount of aggregate Excess Contributions to be distributed under Section 4.01(b) with respect to an Employee for a taxable year shall be reduced by any Excess Contributions previously distributed with respect to such Employee for the Plan Year beginning with or within such taxable year.

(g) To the extent administratively possible, the Committee shall distribute all Excess Contributions and any income or loss allocable thereto prior to 2 1/2 months following the end of the Plan Year in which the Excess Contributions arose. In any event, however, the Excess Contributions and any income or loss allocable thereto shall be distributed prior to the end of the Plan Year following the Plan Year in which the Excess Contributions arose.

(h) Notwithstanding anything contained herein to the contrary, effective for Plan Years beginning January 1, 2000, the Employer may, in determining whether the Plan satisfies Section 7.01, exclude from consideration all Eligible Employees (other than Highly Compensated Employees) who have not attained age 21 and is credited with one Year of Service, as described in Code Section 410(a)(1)(A).

7.02 Average Contribution Percentage Limitation

(a) The Average Contribution Percentage for Eligible Employees who are Highly Compensated Employees may not exceed the greater of:

(1) the Average Contribution Percentage for all Eligible Employees who are Non-Highly Compensated Employees for the prior Plan Year multiplied by 1.25, or

(2) the Average Contribution Percentage for all Eligible Employees who are Non-Highly Compensated Employees for the prior Plan Year multiplied by two, but not more than two percentage points in excess of the Average Contribution Percentage for Eligible Employees who are Non-Highly Compensated Employees.

This method of testing is referred to as the "Prior Year Testing Method," and is effective for Plan Years beginning after 1996, unless otherwise specifically provided in the Plan.

If any Highly Compensated Employee is eligible to make Elective Deferral Contributions and to receive Employer Matching Contributions, the disparities between the Average Contribution Percentages of the respective groups will be reduced in accordance with Section 7.03.

(b) The Contribution Percentage for any Eligible Employee who is a Highly Compensated Employee for the Plan Year and who is eligible to receive Employer Matching Contributions allocated to his account under two or more plans to which contributions to which Code Section 401(m) applies that are maintained by the Employer or an Affiliate shall be determined as if all such Employer Matching Contributions were made under a single plan for purposes of this Section 7.02.

(c) In the event this Plan satisfies the requirements of Code Section 410(b) only if aggregated with one or more other plans, or if one or more other plans satisfy the requirements of Code Section 410(b) only if aggregated with this Plan, then this Section 7.02 shall be applied by determining the Contribution Percentage of Eligible Employees as if all such plans were a single plan.

(d) Excess Aggregate Contributions and income allocable thereto shall be forfeited, if otherwise forfeitable under the terms of this Plan, or if not forfeitable, shall be distributed no later than 2 1/2months after the first day of each Plan Year as set forth below. A distribution of Excess Aggregate Contributions and income, gains and losses allocable thereto shall be made without regard to any consent otherwise required under Section 10.01(c) or any other provision of the Plan. A distribution pursuant to this Section 7.02(d) of Excess Aggregate Contributions and income, gains and losses allocable thereto shall not be treated as a distribution for purposes of determining whether the distribution required by Section 10.09 is satisfied.

(e) For purposes of this Plan, "Excess Aggregate Contributions" shall mean, with respect to a Plan Year, the excess of the aggregate amount of the Employer contributions actually made on behalf of Highly Compensated Employees for such Plan Year, over the maximum amount of such contributions permitted under the limitations of Section 7.02(a). To determine the aggregate amount of Excess Aggregate Contributions to be distributed, the Committee shall first determine the aggregate dollar amount of the distribution as follows:

    (1) Determine the dollar amount by which the Excess Aggregate Contributions of the Highly Compensated Employee(s) with the highest Contribution Percentage must be reduced to equal the second highest Contribution Percentage (s) under the Plan; then

    (2) Determine the dollar amount by which the Excess Aggregate Contributions for the two (or more) Highly Compensated Employees with the highest Contribution Percentage (s) under the Plan must be reduced to equal the third highest Contribution Percentage (s) under the Plan; then

    (3) Repeat the steps described in (1) and (2) above with respect to the third

and successive highest Contribution Percentage levels under the Plan until the Average Actual Contribution Percentage does not exceed the amount allowable under Subsection 7.02(a); then

(4) Add the dollar amounts determined in each of steps (1), (2), and (3) above.

The aggregate dollar amount of Excess Aggregate Contributions determined under steps (1) through (4) above shall be distributed as follows:

(1) First to those Highly Compensated Employee(s) with the highest amount of Excess Aggregate Contributions until the sum of each such Employee's Matching Contributions equals the sum of the second highest Matching Contributions under the Plan; then

(2) Second to the two (or more) Highly Compensated Employees with the next highest dollar amount of Excess Aggregate Contributions under the Plan, until the sum of each such Employee's Matching Contributions equals the sum of the third highest Matching Contributions under the Plan; and

(3) Then, the steps described in (1) and (2) above shall be repeated with respect to the third and successive Highly Compensated Employees with the highest amount of Excess Aggregate Contributions until all Excess Aggregate Contributions have been distributed.

(f) The income, gains and losses allocable to distributed Excess Aggregate Contributions is equal to the sum of the allocable gain or loss for the Plan Year described in Section 7.02(f)(1) below and the allocable gain or loss for the period between the end of the Plan Year and the date of distribution described in Section 7.02(f)(2) below.

(1) The gain or loss allocable to Excess Aggregate Contributions for the Plan Year is determined by multiplying the income for the Plan Year allocable to Matching Contributions, by a fraction. The numerator of the fraction is the amount of Excess Aggregate Contributions made on behalf of the Employee for the Plan Year. The denominator of the fraction is the total Account Balance of the Employee attributable to Matching Contributions as of the end of the Plan Year, reduced by the gain allocable to such total amount for the Plan Year and increased by the loss allocable to such total amount for the Plan Year.

(2) The gain or loss allocable for the period between the end of the Plan Year and the distribution is equal to 10% of the income or loss allocable to

Excess Aggregate Contributions for the Plan Year (as calculated under Section 7.02(f)(1)) multiplied by the number of calendar months that have elapsed since the end of the Plan Year. For purposes of determining the number of calendar months that have elapsed, a distribution occurring on or before the 15th day of the month will be treated as having been made on the last day of the preceding month, and a distribution occurring after such 15th day will be treated as having been made on the first day of the next month.

(g) The determination and correction of Excess Aggregation Contributions of a Highly Compensated Employee shall be calculated in accordance with Proposed Treasury Regulation Section 1.401(m)-1(e)(4)(iii) and Section 1.401(m)-1(f)(13)(iii).

(h) Excess Aggregate Contributions shall be distributed from the After Tax Account and forfeited if otherwise forfeitable under the terms of the Plan (or if not forfeitable, distributed) from the Company Account of the Participant in proportion to the Matching Contributions for the Plan Year.

(i) Amounts forfeited by Highly Compensated Employees under this Section 7.02 shall be treated as Annual Additions and applied to reduce subsequent Employer Contributions to the Plan.

(j) Notwithstanding the foregoing, no forfeitures arising under this Section 7.02 shall be allocated to the Account of any Highly Compensated Employee.

7.03 Multiple Use of Alternative Limitation

(a) The Average Actual Deferral Percentage or Average Contribution Percentage of Highly Compensated Employees shall be corrected as described in Section 7.03(b) below if all of the conditions of this Section 7.03(a) are satisfied:

(1) one or more Highly Compensated Employees of the Employer or an Affiliated Company are eligible both in a Code Section 401(k) arrangement and in a plan maintained by such Employer subject to Code Section 401(m),

(2) the sum of the Average Actual Deferral Percentage of the entire group of Eligible Employees who are Highly Compensated Employees and the Average Contribution Percentage of the entire group of Eligible Employees who are Highly Compensated Employees exceeds the Aggregate Limit described in Section 7.03(e),

(3) the Average Actual Deferral Percentage of the entire group of Eligible Employees who are Highly Compensated Employees exceeds the amount described in Section 7.01(a)(1), and

(4) the Average Contribution Percentage of the entire group of Eligible Employees who are Highly Compensated Employees exceeds the amount described in Section 7.02(a)(1).

(b) The Committee shall elect to reduce either the Average Actual Deferral Percentage or the Average Contribution Percentage of the entire group of Eligible Employees who are Highly Compensated Employees in accordance with this Section 7.03(b). The amount of the reduction to the Average Actual Deferral Percentage of the entire group of Eligible Employees who are Highly Compensated Employees shall, if elected, be calculated and accomplished in the manner described in Section 7.01(e) or the amount of the reduction to the Average Contribution Percentage of the entire group of Eligible Employees who are Highly Compensated Employees shall, if elected, be calculated and accomplished in the manner described in Section 7.02(f), so that in either case the Aggregate Limit described in Section 7.03 (e) shall not be exceeded. the Committee may elect to reduce the Actual Deferral Percentage or the Contribution Percentage either for all Highly Compensated Employees under the Plan who are subject to reduction or for only those Highly Compensated Employees who are eligible in both the arrangements subject to Code Section 401(k) and the plan subject to Code Section 401(m).

(c) The required reduction described in Section 7.03(b) shall be treated as an Excess Contribution or Excess Aggregate Contribution under the Plan as the case may be.

(d) For purposes of applying Section 7.03(a), the Average Actual Deferral Percentage and Average Contribution Percentage of the group of Eligible Employees who are Highly Compensated Employees shall be determined after any corrective distribution of Excess Deferral Amounts pursuant to Section 4.01(b), Excess Contributions pursuant to Section 7.01(b)(2), or Excess Aggregate Contributions pursuant to Section 7.02(e) and after any recharacterization of Excess Contributions pursuant to Section 7.01(b)(1), if applicable, required without regard to this Section 7.03. Only plans and arrangements maintained by the same Employer or an Participating Employer shall be taken into account under this Section 7.03.

(e) For purposes of this Section 7.03, the "Aggregate Limit" shall mean the greater of:

(1) the sum of:

(A) 125% of the greater of (i) the Average Actual Deferral Percentage of the group of Eligible Employees who are Non-Highly

Compensated Employees for the Plan Year, or (ii) the Average Contribution Percentage of the group of Eligible Employees who are Non-Highly Compensated Employees for the Plan Year, and

(B) two percentage points plus the lesser of Sections 7.03(e)(1)(A)(i) or 7.03(e)(1)(A)(ii) above. In no event, however, shall the amount described in this Section 7.03(e)(1)(B) exceed 200% of the lesser of Sections 7.03(e)(1)(A)(i) or 7.03(e)(1)(A)(ii) above; or

(2) the sum of:

(A) 125% of the lesser of (i) the Average Actual Deferral Percentage of the group of Eligible Employees who are Non-Highly Compensated Employees for the Plan Year, or (ii) the Average Contribution Percentage of the group of Eligible Employees who are Non-Highly Compensated Employees for the Plan Year, and

(B) two percentage points plus the greater of Sections 7.03(e)(2)(A)(i) or 7.03(e)(2)(A)(ii) above. In no event, however, shall the amount described in this Section 7.03(e)(2)(B) exceed 200% of the greater of Sections 7.03(e)(2)(A)(i) or 7.03(e)(2)(A)(ii) above.

7.04 Repeal of Multiple Use Test

The multiple use test described in Treasury Regulation section 1.401(m)-2 and Section 7.03 of the Plan shall not apply for Plan Years beginning after December 31, 2001.

ARTICLE 8
VESTING

8.01 Vested Percentage of Accounts

Except as provided for in Section 12.09(d), a Participant shall be vested in the following percentages of his Accounts:

(a) 100% of his Elective Deferral Contribution Account , Rollover Account and Prior Employer Accounts, if any, plus

(b) a percentage of his Employer Accounts determined in accordance with the following schedule:

Years of Vesting Service	Vested Percentage
less than 3	0%
3 but less than 4	20%
4 but less than 5	40%
5 but less than 6	60%
6 but less than 7	80%
7 or more	100%

(c) Notwithstanding the above, effective for Plan Years beginning after December 31, 2001, a Participant's percentage of his Employer Accounts shall vest in accordance with the following schedule:

Years of Vesting Service	Vested Percentage
less than 2	0%
2 but less than 3	20%
3 but less than 4	40%
4 but less than 5	60%
5 but less than 6	80%
6 or more	100%

(d) Notwithstanding the above, a Participant's shall become fully (100%) vested upon (i) his Early Retirement Date or Normal Retirement Date, if he is then an Employee, (ii) his death, if he was an Employee immediately before his death, or (iii) the determination that he is unable to continue his previous employment on account of Disability.

8.02 Amount Subject to Distribution Upon Termination of Employment

Upon Termination of Employment, a Participant may request a distribution of the vested percentage of his Accounts as described in Section 8.01 hereof. Such distribution shall be distributed in accordance with Article 10. The portion of a Participant's Employer Account that is not vested shall be forfeited in accordance with Section 8.03.

8.03 Forfeitures

(a) When a Participant has a Termination of Employment but does not receive a distribution of his vested Employer Account prior to incurring five consecutive One Year Break in Service, the Employer Account shall continue to be credited with

investment gains and losses until distribution of the vested percentage of the Employer Account commences. Upon incurring five consecutive One Year Breaks in Service, the Participant's non-vested Account balance shall be forfeited.

(b) If a Participant has a Termination of Employment and receives a distribution of his entire vested Employer Account prior to incurring five consecutive One Year Breaks in Service, the non-vested portion of the Employer Account, will be forfeited.

(c) A Participant is eligible to have a previous Forfeiture restored, if (i) he previously incurred a Forfeiture under this Article, (ii) he again becomes an Employee before he has five (5) consecutive One Year Breaks in Service, and (iii) he repays any distribution that he previously received, in the manner specified in Section 8.03(e).

(d) Any repayment in accordance with (c) above must be made no later than the earlier of (i) the end of the Plan Year in which the individual incurs a five (5) consecutive One Year Breaks in Service, counting from the Plan Year beginning immediately after distribution or deemed distribution that resulted in his Forfeiture or (ii) the fifth (5th) anniversary of his reemployment.

(e) In order to exercise his right of repayment, the Participant must repay to the Trust, without interest (i) an amount equal to any cash he received as part of the distribution that resulted in his Forfeiture, plus (ii) all Company Stock that was then distributed to him. Cash or other property may not be restored to the Trust in lieu of Company Stock, but the shares restored need not be the same ones that were originally distributed. A Participant who had no vested interest in his Accounts at the time of his Forfeiture is automatically deemed to have complied with the terms of this Section as of the date on which he becomes eligible to make a repayment.

(f) If a Participant complies with the conditions of the applicable provisions of this Section 8.03, his Accounts will be credited with both the cash and Company Stock that he has repaid and the interest in his Accounts that he had previously forfeited, unadjusted for any income, expenses, gains or losses since the time of forfeiture. This restoration is to be made, first, out of Forfeitures arising in the Plan Year of repayment, and, second, out of employer contributions and shares of Company Stock released from the Unallocated Stock Account in the Plan Year of repayment. The Participant's Employer is required to make any contributions necessary to make a complete restoration.

ARTICLE 9
IN-SERVICE WITHDRAWALS

9.01 Hardship Withdrawals

A Participant may apply in writing to the Committee for a hardship withdrawal of part or all of his Elective Deferral Contributions Account (other than earnings credited to his Elective Deferral Contribution Account on or after January 1, 1989). The Committee, in its discretion, and in accordance with the provisions of this Section 9.01, shall determine whether a withdrawal of part or all of such account is necessary to alleviate the hardship. For purposes of Section 9.01(a), a distribution is on account of hardship only if the distribution both is made on account of an immediate and heavy financial need of the participant as determined in accordance with Section 9.01(a) below, and is necessary to satisfy such financial need as determined in accordance with Section 9.01(b) below. The determination by the Committee of the existence of an immediate and heavy financial need and of the amount necessary to meet the need shall be made in a non-discriminatory and consistent manner. The determination of hardship by the Committee shall be final and binding.

(a) a distribution will be deemed to be made on account of an immediate and heavy financial need of the participant only if the distribution is on account of the financial needs described in this Section 9.01(a), in which case the Committee may reasonably rely upon the participant's representation that the financial need is on account of:

(1) medical expenses incurred by or necessary for the medical care, as described in Code Section 213(d), of the Participant, the Participant's spouse, or any other dependents of the Participant,

(2) the purchase (excluding mortgage payments) of a principal residence of a Participant,

(3) tuition and other educational related fees for the next twelve months of post-secondary education for the Participant, his spouse, children, or dependents of the Participant, or

(4) the need to prevent the eviction of the Participant from his principal residence or foreclosure on the mortgage of the Participant's principal residence.

A financial need shall not fail to qualify as immediate and heavy merely because such need was reasonably foreseeable or voluntarily incurred by the Participant.

(b) A distribution will be deemed to be necessary to satisfy an immediate and heavy financial need of a Participant if all of the following requirements are satisfied:

(1) the distribution is not in excess of the amount of the immediate and heavy financial need of the Participant, including any amounts necessary to satisfy applicable federal, state and local income taxes, excise taxes and penalty taxes which may be reasonably anticipated to result from the distribution;

(2) the Participant has obtained all distributions (including distributions currently available to the Participant as provided for in Section 12.09), other than hardship distributions, and all non-taxable loans currently available under all plans maintained by the Employer, and

(3) the Participant does not make a contribution to this Plan or to any other plan of deferred compensation contrary to the provisions of Section 9.02.

9.02 Suspension of Contributions Due to Hardship Withdrawal

If a Participant receives a hardship withdrawal, such Participant shall not be permitted to make--

(a) Elective Deferral for the 12 month period following the date of receipt of the hardship withdrawal; and

(b) contributions to any other qualified or nonqualified plan of deferred compensation maintained by the Employer including, but not limited to, stock option plans and stock purchase plans for the 12-month period following the date of receipt of the hardship withdrawal.

ARTICLE 10
PAYMENTS TO PARTICIPANTS AND THEIR BENEFICIARIES

10.01 Commencement of Distribution

The Participant's Account shall be distributed at the earliest of the following dates:

(a) Termination of Employment. If a Participant has a Termination Date other than on account of death, the Participant's Account shall be distributed as soon as administratively feasible following the Participant's Termination Date and receipt by the Committee of the Participant's request for a distribution.

(b) Death. If a Participant has a Termination Date on account of death, the Participant's Account shall be distributed within ninety (90) days after the Participant's death unless the particular facts and circumstances require a longer wait.

(c) Consent of Participant. A Participant's consent to a distribution of his Account shall be subject to the following:

(1) If the value of a Participant's Accounts to be distributed is less than or equal to $5,000, computed on the Participant's Termination Date, the Participant's Accounts shall be distributed in a lump sum payment as soon as administratively feasible after his Termination Date.

(2) If the lump sum value of a Participant's vested Accounts as of his Termination Date is greater than $5,000, the Participant's consent to a distribution shall be required; provided that, notwithstanding the lack of consent, distribution shall be made no later than the date established under Section 10.06 for mandatory distributions.

(3) Notwithstanding the above, effective for Plan Years beginning after December 31, 2001, the value of a Participant's nonforfeitable Account balance shall be determined without regard to that portion of the Account balance that is attributable to Rollover Contributions (and earnings allocable thereto) within the meaning of sections 402(c), 403(a)(4), 403(b)(8), 408(d)(3)(A)(ii), and 457(e)(16) of the Code. If the value of the participant's nonforfeitable account balance as so determined is $5,000 or less, the Plan shall immediately distribute the Participant's entire nonforfeitable Account balance.

(d) Retirement After Age 65. Notwithstanding any other provision of the Plan, unless the Participant otherwise elects, the payment of benefits under this Plan shall begin not later than the 60th day after the latest of the close of the Plan Year in which occurs (i) the Participant's Normal Retirement Age; or (iii) the Participant's Termination Date.

10.02 Forms of Payments

Except as provided for in Section 10.03, a Participant may elect to receive a distribution in the form of a single lump sum payment of his entire vested Account. However, with respect to his Accounts invested in the Company Stock Fund, a Participant may elect a distribution in the form of cash, or full shares of Common Stock and cash in lieu of fractional shares.

10.03 Prior Employer Accounts

(a) If a Participant has a Termination Date, payments to Participants attributable to Prior Employer Accounts whose employment is terminated by reason of Retirement, death or Disability shall be made in accordance with Section 10.03 (b) and Appendix C. Except as provided for in Section 10.01(c), the Participant shall elect the method of payment from those described in Section 10.05(b). However, any such election may be amended by the Committee, taking into account the election, if any, made by the Participant or the Participant's Beneficiary, to comply with the requirements of Section 10.06.

(b) A Participant may elect the following methods of payment for his Prior Employer Accounts: (1) a lump sum to be paid as soon as is administratively practicable after termination of employment; or (2) in monthly, quarterly, semi-annual or annual cash installments over a period certain that does not extend beyond the Participant's life, or beyond the lives of the Participant and a designated Beneficiary (or beyond the life expectancy of the Participant or the joint and last survivor expectancy of the Participant and a designated Beneficiary), in which event the lump sum value of the benefit will either be segregated and separately invested by the Trustee, or it will be invested in a nontransferable annuity providing for installment payments.

(c) Notwithstanding the above, effective January 1, 2002, a Participant's Prior Employer Account shall be distributed in the form of a single lump sum payment of the Participant's entire vested Prior Employer Account. No distribution shall be made in the form of an annuity or cash installment.

10.04 Valuation Upon Distribution

Valuation for purposes of payment to a Participant or his Beneficiary shall be made shall be determined as of the Valuation Date coincident with or next following his Termination Date. If Company Stock is distributed in the form of cash, the Participant shall receive cash equal to the amount of the "fair market value" of the Company Stock as of the Valuation Date coincident with or immediately following his application for a distribution.

10.05 Payments When a Loan is Outstanding

Payments to Participants who have borrowed from their Accounts pursuant to Article 11 will also be governed by Section 11.03(b).

10.06 Special Distributions

(a) All distributions required under this Section shall be determined and made in accordance with the minimum distribution requirements of Code Section 401(a)(9) and the regulations thereunder. Notwithstanding any provision to the contrary, the entire interest of a Participant must be distributed or begin to be distributed no later than the Participant's "required beginning date." For purposes of this Section:

(i) The term "required beginning date" of a Participant is the later of the first day of April of the calendar year following: (i) the calendar year in which the Participant attains age 70-1/2, or (ii) the calendar year in which the Participant retires if the Participant is not a 5-percent owner of the Employer.

(ii) The "required beginning date" for a Participant who is a 5-percent Owner (as defined in Code Section 401(a)(9)) shall not be later than April 1 of the calendar year following the calendar year in which the participant attains age 70 1/2.

(iii) Once distributions have begun to a 5-percent owner under this Section, they must continue to be distributed, even if the Participant ceases to be a 5-percent owner in a subsequent year.

(iv) The provisions of this Section 10.06 shall be effective for Plan Years beginning January 1, 1997.

(b) Where the distribution of a Participant's Account has begun in accordance with Section (a) above and the Participant dies before his entire Account has been distributed to him or her, the remaining portion of such interest will be distributed at least as rapidly as under the method of distribution being used under Section (a) above as of the date of his death.

(c) Where the distribution to a Participant has not begun at the time of his death, the Participant's entire Account must be distributed within five years after the death of such Participant; provided, however, that if any portion of the Participant's Account is payable to a Beneficiary, such portion is to be distributed over the life of such Beneficiary (or over a period not extending beyond the life of such Beneficiary), and such distributions begin on or before December 31 of the calendar year immediately following the calendar year in which the Participant died (or such later date as the Secretary may by regulations prescribe), that portion so payable shall be treated as distributed on the date on which such distributions begin.

(d) Notwithstanding the foregoing provisions of this Section 10.06, if the value of a Participant's Accounts to be distributed is less than or equal to $5,000, computed on the date of the Participant's termination of employment, the Participant's

Accounts shall be distributed in a lump sum payment as soon as practicable after his termination of employment.

10.07 Qualified Domestic Relations Orders

Notwithstanding any other provisions of Article 10, any Account of a Participant may be apportioned between the Participant and an alternate payee (as defined in Code Section 414(p)(8)) either through separate Accounts or by providing the alternate payee a percentage of the Participant's Account. The Committee shall notify the affected Participant and each alternate payee of the order and determine that the order is a qualified domestic relations order as defined in Code Section 414(p)(1)(A).

10.08 Payment to Minors and Incapacitated Persons

In the event that any amount is payable to a minor or to any person who, in the judgment of the Committee, is incapable of making proper disposition thereof, such payment shall be made for the benefit of such minor or such person in any of the following ways as the Committee, in its sole discretion, shall determine:

(a) By payment to the legal representative of such minor or such person;

(b) By payment directly to such minor or such person;

(c) By payment in discharge of bills incurred by or for the benefit of such minor or such person. The Trustee shall make such payments as directed by the Committee without the necessary intervention of any guardian or like fiduciary and without any obligation to require bond or to see the further application of such payment. Any payment so made shall be in complete discharge of the Plan's obligation to the Participant and his Beneficiaries.

10.09 Notices to Participants

The Committee shall distribute or cause to be distributed to each Participant who has requested a withdrawal or distribution a notice, containing the information described in Code Section 402(f). Such notice shall be provided within a reasonable time, not in excess of 90 days, prior to the date of such withdrawal or distribution. Such notice shall clearly inform the Participant that the Participant has a right to a period of at least 30 days after receiving the notice to consider the decision of whether or not to elect a distribution or withdrawal (or, if applicable, a particular distribution option). Distribution or withdrawal shall not be made within such 30-day period, unless the Participant affirmatively elects otherwise. A Participant shall be permitted to revoke his election at any time prior to the annuity starting date, or, if later, the end of the seven-day period beginning on the date the above described notice was provided.

10.10 Eligible Rollover Distributions

(a) A Participant may elect, at a time and in the manner prescribed by Committee, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the Participant in a direct rollover. An eligible rollover distribution shall be a distribution of all or any portion of the balance to the credit of a Participant, except that an eligible rollover distribution shall not include any distribution which is part of a series of installment payments over a period of ten years or more, any distribution to the extent such distribution is required under Code Section 401(a)(9), and the portion of any distribution that is not includable in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities). An eligible individual retirement plan is an individual retirement account as described in Code Section 408(a), an individual retirement annuity as described in Code Section 408(b), or a qualified trust described in Code Section 401 which accepts the Participant's eligible rollover distribution. This Section shall also apply to distributions to the surviving spouse of a deceased Participant, or to the alternate payee of a Participant under a Qualified Domestic Relations Order, provided that, in the case of a distribution to a surviving spouse, eligible retirement plan shall include only an individual retirement account or an individual retirement annuity.

(b) Notwithstanding the above, for distributions made after December 31, 2001, an eligible retirement plan shall also mean an annuity contract described in section 403(b) of the Code and an eligible plan under section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this plan. The definition of eligible retirement plan shall also apply in the case of a distribution to a surviving spouse, or to a spouse or former spouse who is the alternate payee under a qualified domestic relation order, as defined in section 414(p) of the Code.

(c) For purposes of this Section 10.10, any amount that is distributed on account of hardship shall not be an eligible rollover distribution and the distributee may not elect to have any portion of such a distribution paid directly to an eligible retirement plan.

10.11 Age 59 1/2 Withdrawals

A Participant who has attained age 59 1/2 may withdraw any portion of any Account in which he is fully (100%) vested, as of any Valuation Date giving written notice to the Committee, in such form as the Committee may require, at least fifteen (15) days before the date as of

which the withdrawal is to be made. A Participant may make no more than two withdrawals under this Section 10.11 in any Plan Year. The amount he elects to withdraw will be distributed to him as soon as administratively feasible after the appropriate Valuation Date.

ARTICLE 11
LOANS

11.01 Availability of Loans

Loans shall be permitted to Participants under this Plan, as established by the policy of the Committee. Any such loan shall be subject to such conditions and limitations (including such loan guidelines as may, from time to time, be established by the Committee) as the Committee deems necessary for administrative convenience and to preserve the tax-qualified status of the Plan. Notwithstanding the foregoing, except to the extent otherwise required under the Code or ERISA, loans shall not be permitted under this Plan to (a) any Beneficiary or (b) any Participant after the Participant has terminated employment with the Employer and its Affiliates.

11.02 Amount of Loans

Subject to the limitations contained in this Article 11, any Participant may borrow from his Accounts an amount not exceeding the lesser of the following:

(a) 50% of the combined current value of the Participant's Elective Deferral Account, Rollover Account and vested Company Account, determined on the date of such Participant's request for a loan, reduced by the outstanding balance of all other loans from the Plan, or

(b) the vested portion of his Accounts up to $50,000, reduced by the greater of (i) the highest outstanding balance of loans from the Plan during the one-year period ending on the day before the date on which such loan is made, or (ii) the outstanding balance of loans from the Plan on the date on which such loan is made.

11.03 Conditions of the Loan

The loan shall be subject to the following conditions:

(a) The interest rate on all loans shall be commercially reasonable at the time the Committee approves the loan. All loans shall be evidenced by a note and shall be adequately secured as to principal and interest. No more than 50% of the Participant's vested portion of his Accounts valued immediately after the origination of each loan shall serve as security for his outstanding loan, provided, however, that the terms of any loan may be adjusted at anytime, in the sole and absolute discretion of the Committee to ensure that there is adequate security for the loan. No loan may have

a term in excess of five years, with the term of the loan being at least one year or, if greater than one year, a multiple of six months as determined by the Participant in his application.

(b) The Committee shall be responsible for the collection of all loans. Upon default of any loan, the entire unpaid balance shall, if the immediate distribution of the Participant's Account is to be made, be offset against that portion of the Participant's Account which serve as security for his loan, upon his first becoming entitled to received a distribution in accordance with the relevant portion of Article 10 of the Plan, whether or not the Participant elects to have his payments commence at that time.

11.04 Loan Policy

The Committee is authorized and directed to administer the loan program in accordance with the regulations and rulings of the Internal Revenue Service and the Department of Labor. The Committee may establish such additional guidelines and rules as it deems necessary. Such guidelines and rules shall be set forth in the loan policy and the terms specified in such loan policy are hereby incorporated by reference in the Plan. The Committee may amend or modify the loan policy as it deems necessary to carry out the provisions of this Article 11.

ARTICLE 12
LEVERAGED EMPLOYEE STOCK OWNERSHIP PLAN PROVISIONS

12.01 Effect of Article

Notwithstanding anything to the contrary contained in the Plan, the provisions of this Article 12 shall control the interpretation and administration of the Plan where applicable.

12.02 Definitions

The following terms when used in this Article 12 shall have the designated meaning unless a different meaning is plainly required by the context in which the term is used:

(a) "Disqualified Person" shall mean a person defined in Code Section 4975(e)(2) and shall mean a party in interest as defined in ERISA Section 3(14).

(b) "Diversification Election Period" shall mean the Plan Year period beginning with the first Plan Year in which the Participant has both completed 10 years of participation in the Leveraged ESOP and attained the age of 55.

(c) "Exempt Loan" shall mean any loan made to the Leveraged ESOP, by a Disqualified Person or guaranteed by a Disqualified Person, pursuant to the

provisions of Section 12.04.

(d) "Financed Stock" shall mean Common Stock acquired with the proceeds of an Exempt Loan.

(e) "Indebtedness" shall mean the principal amount of any indebtedness incurred by the Plan in connection with the acquisition of Financed Stock.

(f) "Interest" shall mean interest payable by the Plan with respect to Indebtedness.

(g) "Leveraged ESOP" shall mean the portion of the Plan described in this Article 12.

(h) "Release Date" shall mean each date specified in Section 12.05(c) for the release of shares of Common Stock from the Stock Suspense Account for allocation to Participants' Employer Accounts.

(i) "Stock Suspense Account" shall mean an account credited with the Financed Stock prior to the release there from in accordance with Section 12.05(d).

(j) "Unallocated Financed Stock" shall mean shares of Financed Stock that remain in the Stock Suspense Account prior to the release of such shares from the Stock Suspense Account and the allocation of such shares to Participants' Employer Accounts.

12.03 Purpose and Nature of the Leveraged ESOP

(a) The primary purpose of the Leveraged ESOP is to enable Participants to share in the growth and prosperity of HEICO Corporation and its Affiliates by enabling Participants to acquire stock ownership interests in the form of Common Stock. Accordingly, the Leveraged ESOP is an employee stock ownership plan within the meaning of Code Section 4975(e)(7) which is designed to invest primarily in Common Stock. The Leveraged ESOP may engage in loans (or other extensions of credit) to finance its acquisition of Common Stock, including such loans (or extensions of credit) from or secured primarily by a guarantee of the Company or an Affiliated Company or the expectation that the Company and its Affiliated Companies will make contributions to the Leveraged ESOP in amounts sufficient to enable the Leveraged ESOP to amortize such loans (or extensions of credit).

(b) The Leveraged ESOP is intended to be and shall be a stock bonus plan within the meaning of Treasury Regulation Section 1.401-1(b)(1)(iii) that is qualified under Code Section 401(a). It is designed to meet the requirements for an employee stock ownership plan within the meaning of Code Section 4975(e)(7) and ERISA Section 407(d)(6) and regulations thereunder and may enter into one or more Exempt Loans

pursuant to this Article 12. Separate accounting shall be maintained with respect to the Leveraged ESOP, any Exempt Loan and Financed Stock acquired with the proceeds of such Exempt Loan.

(c) The terms of any Exempt Loan shall comply with all the requirements necessary to constitute an "exempt loan" within the meaning of Treasury Regulation Section 54.4975-7(b).

12.04 Requirements as to Exempt Loans

No loan shall be entered into on behalf of the Leveraged ESOP which is a loan made or guaranteed by a Disqualified Person unless the Committee determines that all of the requirements of this Section including each of the following requirements are met:

(a) the terms shall be as favorable to the Plan as the terms of a comparable loan from arms-length negotiations between independent parties;

(b) the interest rate shall be no more than a reasonable interest rate considering all relevant factors including the amount and duration of the loan, the security and guarantee involved, the credit standing of the Plan and the guarantor of the loan, and the interest rate prevailing for comparable loans;

(c) the loan shall be without recourse against the Plan;

(d) the loan must be for a specific term under which the number of years to maturity is definitely ascertainable at all times;

(e) the loan may not be payable at the demand of any person except in the case of default;

(f) the only assets of the Plan that may be given as collateral on the loan are Common Stock acquired with the proceeds of the Exempt Loan or Common Stock used as collateral on a prior Exempt Loan repaid with the proceeds of the Exempt Loan;

(g) no person entitled to payment under the loan shall have any right to assets of the Plan other than collateral given for the loan, contributions made to the Plan to enable it to meet its obligations under the loan, and earnings attributable to such collateral and such contributions;

(h) the value of Plan assets transferred in satisfaction of the loan upon an event of default shall not exceed the amount of the default;

(i) if the lender is a Disqualified Person, Plan assets may only be transferred

upon default only upon and to the extent of the failure of the Plan to meet the payment schedule of the loan;

(j) upon payment of any portion of the balance due on the loan, the assets pledged as collateral for such portion shall be released from encumbrance;

(k) the loan shall be repaid only from proceeds of an Exempt Loan, amounts contributed to the Plan by the Company or its Affiliated Companies to enable the Plan to repay such loan, earnings on such contributions, and earnings on Financed Stock acquired with the proceeds of such loan (including dividends and proceeds of sale of such Financed Stock, so long as such use of proceeds complies with applicable requirements of the Code and regulations thereunder); and

(l) the loan must be primarily for the benefit of Participants and their beneficiaries.

12.05 Use of Exempt Loan Proceeds

(a) The proceeds of any Exempt Loan shall be used within a reasonable time after receipt thereof to acquire Common Stock, to repay such loan, or to repay a prior Exempt Loan as determined by the Committee in its sole discretion. Except as required by law, Common Stock acquired with the proceeds of an Exempt Loan may not at that time or at any time thereafter be subject to any put, call, option, buy-sell or other similar arrangement.

(b) All shares of Common Stock acquired by the Trustee with the proceeds of an Exempt Loan shall be allocated to a separate Stock Suspense Account within the Trust and be held therein until allocated to the Employer Accounts of Participants pursuant to the provisions of Section (d) below.

(c) As of the last day of any Plan Year (each date being referred to as a "Release Date"), there shall be released from the Stock Suspense Account and allocated to Participants' Company Accounts in accordance with the provisions of Section 12.06(c) below a number of shares of Financed Stock, as determined in a reasonable and nondiscriminatory manner by the Committee and subject to the provisions of Sections (d) and (e) below.

(d) If the conditions of this Section 12.05 (d) are satisfied, the percentage of Financed Stock to be released on each Release Date equals the Indebtedness repaid during the current Plan Year divided by the Indebtedness originally incurred.

(1) The formula set forth in this Section 12.05(d) may be used if (a) the Board elects its use no later than the time when stock

acquired under a particular Loan Agreement is first released, (b) the term of the Loan Agreement does not exceed ten (10) years, and (c) the Loan Agreement provides for the repayment of Indebtedness on a basis that results in the amortization of Indebtedness no less rapidly than under standard amortization tables.

(e) If the formula set forth in Section 12.05(d) is not used, the percentage of shares of Financed Stock so released from the Stock Suspense Account, as of each Release Date shall not be less than the total number of shares of Financed Stock in the Stock Suspense Account immediately prior to the first day of such Plan Year multiplied by a fraction, the numerator of which is equal to the total dollar amount of Indebtedness and Interest actually paid by the Trustee with respect to such Plan Year to amortize the Exempt Loan and the denominator of which is the sum of the numerator plus the total dollar amount of Indebtedness and Interest due for all future periods of such Exempt Loan after the end of such Plan Year.

12.06 Allocations and Accounting

(a) The provisions of this Section 12.06 shall govern the allocation of Employer Contributions that are used to make payments on an Exempt Loan.

(b) Any Financed Stock acquired by the Leveraged ESOP shall be allocated initially to the Stock Suspense Account. Each Participant's Employer Account shall reflect such Participant's interest in the Leveraged ESOP.

(c) (1) Each Participant's Employer Account shall be credited with its allocated share of Common Stock released from the Stock Suspense Account pursuant to Sections 12.05(d) and 12.05(e). Each Participant's Employer Account will be credited with its allocable share of cash dividends on Common Stock allocated to such Participant's Employer Account and proceeds from the sale of such shares of Common Stock.

(2) Each Participant's Employer Account shall be debited for Common Stock distributed to said Participant from such Employer Account pursuant to applicable Plan provisions, or for its allocable share of Common Stock sold by the Trustee or otherwise removed from such Employer Account in accordance with any applicable provisions of the Plan. Each Participant's Employer Account shall be debited for cash payments which are distributed to said Participant from such Account pursuant to applicable Plan provisions.

(d) All Common Stock released from the Stock Suspense Account as of any Release Date are allocated among the Participants' Employer Matching Contribution

Account, to the extent that Employer Matching Contributions made on their behalf were utilized to pay Interest or repay Indebtedness. Common Stock not so allocated is allocated to the Equity Builder Contributions Account of active Participants in accordance with the provisions of Section 4.03(b).

(e) As of each Release Date in each Plan Year, the Financed Stock that is released from the Stock Suspense Account, if any, pursuant to the provisions of Sections 12.05(d) and 12.05(e) shall be allocated to the Employer Accounts of Participants. Each Participant's allocable share of Financed Stock shall be calculated by multiplying the aggregate number of shares of Financed Stock released on such Release Date by a fraction, the numerator of which is the Contribution made for such Plan Year by the Employer on behalf of such Participant pursuant to Section 4.03, and the denominator of which is the aggregate contribution to be made by the Employer on behalf of all Participants pursuant to Section 4.03 for such Plan Year.

12.07 Use of Cash Dividends on Common Stock

(a) All dividends received with respect to Financed Stock are used to pay Interest or repay Indebtedness. If, however, dividends that would otherwise be allocated to Participants' Accounts or distributed to them in accordance with Section 12.08 are used to pay Interest or repay Indebtedness, Company Stock equal in value to the dividends so applied must be allocated to each Participant's Equity Builder Account, in addition to any other allocations under this Plan.

(b) Except as otherwise provided for in Section 12.09, after a loan has been repaid, dividends on stock acquired with the proceeds of the loan are distributed or allocated in accordance with Section 12.08. The refinancing of a loan through a new loan transaction is not deemed to be repayment for purposes of this Section 12.07.

12.08 Pass-Through of Dividends on Company Stock

Effective for Plan Years beginning before January 1, 2002, and except as otherwise provided for in Section 12.07, all dividends received with respect to Company Stock held by the Plan must, in the discretion of the Committee, either be (a) distributed to Participants no later than 90 days after the end of the Plan Year in which they are received, or (b) allocated to Participants' Equity Builder Accounts; or (c) allocated to Participants' Matching Contribution Accounts. This distribution or allocation shall equal in amount the value of dividends received by the Trust with respect to that number of shares of Common Stock which represents such Participant's proportional interest in the Company Stock Fund.

12.09 Common Stock Dividends

(a) Dividends Paid on or after November 1, 2002

(1) Notwithstanding any other provision of Article 12 to the contrary each Participant may elect to:

(i) receive a distribution in cash equal to the value of any dividends paid by the Company on or after November 1, 2002 and received by the Trust with respect to shares of Common Stock allocated to his Employer Accounts at the close of business on the ex-dividend date established for the payment of such dividends; or

(ii) reinvest in the Company Stock Fund any dividends paid by the Company on or after November 1, 2002 and received by the Trust with respect to shares of Common Stock allocated to his Employer Accounts at the close of business on the ex-dividend date established for the payment of such dividends.

(2) Any distribution pursuant to Section 12.09(a)(1)(i) shall be made as soon as is administratively feasible following receipt of the dividends by the Trust, but in no event later than 90 days after the close of the Plan Year in which such dividends were paid by the Company.

(3) If a Participant fails to make an election pursuant to Section 12.09(a)(1)(i), he shall be deemed to have made an election pursuant to Section 12.09(a)(1)(ii).

(b) Dividends Paid From November 1, 2001 to October 31, 2002

A Participant may make an election, as provided for in Section 12.09(a)(1), with respect to any dividends paid by the Company to the Trust during the Company's tax year ending October 31, 2002.

(c) Elections

The Committee shall specify the manner in which Participants will be required to make their elections subject to the following conditions:

(1) The Committee shall provide no less than annually each Participant an opportunity to make an election.

(2) A Participant's election shall take effect immediately following receipt by the Committee and shall remain in effect until an election to the

contrary is filed by such Participant.

(3) A Participant's election shall become irrevocable the latter of (i) the date on which the dividends attributable to such election are paid to the Trust, or (ii) the date established by the Committee for revoking such an election.

(4) The rules established by the Committee for making an election shall be applied in a uniform and nondiscriminatory manner.

(d) Vesting

Notwithstanding anything in the Plan to the contrary, a Participant shall become fully vested in all dividends received by the Trust for which an election pursuant to Section 12.09(a)(1) is offered.

12.10 Diversification Election

(a) If a Participant attains age 55 and has 10 years of participation, the Participant shall be entitled to elect each Plan Year in the Election Period, as defined below, to transfer to other investment options a percentage of the shares of Common Stock allocated to his Employer Account. The percentage of the shares of Common Stock allocated to a Participant's Employer Account as to which he may elect to so transfer shall be: 25% as to the first Plan Year for which an election may be made pursuant to this Section (a); 25% reduced by the number of shares of Common Stock with respect to which an election was previously made pursuant to this Section (a) as to each of the second, third, fourth, and fifth Plan Years for which an election may be made pursuant to this Section (a); and 50% reduced by the number of shares of Common Stock with respect to which an election was previously made pursuant to this Section (a) as to the last Plan Year for which an election may be made pursuant to this Section (a). The term "Election Period" shall mean a period of six (6) Plan Years beginning with the first Plan Year that the Participant becomes eligible to make an election.

(b) A Participant's election to transfer pursuant to Section (a) above as to a Plan Year may be made at any time during the ninety day period immediately following the close of such Plan Year by filing a written election with the Committee. The Committee shall direct the Trustee in writing to liquidate, including a specific direction as to the manner in which to liquidate, the shares of Common Stock as to which a Participant has made a transfer election and to transfer such cash proceeds to the other investment option or options elected as soon as administratively feasible and not later than the expiration of the 90 day period immediately following the close of the election period as to which the Participant's transfer election is made.

(c) The Committee may determine with respect to any Plan Year that in lieu of the investment diversification alternative required to be provided pursuant to Sections 12.10 (a) and (b), all Participants to whom the diversification election provided in Section 12.10(a) must be offered shall be given a 90 day election following the end of the Plan Year, with respect to the percentage of Common Stock specified in Section 12.10 (a), to have such stock distributed to him, or to have such stock sold and the proceeds distributed to him. The Committee shall direct the Trustee in writing, to liquidate, including a specific direction as to the manner in which to liquidate, the shares of Common Stock as to which a Participant has made a distribution election and to distribute such cash proceeds, or to distribute the shares of Common Stock, as applicable, as soon as administratively feasible following the end of the 90 day election period.

12.11 Voting and Tendering of Company Stock

The Trustee shall vote each share of Common Stock held under the Plan. Each Participant shall be entitled to direct the Trustee as to the manner in which the voting rights attributable to the shares of Common Stock allocated to his Employer Accounts as of the relevant record date are to be exercised. The Trustee shall vote all shares of Common Stock as to which it receives timely voting instructions solely in accordance with such instructions, provided that the Trustee may vote the shares as it determines is reasonably necessary to fulfill its fiduciary duties under ERISA. If a Participant does not, with respect to any matter, give instructions concerning the voting of stock allocated to his Employer Accounts, the Trustee shall vote that Participant's Employer Accounts Common Stock in the same proportions as Common Stock for which instructions have been received, subject to its fiduciary duties under ERISA.

Except as otherwise required by the fiduciary standards of ERISA Section 404, the Trustee shall vote Common Stock held in the Stock Suspense Account in the same proportions as Common Stock that has been allocated to Participants' Employer Accounts.

ARTICLE 13
TOP-HEAVY PROVISIONS

13.01 Top-Heavy

The following provisions shall become effective in any Plan Year in which the Plan is determined to be a Top-Heavy Plan.

(a) The following terms when used in this Article 13 shall have the designated meaning unless a different meaning is plainly required by the context in which the term is used:

(1) "Key Employee" shall mean any individual who meets the criteria of a Key

Employee as defined in Code Section 416(i)(1).

(2) "Determination Date" shall mean, with respect to any Plan Year, the last day of the immediately preceding Plan Year.

(3) "Permissive Aggregation Group" means any grouping of plans of the Employer which includes the Required Aggregation Group, plus any other plans of the Employer that allow, when aggregated, the resulting group of plans to meet the requirements of Code Sections 401(a)(4) and 410.

(4) "Required Aggregation Group" means each plan of the Employer in which a Key Employee is a participant, and each other plan of the Employer which enables any plan in which a Key Employee participates to meet the requirements of Code Sections 401(a)(4) or 410.

(5) "Non-Key Employee" shall mean any individual who is not a Key Employee.

(b) The Plan will be considered a Top-Heavy Plan for the Plan Year, if, as of the last Determination Date:

(1) the aggregate of the Accounts of Participants who are Key Employees exceeds 60% of the aggregate of the accounts of all Participants (the "60% Test"), or

(2) the Plan is part of a Required Aggregation Group and the Required Aggregation Group meets the requirements of Section 13.01(b)(1).

However, and notwithstanding the results of the 60% Test, the Plan shall not be considered a Top-Heavy Plan for any Plan Year in which the Plan is a part of a Required or Permissive Aggregation Group which is not top-heavy. Distributions made with respect to Employees within the five-year period ending on the Determination Date shall be included for purposes of making the 60% Test. If any employee has not performed services for the Employer at any time during the five-year period ending on the Determination Date, any Account of such employee shall not be taken into account for purposes of the foregoing determination. If any Employee is a Non-Key Employee for any Plan Year, but was a Key Employee for any prior Plan Year, the Non-Key Employee's Account shall not be taken into account for purposes of the foregoing determination for any Plan Year following the last Plan Year for which the Employee was treated as a Key Employee.

Solely for the purpose of determining if the Plan, or any other plan included in a required aggregation group of which this Plan is a part, is top-heavy (within the meaning of Code Section 416(g)) the accounts of an Employee other than a Key Employee shall be determined under (1) the method, if any, that uniformly applies for accrual purposes under all plans

maintained by the Employer, or (2) if there is no such method, as if such benefit accrued not more rapidly than the slowest accrual rate permitted under the fractional accrual rate of Code Section 411(b)(1)(C). Rollover Contributions or transfers initiated by the Employee and made from another qualified plan within the meaning of Code Section 401(a) maintained by an employer (other than the Employer or an Affiliated Company), shall not be taken into account with respect to this Plan for purposes of determining whether this Plan is top-heavy (or whether any aggregation group which includes this Plan is top-heavy).

(c) The minimum annual contribution for a Non-Key Employee shall be equal to the lesser of:

(1) 3% of his compensation (within the meaning of Code Section 415), or

(2) the percentage at which contributions are made (or required to be made) under the Plan, including Elective Deferral Contributions, for the plan year for the Key Employee for whom such percentage is the highest.

Each Participant who is a Non-Key Employee and who is also a Participant in a defined benefit plan maintain by the Employer shall receive a minimum benefit accrual under the defined benefit plan to the extent provided therein, and, to the extent that the minimum benefits provided thereunder are not sufficient to satisfy the requirements of Code Section 416, shall receive a minimum contribution under this Plan. The minimum contribution under this Plan shall in no event be greater than that which is necessary, when combined with the benefits provided to the Participant under the defined benefit plan (including the minimum benefit provisions therein), to satisfy the requirements of Code Section 416.

(d) If the Plan is top-heavy for any Plan Year, a Participant's Account shall be vested in accordance with the following table. However, in no event shall the vested percentage of any Participant Account be less than that provided in Section 8.01 of the Plan if the Plan were not top-heavy for such Plan Year.

Years of Vesting Service	Vested Percentage
less than 2	0%
2 but less than 3	20%
3 but less than 4	40%
4 but less than 5	60%
5 but less than 6	80%
6 or more	100%

(e) If the Plan becomes a Top-Heavy Plan and subsequently ceases to be such, the vesting schedule in Section (d) of this Section 13.01 shall continue to apply in

determining the deferred vested benefit of any Participant who had a least three years of vesting service (five years of vesting service for Plan Years beginning before January 1, 1989) as of December 31 in the last Plan Year of top-heaviness. For other Participants, said schedule shall apply only to their Account balances as of such December 31.

13.02 Modification of Top-Heavy Rules

Notwithstanding anything contained in this Plan to the contrary, for purposes of determining whether the plan is a top-heavy plan under section 416(g) of the Code for Plan Years beginning after December 31, 2001, and whether the plan satisfies the minimum benefits requirements of section 416(c) of the Code for such years the following shall apply:

(a) Determination of top-heavy status.

(1) Key employee. Key employee means any employee or former employee (including any deceased employee) who at any time during the plan year that includes the determination date was an officer of the employer having annual compensation greater than $130,000 (as adjusted under section 416(i)(1) of the Code for plan years beginning after December 31, 2002), a 5-percent owner of the employer, or a 1-percent owner of the employer having annual compensation of more than $150,000. For this purpose, annual compensation means compensation within the meaning of section 415(c)(3) of the Code. The determination of who is a key employee will be made in accordance with section 416(i)(1) of the Code and the applicable regulations and other guidance of general applicability issued thereunder.

(2) Determination of present values and amounts. This Section 13.02(a)(2) shall apply for purposes of determining the present values of accrued benefits and the amounts of account balances of employees as of the determination date.

(3) Distributions during year ending on the determination date. The present values of accrued benefits and the amounts of account balances of an employee as of the determination date shall be increased by the distributions made with respect to the employee under the plan and any plan aggregated with the plan under section 416(g)(2) of the Code during the 1-year period ending on the determination date. The preceding sentence shall also apply to distributions under a terminated plan which, had it not been

terminated, would have been aggregated with the plan under section 416(g)(2)(A)(i) of the Code. In the case of a distribution made for a reason other than separation from service, death, or disability, this provision shall be applied by substituting "5-year period" for "1-year period."

(4) Employees not performing services during year ending on the determination date. The accrued benefits and accounts of any individual who has not performed services for the employer during the 1-year period ending on the determination date shall not be taken into account.

(b) Minimum benefits.

(1) Matching contributions. Employer matching contributions shall be taken into account for purposes of satisfying the minimum contribution requirements of section 416(c)(2) of the Code and the plan. The preceding sentence shall apply with respect to matching contributions under the plan or, if the plan provides that the minimum contribution requirement shall be met in another plan, such other plan. Employer matching contributions that are used to satisfy the minimum contribution requirements shall be treated as matching contributions for purposes of the actual contribution percentage test and other requirements of section 401(m) of the Code.

(2) Contributions under other plans. The employer may provide in the adoption agreement that the minimum benefit requirement shall be met in another plan (including another plan that consists solely of a cash or deferred arrangement which meets the requirements of section 401(k)(12) of the Code and matching contributions with respect to which the requirements of section 401(m)(11) of the Code are met.

ARTICLE 14
PLAN ADMINISTRATION

14.01 Committee

The day-to-day operations of the Plan are administered by one or more persons appointed by the Board of Directors, who are referred to in this Plan as the "Committee". The Board may remove any member of the Committee at any time with or without cause. The Board will fill

vacancies in the Committee as soon as is reasonably possible after the vacancy occurs. Until a new appointment is made, the remaining member or members of the Committee have full authority to act. The Board is responsible for transmitting to the Trustee the names and authorized signatures of the members of the Committee and, as changes take place in membership, the names and signatures of new members. Any member of the Committee may resign by delivering his written resignation to the Board, the Trustee and the Committee. Any such resignation becomes effective upon its receipt by the Board or on such other date as is agreed to by the Board and the resigning member. The Committee acts by a majority of its members at the time in office, and such action may be taken either by vote at a meeting or by consent in writing without a meeting. The Committee may adopt such rules and appoint such subcommittees as it deems desirable for the conduct of its affairs and the administration of the Plan.

14.02 Powers of the Committee

In carrying out its duties with respect to the general administration of the Plan, the Committee has, in addition to any other powers conferred by the Plan or by law, the following powers:

(a) to determine all questions relating to eligibility to participate in the Plan;

(b) to compute and certify to the Trustee the amount and kind of distributions payable to Participants and their Beneficiaries;

(c) to maintain all records necessary for the administration of the Plan except for those maintained by the Company or Trustee;

(d) to interpret the provisions of the Plan and to make and publish such rules for the administration of the Plan not inconsistent with the terms thereof;

(e) to establish and modify the method of accounting for the Plan or the Trust;

(f) to employ counsel, accountants and other consultants to aid in exercising its powers and carrying out its duties hereunder;

(g) to appoint, at the direction of the Company, an Investment Manager (as defined in ERISA Section 3(38)), who shall have responsibility for investment of the Trust Fund; and

(h) to perform any other acts necessary and proper for the administration of the Plan, except such acts that are to be performed by the Company or the Trustee.

14.03 Indemnification of Members of the Committee.

The Company agrees to indemnify and hold harmless each member of the Committee against any and all expenses and liabilities arising out of his action or failure to act in such capacity, excepting only expenses and liabilities arising out of his own willful misconduct or gross negligence. This right of indemnification is in addition to any other rights to which any member of the Committee may be entitled.

14.04 Liabilities for which Members of the Committee are Indemnified

Liabilities and expenses against which a member of the Committee is indemnified hereunder include, without limitation, the amount of any settlement or judgment, costs, counsel fees and related charges reasonably incurred in connection with a claim asserted or a proceeding brought against him or her or the settlement thereof.

14.05 Company's Right to Settle Claims

The Company may, at its own expense, settle any claim asserted or proceeding brought against any member of the Committee when such settlement appears to be in the best interests of the Company.

14.06 Fiduciary Liability Insurance

If the Company obtains fiduciary liability insurance to protect the Committee, the provisions of this Section 14.6 will apply only to the extent that such insurance coverage is not sufficient.

14.07 Designation of Members of the Committee as Named Fiduciaries

The members of the Committee are hereby designated as "named fiduciaries", within the meaning of section 402(a) of ERISA, with respect to the operation and administration of the

Plan and are, except to the extent provided by Section 14.8, jointly responsible for administering the Plan in accordance with its terms.

14.08 Procedures for Allocating or Delegating Fiduciary Responsibilities

The Committee may establish procedures for (a) the allocation of fiduciary responsibilities (other than "trustee responsibilities" as defined in section 405(c) of ERISA) under the Plan among its members, and (b) the designation of persons other than named fiduciaries to carry out fiduciary responsibilities (other than trustee responsibilities) under the Plan.

If any fiduciary responsibility is allocated or delegated to any person, no named fiduciary is liable for any act or omission of such person, except as provided in section 405(c) of ERISA.

The Company shall be empowered to appoint and remove the Trustee and Committee from time to time as it deems necessary for the proper administration of the Plan to assure that the Plan is being operated for the exclusive benefit of the Participants and their Beneficiaries in accordance with the terms of the Plan, the Code, and the Act.

14.09 Filing of Claim

If a dispute arises between the Committee and a Participant or Beneficiary over the amount of benefits payable under the Plan, the Participant or Beneficiary may file a claim for benefits by notifying the Committee in writing of his claim. Such notification may be in any form adequate to give reasonable notice to the Committee, must set forth the basis of the claim and must authorize the Committee to conduct such investigations as may be necessary to determine the validity of the claim and to take such steps as may be necessary to facilitate the payment of any benefits to which the claimant may be entitled under the Plan.

14.10 Time for Initial Decision

The Committee is required to decide whether to grant a claim within 90 days after the date on which the claim is filed, unless special circumstances require a longer period for adjudication and the claimant is notified in writing of the reasons for an extension of time. No extensions, however, are permitted beyond 90 days after the date on which the claimant received notice of the extension of time from the Committee. If the Committee fails to notify

the claimant of its decision to grant or deny the claim within the time specified by this Section, the claim will be deemed to have been denied, and the review procedure described in Section 14.12 will become available to the claimant.

14.11 Notice of Denial

Whenever a claim for benefits is denied, written notice prepared in a manner calculated to be understood by the claimant, will be provided to him, setting forth the specific reasons for the denial and explaining the procedure for reconsideration of the decision made by the Committee. If the denial is based upon submission of information insufficient to support a decision, the Committee will specify the information necessary to perfect the claim and its reasons for requiring such additional information.

14.12 Manner of Reconsideration

Any claimant whose claim is denied may, within 60 days after his receipt of written notice of denial, request in writing a reconsideration of its decision by the Committee. The claimant or his representative may examine any Plan documents relevant to his claim and may submit issues and comments in writing.

14.13 Time for Reconsideration

The Committee is required to review and reconsider its decision within 60 days after its receipt of the claimant's written request, unless special circumstances require a longer period for adjudication and the claimant is notified in writing of the reasons for an extension of time. A decision must, however, be made no later than 120 days after the Committee's receipt of the claimant's written request. If the Committee fails to notify the claimant of its decision within the time specified by this Section, the claim will be deemed to have been denied on reconsideration.

14.14 Notice of Adverse Decision on Reconsideration

The Committee's decision to deny a claimant's request for reconsideration must be in writing, must state specifically the reasons for the decision, must be written in a manner calculated to be understood by the claimant and must make specific reference to the pertinent Plan provisions upon which it is based.

14.15 Expenses of the Committee

The members of the Committee serve without compensation for services as such. All expenses of the Committee are paid out of the Trust Fund, unless paid by the Employers. Expenses payable from the Trust include any expenses incidental to the functioning of the Committee, including, but not limited to, fees of legal counsel, accountants and other specialists.

14.16 Conduct of Committee Business

The Committee may select one of its members as secretary to keep minutes of its proceedings and to have custody of all data, records and documents pertaining to the administration of the Plan. The Committee may authorize one or more of its members to execute any document or documents on behalf of the Committee, in which event the Committee must notify the Trustee in writing of such action and the name or names of those designated. The Trustee thereafter may accept and rely conclusively upon any direction or document executed by such member or members as representing action by the Committee until such time as the Committee files with the Trustee a written revocation of the designation.

14.17 Agent for Service of Process

The Committee is hereby designated as the agent for service of process in any action brought against the Plan or Trust.

ARTICLE 15
AMENDMENT AND TERMINATION

15.01 Right to Amend

The Company intends for the Plan to be permanent so long as the Company exists; however, it reserves (through action of either the Committee or the Board) the right to modify, alter, or amend this Plan or the Trust Agreement, from time to time, to any extent that it may deem advisable, including, but not limited to any amendment deemed necessary to insure the continued qualification of the Plan under Code Sections 401(a) and 401(k) or to insure compliance with ERISA; provided, however, that the Company shall not have the authority to amend this Agreement in any manner which will:

(a) Permit any part of the Trust Fund (other than such part as is required to pay taxes and administrative expenses) to be used for or diverted to purposes other than for the exclusive benefit of the Participant or their Beneficiaries;

(b) Cause or permit any portion of the Trust Fund to revert to or become the property of the Employer;

(c) Change the duties, liabilities, or responsibilities of the Trustee without its prior written consent.

15.02 Termination and Discontinuance of Contributions

The Company (through action of either the Committee or the Board) shall have the right at any time and for any reason to terminate this Plan (hereinafter referred to as "Plan Termination"). Upon Plan Termination, the Committee shall direct the Trustee with reference to the disposition of the Trust Fund, after payment of any expenses properly chargeable against the Trust Fund. The Trustee shall distribute all amounts held in Trust to the Participants and others entitled to distributions based on each Participant's Account balance in the Plan. In the event that this Plan is partially terminated, then the provisions of this Section 15.02 shall apply, but solely with respect to the Employees Participating Employer and shall not affect the sponsorship of the Plan by the Company or any other Participating Employer.

In the event the Plan is terminated, partially terminated or Employer Contributions discontinued, the Employer Account shall be fully vested in the Participants. Any distribution after termination of the Plan may be made at any time, and from time to time, in whole or in part to the extent that no discrimination in value results, in cash, in securities or other assets in kind, or in annuity contracts (other than life annuity contracts), if applicable, as the Committee in its discretion may determine, or, if there shall be no Committee, as the Company in its discretion may determine. In making such distribution any and all determinations, divisions, appraisals, apportionments and allotments so made shall be final and conclusive.

15.03 Supplements

In adopting the Plan or at any time thereafter, an Employer may adopt a Supplement that modifies or adds to the Plan. Any Supplement shall be effective only if approved by the Board. Upon its effective date, any Supplement shall be deemed incorporated by reference into the Plan as adopted by such Employer.

15.04 Merger of the Plan

In the event of any merger or consolidation of the Plan with or transfer in whole or in part of the assets and liabilities of the Trust or another trust fund held hereunder to any other plan of deferred compensation maintained or to be established for the benefit of some or all of the Participants of this Plan, the assets of the Trust applicable to such Participants shall be transferred to the other trust fund only if:

(a) Each Participant would (if either this Plan or the other plan then terminated) receive a benefit immediately after the merger, consolidation or transfer which is equal to or greater than the benefit, which he would have been entitled to receive immediately before the merger, consolidation or transfer (if this Plan had been terminated);

(b) Resolutions of the Boards of Directors of all Employers under this Plan and of any new or successor employer of the affected Participants shall authorize such transfer of assets; and

(c) Such other plan is qualified under Code Section 401(a) and the related trust is exempt from tax under Code Section 501(a).

ARTICLE 16
PARTICIPATING EMPLOYERS

16.01 Participation by Participating Employers

A Participating Employer may adopt this Plan by a properly executed document evidencing such adoption, with the consent of the Board. Each Participating Employer delegates all fiduciary and administrative responsibilities (including the appointment and removal of fiduciaries) allocated under the Plan to the Company, the Committee and other fiduciaries of the Plan. Provided, however, that this delegation of fiduciary and administrative responsibilities may be altered by agreement between the Company and a Participating Employer.

All Participating Employers shall be listed in Appendix A to the Plan.

16.02 Withdrawal of Participating Employers

Any Participating Employer (including a present or past Employer) may discontinue or revoke its participation in the Plan at any time without affecting the other Employees in the Plan by delivering to the Committee a copy of resolutions to such effect. The Committee may, in its absolute discretion, terminate the participation in the Plan of any Participating Employer (including a present or past Affiliated Employer) at any time such Employer fails to discharge its obligations under the Plan.

After any discontinuance of participation, the Trustee shall transfer, deliver and assign contracts and any other Trust Fund assets allocable to the Participants of such Participating Employer to such new Trustee as shall have been designated by such Participating Employer, in the event that it has established a separate qualified plan for its Employees; provided, however, that no such transfer shall be made if the result is the elimination or reduction of any

benefits protected under Code section 411(d)(6). If no successor trustee is designated, the Trustee shall retain such assets for the Employees of said Participating Employer pursuant to the provisions of the Trust. In no event shall any part of the corpus or income of the Trust Fund as it relates to such Participating Employer be used for or diverted to purposes other than for the exclusive benefit of the Employees of such Participating Employer.

16.03 Requirements of Participating Employers

Each Participating Employer shall be required to use the Trustee as provided in this Plan. The Trustee may, but is not required to, commingle, hold and invest as one Trust Fund all contributions made by Participating Employers, as well as all increments thereof. However, the assets of the Plan shall, on an ongoing basis, be available to pay benefits to all Participants and Beneficiaries under the Plan without regard to the Employer who contributed such assets.

16.04 Transfers between Participating Employers

If a Participant is transferred to or from a Participating Employer, this transfer shall not affect the Participant's rights under the Plan, and all amounts credited to such Participant's Accounts, as well as his accumulated service for eligibility and vesting, shall continue to his credit. An Employee transferred between Participating Employers shall be credited with all accumulated service for eligibility and vesting. No such transfer shall be considered a termination of employment hereunder, and the Participating Employer to which the Employee is transferred shall be obligated to the Employee under the Plan in the same manner as was the Participating Employer from whom the Employee was transferred.

16.05 Participating Employer Contributions

All contributions made by a Participating Employer, as provided for in this Plan, shall be determined separately by each Participating Employer, and shall be allocated only among the Participants eligible to a share of the contributions of the Employer or Participating Employer making the contribution. On the basis of the information furnished by each Participating Employer, the Committee shall keep separate books and records concerning the affairs of each Participating Employer hereunder and as to the accounts and credits of the Employees of each Participating Employer.

ARTICLE 17
MISCELLANEOUS

17.01 Laws of Florida to Apply

Except to the extent superseded by ERISA, all questions pertaining to the validity, construction, and operation of the Plan shall be determined in accordance with the laws of the State of Florida.

17.02 Protected Benefits

Early retirement benefits, retirement-type subsidies, or optional forms of benefits protected under Code Section 411(d)(6) ("Protected Benefits") shall not be reduced or eliminated with respect to benefits accrued under such Protected Benefits unless such reduction or elimination is permitted under the Code, authority issued by the Internal Revenue Service, or judicial authority.

17.03 Credit for Qualified Military Service

Notwithstanding any provision of this Plan to the contrary, effective as required by USERRA (i.e., December 12, 1994), contributions, benefits and service credit with respect to qualified military service will be provided in accordance with Code section 414(u).

17.04 No Rights under the Plan except as Set Forth Herein

Nothing in this Plan, express or implied, is intended to confer upon or give to any person, firm, association, or corporation, other than the parties hereto and their successors in interest, any right, remedy, or claim under or by reason of this Plan or any covenant, condition, or stipulation hereof, and all covenants, conditions and stipulations in this Plan, by or on behalf of any party, are for the sole and exclusive benefit of the parties hereto.

17.05 Undefined Terms

Unless the context clearly requires another meaning, any term not specifically defined in this Plan is used in the sense given to it by ERISA and the Code.

17.06 Number and Gender

When appropriate the singular as used in this Plan shall include the plural and vice versa; and the masculine shall include the feminine.

IN WITNESS WHEREOF, HEICO Corporation has caused this instrument, approved as of the 17TH day of December 2001, to be executed by its duly authorized officer.

HEICO CORPORATION

By: ________________________

Title: _____________________

APPENDIX A
PARTICIPATING EMPLOYERS IN THE
HEICO SAVINGS AND INVESTMENT PLAN

Participating Employer	EIN	Effective Date
HEICO Corporation	65-0341002	January 1, 1985
Jet Avion Corporation	59-2699111	July 1, 1985
LPI Industries, Corporation	65-0054782	April 1, 1989
HEICO Aerospace Corporation	59-0791770	April 27, 1993
Aircraft Technologies, Inc	65-0233725	October 1, 1998
Radiant Power Corporation	65-0892651	February 1, 1999
McClain International, Inc.	58-0876596	October 1, 1998
Rogers-Dierks, Inc.	58-2428936	October 1, 1999
Turbine Kinetics, Inc.	65-0845883	October 1,1999
Air Radio & Instrument Corp.	65-0335132	October 1, 1999
Thermal Structures, Inc.	95-3168207	August 1, 1999
Santa Barbara Infrared, Inc.	77-0111325	January 1, 2000
Northwings Accessories Corp.	65-0312802	January 1, 2000
Associated Composite, Inc.	65-0705168	January 1, 2000
Leader Tech, Inc.	04-2667972	April 1, 2000
Future Aviation, Inc.	65-1011336	April 1, 2001
Analog Modules, Inc.	59-2074349	May 1, 2001
Avitech Engineering Corp.	65-1132101	January 1, 2002
Jetseal, Inc.	91-1433851	January 1, 2002
Inertial Airline Services, Inc.	34-1823836	January 1, 2002

APPENDIX B

PRIOR EMPLOYER ACCOUNTS

The term "Prior Employer Account" shall mean the Accounts established to hold assets attributable to the following plans merged with or had assets transferred to this Plan:

(1) Air Radio & Instrument Corp. Profit Sharing Plan as in existence prior to its merger with and into this Plan as of June 30, 2000.

(2) California Manufacturing Enterprises and Affiliates 401(k) Profit Sharing Plan as in existence prior to the transfer of assets into this Plan as of March 15, 2000.

(3) Santa Barbara Infrared, Inc. 401(k) Profit Sharing Plan as in existence prior to its merger with and into this Plan as of December 31, 2001.

APPENDIX C

SPECIAL RULES FOR PARTICIPANTS WITH PRIOR EMPLOYER ACCOUNTS

The provisions of this Appendix C shall apply only in the case of each Participant who has a Prior Employer Account and elects an annuity as a form of distribution from the Plan. The following provisions of this Appendix C shall apply notwithstanding any other provision of the Plan to the contrary:

(a) If the value of a Participant's vested account balance derived from employer and employee contributions exceeds (or at the time of any prior distribution exceeded) $5,000, and the account balance is immediately distributable, the Participant (or where the Participant has died, his Beneficiary) must consent to any distribution of such account balance. The consent of the Participant shall be obtained in writing within the 30-day period before distribution.

Notwithstanding the foregoing, the consent of the Participant shall not be required to the extent that a distribution is required to satisfy Code Section 401(a)(9) or Code Section 415. In addition, upon termination of the Plan, if the Employer or any Affiliate does not maintain another defined contribution plan (other than an employee stock ownership plan as defined in Code Section 4975(e)(7), the Participant's account balance will, without the Participant's consent, be distributed to the Participant.

(b) If distributions are made in installments, then the amount of the installment to be distributed each year must be at least an amount equal to the quotient obtained by dividing the Participant's entire interest by the life expectancy of the Participant or the joint and last survivor expectancy of the Participant and his designated Beneficiary. Life expectancy and joint and last survivor expectancy are computed by the use of the return multiples contained in Treasury Regulations Section 1.72-9, Table V and VI or, in the case of payments under a contract issued by an insurance company, by use of the life expectancy tables of the insurance company. For purposes of this computation, a Participant's life expectancy may be recalculated no more frequently than annually, but the life expectancy of a nonspouse Beneficiary may not be recalculated. If the Participant's spouse is not the designated Beneficiary, the method of distribution selected must assure that at least 50% of the present value of the amount available for distribution is paid within the life expectancy of the Participant.

(c) If a distribution is made as a life annuity term certain, the annuity shall provide equal monthly payments for the life of the Participant, with the condition that if the Participant dies before he has received all the guaranteed monthly payments, the Participant's designated Beneficiary shall receive monthly payments in the same amount as the Participant until the total guaranteed monthly payments have been made to the Participant and his Beneficiary combines. Guaranteed monthly payments shall not extend beyond 20 years.

(d) Any annuity distributed from the Plan must be nontransferable. The terms of any annuity contract purchased and distributed by the Plan to a Participant or spouse shall comply with the

requirements of this Plan.

(e) The provisions of this paragraph (e) shall apply to any Participant who elects to receive his Account Balance in the form of an annuity.

(i) Qualified Joint and Survivor Annuity. Unless an optional form of benefit is selected pursuant to a qualified election within the 90-day period ending on the annuity starting date, the Account balance of a married Participant's who elects to receive an annuity will be paid in the form of a Qualified Joint and Survivor Annuity and the Account balance of an unmarried Participant who elects to receive an annuity will be paid in the form of a life annuity.

(ii) Qualified Pre-Retirement Survivor Annuity. Unless an optional form of benefit has been selected within the election period pursuant to a qualified election, if a Participant dies before the annuity starting date, then the Participant's vested account balance shall be applied toward the purchase of an annuity for the life of the surviving spouse. The surviving spouse may elect to have such annuity distributed within a reasonable period after the Participant's death.

Definitions

(A) "Election period." The period which begins on the first day of the Plan Year in which the Participant attains age 35 and ends on the date of the Participant's death. If a Participant separated from service prior to the first day of the Plan Year in which age 35 is attained, with respect to the account balance as of the date of separation, the election period shall begin on the date of separation.

(B) "Earliest retirement age." The earliest date on which, under the Plan, the Participant could elect to receive retirement benefits.

(C) "Qualified election." A waiver of a Qualified Joint and Survivor Annuity or a Qualified Pre-Retirement Survivor Annuity. Any waiver of a Qualified Joint and Survivor Annuity or a Qualified Pre-Retirement Survivor Annuity shall not be effected unless: (1) the Participant's spouse consents in writing to the election; (2) the election designates a specific beneficiary including any class of beneficiaries or any contingent beneficiaries, which may not be changed without spousal consent (or the souse expressly permits designations by the Participant without any further spousal consent); (3) the spouse's consent acknowledges the effect of the election; and (4) the spouse's consent is witnessed by a Plan representative or notary public. Additionally, a Participant's waiver of the Qualified Joint and Survivor Annuity shall no be effective unless the election designates a form of benefit payment which may not be changed without spousal consent (or the spouse expressly permits designations by the Participant without any further spousal consent). If it is established to the satisfaction of a Plan representative that there is no spouse or that the spouse cannot be located, a waiver will be deemed a qualified election.

Any consent by a spouse obtained under this provision (or establishment that the consent of

a spouse may not be obtained) shall be effective only with respect to such spouse. A consent that permits designations by the Participant without any requirement of further consent by such spouse must acknowledge that the spouse has the right to limit consent to a specific beneficiary, and a specific form of benefit where applicable, and that the spouse voluntarily elects to relinquish either or both of such rights. A revocation of a prior waiver may be made by a Participant without the consent of the spouse at any time before the commencement of benefits. The number of revocations shall not be limited. No consent obtained under this provision shall be valid unless the Participant has received notice as provided in Subsection (e) below.

(D) "Qualified Pre-Retirement Survivor Annuity." A survivor annuity for the life of the surviving spouse of the Participant which is the actuarial equivalent of the vested Account Balance of the Participant.

(E) "Qualified Pre-Retirement Survivor Annuity." A Survivor annuity for the life of the surviving spouse of the Participant which is the actuarial equivalent of the vested Account Balance of the Participant.

(F) "Spouse (surviving spouse)." The spouse or surviving spouse of the Participant, provided that a former spouse will be treated as the spouse or surviving spouse and a current spouse will not be treated as the spouse or surviving spouse to the extent provided under a qualified domestic relations order as described in Code Section 414(p).

(G) "Annuity starting date." The first day of the first period for which an amount is paid as an annuity or any other form.

(H) "Vested account balance." The aggregate value of the Participant's vested account balances derived from employer and employee contributions (including rollovers), whether vested before or upon death, including the proceeds of insurance contracts, if any, on the Participant's life. The provisions of this Section shall apply to a Participant who is vested in amounts attributable to employer contributions, employee contributions (or both) at the time of death or distribution.

Notice Requirements.

(A) In the case of a Qualified Joint and Survivor Annuity, the Plan Administrator shall no less than 30 days and no more than 90 days prior to the annuity starting date provide each Participant a written explanation of: (1) the terms and conditions of a Qualified Joint and Survivor Annuity; (2) the Participant's right to make and the effect of an election to waive the Qualified Joint and Survivor Annuity form of benefit; (3) the rights of Participant's spouse; and (4) the right to make, and the effect of, a revocation of a previous election to waive the Qualified Joint and Survivor Annuity.

(B) In the case of a Qualified Pre-Retirement Survivor Annuity as described in paragraph (e)(ii), above, the Plan Administrator shall provide each Participant within the applicable period for such Participant a written explanation of the Qualified Pre-Retirement Survivor Annuity in

such terms and in such manner as would be comparable to the explanation provided for meeting the requirements of paragraph (e)(i) applicable to a Qualified Joint and Survivor Annuity.

The applicable period for a Participant is whichever of the following periods ends at last: (1) the period beginning with the first day of the Plan Year in which the Participant attains age 32 and ending with the close to the Plan Year preceding the Plan Year in which the Participant attains age 35; (2) a reasonable period ending after the individual becomes a Participant; (3) a reasonable period ending after (iv)(C) ceases to apply to the Participant; (4) a reasonable period ending after this subsection first applies to the Participant. Notwithstanding the foregoing, notice must be provided within a reasonable period ending after separation from service in the case of a Participant who separates from service before attaining age 35.

For purposes of applying the preceding paragraph, a reasonable period ending after the enumerated events described in (2), (3) and (4) of the preceding paragraph is the end of the two-year period beginning one year prior to the date the applicable event occurs, and ending one year after that date. In the case of a Participant who separates from service before the Plan Year in which age 35 is attained, notice shall be provided within the two-year period beginning one year prior to separation and ending one year after separation. Is such a Participant thereafter returns to employment with the employer, the applicable period of such Participant shall be redetermined.

(C) Notwithstanding the other requirements of this paragraph (iv), the respective notices prescribed by this paragraph (iv) need not be given to a Participant if (1) the Plan "fully subsidizes" the costs of a Qualified Joint and Survivor Annuity or Qualified Pre-Retirement Survivor Annuity, and (2) the Plan does not allow the Participant to waive the Qualified Joint and Survivor Annuity or Qualified Pre-Retirement Survivor Annuity and does not allow a married Participant to designate a nonspouse beneficiary. For purposes of this paragraph (iv)(C), a plan fully subsidizes the costs of a benefit if no increase in cost, or decrease in benefits to the Participant may result from the Participant's failure to elect another benefit.

(h) Distribution After Death of Participant. In the event of the death of a Participant after installment payments have begun, but prior to completion of such payments, the full amount of such unpaid benefits shall continue to be paid in the form of the previously established installments except that the Beneficiary may request that the remaining Account Balance be paid in a lump sum.

In the event of the death of the Participant prior to the start of any payment of his Account Balance, distributions shall be made in the form and at the time or times selected by the Beneficiary pursuant to this Appendix C.

HEICO CORPORATION

EXHIBIT 10.10

TO THE FORM 10-K

FOR THE FISCAL YEAR ENDED

OCTOBER 31, 2002

SECURITIES AND EXCHANGE COMMISSION FILE NUMBER 1-4604

Exhibit 10.10

HEICO CORPORATION
2002 STOCK OPTION PLAN

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1. Purpose. The purpose of this Plan is to advance the interests of HEICO Corporation, a Florida corporation (the "Company"), and its Related Entities by providing an additional incentive to attract and retain qualified and competent persons who provide services to the Company and its Related Entities, and upon whose efforts and judgment the success of the Company and its Related Entities is largely dependent, through the encouragement of stock ownership in the Company by such persons.

2. Definitions. As used herein, the following terms shall have the meanings indicated:

(a) "Board" shall mean the Board of Directors of the Company.

(b) "Cause" shall mean a "Cause" as defined in the Optionee's employment agreement with the Company or a Related Entity or in the absence of an employment agreement, willful misconduct or gross negligence.

(c) "Class A Common Stock" shall mean the shares of Class A Common Stock of the Company, par value $.01.

(d) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

(e) "Committee" shall mean the committee appointed by the Board pursuant to Section 13(a) hereof, or, if such committee is not appointed, the Board.

(f) "Common Stock" shall mean the shares of Common Stock of the Company, par value $.01.

(g) "Company" shall mean HEICO Corporation, a Florida corporation.

(h) "Consultant" shall mean any person (other than an Employee or a Director, solely with respect to rendering services in such person's capacity as a Director) who is engaged by the Company or any Related Entity to render consulting or advisory services to the Company or such Related Entity.

(i) "Continuous Service" shall mean the continuous service to the Company or Related Entity, without interruption or termination, in any capacity of Employee, Director or Consultant. Continuous Service shall not be considered interrupted in the case of (i) any approved leave of absence, (ii) transfers among the Company, any Related Entity, or any successor, in any capacity of Employee, Director or Consultant, or (iii) any change in status as long as the individual remains in the service of the Company or a Related Entity in any capacity of Employee, Director or Consultant (except as otherwise provided in the Option Agreement). An approved leave of absence shall include sick leave, military leave, or any other authorized personal leave.

(j) "Director" shall mean a member of the Board or the board of directors of any Related Entity.

(k) "Effective Date" shall mean March 19, 2002.

(l) "Employee" shall mean any person, including an Officer or Director, who is an employee of the Company or any Related Entity. The payment of a Director's normal compensation and fee (as applicable to all Directors or Committee members, as the case may be) by the Company or a Related Entity shall not be sufficient to constitute "employment" by the Company.

(m) "Fair Market Value" of a Share on any date of reference shall mean the "Closing Price" (as defined below) of the Shares on the trading day immediately preceding the date of reference, unless the Committee or the Board in its sole discretion shall determine otherwise in a fair and uniform manner. For the purpose of determining Fair Market Value, the "Closing Price" of the shares on any business day shall be (i) if the Shares are listed or admitted for trading on any United States national securities exchange, or if actual transactions are otherwise reported on a consolidated transaction reporting system, the last reported sale price of the Shares on such exchange or reporting system, as reported in any newspaper of general circulation, (ii) if the Shares are quoted on the National Association of Securities Dealers Automated Quotations System ("NASDAQ"), or any similar system of automated dissemination of quotations of securities prices in common use, the last reported sale price of the Shares on such system or, if sales prices are not reported, the mean between the closing high bid and low asked quotations for such day of the Shares on such system, as reported in any newspaper of general circulation or (iii) if neither clause (i) or (ii) is applicable, the mean between the high bid and low asked quotations for the Shares as reported by the National Quotation Bureau, Incorporated if at least two securities dealers have inserted both bid and asked quotations for the Shares on at least five of the ten preceding days. If neither (i), (ii), or (iii) above is applicable, then Fair Market Value shall be determined by the Committee or the Board in a fair and uniform manner.

(n) "Incentive Stock Option" shall mean an incentive stock option as defined in Section 422 of the Code.

(o) "Non-Qualified Stock Option" shall mean an Option that is not an Incentive Stock Option.

(p) "Officer" shall mean the Company's Chairman of the Board, President, Chief Executive Officer, principal financial officer, principal accounting officer, any vice-president of the Company in charge of a principal business unit, division or function (such as sales, administration or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the Company. Officers of Subsidiaries shall be deemed Officers of the Company if they perform such policy-making functions for the Company. As used in this paragraph, the phrase "policy-making function" does not include policy-making functions that are not significant. If pursuant to Item 401(b) of Regulation S-K (17 C.F.R. ss. 229.401(b)) the Company identifies a person as an "executive officer," the person so identified shall be deemed an "Officer" even though such person may not otherwise be an "Officer" pursuant to the foregoing provisions of this paragraph.

(q) "Option" (when capitalized) shall mean any option granted under this Plan.

(r) "Option Agreement" shall mean the agreement between the Company and the Optionee for the grant of an option.

(s) "Optionee" shall mean a person to whom a stock option is granted under this Plan or any person who succeeds to the rights of such person under this Plan by reason of the death of such person.

(t) "Outside Director" shall mean a member of the Board who qualifies as an "outside director" under Section 162(m) of the Code and the regulations thereunder and as a "Non-Employee Director" under Rule 16b-3 promulgated under the Securities Exchange Act.

(u) "Parent" shall mean any corporation (other than the Company), whether now or hereafter existing, in an unbroken chain of corporations ending with the Company, if each of the corporations in the chain (other than the Company) owns stock possessing 50% or more of the combined voting power of all classes of stock in one of the other corporations in the chain.

(v) "Plan" shall mean this 2002 Stock Option Plan for the Company.

(w) "Related Entity" shall mean any Parent or Subsidiary, and any business, corporation, partnership, limited liability company or other entity in which the Company, a Parent or a Subsidiary holds a substantial ownership interest, directly or indirectly.

(x) "Securities Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

(y) "Share" or "Shares" shall mean a share of Common Stock or Class A Common Stock.

(z) "Subsidiary" shall mean any corporation (other than the Company), whether now or hereafter existing, in an unbroken chain of corporations beginning with the Company, if each of the corporations other that the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

3. Shares Available for Option Grants. The Committee or the Board may grant to Optionees from time to time Options to purchase an aggregate number of Shares in an amount up to 520,000 Shares from the Company's authorized and unissued Shares. The Options granted pursuant to this Plan may be with respect to Common Stock and/or Class A Common Stock, in such proportions as shall be determined by the Board or the Committee in its sole discretion. The aggregate number of Shares available for the grant of Incentive Stock Options shall be 520,000 Shares. If any Option granted under the Plan shall terminate, expire, or be canceled or surrendered as to any Shares, new Options may thereafter be granted covering such Shares.

4. Incentive and Non-Qualified Options.

(a) An Option granted hereunder shall be either an Incentive Stock Option or a Non-Qualified Stock Option as determined by the Committee or the Board at the time of grant of the Option and shall clearly state whether it is an Incentive Stock Option or a Non-Qualified Stock Option. All Incentive Stock Options shall be granted within 10 years from the Effective Date. Incentive Stock Options may not be granted to any person who is not an Employee of the Company, the Parent or a Subsidiary.

(b) Options otherwise qualifying as Incentive Stock Options hereunder will not be treated as Incentive Stock Options to the extent that the aggregate fair market value (determined at the time the Option is granted) of the Shares, with respect to which Options meeting the requirements of Section 422(b) of the Code are exercisable for the first time by any individual during any calendar year (under all plans of the Company and its Parent and Subsidiaries), exceeds $100,000.

5. Conditions for Grant of Options.

(a) Each Option shall be evidenced by an Option Agreement that may contain any term deemed necessary or desirable by the Committee or the Board, provided such terms are not inconsistent with this Plan or any applicable law. Optionees shall be those persons who are selected by the Committee or the Board from the class of all Employees, Directors and Consultants of the Company or any Related Entity.

(b) In granting Options, the Committee or the Board shall take into consideration the contribution the person has made to the success of the Company or any Related Entities and such other factors as the Committee or the Board shall determine. The Committee or the Board shall also have the authority to consult with and receive recommendations from officers and other personnel of the Company and its Related Entities with regard to these matters. The Committee or the Board may from time to time in granting Options under the Plan prescribe such other terms and conditions concerning such Options as it deems appropriate, including, without limitation, (i) prescribing the date or dates on which the Option becomes exercisable, (ii) providing that the Option rights accrue or become exercisable in installments over a period of years, or upon the attainment of stated goals or both, (iii) prescribing pay back to the Company of gains realized on the exercise of Options and forfeiture or expiration of

Option rights, or (iv) relating an Option to the Continuous Service or continued employment of the Optionee for a specified period of time, provided that such terms and conditions are not more favorable to an Optionee than those expressly permitted herein.

(c) The Options granted to Optionees under this Plan shall be in addition to regular salaries, pension, life insurance or other benefits related to their employment or Continuous Service with the Company or its Related Entities. Neither the Plan nor any Option granted under the Plan shall confer upon any person any right to employment or continuance of employment or Continuous Service by the Company or its Related Entities.

(d) The Committee or the Board shall have the discretion to grant Options that are exercisable for unvested Shares. Should the Optionee's Continuous Service cease while holding such unvested Shares, the Company shall have the right to repurchase, at the exercise price paid per share, any or all of those unvested Shares. The terms upon which such repurchase right shall be exercisable (including the period and procedure for exercise and the appropriate vesting schedule for the purchased Shares) shall be established by the Committee or the Board and set forth in the Option Agreement for the relevant Option.

(e) Notwithstanding any other provision of this Plan, an Incentive Stock Option shall not be granted to any person owning directly or indirectly (through attribution under Section 424(d) of the Code) at the date of grant, stock possessing more than 10% of the total combined voting power of all classes of stock of the Company (or of any Parent or Subsidiary of the Company at the date of grant) unless the option price of such Option is at least 110% of the Fair Market Value of the Shares subject to such Option on the date the Option is granted, and such Option by its terms is not exercisable after the expiration of five years from the date such Option is granted.

(f) Subject to the provision of Section 5(g) below, notwithstanding any other provision of this Plan, and in addition to any other requirements of this Plan, the aggregate number of Options granted to any one Optionee may not exceed 250,000 per fiscal year of the Company, subject to adjustment as provided in Section 10 hereof. The aggregate number of Options granted to any one Optionee may be increased from 250,000 per fiscal year to 400,000 (subject to adjustment as provided in Section 10 hereof) as an initial one-time grant available only in the fiscal year of the Company in which an Optionee is first employed by the Company or one of its Related Entities.

(g) Upon the exercise of an option granted under the Plan or under any other stock plan of the Company which may be designated by the Committee or the Board from time to time, the Optionee, at the discretion of the Committee or the Board, may receive a reload option on the terms, conditions and limitations determined by the Committee or the Board, from time to time. A reload option gives the Optionee the right to purchase a number of Shares equal to the number of Shares surrendered to pay the exercise price and/or used to pay the withholding taxes applicable to an Option exercise. Reload options do not increase the net equity position of an Optionee. Their purpose is to facilitate continued stock ownership in the Company by Optionees.

6. Option Price. The option price per Share of any Option shall be any price determined by the Committee or the Board but shall not be less than the par value per Share; provided, however, that in no event shall the option price per Share of any Incentive Stock Option be less than the Fair Market Value of the Shares underlying such Option on the date such Option is granted.

7. Exercise of Options.

(a) An Option shall be deemed exercised when (i) the Company has received written notice of such exercise in accordance with the terms of the Option, (ii) full payment of the aggregate option price of the Shares as to which the Option is exercised has been made, and (iii) arrangements that are satisfactory to the Committee or the Board in its sole discretion have been made for the Optionee's payment to the Company of the amount that is necessary for the Company or Related Entity employing the Optionee to withhold in accordance with applicable Federal or state tax withholding requirements.

(b) The consideration to be paid for the Shares to be issued upon exercise of an Option, as

well as the method of payment of the option price and of any withholding and employment taxes applicable thereto, shall be determined by the Committee or the Board and may in the discretion of the Committee or the Board consist of: (1) cash, (2) certified or official bank check, (3) money order, (4) Shares that have been held by the Optionee for at least six (6) months (or such other Shares as the Company determines will not cause the Company to recognize for financial accounting purposes a charge for compensation expense), (5) the withholding of Shares issuable upon exercise of the Option, (6) pursuant to a "cashless exercise" procedure, by delivery of a properly executed exercise notice together with such other documentation, and subject to such guidelines, as the Board or the Committee shall require to effect an exercise of the Option and delivery to the Company by a licensed broker acceptable to the Company of proceeds from the sale of Shares or a margin loan sufficient to pay the exercise price and any applicable income or employment taxes, or (7) such other consideration as the Committee or the Board deems appropriate, or by a combination of the above. In the case of an Incentive Stock Option, the permissible methods of payment shall be specified at the time the Option is granted. The Committee or the Board in its sole discretion may accept a personal check in full or partial payment of any Shares. If the exercise price is paid, and/or the Optionee's tax withholding obligation is satisfied, in whole or in part with Shares, or through the withholding of Shares issuable upon exercise of the Option, the value of the Shares surrendered or withheld shall be their Fair Market Value on the date the Option is exercised.

(c) The Committee or the Board in its sole discretion may, on an individual basis or pursuant to a general program established in connection with this Plan, cause the Company to lend money to an Optionee, guarantee a loan to an Optionee, or otherwise assist an Optionee to obtain the cash necessary to exercise all or a portion of an Option granted hereunder or to pay any tax liability of the Optionee attributable to such exercise. If the exercise price is paid in whole or part with the Optionee's promissory note, such note shall (i) provide for full recourse to the maker, (ii) be collateralized by the pledge of the Shares that the Optionee purchases upon exercise of the Option, (iii) bear interest at the prime rate of the Company's principal lender, and (iv) contain such other terms as the Committee or the Board in its sole discretion shall reasonably require.

(d) No Optionee shall be deemed to be a holder of any Shares subject to an Option unless and until a stock certificate or certificates for those Shares are issued to that person(s) under the terms of this Plan. No adjustment shall be made for dividends (ordinary or extraordinary, whether in cash, securities or other property) or distributions or other rights for which the record date is prior to the date the stock certificate is issued, except as expressly provided in Section 10 hereof.

8. Exercisability of Options. Any Option shall become exercisable in such amounts, at such intervals and upon such terms and/or conditions as the Committee or the Board shall provide in the Option Agreement for that Option, except as otherwise provided in this Section 8:

(a) The expiration date of an Option Agreement shall be determined by the Committee or the Board at the time of grant, but in no event shall an Option be exercisable after the expiration of 10 years from the date of grant of the Option.

(b) Unless otherwise provided in any Option, each outstanding Option shall not become immediately fully exercisable in the event of a "Change in Control" but shall become fully exercisable in the event that the Committee or the Board exercises its discretion to provide a cancellation notice with respect to the Option pursuant to Section 9(b) hereof. For this purpose, the term "Change in Control" shall mean:

(i) Approval by the shareholders of the Company of a reorganization, merger, consolidation or other form of corporate transaction or series of transactions, in each case, with respect to which persons who were the shareholders of the Company immediately prior to such reorganization, merger or consolidation or other transaction do not, immediately thereafter, own more than 50% of the combined voting power entitled to vote generally in the election of directors of the reorganized, merged or consolidated company's then outstanding voting securities, in substantially the same proportions as their ownership immediately prior to such reorganization, merger, consolidation or other transaction, or a liquidation or dissolution of the Company or the sale of all or substantially all of the assets of the Company (unless such reorganization, merger, consolidation or other corporate transaction, liquidation, dissolution or sale is subsequently abandoned); or

(ii) Individuals who, as of the date on which the Option is granted, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board, provided that any person becoming a director subsequent to the date on which the Option was granted whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board (other than an election or nomination of an individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the Directors of the Company) shall be, for purposes of this Agreement, considered as though such person were a member of the Incumbent Board; or

(iii) The acquisition (other than from the Company) by any person, entity or "group", within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act, of beneficial ownership (within the meaning of Rule 13-d promulgated under the Securities Exchange Act) of 30% of either the then outstanding Shares of the combined voting power of the Company's then outstanding voting securities entitled to vote generally in the election of directors (hereinafter referred to as the ownership of a "Controlling Interest") excluding, for this purpose, any acquisitions by (1) the Company or its Subsidiaries, (2) any person, entity or "group" that as of the date on which the Option is granted owns beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Securities Exchange Act) of a Controlling Interest, (3) any employee benefit plan of the Company or its Subsidiaries or (4) the Mendelson Group. For this purpose, the term "Mendelson Group" shall mean Laurans A. Mendelson and his immediate family, which shall include his spouse, parents, descendants and spouses of descendants. The Mendelson Group shall also include trusts, partnerships, limited liability companies, corporations, or other entities in which a member or members of the Mendelson Group own, directly or indirectly, more than fifty percent (50%) of the voting power or value.

(c) The Committee or the Board may in its sole discretion, accelerate the date on which any Option may be exercised and may accelerate the vesting of any Shares subject to any Option or previously acquired by the exercise of any Option.

9. Termination of Option Period.

(a) Unless otherwise provided in any Option Agreement, the unexercised portion of any Option shall automatically and without notice terminate and become null and void at the time of the earliest to occur of the following:

(i) three months after the date on which the Optionee's Continuous Service is terminated other than by reason of (A) "Cause", (B) a mental or physical disability (within the meaning of Internal Revenue Code Section 22(e)) of the Optionee as determined by a medical doctor satisfactory to the Committee or the Board, or (C) death of the Optionee;

(ii) immediately upon the termination of the Optionee's Continuous Service for Cause;

(iii) twelve months after the date on which the Optionee's Continuous Service is terminated by reason of a mental or physical disability (within the meaning of Section 22(e) of the Code) as determined by a medical doctor satisfactory to the Committee or the Board;

(iv) (A) twelve months after the date of termination of the Optionee's Continuous Service by reason of the death of the Optionee, or, if later, (B) three months after the date on which the Optionee shall die if such death shall occur during the one year period specified in Subsection 9(a)(iii) hereof.

(b) To the extent not previously exercised, (i) each Option shall terminate immediately in the event of (1) the liquidation or dissolution of the Company, or (2) any reorganization, merger, consolidation or other form of corporate transaction (each a "Corporate Transaction") in which either the Company does not survive or the Shares are exchanged for or converted into securities issued by another entity, unless the successor or acquiring entity, or an affiliate thereof, assumes the Option or substitutes an equivalent option or right pursuant to Section

10(c) hereof, and (ii) the Committee or the Board in its sole discretion may by written notice ("cancellation notice") cancel, effective upon the consummation of any Corporate Transaction, any Option that remains unexercised and would otherwise not terminate on the effective date of that transaction. The Committee or the Board shall give written notice of any proposed transaction referred to in this Section 9(b) a reasonable period of time prior to the closing date for such transaction (which notice may be given either before or after approval of such transaction), in order that Optionees may have a reasonable period of time prior to the closing date of such transaction within which to exercise any Options that then are exercisable (including any Options that may become exercisable upon the closing date of such transaction). An Optionee may condition his exercise of any Option upon the consummation of a transaction referred to in this Section 9(b).

10. Adjustment of Shares.

(a) If at any time while the Plan is in effect or unexercised Options are outstanding, there shall be any increase or decrease in the number of issued and outstanding Shares through the declaration of a stock dividend or through any recapitalization resulting in a stock split-up, combination or exchange of Shares, then and in that event, the Board or the Committee shall make:

(i) appropriate adjustment in the maximum number of Shares available for grant under the Plan, or available for grant to any person under the Plan, so that the same percentage of the Company's issued and outstanding Shares shall continue to be subject to being so optioned; and

(ii) any adjustments it deems appropriate in the number of Shares and the exercise price per Share thereof then subject to any outstanding Option, so that the same percentage of the Company's issued and outstanding Shares shall remain subject to purchase at the same aggregate option price.

(b) Unless otherwise provided in any Option Agreement, the Board or the Committee may change the terms of Options outstanding under this Plan, with respect to the option price or the number of Shares subject to the Options, or both, when, in the sole discretion of the Board or the Committee, such adjustments become appropriate so as to preserve benefits under the Plan.

(c) In the event of a proposed sale of all or substantially all of the Company's assets or any reorganization, merger, consolidation or other form of corporate transaction in which the Company does not survive, or in which the Shares are exchanged for or converted into securities issued by another entity, then the successor or acquiring entity or an affiliate thereof may, with the consent of the Committee or the Board, assume each outstanding Option or substitute an equivalent option or right. If the successor or acquiring entity, or an affiliate thereof, does not cause such an assumption or substitution to occur, or the Committee or the Board does not consent to such an assumption or substitution, then each Option shall terminate pursuant to Section 9(b) hereof upon consummation of the sale, merger, consolidation or other corporate transaction.

(d) Except as otherwise expressly provided herein, the issuance by the Company of Shares of its capital stock of any class, or securities convertible into Shares of capital stock of any class, either in connection with a direct sale or upon the exercise of rights or warrants to subscribe therefore, or upon conversion of Shares or obligations of the Company convertible into such Shares or other securities, shall not affect, and no adjustment by reason thereof shall be made to, the number of or exercise price for Shares then subject to outstanding Options granted under the Plan.

(e) Without limiting the generality of the foregoing, the existence of outstanding Options granted under the Plan shall not affect in any manner the right or power of the Company to make, authorize or consummate (i) any or all adjustments, recapitalizations, reorganizations or other changes in the capital structure or business of the Company or any Related Entity; (ii) any merger or consolidation of the Company or any Related Entity; (iii) any issue by the Company or any Related Entity of debt securities, or preferred or preference stock that would rank above the Shares subject to outstanding Options; (iv) the dissolution or liquidation of the Company or any Related Entity; (v) any sale, transfer or assignment of all or any part of the assets or business of the Company or any Related Entity; or (vi) any other corporate act or proceeding, whether of a similar character or otherwise.

11. Transferability of Options and Shares.

(a) No Incentive Stock Option, and unless the prior written consent of the Committee or the Board is obtained (which consent may be withheld for any reason) and the transaction does not violate the requirements of Rule 16b-3 promulgated under the Securities Exchange Act no Non-Qualified Stock Option, shall be subject to alienation, assignment, pledge, charge or other transfer other than by the Optionee by will or the laws of descent and distribution, and any attempt to make any such prohibited transfer shall be void. Each Option shall be exercisable during the Optionee's lifetime only by the Optionee, or in the case of a Non-Qualified Stock Option that has been assigned or transferred with the prior written consent of the Committee or the Board, only by the permitted assignee.

(b) No Shares acquired by an Officer or Director pursuant to the exercise of an Option may be sold, assigned, pledged or otherwise transferred prior to the expiration of the six-month period following the date on which the Option was granted, unless the transaction does not violate the requirements of Rule 16b-3 promulgated under the Securities Exchange Act.

12. Issuance of Shares.

(a) Notwithstanding any other provision of this Plan, the Company shall not be obligated to issue any Shares unless it is advised by counsel of its selection that it may do so without violation of the applicable Federal and State laws pertaining to the issuance of securities, and may require any stock so issued to bear a legend, may give its transfer agent instructions, and may take such other steps, as in its judgment are reasonably required to prevent any such violation.

(b) As a condition to any sale or issuance of Shares upon exercise of any Option, the Committee or the Board may require such agreements or undertakings as the Committee or the Board may deem necessary or advisable to facilitate compliance with any applicable law or regulation including, but not limited to, the following:

(i) a representation and warranty by the Optionee to the Company, at the time any Option is exercised, that he is acquiring the Shares to be issued to him for investment and not with a view to, or for sale in connection with, the distribution of any such Shares; and

(ii) a representation, warranty and/or agreement to be bound by any legends endorsed upon the certificate(s) for the Shares that are, in the opinion of the Committee or the Board, necessary or appropriate to facilitate compliance with the provisions of any securities laws deemed by the Committee or the Board to be applicable to the issuance and transfer of those Shares.

13. Administration of the Plan.

(a) The Plan shall be administered by the Board or, at the discretion of the Board, by a committee appointed by the Board (the "Committee") which shall be composed of two or more Directors. The membership of the Committee shall be constituted so as to comply at all times with the then applicable requirements for Outside Directors of Rule 16b-3 promulgated under the Securities Exchange Act and Section 162(m) of the Code. The Committee shall serve at the pleasure of the Board and shall have the powers designated herein and such other powers as the Board may from time to time confer upon it.

(b) Any and all decisions or determinations of the Committee shall be made either (i) by a majority vote of the members of the Committee at a meeting or (ii) without a meeting by the unanimous written approval of the members of the Committee.

(c) The Committee or the Board, from time to time, may adopt rules and regulations for carrying out the purposes of the Plan.

(d) The determinations of the Committee, and its interpretation and construction of any provision of the Plan or any Option Agreement, shall be final and binding on all persons, unless determined otherwise by the Board. The determinations of the Board, and its interpretation and construction of any provision of the Plan or any Option Agreement, shall be final and binding on all persons, including the Committee. In the event that any action taken by the Board conflicts with any action taken by the Committee, the Board action shall control.

14. Withholding or Deduction for Taxes. If at any time specified herein for the making of any issuance or delivery of any Option or Shares to any Optionee, any law or regulation of any governmental authority having jurisdiction in the premises shall require the Company or a Related Entity to withhold, or to make any deduction for, any taxes or to take any other action in connection with the issuance or delivery then to be made, the issuance or delivery shall be deferred until the withholding or deduction shall have been provided for by the Optionee or beneficiary, or other appropriate action shall have been taken.

15. Interpretation.

(a) As it is the intent of the Company that the Plan shall comply in all respects with Rule 16b-3 promulgated under the Securities Exchange Act ("Rule 16b-3"), any ambiguities or inconsistencies in construction of the Plan shall be interpreted to give effect to such intention, and if any provision of the Plan is found not to be in compliance with Rule 16b-3, such provision shall be deemed null and void to the extent required to permit the Plan to comply with Rule 16b-3. The Committee or the Board may from time to time adopt rules and regulations under, and amend, the Plan in furtherance of the intent of the foregoing.

(b) The Plan and any Option Agreements entered into pursuant to the Plan shall be administered and interpreted so that all Incentive Stock Options granted under the Plan will qualify as Incentive Stock Options under Section 422 of the Code. If any provision of the Plan or any Option Agreement relating to an Incentive Stock Option should be held invalid for the granting of Incentive Stock Options or illegal for any reason, that determination shall not affect the remaining provisions hereof, but instead the Plan and the Option Agreement shall be construed and enforced as if such provision had never been included in the Plan or the Option Agreement.

(c) This Plan shall be governed by the laws of the State of Florida.

(d) Headings contained in this Plan are for convenience only and shall in no manner be construed as part of this Plan.

(e) Any reference to the masculine, feminine, or neuter gender shall be a reference to such other gender as is appropriate.

16. Amendment and Discontinuation of the Plan. The Committee or the Board may from time to time amend, suspend or terminate the Plan or any Option; provided, however, that, any amendment to the Plan shall be subject to the approval of the Company's shareholders if such shareholder approval is required by any applicable federal or state law or regulation (including, without limitation, Rule 16b-3 or to comply with Section 162(m) of the Code) or the rules of any stock exchange or automated quotation system on which the Shares may then be listed or granted. Except to the extent provided in Sections 9 and 10 hereof, no amendment, suspension or termination of the Plan or any Option issued hereunder shall substantially impair the rights or benefits of any Optionee pursuant to any Option previously granted without the consent of the Optionee.

17. Effective Date and Termination Date. The Effective Date of the Plan is March 19, 2002, and the Plan shall terminate on the 10th anniversary of the Effective Date. This Plan shall be submitted to the shareholders of the Company for their approval and adoption and Options hereunder may be granted prior to such approval and adoption; provided, however, that any Incentive Stock Options granted hereunder, and if but only to the extent otherwise required by law or the rules of any stock exchange or automated quotation system on which the Shares may be listed, any Non-Qualified Stock Options granted hereunder, prior to such approval and adoption shall be contingent upon obtaining such approval and adoption.

HEICO CORPORATION

EXHIBIT 21

TO THE FORM 10-K

FOR THE FISCAL YEAR ENDED

OCTOBER 31, 2002

SECURITIES AND EXCHANGE COMMISSION FILE NUMBER 1-4604

Exhibit 21

SUBSIDIARIES OF HEICO CORPORATION

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
Kinetic Technologies, Inc.	Florida
HNW Building Corp.	Florida
McClain International, Inc.	Georgia
McClain Property Corp.	Florida
Associated Composite, Inc.	Florida
Rogers-Dierks, Inc.	Florida
Turbine Kinetics, Inc.	Florida
Air Radio & Instruments Corp.	Florida
Thermal Structures, Inc.	California
TSI Quality Honeycomb Holdings Corp. (Inactive)	California
Future Aviation, Inc.	Florida
Avitech Engineering Corp., formerly known as Avitech Acquisition Corp.	California
ATK Acquisition Corp.	Florida
Parts Advantage, LLC	Delaware
Aviation Facilities, Inc., formerly known as AFI Acquisition Corp.	Florida
HEICO Aerospace Parts Corp., formerly known as Flight Specialties Acquisition Corp.	Florida
Jetseal, Inc.	Delaware
HEICO Aerospace Controls and Accessories Corp.	Florida
HT Parts, LLC	Delaware
AD HEICO Acquisition Corp.	Florida
Aero Design, Inc.	Tennessee
Battery Shop, LLC	Tennessee
HEICO Electronic Technologies Corp.	Florida
Radiant Power Corp.	Florida
Leader Tech, Inc.	Florida
Santa Barbara Infrared, Inc.	California
101 Lummis Road Corp (Inactive)	Florida
Analog Modules, Inc.	Florida
Inertial Airline Services, Inc.	Florida
HEICO International Corporation	U.S. Virgin Islands
HEICO East Corporation	Florida
HEICO-NEWCO, Inc. (Inactive)	Florida
HEICO Engineering Corp. (Inactive)	Florida
HEICO--Jet Corporation (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, Parts Advantage, LLC, which is 84% owned and HT Parts, LLC, which is 50% owned).

HEICO CORPORATION

EXHIBIT 23

TO THE FORM 10-K

FOR THE FISCAL YEAR ENDED

OCTOBER 31, 2002

SECURITIES AND EXCHANGE COMMISSION FILE NUMBER 1-4604

EXHIBIT 23

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 18, 2002, appearing in this Annual Report on Form 10-K of HEICO Corporation for the year ended October 31, 2002.

DELOITTE & TOUCHE LLP

Fort Lauderdale, Florida
January 22, 2003

HEICO CORPORATION

EXHIBIT 99.1

TO THE FORM 10-K

FOR THE FISCAL YEAR ENDED

OCTOBER 31, 2002

SECURITIES AND EXCHANGE COMMISSION FILE NUMBER 1-4604

Exhibit 99.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of HEICO Corporation (the "Company") on Form 10-K for the period ended October 31, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Laurans A. Mendelson, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: January 22, 2003

/S/ LAURANS A. MENDELSON
Laurans A. Mendelson
Chief Executive Officer

HEICO CORPORATION

EXHIBIT 99.2

TO THE FORM 10-K

FOR THE FISCAL YEAR ENDED

OCTOBER 31, 2002

SECURITIES AND EXCHANGE COMMISSION FILE NUMBER 1-4604

Exhibit 99.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of HEICO Corporation (the "Company") on Form 10-K for the period ended October 31, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas S. Irwin, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: January 22, 2003

/S/ THOMAS S. IRWIN
Thomas S. Irwin
Chief Financial Officer