

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended October 31, 2003 or

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

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 (I.R.S. Employer
incorporation or organization) 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	(Name of each exchange on which
(Title of each class)	registered)

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

Rights to Purchase Series B Junior Participating Preferred Stock
Rights to Purchase Series C Junior Participating Preferred Stock
(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 (or for such shorter period that the
registrant was required to file such reports), and (2) has been subject to such
filing requirements for the past 90 days. Yes No

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

Indicate by check mark whether the registrant is an accelerated filer
(as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the voting and non-voting common equity
held by nonaffiliates of the registrant was \$125,000,000 based on the closing
price of Common Stock and Class A Common Stock as of April 30, 2003 (the last
business day of the registrant's most recently completed second fiscal quarter)
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, 2003:

Common Stock, \$.01 par value	9,691,095 shares
Class A Common Stock, \$.01 par value	14,154,628 shares

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for the 2004
Annual Meeting of Shareholders are incorporated by reference into Part III. See
Item 15(a)(3) beginning on page 61 for a listing of exhibits.

HEICO CORPORATION

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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 may be 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 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:

- . Lower demand for commercial air travel or airline fleet changes, which could cause lower demand for our goods and services;
- . Product specification costs and requirements, which could cause our costs to complete contracts to increase;
- . Governmental and regulatory demands, export policies and restrictions, military program funding by U.S. and non-U.S. Government agencies or competition on military programs, which could reduce our sales;
- . HEICO's ability to introduce new products and product pricing levels, which could reduce our sales or sales growth; and
- . HEICO's ability to make acquisitions and achieve operating synergies from acquired businesses, HEICO's ability to continue to control costs and maintain quality, HEICO's ability to manage customer credit and interest rate risks and economic conditions within and outside of the aerospace, defense and electronics industries, which could negatively impact our costs and revenues.

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 2003, the FSG accounted for 73% 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 2003, the ETG accounted for 27% 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 1996, we have added thirteen 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 \$176.5 million in fiscal 2003, a compound annual growth rate of approximately 26% over the seven-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 engine and aircraft 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. 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.

In February 2003 and March 2003, we entered into five-year parts supply and development agreements with Delta Air Lines, Inc. (Delta) and Air Canada, respectively through our subsidiary, HEICO Aerospace. These strategic relationships are the fourth and fifth such unique relationship between HEICO Aerospace and a major international airline. These relationships will accelerate HEICO's efforts in developing aircraft and engine parts slated for FAA approval. Delta and Air Canada have each agreed to purchase these newly developed parts and most of HEICO Aerospace's current FAA-approved parts 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) rotatable; (ii) repairable; and (iii) expendable. A rotatable is a part which is removed periodically as dictated by an operator's maintenance procedures or on an as needed basis and is typically repaired or overhauled and re-used an indefinite number of times. An important subset of rotatables is "life limited" parts. A life limited rotatable has a designated number of allowable flight hours and/or cycles (one take-off and landing generally constitutes one cycle) after which it is rendered unusable. A repairable is similar to a rotatable except that it can only be repaired a limited number of times before it must be discarded. An expendable is generally a part which is used and not thereafter repaired for further use.

Jet engine 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.

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 Manufacturer 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 \$7.0 million in fiscal 2003. 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 2003, 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 70% of our PMA parts offered for sale are non-JT8D and we are continually working to increase our market penetration on non-JT8D parts and to develop new FAA-approved replacement parts. In fiscal 2003, only approximately one-third of the total of our sales of PMA parts were JT8D related.

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 2003 with defense customers representing approximately 22% 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.

In December 2003, we expanded our capabilities within the ETG by an acquisition within the satellite microwave component industry. See Note 17 to the Consolidated Financial Statements for additional information.

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

See Note 14 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 27% of total net sales during the year ended October 31, 2003.

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 phosphor 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 \$34.6 million on October 31, 2003 versus \$36.3 million on October 31, 2002. Our FSG had a backlog of unshipped orders as of October 31, 2003 of \$12.7 million as compared to \$13.1 million as of October 31, 2002. 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 \$21.9 million as of October 31, 2003 as compared to \$23.1 million as of October 31, 2002. Substantially all of the backlog of orders as of October 31, 2003 are expected to be delivered during fiscal 2004.

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.

EMPLOYEES

As of October 31, 2003, we had 1,011 full-time employees, of which 744 were in the FSG, 254 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

Our Internet web site address is 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 electronically 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.

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	65	Chairman of the Board, President and Chief Executive Officer	1989
Thomas S. Irwin	57	Executive Vice President and Chief Financial Officer	
Eric A. Mendelson	38	Executive Vice President and Director, President and Chief Executive Officer of HEICO Aerospace Holdings Corp.	1992
Victor H. Mendelson	36	Executive Vice President, General Counsel and Director, President and Chief Executive Officer of HEICO Electronic Technologies Corp.	1996
James L. Reum	72	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 is a member of the Finance Committee of the Aerospace Industries Association in Washington, D.C. and frequently serves on its board of governors. 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 its formation in 1997 and President of HEICO Aerospace Corporation since 1993. He also served as President of HEICO's Jet Avion Corporation, a wholly owned subsidiary of HEICO Aerospace, from 1993 to 1996 and served as Jet Avion's Executive Vice President and Chief Operating Officer from 1991 to 1993. From 1990 to 1991, Mr. Mendelson was Director of Planning and Operations of the Company. Mr. Mendelson is a co-founder, and, since 1987, has been Managing Director of Mendelson International Corporation (MIC), a private investment company, which is a shareholder of HEICO. Eric Mendelson is the son of Laurans Mendelson and the brother of Victor Mendelson.

Victor H. Mendelson has served as 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 the Greater Miami Chamber of Commerce and 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.

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	121,000	Owned	Manufacturing and engineering facilities, warehouse and corporate headquarters
Florida	2,000	Leased	Engineering facility
California	93,000	Leased	Manufacturing and engineering facility
New Mexico	35,000	Leased	Manufacturing and engineering facility
Georgia	38,000	Owned	Manufacturing and engineering facility
Washington	16,000	Leased	Manufacturing and engineering facilities
Connecticut	10,000	Leased	Manufacturing and engineering facility
Tennessee	6,000	Leased	Manufacturing and engineering facility

Repair and Overhaul of Jet Engine and Aircraft Components

Location	Square footage	Owned/Leased	Description
Florida	104,000	Owned	Overhaul and repair facility
Florida	10,000	Leased	Overhaul and repair facility
California	54,000	Leased	Overhaul and repair facilities

ELECTRONIC TECHNOLOGIES GROUP

Manufacture of Electronic and Electro-Optical Equipment

Location	Square footage	Owned/Leased	Description
Florida	59,000	Leased	Manufacturing and engineering facilities
California	26,000	Leased	Manufacturing and engineering facility

Repair and Overhaul of Aircraft Electronic Equipment

Location	Square footage	Owned/Leased	Description
Ohio	21,000	Leased	Overhaul and repair facility

CORPORATE

Location	Square footage	Owned/Leased	Description
Florida	4,000/(1)/	Owned	Corporate headquarters and administrative offices

(1) Represents the square footage of administrative offices within Florida. 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."

All of the facilities listed in this Item 2 are in good operating condition, are well maintained and are in regular use. 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 SECURITY HOLDERS

There were no matters submitted to a vote of security holders during the fourth quarter of fiscal 2003.

PART II

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

MARKET INFORMATION

The Company's Common Stock and Class A Common Stock are listed and traded on the New York Stock Exchange (NYSE) under the symbols "HEI" and "HEI.A," respectively. The following table sets forth, for the periods indicated, the high and low share prices for the Common Stock and the Class A 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.

On December 15, 2003, the Company's Board of Directors declared a 10% stock dividend on both classes of common stock outstanding payable in shares of Class A Common Stock on January 16, 2004 to shareholders of record as of January 6, 2004. The quarterly high and low share prices and cash dividends per share amounts set forth below have been adjusted retroactively to give effect to the stock dividend.

COMMON STOCK

	HIGH	LOW	CASH DIVIDENDS PER SHARE
	-----	-----	-----
FISCAL 2002:			
First Quarter	\$ 16.45	\$ 12.45	\$.023
Second Quarter	15.95	12.91	--
Third Quarter	15.68	10.18	\$.023
Fourth Quarter	12.17	6.95	--
FISCAL 2003:			
First Quarter	\$ 11.09	\$ 8.18	\$.023
Second Quarter	10.11	6.68	--
Third Quarter	11.58	6.75	\$.023
Fourth Quarter	14.30	9.16	--

As of December 31, 2003, there were 1,038 holders of record of the Company's Common Stock.

CLASS A COMMON STOCK

	HIGH	LOW	CASH DIVIDENDS PER SHARE
	-----	-----	-----
FISCAL 2002:			
First Quarter	\$ 12.95	\$ 9.68	\$.023
Second Quarter	13.16	11.05	--
Third Quarter	13.17	8.36	\$.023
Fourth Quarter	9.44	5.32	--
FISCAL 2003:			
First Quarter	\$ 8.64	\$ 6.59	\$.023
Second Quarter	7.79	5.18	--
Third Quarter	8.63	5.53	\$.023
Fourth Quarter	11.43	7.10	--

As of December 31, 2003, there were 1,044 holders of record of the Company's Class A Common Stock.

DIVIDEND POLICY

The Company has historically paid regular semi-annual cash dividends on both classes of its common stock. In fiscal 2003, HEICO paid its 50th consecutive semi-annual cash dividend since 1979. HEICO's Board of Directors presently intends to continue the payment of regular semi-annual cash dividends on both classes of its common stock. The Company's ability to pay dividends could be affected by future business performance, liquidity, capital needs, alternative investment opportunities, and loan covenants.

EQUITY COMPENSATION PLAN INFORMATION

The following table summarizes information about the Company's equity compensation plans as of October 31, 2003. All common share data and per share data has been adjusted retroactively to give effect to a 10% stock dividend payable in shares of Class A Common Stock on January 16, 2004 as further detailed in Note 17 to the Consolidated Financial Statements.

PLAN CATEGORY	NUMBER OF SECURITIES TO BE ISSUED UPON EXERCISE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS (a)	WEIGHTED-AVERAGE EXERCISE PRICE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS (b)	NUMBER OF SECURITIES REMAINING AVAILABLE FOR FUTURE ISSUANCE UNDER EQUITY COMPENSATION PLANS (EXCLUDING SECURITIES REFLECTED IN COLUMN (a)) (c)
Equity compensation plans approved by security holders/(1)/	3,921,283	\$ 8.27	166,423
Equity compensation plans not approved by security holders/(2)/	527,392	\$ 11.19	-
Total	4,448,675	\$ 8.62	166,423

(1) Represents aggregated information pertaining to the Company's three equity compensation plans: the 1993 Stock Option Plan, the Non-Qualified Stock Option Plan and the 2002 Stock Option Plan. See Note 9 to the Consolidated Financial Statements for further information regarding these plans.

(2) Represents stock options granted to two former shareholders of Santa Barbara Infrared, Inc. (SBIR) pursuant to employment agreements entered into in connection with the Company's acquisition of SBIR in fiscal 1999. Such stock options were fully vested and transferable at the grant date and expire ten years from the date of grant. The exercise price of such options was the fair market value as of the date of grant.

ITEM 6. SELECTED FINANCIAL DATA

	FOR THE YEAR ENDED OCTOBER 31, /(1)/				
	1999	2000	2001	2002	2003
	(in thousands, except per share data)				
OPERATING DATA:					
Net sales	\$ 141,269	\$ 202,909	\$ 171,259	\$ 172,112	\$ 176,453
Gross profit	57,532	75,811	71,146	61,502	58,104
Selling, general and administrative expenses	24,717	37,888	40,155	39,102	34,899
Operating income	32,815	37,923	30,991	22,400	23,205
Interest expense	2,173	5,611	2,486	2,248	1,189
Interest and other income	894	929	1,598	97	93
Gain on sale of product line	--	17,296/(2)/	--	1,230/(3)/	--
Income (loss):					
From continuing operations	16,337	27,739/(2)/	15,833	15,226/(4)/	12,222
From gain on sale of discontinued operations ..	--	(1,422)/(5)/	--	--	--
Net income	\$ 16,337	\$ 26,317/(2)/	\$ 15,833	\$ 15,226/(4)/	\$ 12,222
Weighted average number of common shares outstanding:/(6)/					
Basic	19,726	21,026	21,917	23,004	23,237
Diluted	23,483	24,099	24,536	24,733	24,531
PER SHARE DATA:/(6)/					
Income from continuing operations:					
Basic	\$.83	\$ 1.32/(2)/	\$.72	\$.66/(4)/	\$.53
Diluted .....	.70	1.15/(2)/	.65	.62/(4)/	.50
Net income:					
Basic .....	.83	1.25/(2)/	.72	.66/(4)/	.53
Diluted .....	.70	1.09/(2)/	.65	.62/(4)/	.50
Cash dividends .....	.038	.039	.041	.045	.045
BALANCE SHEET DATA (as of October 31):					
Working capital	\$ 63,278	\$ 55,469	\$ 71,515	\$ 69,235	\$ 71,798
Total assets	273,163	281,732	325,640	336,332	333,244
Total debt (including current portion)	73,501	40,042	67,014	55,986	32,013
Minority interests in consolidated subsidiaries ..	30,022	33,351	36,845	38,313	40,577
Shareholders' equity	139,289	169,844	188,769	207,064	221,518

- (1) Results include the results of acquisitions and disposition of a product line from each respective effective date.
- (2) Represents the pretax gain on the 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 \$.50 per basic share and \$.44 per diluted share, net of tax.
- (3) Represents an increase in the gain on sale of the Trilectron product line of \$1,230,000 (\$765,000, or \$.03 per basic and diluted share, net of tax) resulting from the elimination of certain reserves upon expiration of indemnification provisions of the sale.
- (4) Includes the recovery of a portion of taxes paid in prior years resulting from an income tax audit, which increased net income by \$2,107,000, or \$.09 per basic and diluted share, net of related expenses. The aggregate increase in net income from the gain on sale of a product line (see Note (3) above) and the recovery of taxes was \$2,872,000, or \$.12 per basic and diluted share.
- (5) Represents an adjustment to the gain from sale of discontinued health care operations (\$.07 per basic share and \$.06 per diluted share, net of tax) that were sold in fiscal 1996.
- (6) Information has been adjusted retroactively to give effect to 10% stock dividends paid in shares of Class A Common Stock in July 2000 and August 2001 and for a 10% stock dividend payable in shares of Class A Common Stock on January 16, 2004 as further detailed in Note 17 to the Consolidated Financial Statements.

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 dates of acquisition.

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 (318,960 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. Both parties originally agreed to extend the guaranty to August 31, 2003 and then subsequently to August 31, 2004. In October 2003, the seller sold 220,000 shares of the HEICO Class A Common Stock and received net proceeds of \$2.1 million. Based on the closing market price of HEICO Class A Common Stock on October 31, 2003 and the value of the remaining 98,960 shares, the Company would have been required to pay the seller an additional amount of approximately \$1.9 million in cash, which would have been recorded as a reduction of shareholders' equity. Concurrent with the purchase, the Company loaned the seller \$5 million, which is due August 31, 2004 and was secured by the 318,960 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 \$2.1 million of net proceeds was used to reduce the \$5 million loan.

During fiscal 2002 and fiscal 2003, the Company acquired Jetseal, Inc. and Niacc Technology, Inc., respectively. The purchase price of each acquisition was not significant to the Company's consolidated financial statements.

The purchase prices of these acquisitions were paid primarily by using proceeds from the Company's credit facilities. Had the fiscal 2001, fiscal 2002, and fiscal 2003 acquisitions been made at the beginning of their respective fiscal years, the pro forma consolidated operating 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.

The Company's Board of Directors declared in December 2003 a 10% stock dividend on both its Common Stock and its Class A Common Stock payable in shares of its Class A Common Stock. The dividend is payable on January 16, 2004 to shareholders of record as of January 6, 2004. All common share data and per share data has been adjusted retroactively to give effect to the stock dividend.

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 the 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 2003 or fiscal 2002. Changes in estimates increased net income and diluted net income per share by \$700,000, or \$.03 per share in fiscal 2001 as further explained in Notes 4 and 13 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 or the average cost 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

Pursuant to Statement of Financial Accounting Standards (SFAS) No. 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, 2003, the Company determined there is no impairment of its goodwill.

One of the Company's reporting units has experienced a decline in sales to foreign military customers over the past fiscal year. The reporting unit is actively developing various expanded capabilities, which are expected to result in sales and earnings beginning in the later half of fiscal 2004 that the Company believes will eventually more than offset the decline in foreign military sales. The timing of such sales and earnings are primarily based upon certain regulatory and sales matters. Using management's best estimates of these assumptions, the Company determined that there is no impairment of the reporting unit's goodwill as of October 31, 2003. Should the reporting unit incur a significant delay in developing the expanded capabilities and successfully selling and marketing them, the Company could be required to recognize an impairment of all or a portion of the reporting unit's goodwill, which had a carrying value of \$17.0 million as of October 31, 2003.

RESULTS OF OPERATIONS

The following table sets forth the results of the Company's operations, net sales and operating income by operating segment, and the percentage of net sales represented by the respective items in the Company's Consolidated Statements of Operations.

	For the year ended October 31,		
	2001	2002	2003
Net sales	\$ 171,259,000	\$ 172,112,000	\$ 176,453,000
Cost of sales	100,113,000	110,610,000	118,349,000
Selling, general and administrative expenses	40,155,000	39,102,000	34,899,000
Total operating costs and expenses	140,268,000	149,712,000	153,248,000
Operating income	\$ 30,991,000/(1)/ =====	\$ 22,400,000 =====	\$ 23,205,000 =====
Net sales by segment:			
Flight Support Group	\$ 132,459,000	\$ 120,097,000	\$ 128,277,000
Electronic Technologies Group	38,800,000	52,510,000	48,597,000
Intersegment sales	--	(495,000)	(421,000)
	\$ 171,259,000 =====	\$ 172,112,000 =====	\$ 176,453,000 =====
Operating income by segment:			
Flight Support Group	\$ 27,454,000	\$ 15,846,000	\$ 19,187,000
Electronic Technologies Group	7,835,000	11,873,000	8,497,000
Other, primarily corporate	(4,298,000)	(5,319,000)	(4,479,000)
	\$ 30,991,000/(1)/ =====	\$ 22,400,000 =====	\$ 23,205,000 =====
Net sales	100.0%	100.0%	100.0%
Gross profit	41.5%	35.7%	32.9%
Selling, general and administrative expenses	23.4%	22.7%	19.8%
Operating income	18.1%	13.0%	13.2%
Interest expense	1.5%	1.3%	0.7%
Interest and other income	0.9%	0.1%	0.1%
Gain on sale of product line	--	0.7%	--
Income tax expense	6.7%	2.9%	4.5%
Minority interests	1.6%	0.8%	1.1%
Net income	9.2%	8.8%	6.9%

(1) For the fiscal year ended October 31, 2001, pro forma operating income as adjusted to exclude goodwill amortization as a result of the adoption of SFAS No. 142, would have been \$37,826,000 including pro forma operating income of the Flight Support Group and the Electronic Technologies Group of \$32,469,000 and \$9,655,000, respectively.

COMPARISON OF FISCAL 2003 TO FISCAL 2002

Net Sales

Net sales in fiscal 2003 totaled \$176.5 million, up 3% when compared to net sales of \$172.1 million in fiscal 2002. The increase reflects higher sales within the FSG, which increased 7% to \$128.3 million in fiscal 2003 compared to \$120.1 million in fiscal 2002, partially offset by lower sales within the ETG, which decreased 7% to \$48.6 million in fiscal 2003 from \$52.5 million in fiscal 2002. The sales increase within the FSG primarily reflects stronger repair and overhaul related sales and higher commercial aftermarket parts and services sales primarily attributable to sales of new products and services and improved demand within the commercial aerospace industry in the later half of fiscal 2003 following the end of the impact of the military conflict in Iraq and SARS. The sales decrease within the ETG is primarily attributed to a decline in demand from certain foreign military customers.

Gross Profits and Operating Expenses

The Company's gross profit margins averaged 32.9% in fiscal 2003 as compared to 35.7% in fiscal 2002. This decrease is primarily due to lower margins within the ETG attributed to lower foreign military sales and lower sales of other higher margin products. The FSG's gross profit margins in fiscal 2003 approximated fiscal 2002 margins. Cost of sales in fiscal 2003 and fiscal 2002 includes approximately \$9.2 million and \$9.7 million, respectively, of new product research and development expenses net of reimbursements pursuant to cooperation and joint venture agreements. The decline in new product research and development expenses was in line with a decrease in the amount budgeted for fiscal 2003 relative to actual fiscal 2002 expenses.

Selling, general and administrative (SG&A) expenses decreased \$4.2 million to \$34.9 million in fiscal 2003 from \$39.1 million in fiscal 2002. The decrease in SG&A expenses is mainly due to lower commission expenses within the ETG due to the lower sales discussed previously, lower corporate expenses, and reduced bad debt expenses within the FSG. Corporate expenses include the reversal of approximately \$400,000 of professional fees that were accrued in the fourth quarter of fiscal 2002 pursuant to a contractual agreement, which was renegotiated in the first quarter of fiscal 2003. Bad debt expenses were lower within the FSG in fiscal 2003 due to bankruptcy filings by certain customers in fiscal 2002. As a percentage of sales, SG&A expenses decreased to 19.8% in fiscal 2003 compared to 22.7% in fiscal 2002. The decrease is primarily due to higher sales volumes and lower bad debt expenses within the FSG, the reduction in corporate expenses, and by lower sales of products bearing higher commission rates within the ETG.

Operating Income

Operating income increased to \$23.2 million in fiscal 2003 from \$22.4 million in fiscal 2002. The increase in operating income reflects higher operating income within the FSG, which increased to \$19.2 million in fiscal 2003 from \$15.8 million in fiscal 2002 and a \$0.8 million reduction in corporate expenses, partially offset by lower operating income within the ETG, which decreased to \$8.5 million in fiscal 2003 compared to \$11.9 million in fiscal 2002. As a percentage of sales, operating income increased to 13.2% in fiscal 2003 from 13.0% in fiscal 2002. The increase in operating income as a percentage of sales reflects an increase in the FSG's operating income as a percentage of sales from 13.2% in fiscal 2002 to 15.0% in fiscal 2003, offset by a decrease in the ETG's operating income as a percentage of sales from 22.6% in fiscal 2002 to 17.5% in fiscal 2003. The increase in the FSG's operating income as a percentage of sales reflects the higher sales and lower bad debt expenses discussed above. The decrease in the ETG's operating income as a percentage of sales reflects the lower sales and gross profit margins discussed previously.

Interest Expense

Interest expense decreased to \$1.2 million in fiscal 2003 from \$2.2 million in fiscal 2002. The decrease was principally due to a lower weighted average balance outstanding under the Company's revolving credit facilities in fiscal 2003 and lower interest rates. Additional information about the Company's credit facilities may be found within the caption "Financing Activities" which follows within this Item 7.

Interest and Other Income

Interest and other income in fiscal 2003 approximated amounts 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

The Company's effective tax rate was 35.6% in fiscal 2003 compared to 23.0% in fiscal 2002. Income tax expense in fiscal 2002 reflects the recovery of a portion of taxes paid in prior years resulting from an income tax audit completed in fiscal 2002, 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 of taxes paid was the principal reason for the lower effective tax in fiscal 2002. 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 increased by \$2.0 million in fiscal 2003 as compared to an increase of \$1.3 million in fiscal 2002 due mainly to the higher earnings within the FSG.

Net Income

The Company's net income was \$12.2 million, or \$.50 per diluted share, in fiscal 2003 compared to net income of \$15.2 million, or \$.62 per diluted share in fiscal 2002. The lower net income in fiscal 2003 primarily reflects the effect of the income tax recovery and gain on sale of a product line in fiscal 2002, which increased net income by an aggregate of \$2.9 million, or \$.12 per diluted share, and higher minority interests in fiscal 2003 as discussed above offset by slightly higher operating income in fiscal 2003.

Outlook

The Company experienced increased sales and operating income in the FSG during fiscal 2003 compared to fiscal 2002. These improvements are a result of the Company's ongoing new product development efforts and some strengthening in the commercial aviation industry.

The Company's ETG saw improvement in sales and operating income during the second half of fiscal 2003 compared to the prior year. The increase is primarily due to strong product demand during the second half of the fiscal year and the shipment of some products whose delivery was delayed in the first half of the year.

The Company's acquisition within the satellite microwave component industry (see Note 17 to the Consolidated Financial Statements) furthers its product and customer diversification strategy. 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 2003.

Based on an anticipated strengthening of the economy, the Company's continued success in introducing new products and services and the aforementioned acquisition, the Company is targeting growth in fiscal 2004 sales and earnings over fiscal 2003 results.

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 within the caption "Income Tax Expense" which follows within this Item 7. 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 former 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 reason for 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 by \$1.3 million in fiscal 2002 as compared to an increase of \$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 \$.62 per diluted share, in fiscal 2002 compared to net income of \$15.8 million, or \$.65 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, gain on sale of product line, 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 \$.82 per diluted share.

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 \$27.9 million for fiscal 2003, principally reflecting net income of \$12.2 million, depreciation and amortization of \$5.1 million, deferred income tax provision of \$3.5 million, minority interests in consolidated subsidiaries of \$2.0 million, and a decrease in net operating assets of \$4.7 million. The decrease in net operating assets (current assets used in operations net of current liabilities) primarily reflects lower inventories resulting from efforts to improve inventory turnover by reducing the level of finished goods maintained on hand.

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 of \$10.6 million, and minority interests in consolidated subsidiaries of \$2.8 million, partially 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 the payment of income taxes of approximately \$7 million on the fiscal 2000 gain from the sale of Trilectron.

Investing Activities

Cash used in investing activities during the three fiscal year period ended October 31, 2003 primarily relates to various acquisitions, including contingent payments, totaling \$67.3 million, including \$61.2 million in fiscal 2001. For further details on acquisitions, see the caption "Overview" within this Item 7. Capital expenditures aggregated to \$16.6

million over the last three fiscal years, primarily reflecting the purchases of new facilities and the expansion of existing production facilities and capabilities. In fiscal 2001, the Company received \$12.4 million as a result of the sale of the Trilectron product line in fiscal 2000 and also received proceeds of \$9.2 million from the sale of long-term investments and property that was held for disposition.

Financing Activities

The Company used cash provided by operating activities to make net payments on its revolving credit facilities of \$24.0 million in fiscal 2003 and \$11.0 million in fiscal 2002. In fiscal 2001, the Company incurred net borrowings of \$27.0 million under its former revolving credit facility to fund acquisitions as further detailed within the caption "Overview" within this Item 7. For the three fiscal year period ended October 31, 2003, the Company received proceeds from stock option exercises of \$3.9 million and paid cash dividends aggregating to \$3.0 million.

In May 2003, the Company entered into a new \$120 million revolving credit agreement (new Credit Facility) with a bank syndicate, which contains both revolving credit and term loan features. Borrowings outstanding under the previous credit facility were repaid with borrowings under the new Credit Facility, which expires in May 2006. The new Credit Facility may be used for working capital and general corporate needs of the Company, including letters of credit, and to finance acquisitions (generally not in excess of an aggregate total of \$30 million over any trailing twelve-month period without the requisite approval of the bank syndicate). The Company has the option to extend the revolving credit term for two one-year periods or to convert outstanding advances as of the initial expiration date to term loans amortizing over the subsequent twelve-month period subject to requisite bank syndicate approval. Advances under the new Credit Facility accrue interest at the Company's choice of the London Interbank Offered Rate (LIBOR), or the "Base Rate," plus applicable margins (based on the Company's ratio of total funded debt to earnings before interest, taxes, depreciation and amortization, or "leverage ratio"). The new Credit Facility is secured by substantially all assets other than real property of the Company and its subsidiaries and contains covenants which require, among other things, the maintenance of a leverage ratio and a fixed charge coverage ratio as well as minimum net worth requirements. See Note 6 to the Consolidated Financial Statements for further information regarding the Credit Facility.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has arranged for standby letters of credit aggregating to \$1.2 million to meet the security requirement of its insurance company for potential workers' compensation claims and one of the Company's subsidiaries has guaranteed its performance related to a customer contract through a \$0.5 million letter of credit expiring July 2004. These letters of credit are supported by the Company's Credit Facility. In addition, the Company's industrial development revenue bonds are secured by a \$2.0 million letter of credit expiring February 2004 and a mortgage on the related properties pledged as collateral.

NEW ACCOUNTING STANDARDS

On November 1, 2002, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 supercedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed of." SFAS No. 144 applies to all long-lived assets (including discontinued operations) and consequently amends Accounting Principles Board (APB) Opinion No. 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 No. 144 develops one accounting model (based on the model in SFAS No. 121) for long-lived assets that are to be disposed of by sale, as well as addresses the principal implementation issues. SFAS No. 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 Opinion No. 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 No. 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. The adoption of SFAS No. 144 did not have a material effect on the Company's results of operations or financial position.

On November 1, 2002, the Company adopted SFAS No. 145, "Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections." This Statement eliminates the SFAS No. 4, "Reporting Gains and Losses from Extinguishment of Debt," 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 Opinion No. 30. This statement also amends SFAS No. 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 No. 145 also makes various other technical corrections to existing pronouncements. The adoption of SFAS No. 145 did not have a material effect on the Company's results of operations or financial position.

In November 2002, the Emerging Issues Task Force (EITF) reached a consensus on Issue No. 00-21, "Revenue Arrangements with Multiple Deliverables" (EITF 00-21). This Issue addresses certain aspects of the accounting by a vendor for arrangements under which it will perform multiple revenue-generating activities. EITF 00-21 provides guidance to determine how arrangement consideration should be measured, whether an arrangement should be divided into separate units of accounting, and how arrangement consideration should be allocated among separate units of accounting. The provisions of EITF 00-21 are effective for revenue arrangements entered into in fiscal periods beginning after June 15, 2003. The adoption of EITF 00-21 did not have a material effect on the Company's results of operations or financial position.

In November 2002, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 45 (FIN 45), "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." This Interpretation elaborates on the disclosures to be made by a guarantor in its interim and annual financial statements about its obligations under certain guarantees that it has issued. It also clarifies that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The initial recognition and measurement provisions of this Interpretation are applicable on a prospective basis to guarantees issued or modified after December 31, 2002. The disclosure requirements of FIN 45 are effective for financial statement periods ending after December 15, 2002. The Company adopted FIN 45 effective as of its first quarter of fiscal 2003, which did not have a material effect on the Company's results of operations or financial position. The disclosures made pursuant to FIN 45 may be found in Note 15 to the Consolidated Financial Statements.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure." This Statement amends SFAS No. 123, "Accounting for Stock-Based Compensation," to provide alternative methods of transition for an entity that voluntarily changes to the fair value based method of accounting for stock-based compensation. It also amends the disclosure provisions of SFAS No. 123 to require prominent disclosure about the effects on reported net income of an entity's accounting policy decisions with respect to stock-based employee compensation. Finally, SFAS No. 148 amends APB Opinion No. 28, "Interim Financial Reporting," to require disclosure about those effects in interim financial information. The interim disclosure requirements are effective for interim periods beginning after December 15, 2002. The transition guidance and annual disclosure requirements are effective for fiscal years ending after December 15, 2002. The adoption of SFAS No. 148 did not have a material effect on the Company's results of operations or financial position. The disclosures pursuant to SFAS No. 148 may be found in Notes 1 and 9 to the Consolidated Financial Statements.

On January 1, 2003, the Company adopted SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No. 146 addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies EITF Issue No. 94-3, "Liability Recognition for Certain Employee Termination

Benefits and Other Costs to Exit an Activity (Including Certain Costs Incurred in a Restructuring)." SFAS No. 146 requires recognition of a liability for a cost associated with an exit or disposal activity at fair value when the liability is incurred. Previously, a liability for an exit cost was recognized when the entity committed to an exit plan under EITF Issue No. 94-3. The adoption of SFAS No. 146 did not have a material effect on the Company's results of operations or financial position, but may affect the timing and amounts of the recognition of future restructuring costs.

In January 2003, the FASB issued FASB Interpretation No. 46 (FIN 46), "Consolidation of Variable Interest Entities." This Interpretation clarifies the application of Accounting Research Bulletin No. 51, "Consolidated Financial Statements," to certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN 46 requires an enterprise to consolidate a variable interest entity if that enterprise will absorb a majority of the entity's expected losses, is entitled to receive a majority of the entity's expected residual returns, or both. FIN 46 also requires disclosures about unconsolidated variable interest entities in which an enterprise holds a significant variable interest. FIN 46 is currently effective for variable interest entities created or entered into after January 31, 2003. FASB Staff Position 46-6, which was issued in October 2003, delayed the effective date of FIN 46 to the first reporting period ending after December 15, 2003 for variable interest entities in which an enterprise holds a variable interest that it acquired before February 1, 2003. The Company does not expect the adoption of FIN 46 to have a material effect on its results of operations or financial position.

In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." This Statement clarifies under what circumstances a contract with an initial net investment meets the characteristics of a derivative, clarifies when a derivative contains a financing component, amends the language of an "underlying" to conform it to language used in FIN 45, and amends certain other existing pronouncements. The provisions of SFAS No. 149 are effective for contracts entered into or modified after June 30, 2003. The adoption of SFAS No. 149 did not have a material effect on the Company's results of operations or financial position.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." This Statement establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. SFAS No. 150 requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances), which, under previous guidance, may have been classified as equity. The provisions of SFAS No. 150 are effective for financial instruments entered into or modified after May 31, 2003 and otherwise shall generally be effective at the beginning of the first interim period beginning after June 15, 2003. The adoption of SFAS No. 150 did not have a material effect on the Company's 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 \$32.0 million at October 31, 2003. 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, 2003, a hypothetical 10% increase in interest rates would increase the Company's interest expense by approximately \$80,000 in fiscal 2004.

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, 2003 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 AND SUBSIDIARIES

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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, 2003 and 2002, 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, 2003. 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, 2003 and 2002, and the results of its operations and its cash flows for each of the three years in the period ended October 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

DELOITTE & TOUCHE LLP
Certified Public Accountants

Fort Lauderdale, Florida
January 9, 2004

HEICO CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

AS OF OCTOBER 31,

	2003	2002
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,321,000	\$ 4,539,000
Accounts receivable, net	28,820,000	28,407,000
Inventories	51,240,000	54,514,000
Prepaid expenses and other current assets	6,231,000	7,811,000
Deferred income taxes	3,872,000	3,295,000
	-----	-----
Total current assets	94,484,000	98,566,000
Property, plant and equipment, net	35,537,000	40,059,000
Goodwill, net	188,700,000	187,677,000
Other assets	14,523,000	10,030,000
	-----	-----
Total assets	\$ 333,244,000	\$ 336,332,000
	=====	=====

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

HEICO CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

AS OF OCTOBER 31,

	2003	2002
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt	\$ 29,000	\$ 6,756,000
Trade accounts payable	7,475,000	7,640,000
Accrued expenses and other current liabilities	14,362,000	14,935,000
Income taxes payable	820,000	--
Total current liabilities	22,686,000	29,331,000
Long-term debt, net of current maturities	31,984,000	49,230,000
Deferred income taxes	10,337,000	6,240,000
Other non-current liabilities	6,142,000	6,154,000
Total liabilities	71,149,000	90,955,000
Minority interests in consolidated subsidiaries	40,577,000	38,313,000
Commitments and contingencies (Notes 2 and 15)		
Shareholders' equity:		
Preferred Stock, par value \$.01 per share; Authorized -- 10,000,000 shares issuable in series; 200,000 shares designated as Series A Junior Participating Preferred Stock, none issued	--	--
Common Stock, \$.01 par value; Authorized -- 30,000,000 shares; Issued and Outstanding -- 9,690,945 and 9,380,174 shares, respectively	97,000	94,000
Class A Common Stock, \$.01 par value; Authorized -- 30,000,000 shares; Issued and Outstanding -- 13,876,496 and 13,665,232 shares, respectively (Note 17)	117,000	116,000
Capital in excess of par value	155,064,000	153,847,000
Retained earnings	69,172,000	58,007,000
	224,450,000	212,064,000
Less: Note receivable secured by Class A Common Stock	(2,932,000)	(5,000,000)
Total shareholders' equity	221,518,000	207,064,000
Total liabilities and shareholders' equity	\$ 333,244,000	\$ 336,332,000

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,

	2003	2002	2001
Net sales	\$ 176,453,000	\$ 172,112,000	\$ 171,259,000
Operating costs and expenses:			
Cost of sales	118,349,000	110,610,000	100,113,000
Selling, general and administrative expenses	34,899,000	39,102,000	40,155,000
Total operating costs and expenses	153,248,000	149,712,000	140,268,000
Operating income	23,205,000	22,400,000	30,991,000
Interest expense	(1,189,000)	(2,248,000)	(2,486,000)
Interest and other income	93,000	97,000	1,598,000
Gain on sale of product line	--	1,230,000	--
Income before income taxes and minority interests	22,109,000	21,479,000	30,103,000
Income tax expense	7,872,000	4,930,000	11,480,000
Income before minority interests	14,237,000	16,549,000	18,623,000
Minority interests in consolidated subsidiaries	2,015,000	1,323,000	2,790,000
Net income	\$ 12,222,000	\$ 15,226,000	\$ 15,833,000
Net income per share (Note 17):			
Basic	\$.53	\$.66	\$.72
Diluted	\$.50	\$.62	\$.65
Weighted average number of common shares outstanding (Note 17):			
Basic	23,236,841	23,003,784	21,917,458
Diluted	24,531,280	24,732,679	24,535,902

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 -----
Balances as of October 31, 2000	\$ 85,000	\$ 90,000	\$ 111,138,000	\$ (632,000)
10% Common and Class A stock dividend paid in Class A shares	--	19,000	31,648,000	--
Shares issued in connection with business acquisition (Note 2)	--	3,000	4,997,000	--
Exercises of stock options	8,000	3,000	2,420,000	--
Tax benefit from stock option exercises	--	--	334,000	--
Payment on note receivable from employee savings and investment plan	--	--	--	--
Cash dividends (\$.041 per share)	--	--	--	--
Net income for the year	--	--	--	--
Unrealized gain on investments, net of tax expense of \$394,000	--	--	--	632,000
Unrealized loss on interest rate swap, net of tax benefit of \$144,000	--	--	--	(226,000)
Comprehensive income	--	--	--	--
Other	--	--	68,000	--
Balances as of October 31, 2001	93,000	115,000	150,605,000	(226,000)
Repurchase of stock	--	--	(200,000)	--
Exercises of stock options	1,000	1,000	436,000	--
Tax benefit from stock option exercises	--	--	2,944,000	--
Payment on note receivable from employee savings and investment plan	--	--	--	--
Cash dividends (\$.045 per share)	--	--	--	--
Net income for the year	--	--	--	--
Unrealized gain on interest rate swap, net of tax expense of \$144,000	--	--	--	226,000
Comprehensive income	--	--	--	--
Other	--	--	62,000	--
Balances as of October 31, 2002	94,000	116,000	153,847,000	--
Repurchase of stock	--	--	(120,000)	--
Exercises of stock options	3,000	1,000	985,000	--
Tax benefit from stock option exercises	--	--	348,000	--
Cash dividends (\$.045 per share)	--	--	--	--
Net income for the year	--	--	--	--
Comprehensive income	--	--	--	--
Proceeds from shares sold in connection with business acquisition (Note 15)	--	--	--	--
Other	--	--	4,000	--
Balances as of October 31, 2003	\$ 97,000	\$ 117,000	\$ 155,064,000	\$ --
	=====	=====	=====	=====

	RETAINED EARNINGS -----	NOTES RECEIVABLE -----	COMPREHENSIVE INCOME -----
Balances as of October 31, 2000	\$ 60,614,000	\$ (1,451,000)	
10% Common and Class A stock dividend paid in Class A shares	(31,709,000)	--	
Shares issued in connection with business acquisition (Note 2)	--	(5,000,000)	
Exercises of stock options	--	--	
Tax benefit from stock option exercises	--	--	
Payment on note receivable from employee savings and investment plan	--	803,000	
Cash dividends (\$.041 per share)	(900,000)	--	
Net income for the year	15,833,000	--	\$ 15,833,000
Unrealized gain on investments, net of tax expense of \$394,000	--	--	632,000
Unrealized loss on interest rate swap, net of tax benefit of \$144,000	--	--	(226,000)
Comprehensive income	--	--	\$ 16,239,000
Other	(8,000)	--	=====
Balances as of October 31, 2001	43,830,000	(5,648,000)	
Repurchase of stock	--	--	
Exercises of stock options	--	--	
Tax benefit from stock option exercises	--	--	
Payment on note receivable from employee savings and investment plan	--	648,000	
Cash dividends (\$.045 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 expense of \$144,000	--	--	226,000

Comprehensive income	--	--	\$ 15,452,000
			=====
Other	(4,000)	--	
	-----	-----	
Balances as of October 31, 2002	58,007,000	(5,000,000)	
Repurchase of stock	--	--	
Exercises of stock options	--	--	
Tax benefit from stock option exercises	--	--	
Cash dividends (\$.045 per share)	(1,055,000)	--	
Net income for the year	12,222,000	--	\$ 12,222,000

Comprehensive income	--	--	\$ 12,222,000
			=====
Proceeds from shares sold in connection with business acquisition (Note 15)	--	2,068,000	
Other	(2,000)	--	
	-----	-----	
Balances as of October 31, 2003	\$ 69,172,000	\$ (2,932,000)	
	=====	=====	

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,

	2003	2002	2001
Operating Activities:			
Net income	\$ 12,222,000	\$ 15,226,000	\$ 15,833,000
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	5,081,000	4,532,000	10,588,000
Gain on sale of product line	--	(1,230,000)	--
Gain on sale of property held for disposition	--	--	(657,000)
Gain on sale of investments	--	--	(180,000)
Deferred income tax provision	3,520,000	3,917,000	760,000
Minority interests in consolidated subsidiaries	2,015,000	1,323,000	2,790,000
Tax benefit from stock option exercises	348,000	2,944,000	334,000
Change in assets and liabilities, net of acquisitions and dispositions:			
(Increase) decrease in accounts receivable	(101,000)	3,421,000	1,194,000
Decrease (increase) in inventories	3,705,000	(2,996,000)	(6,773,000)
Decrease (increase) in prepaid expenses and other current assets	1,653,000	(2,967,000)	(329,000)
(Decrease) increase in trade account payables, accrued expenses and other current liabilities	(1,390,000)	(588,000)	1,154,000
Increase (decrease) in income taxes payable	820,000	(564,000)	(8,147,000)
Other	6,000	267,000	(37,000)
Net cash provided by operating activities	27,879,000	23,285,000	16,530,000
Investing Activities:			
Capital expenditures	(3,771,000)	(5,853,000)	(6,927,000)
Acquisitions, net of cash acquired, including contingent payments	(1,554,000)	(4,515,000)	(61,207,000)
Proceeds from receivable from sale of product line	--	--	12,412,000
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
Other	118,000	(1,664,000)	(160,000)
Net cash used in investing activities	(5,207,000)	(11,384,000)	(45,883,000)
Financing Activities:			
(Payments) borrowings on revolving credit facilities, net	(24,000,000)	(11,000,000)	27,000,000
Proceeds from exercises of stock options	989,000	438,000	2,431,000
Cash dividends paid	(1,055,000)	(1,045,000)	(941,000)
Repurchases of common stock	(120,000)	(200,000)	--
Minority interest investment	249,000	--	414,000
Other	1,047,000	112,000	(25,000)
Net cash (used in) provided by financing activities	(22,890,000)	(11,695,000)	28,879,000
Net (decrease) increase in cash and cash equivalents	(218,000)	206,000	(474,000)
Cash and cash equivalents at beginning of year	4,539,000	4,333,000	4,807,000
Cash and cash equivalents at end of year	\$ 4,321,000	\$ 4,539,000	\$ 4,333,000

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

HEICO CORPORATION AND SUBSIDIARIES

NOTES TO 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., 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., Jetseal, Inc. and Niacc Technology, 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. The Company's customer base is primarily the commercial airline, defense and electronics industries. As of October 31, 2003, the Company's principal operations are located in Glastonbury, Connecticut; Atlanta, Georgia; Cleveland, Ohio; Anacortes and Spokane, Washington; Corona, Fresno, 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 as of 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 or the average cost 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 (SFAS) No. 142, "Goodwill and Other Intangible Assets," effective November 1, 2001. SFAS No. 142 eliminated the amortization of goodwill. Prior to the adoption of SFAS No. 142, goodwill was amortized on a straight-line basis over periods ranging from 20 to 40 years. Pursuant to SFAS No. 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 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 Company's intangible assets subject to amortization under SFAS No. 142 consist primarily of licenses, 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.

FINANCIAL INSTRUMENTS

The carrying amounts of cash and cash equivalents, accounts receivable, trade 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 (included within the caption "Other assets" in the Company's consolidated balance sheet) are stated at fair value based on quoted market prices.

INTEREST RATE SWAP AGREEMENTS

Periodically, the Company enters into interest rate swap agreements to manage interest expense related to its \$120 million revolving credit facility (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.

REVENUE RECOGNITION

Revenue is recognized on an accrual basis, primarily upon the 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 Notes 4 and 13 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. Revenues are recognized on the percentage-of-completion method for certain of these contracts, 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. Revenues are recognized on the completed-contract method for certain other

contracts. 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. All common share data and per share data has been adjusted retroactively to give effect to any stock dividends (see Notes 8 and 17).

STOCK BASED COMPENSATION

The Company accounts for stock-based employee compensation using the intrinsic value method prescribed by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related Interpretations. Accordingly, compensation expense has been recorded in the accompanying consolidated financial statements for those options granted below fair market value of the underlying stock on the date of grant. The following table illustrates the pro forma effects on net income and net income per share as if the Company had applied the fair-value recognition provisions of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation," to stock-based employee compensation. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model.

	For the year ended October 31,		
	2003	2002	2001
Net income, as reported	\$ 12,222,000	\$ 15,226,000	\$ 15,833,000
Add: Stock-based employee compensation expense included in reported net income, net of related tax effects	3,000	38,000	41,000
Deduct: Total stock-based employee compensation expense determined under fair value method for all awards, net of related tax effects	(1,724,000)	(3,883,000)	(4,395,000)
Pro forma net income	\$ 10,501,000	\$ 11,381,000	\$ 11,479,000
Net income per share:			
Basic - as reported	\$.53	\$.66	\$.72
Basic - pro forma	\$.45	\$.49	\$.52
Diluted - as reported	\$.50	\$.62	\$.65
Diluted - pro forma	\$.43	\$.46	\$.47

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

On November 1, 2002, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 supercedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed of." SFAS No. 144 applies to all long-lived assets (including discontinued operations) and consequently amends Accounting Principles Board (APB) Opinion No. 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 No. 144 develops one accounting model (based on the model in SFAS No. 121) for long-lived assets that are to be disposed of by sale, as well as addresses the principal implementation issues. SFAS No. 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 Opinion No. 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 No. 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. The adoption of SFAS No. 144 did not have a material effect on the Company's results of operations or financial position.

On November 1, 2002, the Company adopted SFAS No. 145, "Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections." This Statement eliminates the SFAS No. 4, "Reporting Gains and Losses from Extinguishment of Debt," 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 Opinion No. 30. This statement also amends SFAS No. 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 No. 145 also makes various other technical corrections to existing pronouncements. The adoption of SFAS No. 145 did not have a material effect on the Company's results of operations or financial position.

In November 2002, the Emerging Issues Task Force (EITF) reached a consensus on Issue No. 00-21, "Revenue Arrangements with Multiple Deliverables" (EITF 00-21). This Issue addresses certain aspects of the accounting by a vendor for arrangements under which it will perform multiple revenue-generating activities. EITF 00-21 provides guidance to determine how arrangement consideration should be measured, whether an arrangement should be divided into separate units of accounting, and how arrangement consideration should be allocated among separate units of accounting. The provisions of EITF 00-21 are effective for revenue arrangements entered into in fiscal periods beginning after June 15, 2003. The adoption of EITF 00-21 did not have a material effect on the Company's results of operations or financial position.

In November 2002, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 45 (FIN 45), "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." This Interpretation elaborates on the disclosures to be made by a guarantor in its interim and annual financial statements about its obligations under certain guarantees that it has issued. It also clarifies that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The initial recognition and measurement provisions of this Interpretation are applicable on a prospective basis to guarantees issued or modified after December 31, 2002. The disclosure requirements of FIN 45 are effective for financial statement periods ending after December 15, 2002. The Company adopted FIN 45 effective as of its first quarter of fiscal 2003, which did not have a material effect on the Company's results of operations or financial position. The disclosures made pursuant to FIN 45 may be found in Note 15.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure." This Statement amends SFAS No. 123, "Accounting for Stock-Based Compensation," to provide alternative methods of transition for an entity that voluntarily changes to the fair value based method of accounting for stock-based compensation. It also amends the disclosure provisions of SFAS No. 123 to require prominent disclosure about the effects on reported net income of an entity's accounting policy decisions with respect to stock-based employee compensation. Finally, SFAS No. 148 amends APB Opinion No. 28, "Interim Financial Reporting," to require disclosure about those effects in interim financial information. The interim disclosure requirements are effective for interim periods beginning after December 15, 2002. The transition guidance and annual disclosure requirements are effective for fiscal years ending after December 15, 2002. The adoption of SFAS No. 148 did not have a material effect on the Company's results of operations or financial position. The disclosures pursuant to SFAS No. 148 may be found in Notes 1 and 9.

On January 1, 2003, the Company adopted SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No. 146 addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies EITF Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (Including Certain Costs Incurred in a Restructuring)." SFAS No. 146 requires recognition of a liability for a cost associated with an exit or disposal activity at fair value when the liability is incurred. Previously, a liability for an exit cost was recognized when the entity committed to an exit plan under EITF Issue No. 94-3. The adoption of SFAS No. 146 did not have a material effect on the Company's results of operations or financial position, but may affect the timing and amounts of the recognition of future restructuring costs.

In January 2003, the FASB issued FASB Interpretation No. 46 (FIN 46), "Consolidation of Variable Interest Entities." This Interpretation clarifies the application of Accounting Research Bulletin No. 51, "Consolidated Financial Statements," to certain entities in which equity investors do not have the characteristics of a controlling

financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN 46 requires an enterprise to consolidate a variable interest entity if that enterprise will absorb a majority of the entity's expected losses, is entitled to receive a majority of the entity's expected residual returns, or both. FIN 46 also requires disclosures about unconsolidated variable interest entities in which an enterprise holds a significant variable interest. FIN 46 is currently effective for variable interest entities created or entered into after January 31, 2003. FASB Staff Position 46-6, which was issued in October 2003, delayed the effective date of FIN 46 to the first reporting period ending after December 15, 2003 for variable interest entities in which an enterprise holds a variable interest that it acquired before February 1, 2003. The Company does not expect the adoption of FIN 46 to have a material effect on its results of operations or financial position.

In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." This Statement clarifies under what circumstances a contract with an initial net investment meets the characteristics of a derivative, clarifies when a derivative contains a financing component, amends the language of an "underlying" to conform it to language used in FIN 45, and amends certain other existing pronouncements. The provisions of SFAS No. 149 are effective for contracts entered into or modified after June 30, 2003. The adoption of SFAS No. 149 did not have a material effect on the Company's results of operations or financial position.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." This Statement establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. SFAS No. 150 requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances), which, under previous guidance, may have been classified as equity. The provisions of SFAS No. 150 are effective for financial instruments entered into or modified after May 31, 2003 and otherwise shall generally be effective at the beginning of the first interim period beginning after June 15, 2003. The adoption of SFAS No. 150 did not have a material effect on the Company's results of operations or financial position.

2. ACQUISITIONS AND STRATEGIC ALLIANCES

ACQUISITIONS

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 purchase price was paid using 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 (318,960 shares) paid at closing. The Company guaranteed that the resale value of such Class A Common Stock would be at least \$5 million. Concurrent with the purchase, the Company loaned the seller \$5 million, which was secured by the 318,960 shares of HEICO Class A Common Stock. The purchase price, including the loan, was financed using 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. See Note 15 - Commitments and Contingencies for additional disclosures related to this transaction.

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). Jetseal is engaged in the manufacture of compression seals. In May 2003, the Company, through a subsidiary, acquired substantially all of the assets and liabilities of Niacc Technology, Inc. (Niacc). Niacc is engaged in the repair and overhaul of aircraft components and accessories principally serving the regional commuter and business aircraft market.

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 purchase price of each acquisition was not significant to the Company's consolidated financial statements and the pro forma consolidated operating results assuming each acquisition had been consummated as of the beginning of its respective fiscal year would not have been materially different from the reported results. 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). The allocation of the purchase price for the fiscal 2003 acquisition of Niacc is preliminary while the Company obtains final information regarding the fair value of assets acquired and liabilities assumed.

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 11 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 resulted in a pretax gain in fiscal 2000 of \$17,296,000 (\$10,542,000 or \$.44 per diluted share, net of income tax). The pretax gain is net of expenses of \$10.8 million directly related to the transaction.

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 reserves upon the expiration of indemnification provisions entered into in connection with the sale of Trilectron.

4. SELECTED FINANCIAL STATEMENT INFORMATION

ACCOUNTS RECEIVABLE

	AS OF OCTOBER 31,	
	2003	2002
Accounts receivable	\$ 29,455,000	\$ 30,029,000
Less: Allowance for doubtful accounts	(635,000)	(1,622,000)
Accounts receivable, net	\$ 28,820,000	\$ 28,407,000

In fiscal 2002 and fiscal 2001, the Company wrote off receivables aggregating to \$813,000 and \$577,000, respectively, as a result of bankruptcy filings by certain customers. The charges are included in selling, general and administrative expenses in the Company's consolidated statements of operations. The charges reduced fiscal 2002 and fiscal 2001 net income by \$442,000 (\$.02 per diluted share) and \$291,000 (\$.01 per diluted share), respectively. Write offs of receivables did not have a material effect on net income or diluted net income per share in fiscal 2003.

COSTS AND ESTIMATED EARNINGS ON UNCOMPLETED PERCENTAGE-OF-COMPLETION CONTRACTS

	AS OF OCTOBER 31,	
	2003	2002
Costs incurred on uncompleted contracts	\$ 9,635,000	\$ 4,453,000
Estimated earnings	7,861,000	4,252,000
	17,496,000	8,705,000
Less: Billings to date	(15,223,000)	(8,551,000)
	\$ 2,273,000	\$ 154,000
Included in accompanying consolidated balance sheets under the following captions:		
Accounts receivable, net (costs and estimated earnings in excess of billings)	\$ 3,520,000	\$ 1,737,000
Accrued expenses and other current liabilities (billings in excess of costs and estimated earnings)	(1,247,000)	(1,583,000)
	\$ 2,273,000	\$ 154,000

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 material effect on net income or diluted net income per share in fiscal 2003 or fiscal 2002.

INVENTORIES

	AS OF OCTOBER 31,	
	2003	2002
Finished products	\$ 28,958,000	\$ 32,501,000
Work in process	9,333,000	8,603,000
Materials, parts, assemblies and supplies	12,949,000	13,410,000
Total inventories	<u>\$ 51,240,000</u>	<u>\$ 54,514,000</u>

Inventories related to long-term contracts were not significant as of October 31, 2003 and 2002.

PROPERTY, PLANT AND EQUIPMENT

	AS OF OCTOBER 31,	
	2003	2002
Land	\$ 1,750,000	\$ 2,627,000
Buildings and improvements	18,981,000	20,846,000
Machinery and equipment	43,629,000	41,739,000
Construction in progress	1,623,000	1,702,000
	65,983,000	66,914,000
Less: Accumulated depreciation	(30,446,000)	(26,855,000)
Property, plant and equipment, net	<u>\$ 35,537,000</u>	<u>\$ 40,059,000</u>

Depreciation and amortization expense on property, plant, and equipment amounted to approximately \$4,659,000, \$4,193,000 and \$3,090,000 for the fiscal years ended October 31, 2003, 2002 and 2001, respectively.

Included in the Company's property, plant and equipment is rotatable equipment located at various customer locations in connection with certain repair and maintenance agreements. The rotatables are stated at a net book value of \$3,912,000 and \$4,417,000 as of October 31, 2003 and 2002, respectively. 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.

In fiscal 2003, the Company consolidated the operations of two of its Florida-based owned facilities utilized by its Flight Support Group. In the fourth quarter of fiscal 2003, the Company listed the vacated property for sale with a real estate agent and reclassified the building and associated land as held for sale. The carrying value of the property is \$3,468,000 and is included within the caption "Other assets" in the Company's consolidated balance sheet.

ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	AS OF OCTOBER 31,	
	2003	2002
Accrued customer rebates and credits	\$ 5,008,000	\$ 3,893,000
Accrued employee compensation and related payroll taxes	4,079,000	4,714,000
Billings in excess of costs and estimated earnings on uncompleted percentage-of-completion contracts	1,247,000	1,583,000
Other	4,028,000	4,745,000
Total accrued expenses and other current liabilities .	<u>\$ 14,362,000</u>	<u>\$ 14,935,000</u>

Other non-current liabilities include deferred compensation of \$5,075,000 and \$4,724,000 as of October 31, 2003 and 2002, respectively.

5. GOODWILL AND OTHER INTANGIBLE ASSETS

The Company adopted Statement of Financial Accounting Standards (SFAS) No. 142 at the beginning of fiscal 2002. Under SFAS No. 142 goodwill is no longer amortized but rather is tested at least annually for impairment.

The following table reflects net income and net income per share for the fiscal year ended October 31, 2001 adjusted to give effect to the adoption of SFAS No. 142:

Reported net income	\$ 15,833,000
Add-back after tax goodwill amortization	4,398,000

Adjusted net income	\$ 20,231,000
	=====
Reported net income per share - basic	\$.72
Add-back after tax goodwill amortization ....	.20

Adjusted net income per share - basic	\$.92
	=====
Reported net income per share - diluted	\$.65
Add-back after tax goodwill amortization ....	.17

Adjusted net income per share - diluted	\$.82
	=====

The changes in the carrying amount of goodwill during fiscal 2003 by segment are as follows:

	FSG	ETG	CONSOLIDATED TOTAL
	-----	-----	-----
Balances as of November 1, 2002	\$ 118,706,000	\$ 68,971,000	\$ 187,677,000
Goodwill acquired during the year	400,000	--	400,000
Adjustments to goodwill	623,000	--	623,000
	-----	-----	-----
Balances as of October 31, 2003	\$ 119,729,000	\$ 68,971,000	\$ 188,700,000
	=====	=====	=====

The goodwill acquired during fiscal 2003 is a result of the Company's acquisition of substantially all of the assets and liabilities of Niacc Technology, Inc. in May 2003 (see Note 2 - Acquisitions). Adjustments to goodwill consist primarily of contingent purchase price payments to previous owners of acquired businesses.

Other intangible assets are recorded within the caption "Other assets" in the Company's consolidated balance sheets. Other intangible assets subject to amortization consist primarily of licenses, patents, and non-compete covenants. The gross carrying amount of other intangible assets was \$1,420,000 and \$2,462,000 as of October 31, 2003 and 2002, respectively. Accumulated amortization of other intangible assets was \$147,000 and \$1,176,000 as of October 31, 2003 and 2002, respectively. Amortization expense of other intangible assets was \$98,000, \$104,000 and \$408,000 for the fiscal years ended October 31, 2003, 2002 and 2001, respectively. Amortization expense for each of the next five fiscal years is expected to be \$107,000 in fiscal 2004, \$127,000 in fiscal 2005, \$127,000 in fiscal 2006, \$127,000 in fiscal 2007, and \$105,000 in fiscal 2008.

6. LONG-TERM DEBT

Long-term debt consists of:

	AS OF OCTOBER 31,	
	2003	2002
Borrowings under revolving credit facility	\$ 30,000,000	\$ 54,000,000
Industrial Development Revenue Refunding Bonds -- Series 1988 ...	1,980,000	1,980,000
Capital leases and equipment loans	33,000	6,000
	-----	-----
	32,013,000	55,986,000
Less: Current maturities of long-term debt	(29,000)	(6,756,000)
	-----	-----
	\$ 31,984,000	\$ 49,230,000
	=====	=====

The aggregate amount of long-term debt maturing in each of the next five fiscal years is \$29,000 in fiscal 2004, \$4,000 in fiscal 2005, \$15,000,000 in fiscal 2006, \$15,000,000 in fiscal 2007, and \$1,980,000 in fiscal 2008.

REVOLVING CREDIT FACILITY

In May 2003, the Company entered into a new \$120 million revolving credit agreement (new Credit Facility) with a bank syndicate, which contains both revolving credit and term loan features. Borrowings outstanding under the previous credit facility were repaid with borrowings under the new Credit Facility, which expires in May 2006. The new Credit Facility may be used for working capital and general corporate needs of the Company, including letters of credit, and to finance acquisitions (generally not in excess of an aggregate total of \$30 million over any trailing twelve-month period without the requisite approval of the bank syndicate). The Company has the option to extend the revolving credit term for two one-year periods or to convert outstanding advances as of the initial expiration date to term loans amortizing over the subsequent twelve-month period subject to requisite bank syndicate approval. Advances under the new Credit Facility accrue interest at the Company's choice of the London Interbank Offered Rate (LIBOR), or the "Base Rate," plus applicable margins (based on the Company's ratio of total funded debt to earnings before interest, taxes, depreciation and amortization, or "leverage ratio"). The Base Rate is the higher of (i) the Prime Rate or (ii) the Federal Funds rate plus .50%. The applicable margins range from 1.00% to 2.25% for LIBOR based borrowings and from .00% to .75% for Base Rate based borrowings. A fee is charged on the amount of the unused commitment ranging from .25% to .50% (depending on the leverage ratio of the Company). The new Credit Facility is secured by substantially all assets other than real property of the Company and its subsidiaries and contains covenants which require, among other things, the maintenance of the leverage ratio and a fixed charge coverage ratio as well as minimum net worth requirements.

As of October 31, 2003 and 2002, the Company had a total of \$30 million and \$54 million, respectively, borrowed under its respective \$120 million revolving credit facilities at weighted average interest rates of 2.6% and 2.9%, respectively. The amounts were primarily borrowed to partially fund acquisitions (Note 2).

INDUSTRIAL DEVELOPMENT REVENUE BONDS

The industrial development revenue bonds outstanding as of October 31, 2003 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 (1.2% and 1.9% as of October 31, 2003 and 2002, 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.

7. INCOME TAXES

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

	2003	2002	2001
	-----	-----	-----
Current:			
Federal	\$ 3,908,000	\$ 849,000	\$ 9,611,000
State	444,000	164,000	1,109,000
	-----	-----	-----
Deferred	4,352,000	1,013,000	10,720,000
	3,520,000	3,917,000	760,000
	-----	-----	-----
Total income tax expense	\$ 7,872,000	\$ 4,930,000	\$ 11,480,000
	=====	=====	=====

In fiscal 2002, the Company 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 was 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 for each of the three fiscal years ended October 31:

	2003	2002	2001
	-----	-----	-----
Federal statutory tax rate	35.0%	35.0%	35.0%
State taxes, less applicable federal income tax reduction	2.5	2.8	2.6
Net tax benefits on export sales	(2.3)	(2.7)	(2.4)
Nondeductible amortization of intangible assets	--	--	2.7
Recovery of taxes paid in prior years resulting from tax audit	--	(11.6)	--
Other, net .....	.4	(.5)	.2
	-----	-----	-----
Effective tax rate	35.6%	23.0%	38.1%
	=====	=====	=====

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 are as follows:

	AS OF OCTOBER 31,	
	2003	2002
Deferred tax assets:		
Inventories	\$ 2,770,000	\$ 1,868,000
Deferred compensation liability	2,034,000	1,769,000
Capitalized research and development expenses	897,000	1,088,000
Bad debt allowances	229,000	619,000
Vacation accruals	269,000	384,000
Warranty accruals	246,000	269,000
Other	983,000	561,000
Total deferred tax assets	7,428,000	6,558,000
Deferred tax liabilities:		
Intangible asset amortization	10,841,000	7,077,000
Accelerated depreciation	2,974,000	2,355,000
Other	78,000	71,000
Total deferred tax liabilities	13,893,000	9,503,000
Net deferred tax liability	\$ (6,465,000)	\$ (2,945,000)

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

	AS OF OCTOBER 31,	
	2003	2002
Current	\$ 3,872,000	\$ 3,295,000
Long term	(10,337,000)	(6,240,000)
Net deferred tax liability	\$ (6,465,000)	\$ (2,945,000)

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.

No deferred tax assets or liabilities were assumed in connection with the Company's acquisitions in fiscal 2003, fiscal 2002 or fiscal 2001.

8. SHAREHOLDERS' EQUITY

PREFERRED STOCK PURCHASE RIGHTS PLAN

The Company's Board of Directors adopted, as of November 2, 2003, a new Shareholder Rights Agreement (the "2003 Plan") to replace the expiring one (the "1993 Plan"). Pursuant to the 2003 Plan, the Board declared a dividend of one preferred share purchase right for each outstanding share of Common Stock and Class A Common Stock (with the preferred share purchase rights collectively as "the Rights"). 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 15% (formerly 30% under the 1993 Plan) or more of the outstanding common stock. Absent either of the aforementioned events transpiring, the Rights will expire as of the close of business on November 2, 2013.

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 15% (formerly 30% under the 1993 Plan) or more of the outstanding common stock. The 2003 Plan also contains a provision to help ensure a potential acquiror pays all shareholders a fair price for the Company.

COMMON STOCK AND CLASS A COMMON STOCK

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.

SHARE REPURCHASES

In accordance with the Company's share repurchase program, 22,000 shares of Class A Common Stock were repurchased at a total cost of \$120,000 in fiscal 2003 and 36,300 shares of Class A Common Stock were repurchased at a total cost of \$200,000 in fiscal 2002. No shares were repurchased in fiscal 2001.

STOCK DIVIDENDS

In August 2001, the Company paid a 10% stock dividend on both classes of common stock outstanding with shares of Class A Common Stock. The 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. As further detailed in Note 17, the Company's Board of Directors declared, on December 15, 2003, a 10% stock dividend on both classes of common stock outstanding payable in shares of Class A Common Stock on January 16, 2004 to shareholders of record as of January 6, 2004. All net income per share, dividend per share, price and other data per share, exercise price, stock option, and common share data has been adjusted retroactively to give effect to the stock dividends.

9. 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). In addition, the Company granted stock options to two former shareholders of Santa Barbara Infrared, Inc. (SBIR) pursuant to employment agreements entered into in connection with the Company's acquisition of SBIR in fiscal 1999. A total of 4,615,098 shares of the Company's stock are reserved for issuance to employees, directors, officers, and consultants as of October 31, 2003, including 4,448,675 shares currently under option and 166,423 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. 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. The stock options granted to two former shareholders of SBIR were fully vested and transferable as of the grant date and expire ten years from the date of grant. The exercise price of such options was the fair market value as of the date of grant. The 1993 Plan terminated in March 2003 on the tenth anniversary of its effective date. No options may be granted under the 1993 Plan after such termination date, however, options outstanding as of the termination date may be exercised pursuant to their terms. 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.

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

	SHARES AVAILABLE FOR GRANT	SHARES UNDER OPTION	
		SHARES	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding as of October 31, 2000	886,576	5,442,019	\$ 6.32
Shares approved by Board of Directors for grant to former shareholders of SBIR	252,890	--	--
Granted	(1,094,720)	1,094,720	\$ 13.24
Cancelled	168,707	(456,947)	\$ 14.10
Exercised	--	(1,512,291)	\$ 2.64
Outstanding as of October 31, 2001	213,453	4,567,501	\$ 8.24
Shares approved by Board of Directors for grant to former shareholders of SBIR	275,000	--	--
Shares approved by the Shareholders for the 2002 Stock Option Plan	572,000	--	--
Granted	(770,990)	770,990	\$ 9.74
Cancelled	49,128	(306,839)	\$ 13.75
Exercised	--	(165,151)	\$ 2.65
Outstanding as of October 31, 2002	338,591	4,866,501	\$ 8.31
Granted	(503,250)	503,250	\$ 7.20
Cancelled	331,082	(334,749)	\$ 13.10
Exercised	--	(586,327)	\$ 2.30
Outstanding as of October 31, 2003	166,423	4,448,675	\$ 8.62

Information concerning stock options outstanding and stock options exercisable by class of common stock as of October 31, 2003 is as follows:

COMMON STOCK

RANGE OF EXERCISE PRICES	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
	NUMBER OUTSTANDING	WEIGHTED AVERAGE EXERCISE PRICE	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE (Years)	NUMBER EXERCISABLE	WEIGHTED AVERAGE EXERCISE PRICE
\$ 1.09 - \$ 2.50	290,598	\$ 1.43	0.9	290,598	\$ 1.43
\$ 2.51 - \$ 5.50	288,225	\$ 3.45	2.0	288,225	\$ 3.45
\$ 5.51 - \$ 9.29	638,440	\$ 7.68	6.2	358,440	\$ 7.55
\$ 9.30 - \$21.92	713,501	\$ 13.69	7.5	436,500	\$ 13.75
	1,930,764	\$ 8.33	5.3	1,373,763	\$ 7.36

CLASS A COMMON STOCK

RANGE OF EXERCISE PRICES	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
	NUMBER OUTSTANDING	WEIGHTED AVERAGE EXERCISE PRICE	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE (Years)	NUMBER EXERCISABLE	WEIGHTED AVERAGE EXERCISE PRICE
\$ 1.09 - \$ 2.50	290,321	\$ 1.43	0.8	290,321	\$ 1.43
\$ 2.51 - \$ 5.50	382,420	\$ 3.99	3.9	292,209	\$ 3.47
\$ 5.51 - \$ 9.29	918,207	\$ 7.66	6.8	674,096	\$ 7.56
\$ 9.30 - \$21.92	926,963	\$ 14.40	6.3	649,452	\$ 15.28
	2,517,911	\$ 8.88	5.5	1,906,078	\$ 8.69

If there were a change in control of the Company, options for an additional 431,267 shares of Common Stock and 579,119 shares of Class A Common Stock would become immediately exercisable.

The estimated weighted average fair value of options granted was \$4.64 per share for Common Stock and \$3.55 per share for Class A Common Stock in fiscal 2003, \$7.30 per share for Common Stock and \$5.35 per share for Class A Common Stock in fiscal 2002, and \$10.21 per share for Common Stock and \$8.13 per share for Class A Common Stock in fiscal 2001.

The fair value of each option grant was 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:

	2003		2002		2001	
	COMMON STOCK	CLASS A COMMON STOCK	COMMON STOCK	CLASS A COMMON STOCK	COMMON STOCK	CLASS A COMMON STOCK
Expected stock price volatility	52.65%	52.24%	53.61%	52.87%	55.65%	55.47%
Risk free interest rate	3.37%	3.43%	4.51%	4.12%	5.24%	5.22%
Dividend yield .....	.26%	.33%	.25%	.32%	.30%	.34%
Expected option life (years)	8	8	8	8	8	8

10. 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 a 25% or 50% matching contribution, as determined by the Board of Directors, based on a participant's Elective Deferral Contribution up to 6% of the Participant's compensation for the Elective Deferral Contribution period. The match is made 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 984,242 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, with a final installment due in 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 (\$2.09 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 in fiscal 2003, fiscal 2002, and fiscal 2001 totaled \$403,000, \$691,000, and \$493,000, respectively, exclusive of interest income earned on the note received from the Plan of \$9,000 in fiscal 2002 and \$52,000 in fiscal 2001.

In 1991, the Company established a Directors Retirement Plan covering its then current directors. The net assets of this plan as of October 31, 2003, 2002 and 2001 are not material to the financial position of the Company. During fiscal 2003, fiscal 2002, and fiscal 2001, \$34,000, \$34,000, and \$21,000, respectively, was expensed for this plan.

11. RESEARCH AND DEVELOPMENT EXPENSES

Cost of sales amounts in fiscal 2003, fiscal 2002, and fiscal 2001 include approximately \$9,224,000, \$9,742,000 and \$7,737,000, respectively, of new product research and development expenses. The expenses are net of reimbursements pursuant to research and development cooperation and joint venture agreements (Note 2). Such reimbursements were \$1,275,000 in fiscal 2001 and were not significant in fiscal 2003 and fiscal 2002.

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:

	2003	2002	2001
	-----	-----	-----
Numerator:			
Net income	\$ 12,222,000	\$ 15,226,000	\$ 15,833,000
	=====	=====	=====
Denominator:			
Weighted average common shares outstanding - basic	23,236,841	23,003,784	21,917,458
Effect of dilutive stock options	1,294,439	1,728,895	2,618,444
	-----	-----	-----
Weighted average common shares outstanding - diluted ...	24,531,280	24,732,679	24,535,902
	=====	=====	=====
Net income per share - basic	\$.53	\$.66	\$.72
Net income per share - diluted	\$.50	\$.62	\$.65
Anti-dilutive stock options excluded	2,144,694	1,431,543	709,432

13. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
	-----	-----	-----	-----
Net sales:				
2003	\$ 41,788,000	\$ 41,591,000	\$ 45,412,000	\$ 47,662,000
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
Gross profit:				
2003	13,776,000	13,901,000	15,136,000	15,291,000
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
Net income:				
2003	2,834,000	2,608,000	3,240,000	3,540,000
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
Net income per share:				
Basic				
2003	\$.12	\$.11	\$.14	\$.15
2002 .....	.12	.17	.12	.24
2001 .....	.18	.23	.18	.14
Diluted				
2003 .....	.12	.11	.13	.14
2002 .....	.11	.16	.11	.23
2001 .....	.16	.20	.16	.13

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 material effect on net income or diluted net income per share in the third and fourth quarters of fiscal 2001 or in any quarter during fiscal 2003 and fiscal 2002.

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.

14. 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 a list of operating subsidiaries aggregated in each reportable operating segment. The FSG designs and manufactures FAA-approved jet engine and aircraft component 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		OTHER, PRIMARILY CORPORATE AND INTERSEGMENT	CONSOLIDATED TOTALS
	FSG	ETG		
For the year ended October 31, 2003:				
Net sales	\$ 128,277,000	\$ 48,597,000	\$ (421,000)	\$ 176,453,000
Depreciation and amortization	3,256,000	1,399,000	426,000	5,081,000
Operating income	19,187,000	8,497,000	(4,479,000)	23,205,000
Total assets	214,292,000	103,798,000	15,154,000	333,244,000
Capital expenditures	1,150,000	2,617,000	4,000	3,771,000
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

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 \$47,013,000 in fiscal 2003, \$51,061,000 in fiscal 2002 and \$46,014,000 in fiscal 2001.

15. COMMITMENTS AND CONTINGENCIES

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.

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,	
2004	\$ 2,381,000
2005	1,900,000
2006	1,613,000
2007	954,000
2008	657,000
Thereafter	1,915,000

Total minimum lease commitments	\$ 9,420,000
	=====

Total rent expense charged to operations for operating leases in fiscal 2003, fiscal 2002, and fiscal 2001 amounted to \$2,768,000, \$2,956,000 and \$2,217,000, respectively.

GUARANTEES

The Company adopted FASB Interpretation No. 45 (FIN 45), "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others," effective as of its first quarter of fiscal 2003. FIN 45 requires, among other things as further detailed in Note 1, disclosures to be made by a guarantor about its obligations under certain guarantees that it has issued. Such disclosures for the Company are set forth below.

The Company has arranged for standby letters of credit aggregating to \$1.2 million to meet the security requirement of its insurance company for potential workers' compensation claims and one of the Company's subsidiaries has guaranteed its performance related to a customer contract through a \$0.5 million letter of credit expiring July 2004. These letters of credit are supported by the Company's Credit Facility. In addition, the Company's industrial development revenue bonds are secured by a \$2.0 million letter of credit expiring February 2004 and a mortgage on the related properties pledged as collateral.

The Company's accounting policy for product warranties is to accrue an estimated liability at the time of shipment. Warranty reserves are included in the Company's consolidated balance sheets under the caption "Accrued expenses and other current liabilities." The amount recognized is based on historical claims cost experience. Changes in the product warranty liability for fiscal 2003 are as follows:

Balance as of October 31, 2002.....	\$ 685,000
Accruals for warranties issued during the period.....	147,000
Warranty claims settled during the period.....	(199,000)

Balance as of October 31, 2003.....	\$ 633,000
	=====

In connection with the Company's acquisition of Inertial Airline Services, Inc. in August 2001 for \$20 million in cash and \$5 million in HEICO Class A Common Stock (318,960 shares), the Company guaranteed that the resale value of such Class A Common Stock would be at least \$5 million through August 31, 2002. Both parties originally agreed to extend the guaranty to August 31, 2003 and then subsequently to August 31, 2004. In October 2003, the seller sold 220,000 shares of the HEICO Class A Common Stock and received net proceeds of \$2.1 million. Based on the closing market price of HEICO Class A Common Stock on October 31, 2003, and the value of the remaining 98,960 shares, the Company would have been required to pay the seller an additional amount of approximately \$1.9

million in cash, which would have been recorded as a reduction of shareholders' equity. Concurrent with the purchase, the Company loaned the seller \$5 million, which is due August 31, 2004 and was secured by the 318,960 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 \$2.1 million of net proceeds was used to reduce the \$5 million loan.

16. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid for interest was \$1,291,000, \$2,407,000 and \$2,379,000 in fiscal 2003, fiscal 2002, and fiscal 2001, respectively. Cash paid for income taxes was \$3,460,000, \$1,373,000 and \$18,563,000 in fiscal 2003, fiscal 2002, and fiscal 2001, 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:

	2003 -----	2002 -----	2001 -----
Fair value of assets acquired:			
Liabilities assumed	\$ 698,000	\$ 247,000	\$ 468,000
Less:			
Goodwill and other intangible assets	1,023,000	3,778,000	37,579,000
Inventories	431,000	371,000	10,882,000
Accounts receivable	312,000	351,000	3,147,000
Property, plant and equipment	408,000	258,000	8,479,000
Other assets	78,000	4,000	1,588,000
	-----	-----	-----
Cash paid, including contingent payments	\$ (1,554,000)	\$ (4,515,000)	\$ (61,207,000)
	=====	=====	=====

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 318,960 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 in fiscal 2001 as a result of the 10% stock dividend described in Note 8. There were no significant capital lease financing activities during fiscal 2003, fiscal 2002, and fiscal 2001.

17. SUBSEQUENT EVENTS (UNAUDITED)

In December 2003, the Company, through its HEICO Electronics Technologies Corp. subsidiary, acquired 80% of the business of Sierra Microwave Technology, Inc. (Sierra). Under the transaction, the Company formed a new subsidiary, Sierra Microwave Technology, LLC, which acquired substantially all of the assets and certain liabilities of Sierra. The new subsidiary is owned 80% by the Company and 20% by Sierra's management. The purchase price was not significant to the Company's consolidated financial statements. The purchase price was paid principally using proceeds from the Company's Credit Facility and some shares of the Company's Class A Common Stock. Sierra is engaged in the design and manufacture of certain niche microwave components used in satellites and military products.

On December 15, 2003, the Company's Board of Directors declared a 10% stock dividend on both its Common Stock and its Class A Common Stock payable in shares of its Class A Common Stock. The dividend is payable on January 16, 2004 to shareholders of record as of January 6, 2004. All net income per share, dividend per share, price and other data per share, exercise price, stock option and common share data has been adjusted retroactively to give effect to stock dividends.

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

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

EVALUATION OF CONTROLS AND PROCEDURES

The Company's Chief Executive Officer and its Chief Financial Officer concluded that the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) are effective, based on their evaluation as of the end of the period covered by this annual report on Form 10-K.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information concerning the Directors of the Company is hereby 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 2003.

Information concerning the Executive Officers of the Company is set forth in Item 1 of Part I hereof under the caption "Executive Officers of the Registrant."

The Company has adopted a code of ethics that applies to its principal executive officer, principal financial officer, principal accounting officer or controller and persons performing similar functions. The code of ethics is located on the Company's Internet web site at <http://www.heico.com>. Any amendments to or waivers from a provision of this code of ethics will be posted on the Company's web site.

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 2003.

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 2003.

Equity compensation plan information is set forth in Item 5 of Part II hereof under the caption "Equity Compensation Plan Information."

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 2003.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information concerning principal accounting fees and services 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 2003.

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.....	30
Consolidated Balance Sheets at October 31, 2003 and 2002.....	31 - 32
Consolidated Statements of Operations for the years ended October 31, 2003, 2002 and 2001.....	33
Consolidated Statements of Shareholders' Equity and Comprehensive Income for the years ended October 31, 2003, 2002 and 2001.....	34
Consolidated Statements of Cash Flows for the years ended October 31, 2003, 2002 and 2001.....	35
Notes to Consolidated Financial Statements.....	36 - 58

(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	-- Articles of Amendment of the Articles of Incorporation of the Registrant, dated as of November 2, 2003.**
3.6	-- 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 the 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.*
4.1	-- The description and terms of the Preferred Stock Purchase Rights are set forth in a Rights Agreement between the Company and SunTrust Bank, N.A., as Rights Agent, dated as of November 2, 2003, incorporated by reference to Exhibit 4.0 to the Form 8-K dated November 2, 2003.*
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.*

EXHIBIT	DESCRIPTION
10.6	-- HEICO Savings and Investment Plan, as amended and restated effective as of January 1, 2002 is incorporated by reference to Exhibit 10.6 to the Form 10-K for the year ended October 31, 2002.*
10.7	-- First Amendment, effective as of January 1, 2002, to the HEICO Savings and Investment Plan.**
10.8	-- Second Amendment, effective as of January 1, 2002, to the HEICO Savings and Investment Plan.**
10.9	-- Third Amendment, effective as of October 1, 2003, to the HEICO Savings and Investment Plan.**
10.10	-- Non-Qualified Stock Option Agreement for Directors, Officers and Employees is incorporated by reference to Exhibit 10.8 to the Form 10-K for the year ended October 31, 1985.*
10.11	-- 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.*
10.12	-- HEICO Corporation 2002 Stock Option Plan, effective March 19, 2002, is incorporated by reference to Exhibit 10.10 to the Form 10-K for the year ended October 31, 2002.*
10.13	-- 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.*
10.14	-- 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.*
10.15	-- 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.*
10.16	-- 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.*
10.17	-- 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.*

EXHIBIT	DESCRIPTION
10.18	-- 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.*
10.19	-- 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.*
10.20	-- 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.*
10.21	-- Revolving Credit Agreement, dated as of May 15, 2003, among HEICO Corporation and SunTrust Bank, as Administrative Agent, is incorporated by reference to Exhibit 10.1 to the Form 8-K filed on May 29, 2003.*
14	-- HEICO Corporation Code of Ethics for Senior Financial and other Officers.**
21	-- Subsidiaries of the Company.**
23	-- Consent of Deloitte & Touche LLP.**
31.1	-- Section 302 Certification of the Chief Executive Officer.**
31.2	-- Section 302 Certification of the Chief Financial Officer.**
32.1	-- Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.***
32.2	-- Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.***

* Previously filed.
 ** Filed herewith.
 *** Furnished herewith.

(b) REPORTS ON FORM 8-K

The Company did not file any reports on Form 8-K during the fourth quarter ended October 31, 2003. The Company did furnish a report on Form 8-K to the Securities and Exchange Commission on August 27, 2003 for the purpose of furnishing a press release announcing the Company's financial results for the third quarter ended July 31, 2003.

SIGNATURES

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

HEICO CORPORATION

Date: January 12, 2004

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.

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

EXHIBIT INDEX

Exhibit #	Description
3.5	Articles of Amendment of the Articles of Incorporation of the Registrant, dated as of November 2, 2003.
10.7	First Amendment, effective as of January 1, 2002, to the HEICO Savings and Investment Plan.
10.8	Second Amendment, effective as of January 1, 2002, to the HEICO Savings and Investment Plan.
10.9	Third Amendment, effective as of October 1, 2003, to the HEICO Savings and Investment Plan.
14	HEICO Corporation Code of Ethics for Senior Financial and other Officers.
21	Subsidiaries of the Company.
23	Consent of Deloitte & Touche LLP.
31.1	Section 302 Certification of the Chief Executive Officer.
31.2	Section 302 Certification of the Chief Financial Officer.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, or adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, or adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

ARTICLES OF AMENDMENT
OF
HEICO CORPORATION

The undersigned, being a Director HEICO Corporation, a Florida corporation (the "Corporation"), does hereby file these Articles of Amendment to the Corporation's Articles of Incorporation, pursuant to Sections 607.1006 and 607.0602 of the Florida Business Corporation Act.

1. The name of the Corporation is HEICO Corporation.
2. Article III of the Corporation's Articles of Incorporation shall be amended by deleting current Section (f) and adding a new Section (f) and (g) thereto, to read as follows:

"(f) SERIES B JUNIOR PARTICIPATING PREFERRED STOCK

(1) Designation and Amount. The shares of such series shall be designated as "Series B Junior Participating Preferred Stock" (the "Series B Preferred Stock") and the number of shares constituting such series shall be 300,000.

(2) Dividends and Distributions.

(A) Subject to the provisions for adjustment hereinafter set forth, the holders of shares of Series B Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, (i) cash dividends in an amount per share (rounded to the nearest cent) equal to 100 times the aggregate per share amount of all cash dividends declared or paid on the Common Stock of the Corporation and (ii) a preferential cash dividend (the "Series B Preferential Cash Dividends"), if any, on the first day of February, May, August and November of each year (each a "Series B Quarterly Dividend Payment Date"), commencing on the first Series B Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series B Preferred Stock, in an amount equal to \$.75 per share of Series B Preferred Stock less the per share amount of all cash dividends declared on the Series B Preferred Stock pursuant to clause (i) of this sentence since the immediately preceding Series B Quarterly Dividend Payment Date or, with respect to the first Series B Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series B Preferred Stock. In the event the Corporation shall, at any time after the issuance of any share or fraction of a share of Series B Preferred Stock, make any distribution on the shares of Common Stock of the Corporation, whether by way of a dividend or a reclassification of stock, a recapitalization, reorganization or partial liquidation of the Corporation or otherwise, which is payable in cash or any debt security, debt instrument, real or personal property or any other property (other than cash dividends subject to the immediately preceding sentence, a distribution of shares of Common Stock or other capital stock of the Corporation or a distribution of rights or warrants to acquire any such share, including any debt security convertible into or exchangeable for any such share, at a price less than the Fair Market Value (as defined in Section (f)(7)(D) of this Article III) of such share), then and in each such event the Corporation shall simultaneously pay on each then outstanding share of Series B Preferred Stock of the Corporation a distribution, in like kind, of 100 times such distribution paid on a share of Common Stock (subject to the provisions for adjustment hereinafter set forth). The dividends and distributions on the Series B Preferred Stock to which holders thereof are entitled pursuant to clause (i)

of the first sentence of this paragraph and pursuant to the second sentence of this paragraph are hereinafter referred to as "Series B Participating Dividends" and the multiple of such cash and non-cash dividends on the Common Stock applicable to the determination of the Series B Participating Dividends, which shall be 100 initially but shall be adjusted from time to time as hereinafter provided, is hereinafter referred to as the "Series B Dividend Multiple". In the event the Corporation shall at any time after November 2, 2003 declare or pay any dividend or make any distribution on Common Stock payable in shares of Common Stock, or effect a subdivision or split or a combination, consolidation or reverse split of the outstanding shares of Common Stock into a greater or lesser number of shares of Common Stock, then in each such case the Series B Dividend Multiple thereafter applicable to the determination of the amount of Series B Participating Dividends which holders of shares of Series B Preferred Stock shall be entitled to receive shall be the Series B Dividend Multiple applicable immediately prior to such event multiplied by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) The Corporation shall declare each Series B Participating Dividend at the same time it declares any cash or non-cash dividend or distribution on the Common Stock in respect of which a Series B Participating Dividend is required to be paid. No cash or non-cash dividend or distribution on the Common Stock in respect of which a Series B Participating Dividend is required to be paid shall be paid or set aside for payment on the Common Stock unless a Series B Participating Dividend in respect of such dividend or distribution on the Common Stock shall be simultaneously paid, or set aside for payment, on the Series B Preferred Stock.

(C) Series B Preferential Cash Dividends shall begin to accrue on outstanding shares of Series B Preferred Stock from the Series B Quarterly Dividend Payment Date next preceding the date of issuance of any shares of Series B Preferred Stock. Accrued but unpaid Series B Preferential Cash Dividends shall be cumulative but shall not bear interest. Series B Preferential Cash Dividends paid on the shares of Series B Preferred Stock in an

amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding.

(3) Voting Rights. The holders of shares of Series B Preferred Stock shall have the following voting rights:

(A) Subject to the provisions for adjustment hereinafter set forth, each share of Series B Preferred Stock shall entitle the holder thereof to 100 votes on all matters submitted to a vote of the shareholders of the Corporation. The number of votes which a holder of a share of Series B Preferred Stock is entitled to cast, as the same may be adjusted from time to time as hereinafter provided, is hereinafter referred to as the "Series B Vote Multiple". In the event the Corporation shall at any time after November 2, 2003 declare or pay any dividend on Common Stock payable in shares of Common Stock, or effect a subdivision or split or a combination, consolidation or reverse split of the outstanding shares of Common Stock into a greater or lesser number of shares of Common Stock, then in each such case the Series B Vote Multiple thereafter applicable to the determination of the number of votes per share to which holders of shares of Series B Preferred Stock shall be entitled after such event shall be the Series B Vote Multiple immediately prior to such event multiplied by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) Except as otherwise provided in these Articles of Incorporation or the Bylaws of the Corporation, the holders of shares of Series B Preferred Stock and Series C Preferred Stock and the holders of shares of Common Stock and Class A Common Stock shall vote together as a single voting group on all matters submitted to a vote of shareholders of the Corporation.

(C) Unless otherwise provided in these Articles of Incorporation, in the event that any preferential cash dividend to which the holders of any currently existing or future series of the Series B Preferred Stock are entitled (collectively, the "Series B Preferred Cash Dividends") has accrued for four or more quarterly dividend periods, whether consecutive or not, and shall not have been declared and paid (or a sum sufficient for the payment thereof has been set aside) in full, the holders of record of such series of Preferred Stock, other than any series in respect of which such right is expressly withheld by these Articles of Incorporation (such holders existing from time to time being hereinafter referred to as the "Unpaid Series B Holders"), acting as a single voting group, shall have the right, at the next meeting of shareholders called for the election of Directors, to elect one member to the Board of Directors, which Director (hereinafter, the "Series B Preferred Director") shall be in addition to the number of Directors required by the Bylaws of the Corporation prior to such event, to serve until the next annual meeting of shareholders and until their successors are elected and qualified or their earlier resignation, removal or incapacity or until such earlier time as all accrued and unpaid Series B Preferred Cash Dividends shall have been paid (or a sum sufficient for the payment thereof has been set aside) in full. If at any annual meeting of shareholders at which the term of a Series B Preferred Director is fixed to expire there are accrued Series B Preferred Cash Dividends which have not been paid (or a sum sufficient for payment thereof has not been set aside) in full, the Unpaid Series B Holders shall have the right to elect a Series B Preferred Director to the vacant Directorship resulting from the expiration of the term of such Series B Preferred Director in the manner provided in the immediately preceding sentence until all accrued and unpaid Series B Preferred Cash Dividends shall have been paid (or a sum sufficient for payment thereof has been set aside) in full; provided, however, that at no time shall more than one Series B Preferred Director be a member of the Board of Directors. The Series B Preferred Director may be removed, with or without cause, by the Unpaid Series B Holders. Vacancies in such Directorships (whether caused by death, resignation, removal or otherwise) may be filled (if any accrued Series B Preferred Cash Dividends remain unpaid or a sum sufficient for payment thereof has not been set aside) only by the Unpaid Series B Holders in the manner permitted by law; provided, however, that any such action by the Unpaid Series B Holders shall be taken at a meeting of shareholders and shall not be taken by written consent; provided further, however, that by a vote of a majority of the Board of Directors in office other than the Series B Preferred Director, the Series B Preferred Director may be removed immediately after all accrued and unpaid Series B Preferred Cash Dividends shall have been paid (or a sum sufficient for the payment thereof has been set aside) in full.

(D) Except as otherwise provided in these Articles of Incorporation or the Bylaws of the Corporation, holders of Series B Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for the taking of any corporate action.

(4) Certain Restrictions.

(A) Whenever Series B Preferential Cash Dividends or Series B Participating Dividends are in arrears or the Corporation shall be in default of payment thereof, thereafter and until all accrued and unpaid Series B Preferential Cash Dividends and Series B Participating Dividends, whether or not declared, on shares of Series B Preferred Stock outstanding shall have been paid (or a sum sufficient for payment thereof has been set aside) in full, and in addition to any and all other rights which

any holder of shares of Series B Preferred Stock may have in such circumstances, the Corporation shall not

(i) declare or pay dividends on, make any other distributions on, or redeem or purchase or otherwise acquire for consideration, any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series B Preferred Stock;

(ii) declare or pay dividends on or make any other distributions on any shares of stock ranking on a parity as to dividends with the Series B Preferred Stock, unless dividends are paid ratably on the Series B Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled if the full dividends accrued thereon were to be paid;

(iii) except as permitted by subparagraph (iv) of this paragraph (4)(A), redeem or purchase or otherwise acquire for consideration shares of any stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series B Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such parity stock in exchange for shares of any stock of the Corporation ranking junior (both as to dividends and upon liquidation, dissolution or winding up) to the Series B Preferred Stock; or

(iv) purchase or otherwise acquire for consideration any shares of Series B Preferred Stock, or any shares of stock ranking on a parity with the Series B Preferred Stock (either as to dividends or upon liquidation, dissolution or winding up), except in accordance with a purchase offer made to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Corporation shall not permit any Subsidiary (as hereinafter defined) of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (A) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner. A "Subsidiary" of the Corporation shall mean any corporation or other entity of which securities or other ownership interests having ordinary voting power sufficient to elect a majority of the Board of Directors or other persons performing similar functions are beneficially owned, directly or indirectly, by the Corporation or by any corporation or other entity that is otherwise controlled by the Corporation.

(C) The Corporation shall not issue any shares of Series B Preferred Stock except upon exercise of Rights (the "Series B Rights") issued pursuant to that certain Rights Agreement dated as of November 2, 2003 between the Corporation and SunTrust Bank, as rights agent, a copy of which is on file with the Secretary of the Corporation at its principal executive office and shall be made available to shareholders of record without charge upon written request therefor addressed to said Secretary. Notwithstanding the foregoing sentence, nothing contained in the provisions hereof shall prohibit or restrict the Corporation from issuing for any purpose any series of Preferred Stock with rights and privileges similar to, different from, or greater than, those of the Series B Preferred Stock.

(5) Recquired Shares. Any shares of Series B Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and canceled promptly after the acquisition thereof. All such shares upon their retirement and cancellation shall become authorized but unissued shares of preferred stock, without designation as to series, and such shares may be reissued as part of a new series of preferred stock to be created by resolution or resolutions of the Board of Directors.

(6) Liquidation, Dissolution or Winding Up. Upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, no distribution shall be made (A) to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series B Preferred Stock unless the holders of shares of Series B Preferred Stock shall have received, subject to adjustment as hereinafter provided, (i) \$45 per one-hundredth share plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, or (ii) if greater than the amount specified in clause (A)(i) of this sentence, an amount equal to 100 times the aggregate amount to be distributed per share to holders of Common Stock, as the same may be adjusted as hereinafter provided, and (B) to the holders of stock ranking on a parity upon liquidation, dissolution or winding up with the Series B Preferred Stock, unless simultaneously therewith distributions are made ratably on the Series B Preferred Stock and all other shares of such parity stock in proportion to the total amounts to which the holders of shares of Series B Preferred Stock are entitled under clause (A)(i) of this sentence and to which the holders of such parity shares are entitled, in each case upon such liquidation, dissolution or winding up. The amount to which holders of Series B Preferred Stock may be entitled upon liquidation, dissolution or winding up of the Corporation pursuant to clause (A) of the foregoing sentence is hereinafter referred to as the "Series B Participating Liquidation Amount" and the multiple of the amount to be distributed to holders of shares of Common Stock upon the liquidation, dissolution or winding up of the Corporation applicable pursuant to said clause to the determination of the Series B Participating Liquidation Amount, as said multiple may be adjusted from time to time as hereinafter provided, is hereinafter referred to as the "Series B Liquidation Multiple". In the event the Corporation shall at any time after November 2, 2003 declare or pay any dividend on Common Stock payable in shares of Common Stock, or effect a subdivision or split or a combination, consolidation or reverse split of the outstanding shares of Common Stock into a greater or lesser number of shares of Common Stock, then in each such case the Series B Liquidation Multiple thereafter applicable to the determination of the Series B Participating Liquidation Amount to which holders of Series B Preferred Stock shall be entitled after such event shall be the Series B Liquidation Multiple applicable immediately prior to such event multiplied by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(7) Certain Reclassifications and Other Events.

(A) In the event that holders of shares of Common Stock of the Corporation receive after November 2, 2003 in respect of their shares of Common Stock any share of capital stock of the Corporation (other than any share of Common Stock of the Corporation), whether by way of reclassification, recapitalization, reorganization, dividend or other distribution or otherwise (a "Common Stock Transaction"), then and in each such event the dividend rights, voting rights and rights upon the liquidation, dissolution or winding up of the Corporation of the shares of Series B Preferred Stock shall be adjusted so that after such event the holders of Series B Preferred Stock shall be entitled, in respect of each share of Series B Preferred Stock held, in addition to such rights in respect thereof to which such holder was entitled immediately prior to such adjustment, to (i) such additional dividends as equal the

Series B Dividend Multiple in effect immediately prior to such Common Stock Transaction multiplied by the additional dividends which the holder of a share of Common Stock shall be entitled to receive by virtue of the receipt in the Common Stock Transaction of such capital stock, (ii) such additional voting rights as equal the Series B Vote Multiple in effect immediately prior to such Common Stock Transaction multiplied by the additional voting rights which the holder of a share of Common Stock shall be entitled to receive by virtue of the receipt in the Common Stock Transaction of such capital stock and (iii) such additional distributions upon liquidation, dissolution or winding up of the Corporation as equal the Series B Liquidation Multiple in effect immediately prior to such Common Stock Transaction multiplied by the additional amount which the holder of a share of Common Stock shall be entitled to receive upon liquidation, dissolution or winding up of the Corporation by virtue of the receipt in the Common Stock Transaction of such capital stock, as the case may be, all as provided by the terms of such capital stock.

(B) In the event that holders of shares of Common Stock of the Corporation receive after November 2, 2003 in respect of their shares of Common Stock any right or warrant to purchase Common Stock (including as such a right, for all purposes of this paragraph, any security convertible into or exchangeable for Common Stock) at a purchase price per share less than the Fair Market Value (as hereinafter defined) of a share of Common Stock on the date of issuance of such right or warrant, then and in each such event the dividend rights, voting rights and rights upon the liquidation, dissolution or winding up of the Corporation of the shares of Series B Preferred Stock shall each be adjusted so that after such event the Series B Dividend Multiple, the Series B Vote Multiple and the Series B Liquidation Multiple shall each be the product of the Series B Dividend Multiple, the Series B Vote Multiple and the Series B Liquidation Multiple, as the case may be, in effect immediately prior to such event multiplied by a fraction the numerator of which shall be the number of shares of Common Stock outstanding immediately before such issuance of rights or warrants plus the maximum number of shares of Common Stock which could be acquired upon exercise in full of all such rights or warrants and the denominator of which shall be the number of shares of Common Stock outstanding immediately before such issuance of rights or warrants plus the number of shares of Common Stock which could be purchased, at the Fair Market Value of the Common Stock at the time of such issuance, by the maximum aggregate consideration payable upon exercise in full of all such rights or warrants.

(C) In the event that holders of shares of Common Stock of the Corporation receive after November 2, 2003 in respect of their shares of Common Stock any right or warrant to purchase capital stock of the Corporation (other than shares of Common Stock), including as such a right, for all purposes of this paragraph, any security convertible into or exchangeable for capital stock of the Corporation (other than Common Stock), at a purchase price per share less than the Fair Market Value of such shares of capital stock on the date of issuance of such right or warrant, then and in each such event the dividend rights, voting rights and rights upon liquidation, dissolution or winding up of the Corporation of the shares of Series B Preferred Stock shall each be adjusted so that after such event each holder of a share of Series B Preferred Stock shall be entitled, in respect of each share of Series B Preferred Stock held, in addition to such rights in respect thereof to which such holder was entitled immediately prior to such event, to receive (i) such additional dividends as equal the Series B Dividend Multiple in effect immediately prior to such event multiplied, first, by the additional dividends to which the holder of a share of Common Stock shall be entitled upon exercise of such right or warrant by virtue of the capital stock which could be acquired upon such exercise and multiplied again by the Discount Fraction (as hereinafter defined) and (ii) such additional voting rights as equal the Series B Vote Multiple in effect immediately prior to such event multiplied, first, by the additional voting rights to which the holder of a share of Common Stock shall be entitled upon exercise of such right or warrant by virtue of the capital stock which could be acquired upon such exercise and multiplied again by the Series B Discount Fraction and (iii) such additional distributions upon liquidation, dissolution or winding up of

the Corporation as equal the Series B Liquidation Multiple in effect immediately prior to such event multiplied, first, by the additional amount which the holder of a share of Common Stock shall be entitled to receive upon liquidation, dissolution or winding up of the Corporation upon exercise of such right or warrant by virtue of the capital stock which could be acquired upon such exercise and multiplied again by the Series B Discount Fraction. For purposes of this paragraph, the "Series B Discount Fraction" shall be a fraction the numerator of which shall be the difference between the Fair Market Value of a share of the capital stock subject to a right or warrant distributed to holders of shares of Common Stock of the Corporation as contemplated by this paragraph immediately after the distribution thereof and the purchase price per share for such share of capital stock pursuant to such right or warrant and the denominator of which shall be the Fair Market Value of a share of such capital stock immediately after the distribution of such right or warrant.

(D) For purposes of this Section (e) of Article III, the "Fair Market Value" of a share of capital stock of the Corporation (including a share of Common Stock) on any date shall be deemed to be the average of the daily closing price per share thereof over the 30 consecutive Trading Days (as such term is hereinafter defined) immediately prior to such date; provided, however, that, in the event that such Fair Market Value of any such share of capital stock is determined during a period which includes any date that is within 30 Trading Days after (i) the ex-dividend date for a dividend or distribution on stock payable in shares of such stock or securities convertible into shares of such stock, or (ii) the effective date of any subdivision, split, combination, consolidation, reverse stock split or reclassification of such stock, then, and in each such case, the Fair Market Value shall be appropriately adjusted by the Board of Directors of the Corporation to take into account ex-dividend or post-effective date trading. The closing price for any day shall be the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way (in either case, as reported in the applicable transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange), or, if the shares are not listed or admitted to trading on the New York Stock Exchange, as reported in the applicable transaction reporting system with respect to securities listed on the principal national securities exchange on which the shares are listed or admitted to trading or, if the shares are not listed or admitted to trading on any national securities exchange, the last quoted price or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotation System's National Market System ("NASDAQ/NMS") or such other system then in use, or if on any such date the shares are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the shares selected by the Board of Directors of the Corporation. The term "Trading Day" shall mean a day on which the principal national securities exchange on which the shares are listed or admitted to trading is open for the transaction of business or, if the shares are not listed or admitted to trading on any national securities exchange, on which the NASDAQ/NMS or such national securities exchange as may be selected by the Board of Directors of the Corporation is open. If the shares are not publicly held or not so listed or traded on any day within the period of 30 Trading Days applicable to the determination of Fair Market Value thereof as aforesaid, "Fair Market Value" shall mean the fair market value thereof per share as determined in good faith by the Board of Directors of the Corporation. In either case referred to in the foregoing sentence, the determination of Fair Market Value shall be described in a statement filed with the Secretary of the Corporation.

(8) Consolidation, Merger, etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case each outstanding share of Series B Preferred Stock shall at the same time be similarly exchanged for or

changed into the aggregate amount of stock, securities, cash and/or other property (payable in like kind), as the case may be, for which or into which each share of Common Stock is changed or exchanged multiplied by the highest of the Series B Vote Multiple, the Series B Dividend Multiple or the Series B Liquidation Multiple in effect immediately prior to such event.

(9) Effective Time of Adjustments.

(A) Adjustments to the Series B Preferred Stock required by the provisions hereof shall be effective as of the time at which the event requiring such adjustments occurs.

(B) The Corporation shall give prompt written notice to each holder of a share of Series B Preferred Stock of the effect of any adjustment to the voting rights, dividend rights or rights upon liquidation, dissolution or winding up of the Corporation of such shares required by the provisions hereof. Notwithstanding the foregoing sentence, the failure of the Corporation to give such notice shall not affect the validity of or the force or effect of or the requirement for such adjustment.

(10) No Redemption. The shares of Series B Preferred Stock shall not be redeemable at the option of the Corporation or any holder thereof. Notwithstanding the foregoing sentence of this Section 10, the Corporation may acquire shares of Series B Preferred Stock in any other manner permitted by law and the Articles of Incorporation.

(11) Ranking. Unless otherwise provided in these Articles of Incorporation, the Series B Preferred Stock shall rank *pari pasu* with the Series C Preferred Stock and junior to all other series of the Corporation's Preferred Stock as to the payment of dividends and the distribution of assets on liquidation, dissolution or winding up and shall rank senior to the Common Stock.

(12) Amendment. These Articles of Incorporation of the Corporation shall not be amended in any manner which would adversely affect the rights, preferences or limitations of the Series B Preferred Stock without, in addition to any other vote of shareholders required by law, the approval of (1) the holders of the then outstanding Rights (as defined in Section (f)(4)(C) of this Article III) and (2) the holders of the then outstanding shares of the Series B Preferred Stock, with the holders of the Rights and the holders of the Series B Preferred Stock voting together as a single voting group; provided, however, that the holder of each share of Series B Preferred Stock shall have one vote and the holder of each Right shall have one one-hundredth of a vote with respect to each such amendment."

"(g) SERIES C JUNIOR PARTICIPATING PREFERRED STOCK

(1) Designation and Amount. The shares of such series shall be designated as "Series C Junior Participating Preferred Stock" (the "Series C Preferred Stock") and the number of shares constituting such series shall be 300,000.

(2) Dividends and Distributions.

(A) Subject to the provisions for adjustment hereinafter set forth, the holders of shares of Series C Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, (i) cash dividends in an amount per share (rounded to the nearest cent) equal to 100 times the aggregate per share amount of all cash dividends declared or paid on the Class A Common Stock of the Corporation and (ii) a preferential cash dividend (the "Series C Preferential Cash Dividends"), if any, on the first day of February, May, August and

November of each year (each a "Series C Quarterly Dividend Payment Date"), commencing on the first Series C Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series C Preferred Stock, in an amount equal to \$.65 per share of Series C Preferred Stock less the per share amount of all cash dividends declared on the Series C Preferred Stock pursuant to clause (i) of this sentence since the immediately preceding Series C Quarterly Dividend Payment Date or, with respect to the first Series C Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series C Preferred Stock. In the event the Corporation shall, at any time after the issuance of any share or fraction of a share of Series C Preferred Stock, make any distribution on the shares of Class A Common Stock of the Corporation, whether by way of a dividend or a reclassification of stock, a recapitalization, reorganization or partial liquidation of the Corporation or otherwise, which is payable in cash or any debt security, debt instrument, real or personal property or any other property (other than cash dividends subject to the immediately preceding sentence, a distribution of shares of Class A Common Stock or other capital stock of the Corporation or a distribution of rights or warrants to acquire any such share, including any debt security convertible into or exchangeable for any such share, at a price less than the Fair Market Value (as defined in Section (g)(7)(D) of this Article III) of such share), then and in each such event the Corporation shall simultaneously pay on each then outstanding share of Series C Preferred Stock of the Corporation a distribution, in like kind, of 100 times such distribution paid on a share of Class A Common Stock (subject to the provisions for adjustment hereinafter set forth). The dividends and distributions on the Series C Preferred Stock to which holders thereof are entitled pursuant to clause (i) of the first sentence of this paragraph and pursuant to the second sentence of this paragraph are hereinafter referred to as "Series C Participating Dividends" and the multiple of such cash and non-cash dividends on the Class A Common Stock applicable to the determination of the Series C Participating Dividends, which shall be 100 initially but shall be adjusted from time to time as hereinafter provided, is hereinafter referred to as the "Series C Dividend Multiple". In the event the Corporation shall at any time after November 2, 2003 declare or pay any dividend or make any distribution on Class A Common Stock payable in shares of Class A Common Stock, or effect a subdivision or split or a combination, consolidation or reverse split of the outstanding shares of Class A Common Stock into a greater or lesser number of shares of Class A Common Stock, then in each such case the Series C Dividend Multiple thereafter applicable to the determination of the amount of Series C Participating Dividends which holders of shares of Series C Preferred Stock shall be entitled to receive shall be the Series C Dividend Multiple applicable immediately prior to such event multiplied by a fraction the numerator of which is the number of shares of Class A Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Class A Common Stock that were outstanding immediately prior to such event.

(B) The Corporation shall declare each Series C Participating Dividend at the same time it declares any cash or non-cash dividend or distribution on the Class A Common Stock in respect of which a Series C Participating Dividend is required to be paid. No cash or non-cash dividend or distribution on the Class A Common Stock in respect of which a Series C Participating Dividend is required to be paid shall be paid or set aside for payment on the Class A Common Stock unless a Series C Participating Dividend in respect of such dividend or distribution on the Class A Common Stock shall be simultaneously paid, or set aside for payment, on the Series C Preferred Stock.

(C) Series C Preferential Cash Dividends shall begin to accrue on outstanding shares of Series C Preferred Stock from the Series C Quarterly Dividend Payment Date next preceding the date of issuance of any shares of Series C Preferred Stock. Accrued but unpaid Series C Preferential Cash Dividends shall be cumulative but shall not bear interest. Series C Preferential Cash Dividends paid on the shares of Series C Preferred Stock in an amount less than the total amount of such dividends at the

time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding.

(3) Voting Rights. The holders of shares of Series C Preferred Stock shall have the following voting rights:

(A) Subject to the provisions for adjustment hereinafter set forth, each share of Series C Preferred Stock shall entitle the holder thereof to 10 votes on all matters submitted to a vote of the shareholders of the Corporation. The number of votes which a holder of a share of Series C Preferred Stock is entitled to cast, as the same may be adjusted from time to time as hereinafter provided, is hereinafter referred to as the "Series C Vote Multiple". In the event the Corporation shall at any time after November 2, 2003 declare or pay any dividend on Class A Common Stock payable in shares of Class A Common Stock, or effect a subdivision or split or a combination, consolidation or reverse split of the outstanding shares of Class A Common Stock into a greater or lesser number of shares of Class A Common Stock, then in each such case the Series C Vote Multiple thereafter applicable to the determination of the number of votes per share to which holders of shares of Series C Preferred Stock shall be entitled after such event shall be the Series C Vote Multiple immediately prior to such event multiplied by a fraction the numerator of which is the number of shares of Class A Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Class A Common Stock that were outstanding immediately prior to such event.

(B) Except as otherwise provided in these Articles of Incorporation or the Bylaws of the Corporation, the holders of shares of Series C Preferred Stock and Series B Preferred Stock and the holders of shares of Class A Common Stock and Common Stock shall vote together as a single voting group on all matters submitted to a vote of shareholders of the Corporation.

(C) Unless otherwise provided in these Articles of Incorporation, in the event that any preferential cash dividend to which the holders of any currently existing or future series of the Series C Preferred Stock are entitled (collectively, the "Series C Preferred Cash Dividends") has accrued for four or more quarterly dividend periods, whether consecutive or not, and shall not have been declared and paid (or a sum sufficient for the payment thereof has been set aside) in full, the holders of record of such series of Series C Preferred Stock, other than any series in respect of which such right is expressly withheld by these Articles of Incorporation (such holders existing from time to time being hereinafter referred to as the "Unpaid Series C Holders"), acting as a single voting group, shall have the right, at the next meeting of shareholders called for the election of Directors, to elect one member to the Board of Directors, which Director (hereinafter, the "Series C Preferred Director") shall be in addition to the number of Directors required by the Bylaws of the Corporation prior to such event, to serve until the next annual meeting of shareholders and until their successors are elected and qualified or their earlier resignation, removal or incapacity or until such earlier time as all accrued and unpaid Series C Preferred Cash Dividends shall have been paid (or a sum sufficient for the payment thereof has been set aside) in full. If at any annual meeting of shareholders at which the term of a Series C Preferred Director is fixed to expire there are accrued Series C Preferred Cash Dividends which have not been paid (or a sum sufficient for payment thereof has not been set aside) in full, the Unpaid Series C Holders shall have the right to elect a Series C Preferred Director to the vacant Directorship resulting from the expiration of the term of such Series C Preferred Director in the manner provided in the immediately preceding sentence until all accrued and unpaid Series C Preferred Cash Dividends shall have been paid (or a sum sufficient for payment thereof has been set aside) in full; provided, however, that at no time shall more than one Series C Preferred Director be a member of the Board of Directors. The Series C Preferred Director may be removed, with or without cause, by the Unpaid Series C Holders. Vacancies in such Directorship

(whether caused by death, resignation, removal or otherwise) may be filled (if any accrued Series C Preferred Cash Dividends remain unpaid or a sum sufficient for payment thereof has not been set aside) only by the Unpaid Series C Holders in the manner permitted by law; provided, however, that any such action by the Unpaid Series C Holders shall be taken at a meeting of shareholders and shall not be taken by written consent; provided further, however, that by a vote of a majority of the Board of Directors in office other than the Series C Preferred Director, the Series C Preferred Director may be removed immediately after all accrued and unpaid Series C Preferred Cash Dividends shall have been paid (or a sum sufficient for the payment thereof has been set aside) in full.

(D) Except as otherwise provided in these Articles of Incorporation or the Bylaws of the Corporation, holders of Series C Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Class A Common Stock as set forth herein) for the taking of any corporate action.

(4) Certain Restrictions.

(A) Whenever Series C Preferential Cash Dividends or Series C Participating Dividends are in arrears or the Corporation shall be in default of payment thereof, thereafter and until all accrued and unpaid Series C Preferential Cash Dividends and Series C Participating Dividends, whether or not declared, on shares of Series C Preferred Stock outstanding shall have been paid (or a sum sufficient for payment thereof has been set aside) in full, and in addition to any and all other rights which any holder of shares of Series C Preferred Stock may have in such circumstances, the Corporation shall not

(i) declare or pay dividends on, make any other distributions on, or redeem or purchase or otherwise acquire for consideration, any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series C Preferred Stock;

(ii) declare or pay dividends on or make any other distributions on any shares of stock ranking on a parity as to dividends with the Series C Preferred Stock, unless dividends are paid ratably on the Series C Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled if the full dividends accrued thereon were to be paid;

(iii) except as permitted by subparagraph (iv) of this paragraph (4)(A), redeem or purchase or otherwise acquire for consideration shares of any stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series C Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such parity stock in exchange for shares of any stock of the Corporation ranking junior (both as to dividends and upon liquidation, dissolution or winding up) to the Series C Preferred Stock; or

(iv) purchase or otherwise acquire for consideration any shares of Series C Preferred Stock, or any shares of stock ranking on a parity with the Series C Preferred Stock (either as to dividends or upon liquidation, dissolution or winding up), except in accordance with a purchase offer made to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine

in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Corporation shall not permit any Subsidiary (as hereinafter defined) of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (A) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner. A "Subsidiary" of the Corporation shall mean any corporation or other entity of which securities or other ownership interests having ordinary voting power sufficient to elect a majority of the Board of Directors or other persons performing similar functions are beneficially owned, directly or indirectly, by the Corporation or by any corporation or other entity that is otherwise controlled by the Corporation.

(C) The Corporation shall not issue any shares of Series C Preferred Stock except upon exercise of Rights (the "Series C Rights") issued pursuant to that certain Rights Agreement dated as of November 2, 2003 between the Corporation and SunTrust Bank, as rights agent, a copy of which is on file with the Secretary of the Corporation at its principal executive office and shall be made available to shareholders of record without charge upon written request therefor addressed to said Secretary. Notwithstanding the foregoing sentence, nothing contained in the provisions hereof shall prohibit or restrict the Corporation from issuing for any purpose any series of preferred stock with rights and privileges similar to, different from, or greater than, those of the Series C Preferred Stock.

(5) Reacquired Shares. Any shares of Series C Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and canceled promptly after the acquisition thereof. All such shares upon their retirement and cancellation shall become authorized but unissued shares of preferred stock, without designation as to series, and such shares may be reissued as part of a new series of preferred stock to be created by resolution or resolutions of the Board of Directors.

(6) Liquidation, Dissolution or Winding Up. Upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, no distribution shall be made (A) to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series C Preferred Stock unless the holders of shares of Series C Preferred Stock shall have received, subject to adjustment as hereinafter provided, (i) \$39 per one-hundredth share plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, or (ii) if greater than the amount specified in clause (A)(i) of this sentence, an amount equal to 100 times the aggregate amount to be distributed per share to holders of Class A Common Stock, as the same may be adjusted as hereinafter provided, and (B) to the holders of stock ranking on a parity upon liquidation, dissolution or winding up with the Series C Preferred Stock, unless simultaneously therewith distributions are made ratably on the Series C Preferred Stock and all other shares of such parity stock in proportion to the total amounts to which the holders of shares of Series C Preferred Stock are entitled under clause (A)(i) of this sentence and to which the holders of such parity shares are entitled, in each case upon such liquidation, dissolution or winding up. The amount to which holders of Series C Preferred Stock may be entitled upon liquidation, dissolution or winding up of the Corporation pursuant to clause (A) of the foregoing sentence is hereinafter referred to as the "Series C Participating Liquidation Amount" and the multiple of the amount to be distributed to holders of shares of Class A Common Stock upon the liquidation, dissolution or winding up of the Corporation applicable pursuant to said clause to the determination of the Participating Liquidation Amount, as said multiple may be adjusted from time to time as hereinafter provided, is hereinafter referred to as the "Series C Liquidation Multiple". In the event the Corporation shall at any time after November 2, 2003 declare or pay any dividend on Class A

Common Stock payable in shares of Class A Common Stock, or effect a subdivision or split or a combination, consolidation or reverse split of the outstanding shares of Class A Common Stock into a greater or lesser number of shares of Class A Common Stock, then in each such case the Series C Liquidation Multiple thereafter applicable to the determination of the Series C Participating Liquidation Amount to which holders of Series C Preferred Stock shall be entitled after such event shall be the Series C Liquidation Multiple applicable immediately prior to such event multiplied by a fraction the numerator of which is the number of shares of Class A Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Class A Common Stock that were outstanding immediately prior to such event.

(7) Certain Reclassifications and Other Events.

(A) In the event that holders of shares of Class A Common Stock of the Corporation receive after November 2, 2003 in respect of their shares of Class A Common Stock any share of capital stock of the Corporation (other than any share of Class A Common Stock of the Corporation), whether by way of reclassification, recapitalization, reorganization, dividend or other distribution or otherwise (a "Class A Common Stock Transaction"), then and in each such event the dividend rights, voting rights and rights upon the liquidation, dissolution or winding up of the Corporation of the shares of Series C Preferred Stock shall be adjusted so that after such event the holders of Series C Preferred Stock shall be entitled, in respect of each share of Series C Preferred Stock held, in addition to such rights in respect thereof to which such holder was entitled immediately prior to such adjustment, to (i) such additional dividends as equal the Series C Dividend Multiple in effect immediately prior to such Class A Common Stock Transaction multiplied by the additional dividends which the holder of a share of Class A Common Stock shall be entitled to receive by virtue of the receipt in the Class A Common Stock Transaction of such capital stock, (ii) such additional voting rights as equal the Series C Vote Multiple in effect immediately prior to such Class A Common Stock Transaction multiplied by the additional voting rights which the holder of a share of Class A Common Stock shall be entitled to receive by virtue of the receipt in the Class A Common Stock Transaction of such capital stock and (iii) such additional distributions upon liquidation, dissolution or winding up of the Corporation as equal the Series C Liquidation Multiple in effect immediately prior to such Class A Common Stock Transaction multiplied by the additional amount which the holder of a share of Class A Common Stock shall be entitled to receive upon liquidation, dissolution or winding up of the Corporation by virtue of the receipt in the Class A Common Stock Transaction of such capital stock, as the case may be, all as provided by the terms of such capital stock.

(B) In the event that holders of shares of Class A Common Stock of the Corporation receive after November 2, 2003 in respect of their shares of Class A Common Stock any right or warrant to purchase Class A Common Stock (including as such a right, for all purposes of this paragraph, any security convertible into or exchangeable for Class A Common Stock) at a purchase price per share less than the Fair Market Value (as hereinafter defined) of a share of Class A Common Stock on the date of issuance of such right or warrant, then and in each such event the dividend rights, voting rights and rights upon the liquidation, dissolution or winding up of the Corporation of the shares of Series C Preferred Stock shall each be adjusted so that after such event the Series C Dividend Multiple, the Series C Vote Multiple and the Series C Liquidation Multiple shall each be the product of the Series C Dividend Multiple, the Series C Vote Multiple and the Series C Liquidation Multiple, as the case may be, in effect immediately prior to such event multiplied by a fraction the numerator of which shall be the number of shares of Class A

Common Stock outstanding immediately before such issuance of rights or warrants plus the maximum number of shares of Class A Common Stock which could be acquired upon exercise in full of all such rights or warrants and the denominator of which shall be the number of shares of Class A Common Stock outstanding immediately before such issuance of rights or warrants plus the number of shares of Class A Common Stock which could be purchased, at the Fair Market Value of the Class A Common Stock at the time of such issuance, by the maximum aggregate consideration payable upon exercise in full of all such rights or warrants.

(C) In the event that holders of shares of Class A Common Stock of the Corporation receive after November 2, 2003 in respect of their shares of Class A Common Stock any right or warrant to purchase capital stock of the Corporation (other than shares of Class A Common Stock), including as such a right, for all purposes of this paragraph, any security convertible into or exchangeable for capital stock of the Corporation (other than Class A Common Stock), at a purchase price per share less than the Fair Market Value of such shares of capital stock on the date of issuance of such right or warrant, then and in each such event the dividend rights, voting rights and rights upon liquidation, dissolution or winding up of the Corporation of the shares of Series C Preferred Stock shall each be adjusted so that after such event each holder of a share of Series C Preferred Stock shall be entitled, in respect of each share of Series C Preferred Stock held, in addition to such rights in respect thereof to which such holder was entitled immediately prior to such event, to receive (i) such additional dividends as equal the Series C Dividend Multiple in effect immediately prior to such event multiplied, first, by the additional dividends to which the holder of a share of Class A Common Stock shall be entitled upon exercise of such right or warrant by virtue of the capital stock which could be acquired upon such exercise and multiplied again by the Series C Discount Fraction (as hereinafter defined) and (ii) such additional voting rights as equal the Series C Vote Multiple in effect immediately prior to such event multiplied, first, by the additional voting rights to which the holder of a share of Class A Common Stock shall be entitled upon exercise of such right or warrant by virtue of the capital stock which could be acquired upon such exercise and multiplied again by the Series C Discount Fraction and (iii) such additional distributions upon liquidation, dissolution or winding up of the Corporation as equal the Series C Liquidation Multiple in effect immediately prior to such event multiplied, first, by the additional amount which the holder of a share of Class A Common Stock shall be entitled to receive upon liquidation, dissolution or winding up of the Corporation upon exercise of such right or warrant by virtue of the capital stock which could be acquired upon such exercise and multiplied again by the Series C Discount Fraction. For purposes of this paragraph, the "Series C Discount Fraction" shall be a fraction the numerator of which shall be the difference between the Fair Market Value of a share of the capital stock subject to a right or warrant distributed to holders of shares of Class A Common Stock of the Corporation as contemplated by this paragraph immediately after the distribution thereof and the purchase price per share for such share of capital stock pursuant to such right or warrant and the denominator of which shall be the Fair Market Value of a share of such capital stock immediately after the distribution of such right or warrant.

(D) For purposes of this Section (e) of Article III, the "Fair Market Value" of a share of capital stock of the Corporation (including a share of Class A Common Stock) on any date shall be deemed to be the average of the daily closing price per share thereof over the 30 consecutive Trading Days (as such term is hereinafter defined) immediately prior to such date; provided, however, that, in the event that such Fair Market Value of any such share of capital stock is determined during a period which includes any date that is within 30 Trading Days after (i) the ex-dividend date for a dividend or distribution on stock payable in shares of such stock or securities convertible into shares of such stock, or (ii) the effective date of any subdivision, split, combination, consolidation, reverse stock split or reclassification of such stock, then, and in each such case, the Fair Market Value shall be appropriately adjusted by the Board of Directors of the Corporation to take into account ex-dividend or post-effective date trading. The closing price for any day shall be the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way (in either case, as reported in the applicable transaction reporting system with respect to securities listed or admitted to

trading on the New York Stock Exchange), or, if the shares are not listed or admitted to trading on the New York Stock Exchange, as reported in the applicable transaction reporting system with respect to securities listed on the principal national securities exchange on which the shares are listed or admitted to trading or, if the shares are not listed or admitted to trading on any national securities exchange, the last quoted price or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotation System's National Market System ("NASDAQ/NMS") or such other system then in use, or if on any such date the shares are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the shares selected by the Board of Directors of the Corporation. The term "Trading Day" shall mean a day on which the principal national securities exchange on which the shares are listed or admitted to trading is open for the transaction of business or, if the shares are not listed or admitted to trading on any national securities exchange, on which the NASDAQ/NMS or such national securities exchange as may be selected by the Board of Directors of the Corporation is open. If the shares are not publicly held or not so listed or traded on any day within the period of 30 Trading Days applicable to the determination of Fair Market Value thereof as aforesaid, "Fair Market Value" shall mean the fair market value thereof per share as determined in good faith by the Board of Directors of the Corporation. In either case referred to in the foregoing sentence, the determination of Fair Market Value shall be described in a statement filed with the Secretary of the Corporation.

(8) Consolidation, Merger, etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Class A Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case each outstanding share of Series C Preferred Stock shall at the same time be similarly exchanged for or changed into the aggregate amount of stock, securities, cash and/or other property (payable in like kind), as the case may be, for which or into which each share of Class A Common Stock is changed or exchanged multiplied by the highest of the Series C Vote Multiple, the Series C Dividend Multiple or the Series C Liquidation Multiple in effect immediately prior to such event.

(9) Effective Time of Adjustments.

(A) Adjustments to the Series C Preferred Stock required by the provisions hereof shall be effective as of the time at which the event requiring such adjustments occurs.

(B) The Corporation shall give prompt written notice to each holder of a share of Series C Preferred Stock of the effect of any adjustment to the voting rights, dividend rights or rights upon liquidation, dissolution or winding up of the Corporation of such shares required by the provisions hereof. Notwithstanding the foregoing sentence, the failure of the Corporation to give such notice shall not affect the validity of or the force or effect of or the requirement for such adjustment.

(10) No Redemption. The shares of Series C Preferred Stock shall not be redeemable at the option of the Corporation or any holder thereof. Notwithstanding the foregoing sentence of this Section 10, the Corporation may acquire shares of Series C Preferred Stock in any other manner permitted by law and the Articles of Incorporation.

(11) Ranking. Unless otherwise provided in these Articles of Incorporation, the Series C Preferred Stock shall rank *pari passu* with the Series B Preferred Stock and junior to all other series of the Corporation's Preferred Stock as to the payment of dividends and the distribution of assets on liquidation, dissolution or winding up and shall rank senior to the Class A Common Stock.

(12) Amendment. These Articles of Incorporation of the Corporation shall not be amended in any manner which would adversely affect the rights, preferences or limitations of the Series C Preferred Stock without, in addition to any other vote of shareholders required by law, the approval of (1) the holders of the then outstanding Rights (as defined in Section (g)(4)(C) of this Article III) and (2) the holders of the then outstanding shares of the Series C Preferred Stock, with the holders of the Rights and the holders of the Series C Preferred Stock voting together as a single voting group; provided, however, that the holder of each share of Series C Preferred Stock shall have one vote and the holder of each Right shall have one one-hundredth of a vote with respect to each such amendment."

3. The foregoing amendment was adopted by the Board of Directors on November 2, 2003. A vote of shareholders of the Corporation was not needed for the adoption of these Articles of Amendment.

IN WITNESS WHEREOF, the undersigned Officer of the Corporation has executed these Articles of Amendment on November 2, 2003.

HEICO CORPORATION

/s/ Thomas S. Irwin

By: Thomas S. Irwin
Title: Executive Vice President
and Treasurer

FIRST AMENDMENT
HEICO SAVINGS AND INVESTMENT PLAN

WHEREAS, HEICO Corporation (the "Company") maintains the HEICO Savings and Investment Plan (the "Plan");

WHEREAS, the Plan was amended and restated effective January 1, 2002;

WHEREAS, pursuant to the terms of the Plan, the Company is authorized and empowered to amend the Plan;

WHEREAS, the Company deems it advisable to amend the Plan; and

WHEREAS, the Company has delegated to the undersigned officer of the Company the power and authority to make changes to the Plan as deemed necessary or desirable.

NOW, THEREFORE, by virtue and in exercise of the power reserved to the Company by Section 15.01 of the Plan and pursuant to the authority delegated to the undersigned officer of the Company by the Board of Directors, the Plan is hereby amended, effective January 1, 2002, unless such other date is specifically mentioned, as follows:

FIRST: Sections 2.02, 2.06, 2.07, 7.01, 7.02 and 7.03 are amended as follows:

All references in Sections 2.02, 2.06, 2.07, 7.01, 7.02 and 7.03 to the singular or the plural form of the terms "Eligible Employee" and "Employee" shall be substituted with the singular or plural form of the term "Participant" where appropriate.

SECOND: Section 2.14 is amended by adding the following paragraph at the end thereof:

"Notwithstanding the above, Compensation for purposes of Section 2.02, Section 2.15, Article 4 and Article 7 for the Plan Year in which an Employee first becomes a Participant shall be determined based on the Employee's Compensation for the portion of the Plan Year in which the Employee is eligible to participate in the Plan. Notwithstanding the preceding

sentence, Compensation for purposes of Section 5.01 and Section 5.02 (Limit on Annual Additions) shall be based on the amount actually paid or made available to the Participant during the Plan Year."

THIRD: Section 2.15 is replaced with the following which shall read:

"2.15 "Actual 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 a Participant for the Plan Year to the Participant's Compensation for the Plan Year. The Actual Contribution Percentage of each Participant shall be rounded to the nearest 100th of such Participant's Compensation."

FOURTH: Subsection (c)(1) of Section 4.03 is amended to read as follows:

"(1) Employer Matching Contributions shall be allocated among and credited to the Employer Matching Contributions Account of Participants who elect to make Elective Deferral Contributions during each calendar quarter."

FIFTH: Sections 7.02 and 7.03 are amended as follows:

All references in Sections 7.02 and 7.03 to the terms "Contribution Percentage" and "Average Contribution Percentage" shall be substituted with the terms "Actual Contribution Percentage" (for the term "Contribution Percentage") and "Average Actual Contribution Percentage" (for the term "Average Contribution Percentage").

SIXTH: Subsection (c)(1) of Section 10.01 is amended by adding the following sentence at the end thereof:

"For purposes of this Section, if the value of a Participant's vested Account balance is zero, the Participant shall be deemed to have received a distribution of such vested Account balance."

IN WITNESS WHEREOF, HEICO Corporation has caused this Amendment to be duly executed and its seal to be hereunto affixed on the date indicated below.

ATTEST:
(Corporate Seal)

HEICO CORPORATION

By: /s/ Thomas S. Irwin

Title: Treasurer

Date: May 31, 2002

/s/ Elizabeth Letendre

SECOND AMENDMENT
HEICO SAVINGS AND INVESTMENT PLAN

WHEREAS, the HEICO Savings and Investment Plan (the "Plan") was amended and restated, effective January 1, 2002;

WHEREAS, HEICO Corporation (the "Company") has previously adopted the Plan;

WHEREAS, pursuant to the terms of the Plan, the Company is authorized and empowered to amend the Plan; and

WHEREAS, the Company deems it advisable to amend the Plan.

NOW, THEREFORE, the Plan is hereby amended effective January 1, 2002 (except for those sections that have an alternate effective date) as follows:

FIRST: A new appendix "Appendix D" is hereby added which shall read;

APPENDIX D
MINIMUM DISTRIBUTION REQUIREMENTS

SECTION 1. GENERAL RULES

- 1.1. **Effective Date.** The provisions of this Appendix D will apply for purposes of determining required minimum distributions for calendar years beginning with the 2003 calendar year.
- 1.2. **Precedence.** The requirements of this Appendix D will take precedence over any inconsistent provisions of the Plan.
- 1.3. **Requirements of Treasury Regulations Incorporated.** All distributions required under this article will be determined and made in accordance with the treasury regulations under Code Section 401(a)(9).
- 1.4. **TEFRA Section 242(b)(2) Elections.** Notwithstanding the other provisions of this Appendix D, distributions may be made under a designation made before January 1, 1984, in accordance with section 242(b)(2) of the Tax Equity and Fiscal Responsibility Act (TEFRA) and the provisions of the Plan that relate to section 242(b)(2) of TEFRA.

SECTION 2. TIME AND MANNER OF DISTRIBUTION.

- 2.1. **Required Beginning Date.** The Participant's entire interest will be distributed, or begin to be distributed, to the Participant no later than the Participant's required beginning date, as defined in section 10.06 of the Plan.
- 2.2. **Death of Participant Before Distributions Begin.** If the Participant dies before distributions begin, the Participant's entire interest will be distributed, or begin to be distributed, no later than as follows:
 - (a) If the Participant's surviving spouse is the Participant's sole designated beneficiary, then distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained age 70 1/2, if later.
 - (b) If the Participant's surviving spouse is not the Participant's sole designated beneficiary, then distributions to the designated beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died.
 - (c) If there is no designated beneficiary as of September 30 of the year following the year of the Participant's death, the Participant's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.
 - (d) If the Participant's surviving spouse is the Participant's sole designated beneficiary and the surviving spouse dies after the Participant but before distributions to the surviving spouse begin, this section 2.2, other than section 2.2(a), will apply as if the surviving spouse was the Participant.

For purposes of this section 2.2 and section 4, unless section 2.2(d) applies, distributions are considered to begin on the Participant's required beginning date. If section 2.2(d) applies, distributions are considered to begin on the date distributions are required to begin to the surviving spouse under section 2.2(a). If distributions under an annuity purchased from an insurance company irrevocably commence to the Participant before the Participant's required beginning date (or to the Participant's surviving spouse before the date distributions are required to begin to the surviving spouse under section 2.2(a)), the date distributions are considered to begin is the date distributions actually commence.

- 2.3. **Forms of Distribution.** Unless the Participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the required beginning date, as of the first distribution calendar year distributions will be made in accordance with sections 3 and 4 of this Appendix. If the Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of section Code Section 401(a)(9) and the treasury

regulations.

SECTION 3. REQUIRED MINIMUM DISTRIBUTIONS DURING PARTICIPANT'S LIFETIME.

3.1. Amount of Required Minimum Distribution For Each Distribution Calendar Year. During the Participant's lifetime, the minimum amount that will be distributed for each distribution calendar year is the lesser of:

(a) the quotient obtained by dividing the Participant's account balance by the distribution period in the Uniform Lifetime Table set forth in section 1.401(a)(9)-9 of the Treasury regulations, using the Participant's age as of the Participant's birthday in the distribution calendar year; or

(b) if the Participant's sole designated beneficiary for the distribution calendar year is the Participant's spouse, the quotient obtained by dividing the Participant's account balance by the number in the Joint and Last Survivor Table set forth in section 1.401(a)(9)-9 of the Treasury regulations, using the Participant's and spouse's attained ages as of the Participant's and spouse's birthdays in the distribution calendar year.

3.2. Lifetime Required Minimum Distributions Continue Through Year of Participant's Death. Required minimum distributions will be determined under this section 3 beginning with the first distribution calendar year and up to and including the distribution calendar year that includes the Participant's date of death.

SECTION 4. REQUIRED MINIMUM DISTRIBUTIONS AFTER PARTICIPANT'S DEATH.

4.1. Death On or After Date Distributions Begin.

(a) Participant Survived by Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is a designated beneficiary, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the longer of the remaining life expectancy of the Participant or the remaining life expectancy of the Participant's designated beneficiary, determined as follows:

(1) The Participant's remaining life expectancy is calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(2) If the Participant's surviving spouse is the Participant's sole designated beneficiary, the remaining life expectancy of the surviving spouse is calculated for each distribution calendar year after the year of the Participant's death using the surviving spouse's age as of the spouse's birthday in that year. For distribution calendar years after the year of the surviving spouse's death, the remaining life expectancy of the surviving spouse is calculated using the age of the surviving spouse as of the spouse's birthday in the calendar year of the spouse's death, reduced by one for each subsequent calendar year.

(3) If the Participant's surviving spouse is not the Participant's sole designated beneficiary, the designated beneficiary's remaining life expectancy is calculated using the age of the beneficiary in the year following the year of the Participant's death, reduced by one for each subsequent year

(b) No Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is no designated beneficiary as of September 30 of the year after the year of the Participant's death, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the Participant's remaining life expectancy calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

4.2. Death Before Date Distributions Begin.

(a) Participant Survived by Designated Beneficiary. If the Participant dies before the date distributions begin and there is a designated beneficiary, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the remaining life expectancy of the Participant's designated beneficiary, determined as provided in section 4.1.

(b) No Designated Beneficiary. If the Participant dies before the date distributions begin and there is no designated beneficiary as of September 30 of the year following the year of the Participant's death, distribution of the Participant's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(c) Death of Surviving Spouse Before Distributions to Surviving Spouse Are Required to Begin. If the Participant dies before the date distributions begin, the Participant's surviving spouse is the Participant's sole designated beneficiary, and the surviving spouse dies before distributions are required to begin to the surviving spouse under section 2.2(a), this section 4.2 will apply as if the surviving spouse were the Participant.

SECTION 5. DEFINITIONS.

5.1. Designated beneficiary. The individual who is designated as the beneficiary under section 2.08 of the Plan and is the designated beneficiary under Code Section 401(a)(9) and section 1.401(a)(9)-1, Q&A-4, of the Treasury regulations.

5.2. Distribution calendar year. A calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the Participant's required beginning date. For distributions beginning after the Participant's death, the first distribution calendar year is the calendar year in which distributions are required to begin under section 2.2. The required minimum distribution for the Participant's first distribution calendar year will be made on or before the Participant's required beginning date. The required minimum distribution for other

distribution calendar years, including the required minimum distribution for the distribution calendar year in which the Participant's required beginning date occurs, will be made on or before December 31 of that distribution calendar year.

- 5.3. Life expectancy. Life expectancy as computed by use of the Single Life Table in section 1.401(a)(9)-9 of the Treasury regulations.
- 5.4. Participant's account balance. The account balance as of the last Valuation Date in the calendar year immediately preceding the distribution calendar year (valuation calendar year) increased by the amount of any contributions made and allocated or forfeitures allocated to the account balance as of dates in the valuation calendar year after the valuation date and decreased by distributions made in the valuation calendar year after the valuation date. The account balance for the valuation calendar year includes any amounts rolled over or transferred to the Plan either in the valuation calendar year or in the distribution calendar year if distributed or transferred in the valuation calendar year.

SECOND: Section 2.44 of the Plan is hereby amended and replaced with the following which shall read:

Section 2.44 "Rollover Contribution" shall mean any distribution as provided for in Code Section 402(c)(4), or any other provision of the Code which may permit rollovers to the Plan from time to time, from an eligible retirement plan as that term is defined in Code Section 402(c)(8).

THIRD: Subsection 10.06(d) of the Plan is hereby amended and replaced with the following which shall read:

(d) 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 Code Sections 402(c), 403(a)(4), 403(b)(8), 408(d)(3), and 457(e)(16). 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.

FOURTH: Section 7.01 (a) of the Plan is hereby amended by adding the following paragraph at the end thereof:

Notwithstanding the foregoing, the Committee may elect to determine the permissible Actual Deferral Percentage for Highly Compensated Employees for any Plan Year beginning on or after January 1, 1997 on the basis of the Actual

Deferral Percentage of the Non-Highly Compensated Employees for the current Plan Year rather than the preceding Plan Year, in accordance with such regulations, notices or other guidance issued under Code Section 401(k).

FIFTH: Section 7.02(a) of the Plan is hereby amended by adding the following paragraph at the end thereof:

Notwithstanding the foregoing, the Committee may elect to determine the permissible Actual Contribution Percentage for Highly Compensated Employees for any Plan Year beginning on or after January 1, 1997 on the basis of the Actual Contribution Percentage of the Non-Highly Compensated Employees for the current Plan Year rather than the preceding Plan Year, in accordance with such regulations, notices or other guidance issued under Code Section 401(m).

SIXTH: Section 2.46 of the Plan is hereby amended and replaced with the following which shall read:

Section 2.46 "Termination of Employment" or "Termination Date" shall be the date on which the earliest of the following events occurs: (a) a Participant's retirement, (b) a Participant's termination of employment as a result of Total and Permanent Disability, (c) a Participant's death, or (d) a Participant's termination of employment for any other reason. Transfer of employment among Affiliates will not be considered a termination of employment with any Employer.

IN WITNESS WHEREOF, HEICO Corporation has caused this Amendment to be duly executed and its seal to be hereunto affixed on the date indicated below.

ATTEST:
(Corporate Seal)

HEICO CORPORATION

By: /s/ Thomas S. Irwin

Name: Thomas S. Irwin

Title: Treasurer

Date: February 7, 2003

THIRD AMENDMENT TO THE
HEICO SAVINGS AND INVESTMENT PLAN

THIS THIRD AMENDMENT (the "Amendment"), made effective as of the 1st day of October, 2003, to the HEICO Savings and Investment Plan (the "Plan"), by HEICO Corporation, a Florida corporation (the "Company").

W I T N E S S E T H:

WHEREAS, the Company maintains the Plan for the sole and exclusive benefit of its eligible participants and their respective beneficiaries under the terms and provisions of the Internal Revenue Code of 1986, as amended; and

WHEREAS, pursuant to Section 15.01 of the Plan, the Company has the power to amend the Plan;

NOW, THEREFORE, the Plan shall be amended as follows:

1. Section 2.47 is hereby amended in its entirety to read as follows:

"2.47 "Total and Permanent Disability" or "Disability" shall mean a physical or mental condition of a Participant resulting from bodily injury, disease, or mental disorder which renders such Participant incapable of continuing any gainful occupation and which constitutes total disability under the federal Social Security Acts."

2. Subsection 2.53(b) is hereby amended in its entirety to read as follows:

"(b) For all periods prior to January 1, 2004, 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; provided, however, that with respect to each Participant's Computation Period that commences after January 1, 2003, then such

Computation Period shall end on December 31, 2003 (the "Short Computation Period"). In the event that a Participant shall not have worked at least 1,000 Hours of Service during the Short Computation Period, that Participant shall be deemed to have worked at least 1,000 Hours of Service for that Short Computation Period for purposes of applying the vesting rules under this Plan so long as that Participant continues to be employed with the Employer as of December 31, 2003. For all periods on or after January 1, 2004, the "Computation Period" shall mean the Plan Year."

3. Subsection 4.03(a) is hereby amended in its entirety to read as follows:

"(a) Employer Matching Contributions. Each Employer shall contribute Employer Matching Contributions as provided for in this Section 4.03(a). Employer Matching Contributions shall accrue on a payroll by payroll basis although shall be contributed to the Plan at the end of each calendar quarter on behalf of any Participant for whom an Employer makes Elective Deferral Contributions for the payroll periods during that calendar quarter. 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 (i) among Participants employed by different Employers; or (ii) 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 Contribution increases."

4. Subsection 4.03(c) is hereby amended in its entirety to read as follows:

"(c) Eligibility to Receive Equity Builder Contributions. Equity Builder Contributions, if any, shall be allocated to the Employer Accounts 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."

5. Subsection 4.08(a) is hereby amended in its entirety to read as follows:

"(a) As of each December 31st, any amounts which became Forfeitures since the last December 31st shall be made available to (i) reinstate previously forfeited Account balances of Participants, if any, in accordance with Section 8.03, (ii) pay administrative expenses of the Plan, and/or (iii) reduce Employer Matching Contributions and/or Equity Builder Contributions that Employers would otherwise make on behalf of their current Participants that

Plan Year, or Participants in the next Plan Year and each succeeding Plan Year."

6. Subsection 11.03(a) is hereby amended in its entirety to read as follows:

"(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 any time, 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, except for a loan obtained to acquire a principal residence which may not have a term in excess of fifteen years."

7. Section 12.09 is hereby amended in its entirety to read as follows:

"12.09 Common Stock Cash Dividends

(a) Cash 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 cash 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 cash dividends; or

(ii) reinvest in the Company Stock Fund any cash 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 cash dividends.

(2) Any distribution pursuant to Section 12.09(a)(1)(i) shall be made as soon as is administratively feasible following the receipt of the cash dividends by the Trust, but in no event later than 90 days after the close of the Plan Year in which such cash 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 cash 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) that date on which the cash 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 cash dividends received by the Trust for which an election pursuant to Section 12.09(a)(1) is offered.

8. In all other respects, the Plan shall remain unchanged by the Amendment.

IN WITNESS WHEREOF, the Company has caused this instrument to be executed the day and year first above written.

HEICO Corporation, a Florida corporation

By: /s/ Thomas S. Irwin

Name: Thomas S. Irwin

Title: Treasurer

HEICO CORPORATION
 CODE OF ETHICS FOR SENIOR FINANCIAL AND OTHER
 OFFICERS

(Team members who are required to complete this questionnaire will be notified annually)

Senior Financial and other Principal Officers related to financial matters (Officers) hold an important and elevated role in corporate governance. As part of the HEICO leadership team, Officers are vested with both the responsibility and authority to protect, balance, and preserve the interests of all of the Company's stakeholders, including shareholders, customers, Team Members and suppliers. Officers fulfill this responsibility by prescribing and enforcing the policies and procedures employed in the operation of the Company's financial organization, and by demonstrating the following:

I. Honest and Ethical Conduct

Officers will exhibit and promote the highest standards of honest and ethical conduct through the establishment and operation of policies and procedures that:

- . Encourage and reward professional integrity in all aspects of the financial organization, by eliminating inhibitions and barriers to responsible behavior, such as coercion, fear of reprisal, or alienation from the financial organization or the Company itself.
- . Prohibit and eliminate the appearance or occurrence of conflicts between what is in the best interest of the Company and what could result in material personal gain for a member of the financial organization, including financial and other Officers.
- . Provide a mechanism for members of the finance organization to inform senior management of deviations in practice from policies and procedures governing honest and ethical behavior.
- . Demonstrate their personal support for such policies and procedures through periodic communication reinforcing these ethical standards throughout the finance organization.

II. Financial Records and Periodic Reports

Officers will establish and manage the Company's transaction and reporting systems and procedures to ensure that:

- . Business transactions are properly authorized and completely and accurately recorded on the Company's books and records in accordance with accounting principles generally accepted in the United States (GAAP) and established company financial policy.
- . The retention or proper disposal of Company records shall be in accordance with established Company financial policies and applicable legal and regulatory requirements.
- . Periodic financial communications and reports (both internal and external) will be delivered in a manner that facilitates the highest degree of clarity of content and meaning so that readers and users will quickly and accurately determine their significance and consequence.
- . Before certifying the accuracy of financial information reported to the Company's Corporate Accounting Office, reasonable diligence will be taken to ensure that all internal financial reporting requirements have been met and any diversions from normal transactions will be discussed and reviewed with the Corporate Controller or Chief Financial Officer before finalizing financial reports.

III. Compliance with Applicable Laws, Rules and Regulations

Officers will establish and maintain mechanisms to:

- . Educate members of the finance organization about any federal, state or local statute, regulation or administrative procedure that affects the operation of the finance organization and the Company generally.
- . Monitor the compliance of the finance organization with any applicable federal, state or local statute, regulation or administrative

rule.

Identify, report and correct in a swift and certain manner, any detected deviations from applicable federal, state or local statute or regulation.

IV. Prompt internal reporting of violation of the code

Violations of this Code of Ethics should be promptly reported to either of the Chief Financial Officer, the Company's Legal Counsel, the Compliance Officer or anonymously through the Company's toll-free hotline number. Such violations will be promptly investigated and results could result in termination of employment.

In my role as an Officer of _____(subsidiary or company name), I certify that I adhere to and advocate the above principles and responsibilities governing my professional and ethical conduct.

Signed _____

Officer Name _____

Subsidiary _____ Date _____

SUBSIDIARIES OF HEICO CORPORATION

NAME	STATE OF INCORPORATION
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HEICO Aerospace Holdings Corp.	Florida
HEICO Aerospace Corporation	Florida
Jet Avion Corporation	Florida
LPI Industries Corporation	Florida
Aircraft Technology, Inc.	Florida
Northwings Accessories Corp.	Florida
HNW Building Corp.	Florida
McClain International, Inc.	Georgia
McClain Property Corp.	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.	Florida
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 C&A Corp.	Florida
HT Parts, LLC	Delaware
AD HEICO Acquisition Corp.	Florida
Aero Design, Inc.	Tennessee
Battery Shop, LLC	Tennessee
Niacc Technology, Inc. formerly known as Niacc Acquisition Corp.	Florida
HEICO Electronic Technologies Corp.	Florida
Radiant Power Corp.	Florida
Leader Tech, Inc.	Florida
Santa Barbara Infrared, Inc.	California
101 Lummi Road Corp (Inactive)	Florida
Analog Modules, Inc.	Florida
Inertial Airline Services, Inc.	Ohio
Sierra Microwave Technology, LLC	Delaware
HEICO International Corporation	U.S. Virgin Islands
HEICO East Corporation	Florida

Direct subsidiaries of the Company include HEICO Aerospace Holdings Corp., HEICO Electronic Technologies Corp., HEICO International Corporation, and HEICO East Corporation, which are all wholly-owned, except for HEICO Aerospace Holdings Corp., which is 80% owned. All of the subsidiaries of HEICO Aerospace Holdings Corp. are wholly-owned except Parts Advantage, LLC, which is 84% owned, Aviation Facilities, Inc., which is 80% owned, and HT Parts, LLC, which is 50% owned. All of the subsidiaries of HEICO Electronic Technologies Corp. are wholly-owned except Sierra Microwave Technology, LLC, which was acquired in December 2003 and is 80% owned.

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement Nos. 33-4945, 33-62156, 333-8063, 333-19667, 333-26059, 333-81789 and 333-108471 of HEICO Corporation on Forms S-8 of our report dated January 9, 2004, appearing in this Annual Report on Form 10-K of HEICO Corporation for the year ended October 31, 2003.

DELOITTE & TOUCHE LLP

Fort Lauderdale, Florida
January 9, 2004

SECTION 302 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 report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this 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 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-15(e) and 15d-15(e)) for the Registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
 - b) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
- (5) The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, 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 and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: January 12, 2004

/S/ LAURANS A. MENDELSON

Laurans A. Mendelson
Chief Executive Officer

SECTION 302 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 report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this 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 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-15(e) and 15d-15(e)) for the Registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
 - b) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
- (5) The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, 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 and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: January 12, 2004

/S/ THOMAS S. IRWIN

 Thomas S. Irwin
 Chief Financial Officer

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, 2003 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 12, 2004

/S/ LAURANS A. MENDELSON

Laurans A. Mendelson
Chief Executive Officer

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, 2003 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 12, 2004

/S/ THOMAS S. IRWIN

Thomas S. Irwin
Chief Financial Officer