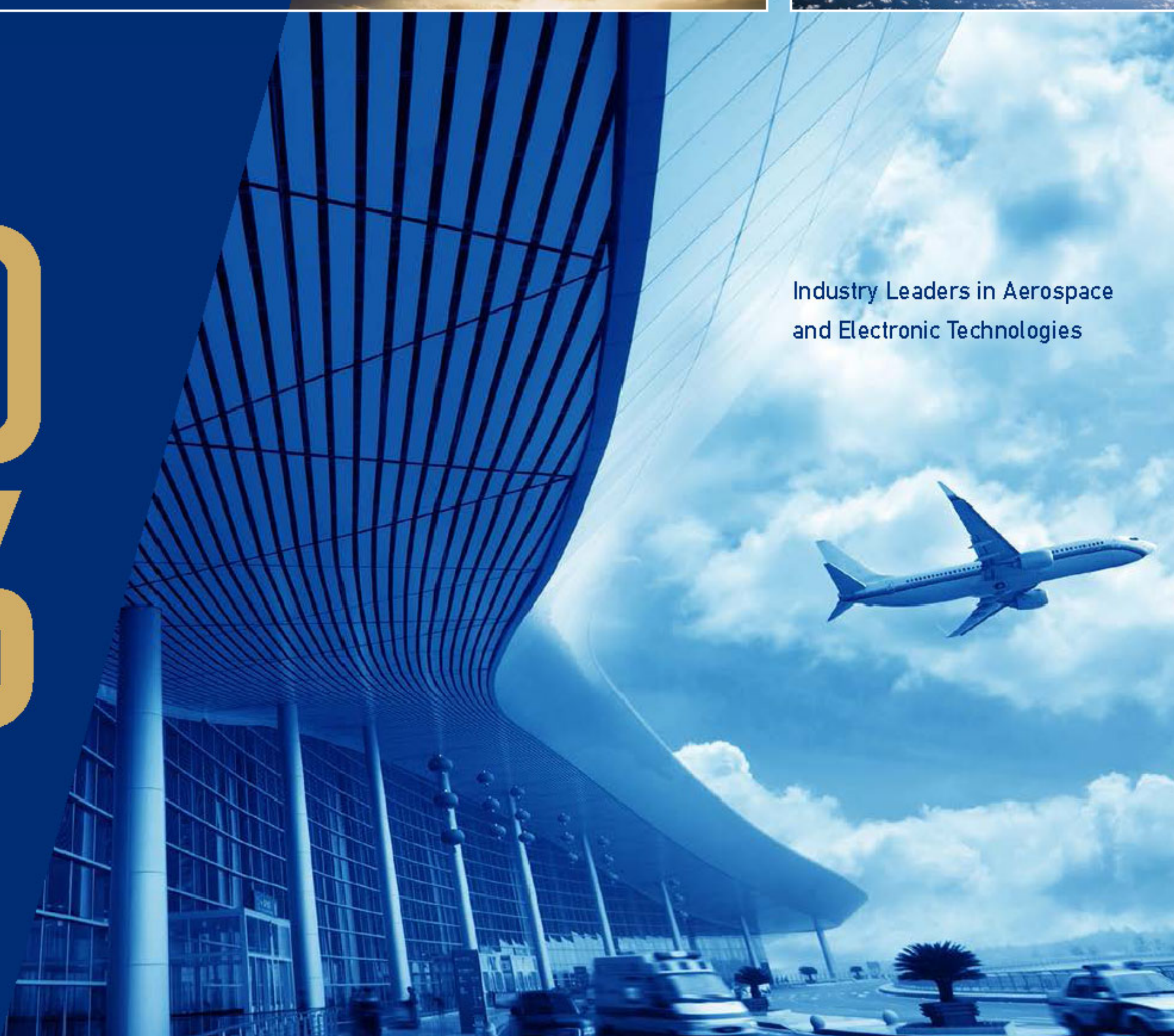
HEICO CORPORATION

ANNUAL REPORT

2016



Industry Leaders in Aerospace and Electronic Technologies

FINANCIAL HIGHLIGHTS

Year ended October 31,[1]	2014	2015	2016
(in thousands, except per share data)			
Operating Data:			
Net sales	$ 1,132,311	$ 1,188,648	$ 1,376,258
Operating income	203,388	229,656	265,345 [4][5]
Interest expense	5,441	4,626	8,272
Net income attributable to HEICO	121,293 [2]	133,364 [3]	156,192 [4][5]
Weighted average number of common shares outstanding:			
Basic	66,463	66,740	67,045
Diluted	67,453	67,811	68,170
Per Share Data:			
Net income per share attributable to HEICO shareholders:			
Basic	$ 1.82 [2]	$ 2.00 [3]	$ 2.33 [4][5]
Diluted	1.80 [2]	1.97 [3]	2.29 [4][5]
Cash dividends per share	.47	.14	.16
Balance Sheet Data (as of October 31):			
Total assets	$ 1,489,214	$ 1,736,387	$ 2,039,475
Total debt (including current portion)	329,109	367,598	458,225
Redeemable noncontrolling interests	39,966	91,282	99,512
Total shareholders' equity	774,619	893,271	1,047,705

(1) Results include the results of acquisitions from each respective effective date.

(2) Operating income was increased by a $28.1 million reduction in accrued contingent consideration related to a fiscal 2013 and a fiscal 2012 acquisition within the Electronic Technologies Group, partially offset by $15.0 million in impairment losses related to the write-down of certain intangible assets from the fiscal 2013 and fiscal 2012 acquisitions to their estimated fair values as well as lower than expected operating income at the fiscal 2013 acquired business, which in aggregate increased net income attributable to HEICO by $10.2 million, or $.15 per basic and diluted share. The reduction in accrued contingent consideration and $13.1 million of the impairment losses were recorded as a component of selling, general and administrative expenses, while the remaining impairment losses of $1.9 million were recorded as a component of cost of sales.

(3) Includes the aggregate tax benefit from an income tax credit for qualified research and development ("R&D") activities for the last ten months of fiscal 2014 recognized in fiscal 2015 upon the retroactive extension in December 2014 of the United States ("U.S.") federal R&D tax credit to cover calendar year 2014, which, net of expenses, increased net income attributable to HEICO by $1.8 million, or $.03 per basic and diluted share.

(4) Includes $3.1 million of acquisition costs incurred in connection with a fiscal 2016 acquisition. These expenses, net of tax, decreased net income attributable to HEICO by $2.0 million, or $.03 per basic and diluted share.

(5) Includes the aggregate tax benefit from an income tax credit for qualified R&D activities for the last ten months of fiscal 2015 recognized in fiscal 2016 upon the retroactive and permanent extension in December 2015 of the U.S. federal R&D tax credit, which, net of expenses, increased net income attributable to HEICO by $1.7 million, or $.03 per basic and $.02 per diluted share.

FORWARD-LOOKING STATEMENTS

Certain statements in this report constitute forward-looking statements, which are subject to risks, uncertainties and contingencies. HEICO's actual results may differ materially from those expressed in or implied by those forward-looking statements as a result of factors including: lower demand for commercial air travel or airline fleet changes or airline purchasing decisions, which could cause lower demand for our goods and services; product specification costs and requirements, which could cause an increase to our costs to complete contracts; governmental and regulatory demands, export policies and restrictions, reductions in defense, space or homeland security spending by U.S. and/or foreign customers or competition from existing and new competitors, which could reduce our sales; our ability to introduce new products and services at profitable pricing levels, which could reduce our sales or sales growth; product development or manufacturing difficulties, which could increase our product development costs and delay sales; our ability to make acquisitions and achieve operating synergies from acquired businesses; customer credit risk; interest, foreign currency exchange and income tax rates; economic conditions within and outside of the aviation, defense, space, medical, telecommunications and electronics industries, which could negatively impact our costs and revenues; and defense budget cuts, which could reduce our defense-related revenue. Parties receiving this material are encouraged to review all of HEICO's filings with the Securities and Exchange Commission, including, but not limited to filings on Form 10-K, Form 10-Q and Form 8-K. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except to the extent required by applicable law.

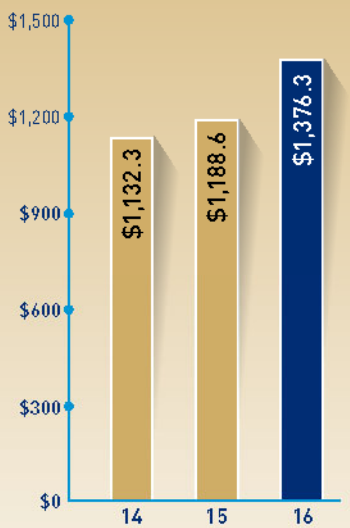
CORPORATE PROFILE

HEICO Corporation is a rapidly growing aerospace and electronics company focused on niche markets and cost-saving solutions for its customers. HEICO's products are found in the most demanding applications requiring high-reliability parts and components, such as aircraft, spacecraft, defense equipment, medical equipment, and telecommunications systems. Through our Flight Support Group, we are: the world's largest independent provider of commercial, FAA-approved aircraft replacement parts; a significant provider of aircraft accessories component repair & overhaul services for avionic, electro-mechanical, flight surface, hydraulic and pneumatic applications; a leader in niche aircraft parts distribution; and a manufacturer of other critical aircraft parts.

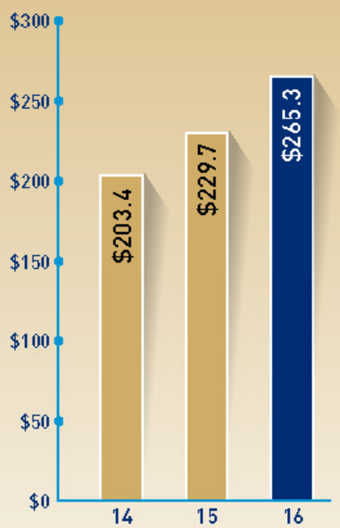
Our Electronic Technologies Group designs and manufactures mission-critical, niche electronic, electro-optical, microwave and other components found in aviation, broadcast, defense, homeland security, medical, space, telecom and other complex equipment used worldwide.

HEICO's customers include most of the world's airlines, overhaul shops, satellite manufacturers, commercial and defense equipment producers, medical equipment manufacturers, government agencies, telecommunications equipment suppliers and others.

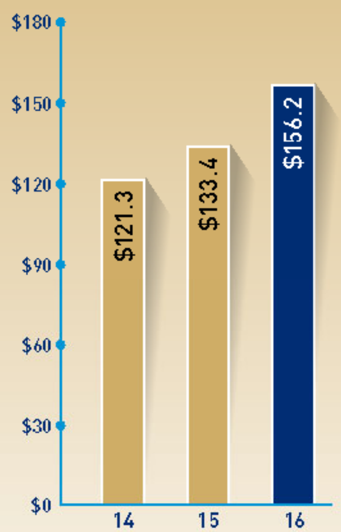
NET SALES
(in millions)



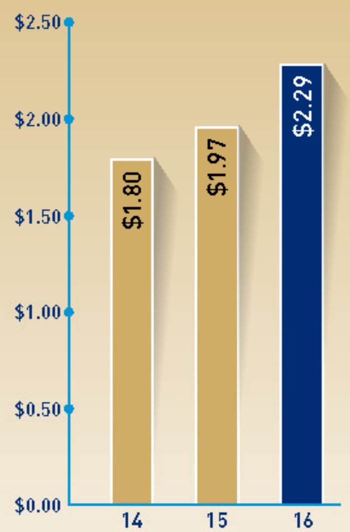
OPERATING INCOME
(in millions)



NET INCOME
(in millions)



NET INCOME PER SHARE (diluted)



MANAGEMENT'S MESSAGE

Dear Fellow Shareholder:

In fiscal 2016, HEICO continued its record breaking results for the seventh consecutive year. Net income increased 17% to a record $156.2 million, or $2.29 per diluted share, up from $133.4 million, or $1.97 per diluted share, in fiscal 2015. Operating income increased 16% to a record $265.3 million, up from $229.7 million in fiscal 2015. Net sales increased 16% to a record $1,376.3 million, up from $1,188.6 million in fiscal 2015.

Our operating cash flow remains strong, as shown by the year-over-year 44% increase to a record $249.2 million, up from $172.9 million in fiscal 2015. Additionally, our operating cash flow represented 160% of net income. As of October 31, 2016, our net debt to shareholders' equity ratio was 39.6%. Given HEICO's efficient and reliable cash flow generation and low leverage, our Board of Directors declared a 13% increase in our regular, semi-annual cash dividend to 9 cents a share payable on January 18, 2017. This announcement solidifies the Board's belief in rewarding our shareholders, while still maintaining enough flexibility to pursue HEICO's internal growth objectives and acquisition strategies.

As the consolidated figures imply, both of our operating segments achieved record results last year. The Flight Support Group's operating income increased 9% to a record $163.4 million and net sales increased by 8% to a record $875.9 million. These results were principally driven by our 2015 acquisitions and stable growth and demand within our aftermarket replacement parts and specialty products product lines.

Our Electronic Technologies Group's operating income increased 28% to a record $126.0 million and net sales increased 31% to a record $511.3 million. Our 2016 results were primarily driven by our 2015 and 2016 acquisitions and higher organic sales for certain space and medical products.

In the past two years, we completed eight acquisitions. Robertson Fuel Systems, our largest acquisition ever, closed in January 2016. Our pipeline remains robust and we are excited about future opportunities, but we will be disciplined and adhere to our investment principles.

In 2016, HEICO received numerous awards, one of which was the *Forbes* 100 Most Trustworthy Companies in America. We are appreciative of this honor and will continue to live by the principles of integrity and honesty in our business practices.

On January 4, 2017, HEICO celebrated its 60th anniversary. We are optimistic about HEICO's future. Over the long-term, we believe the aerospace and defense industry is poised to grow significantly faster than the United States' Gross Domestic Product (GDP). HEICO's commitment to innovation and complete customer satisfaction will allow us to generate further gains for shareholders in the future. We invite you to read the question and answer section that follows this letter to gain more insight into important issues for our company.

On a sad note, as we announced in our November 14, 2016 press release, HEICO Director Samuel L. Higginbottom recently passed away. He served on HEICO's Board of Directors since 1989 and his extensive business and aviation background made him a valuable mentor. More importantly, he was extremely devoted and caring to HEICO, his family and his friends. We will deeply miss his friendship and counsel.

As always, we must thank our approximately 4,700 Team Members. In our opinion, our Team Members' combination of work ethic, dedication and talent is unparalleled in the industries that we serve. Their devotion and skillsets allow us to be pioneers in a field that already requires large amounts of technological expertise. In addition, we also thank our Board of Directors for their continuing guidance.

Sincerely,

Laurans A. Mendelson
Chairman & Chief Executive Officer

Eric A. Mendelson
Co-President

Victor H. Mendelson
Co-President

QUESTION AND ANSWER DISCUSSION

Q|A

Q **What drove HEICO's exceptional 2016 performance?**

A The tandem impact of consistent organic growth in both operating segments and the strong performance of our 2015 and 2016 acquisitions led to our record results. We are confident in our two-pronged growth approach. On average, we forecast our revenue growth mix to consist of around 50% organic growth and 50% acquisitive growth. However, we will not pursue disadvantageous opportunities for the sake of meeting targets. We will continue to maintain rigorous thresholds for our internal projects, as well as potential acquisition opportunities.

Q **What is the industry outlook for 2017 and beyond?**

A While the outlook year-to-year is difficult to predict, we are enthusiastic about the industry's long term prospects. According to the Boeing Company, over the next twenty years, airline traffic (Revenue Passenger Kilometers) is projected to increase by 4.8% annually, versus a projected World Economy GDP growth rate of 2.9%. Additionally, they project the airplane fleet and number of passengers to increase by 3.6% and 4.0%, respectively, on an annual basis. From a defense perspective, current conflicts unfortunately will not be resolved within the next few years. As the nature of these engagements continue to demand highly technical products, we believe HEICO is well-positioned to meet the rigid requirements of the United States military and our allies.

Q **How have HEICO's 2015 and 2016 acquisitions performed so far?**

A As you know, we completed eight acquisitions since the beginning of 2015. Within the Flight Support Group, we acquired Aeroworks International, Harter Aerospace, Aerospace and Commercial Technologies, Astroseal Products Mfg. Corporation and a thermal insulation product line for our Special Products Group's thermal products business. The Electronic Technologies Group acquired Midwest Microwave Solutions, an underwater locator product line (that was combined with our Dukane Seacom business) and Robertson Fuel Systems. Our acquisitions have performed at or above expectations so far and we are excited for their futures.

Q **How will the new administration affect HEICO?**

A We remain cautiously optimistic that President Trump's new policies will impact HEICO (and other businesses) favorably. First, corporate tax reduction would increase HEICO's earnings and cash generation. Second, increased military spending would help HEICO, given that we generated around a third of our business from defense and space in 2016. Last, a fiscal stimulus would likely aid the overall economy and that would benefit the commercial and industrial markets we serve. However, there are still many unknowns that will be addressed in the future, so we cannot be sure of what the impact, if any, will be.

Q **How will HEICO's strategy change in this new environment?**

A We will continue the same strategy that we have implemented for 27 years. Operationally, we will continue to focus on exceeding our customers' expectations and will invest heavily in our Team Members and products to maintain technological advantages. In capital allocation, we will continue searching for acquisitions that are accretive to our earnings and have an ownership culture that fits with HEICO's vision. We believe that this consistent strategy will continue to serve our shareholders well – since 1990, HEICO's share price has grown at a compound annual growth rate of approximately 22%, which is 167 times the 1990 value as of January 9, 2017. Or, put another way, $100,000 invested in HEICO at the start of 1990 became worth $16.7 million as of January 9, 2017 (adjusted for stock splits, stock dividends and reinvestment of cash dividends).

COMMERCIAL AVIATION

Starting out as a small supplier of jet engine replacement parts, today HEICO fields a world-class, innovative and well-known product development program. As of 2016, HEICO holds over 10,000 FAA-approvals for parts on nearly every large commercial aircraft in production, while producing around 500 new and highly engineered parts each year. Additionally, we have shipped over 68 million parts and have a record of zero service bulletins, zero airworthiness directives and zero in-flight shutdowns.

HEICO has a broad presence in commercial aviation. From factory-new, FAA-approved aircraft engine parts, such as the HEICO Parts shown below, right, to accessory component repair and overhaul services as shown below, left, where a HEICO Repair Group technician performs an overhaul on a flight-critical instrument, HEICO plays an important role for its customers.

HEICO's low-cost, high-reliability solutions save each of our airline partners an average of $25 million annually. In addition to the aftermarket replacement parts and repair and overhaul businesses, we manufacture other critical components, including: electronic components, thermal insulation products and complex composite assemblies, which are primarily used for aerospace, defense, industrial and commercial applications. Our customers have come to associate HEICO with quality and affordability. We strive to maintain that reputation every day.

Among the HEICO Component Repair Group's highly specialized repairs and overhauls are those we perform on Thrust Reversers and Engine Cowlings, as shown above at our Miami, Florida facility.

HEICO's Dukane-Seacom subsidiary is the leading maker of Underwater Locator Beacons (often called "Pingers") for Cockpit Voice and Data recorders. Left, a Dukane-Seacom Pinger is shown attached to a recorder.

Above, inventory is being processed using a bar code scanner. HEICO's Seal Dynamics subsidiary is a highly-successful and rapidly-growing commercial aircraft parts distributor.

HEICO's Robertson Fuel Systems subsidiary is the leading maker of Crashworthy Auxiliary Fuel Systems used on a wide array of military helicopters, including the AH-64 "Apache" aircraft shown above. The fuel system shown is a highly-sophisticated and life-saving device.

HEICO manufactures and supplies a variety of mission-critical and high-reliability defense products, including: electro-optical test equipment, power amplifiers, power supplies, power converters, recorders, digital receivers, digital tuners, laser rangefinder receivers, electromagnetic interference and radio frequency interference shielding, traveling wave tube amplifiers, and crashworthy and ballistically self-sealing auxiliary fuel systems. Though our products are used in a variety of industries and applications, they are all relied upon during times of extreme stress and even in life-threatening situations. Therefore, they cannot fail. We maintain rigorous testing processes and thresholds and that is why we are a trusted supplier to this ever-important market.

DEFENSE

Several HEICO subsidiaries make components and sub-systems found on numerous U.S. Navy vessels and aircraft. Among HEICO products in naval use are power supplies used for radar and electronic warfare, cable systems, fuel systems and missile components.

HEICO is a proud supporter of our military. After her nephew Josh was deployed to Afghanistan in 2010, Kathy Hewitt, a Team Member at our Orlando, Florida-based subsidiary, Analog Modules, started shipping care packages to him. Upon learning that there were thousands of other soldiers who were serving in remote front-line locations and who were unable to obtain everyday snacks and hygiene necessities, Kathy began sending more care packages with these goods to those soldiers. Eventually, she founded the volunteer-led, non-profit organization "Just Our Soldiers' Helpers Inc." (or J.O.S.H.) in April 2011. We are very thankful to our troops and to Kathy for her generous support. Please see the insert photo to the right. To learn more about J.O.S.H., please visit: www.justoursoldiershelpers.org/about-us.html

J.O.S.H.

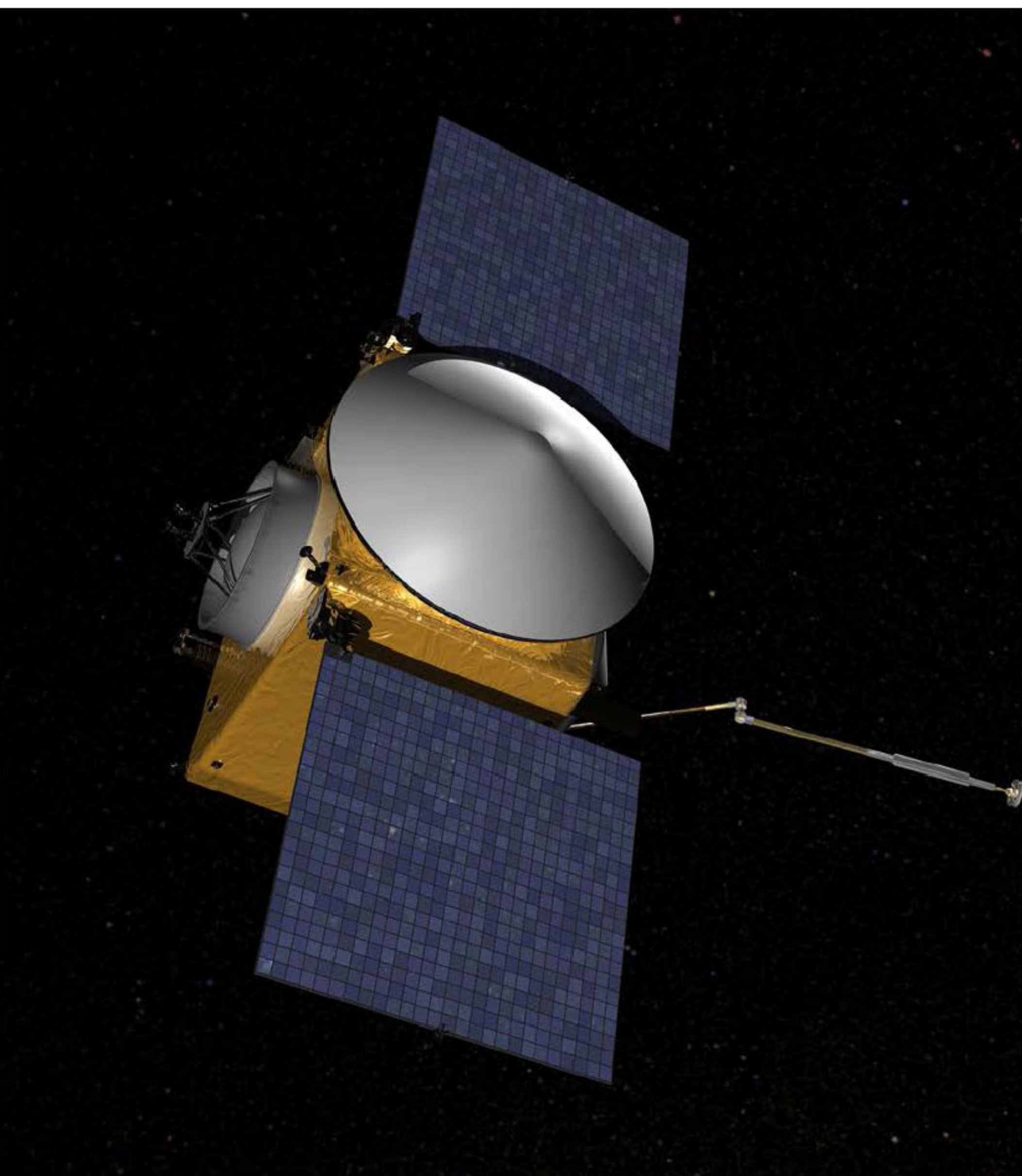
Soldiers in Djibouti, Africa showing their appreciation for the J.O.S.H. foundation, which was started by a HEICO Team Member. J.O.S.H. is extremely focused on the quality of their care packages for U.S. soldiers – since 2011, the organization estimates a total shipment amount of greater than 50,000 pounds of hygiene products. They shipped more than 1,000 packages in 2016 and expect to have an even better 2017. In 2015, 93% of all proceeds went directly to the care packages, allowing J.O.S.H. to make the list of Top-Rated Veteran Nonprofits in the Military.com rankings. Please see the paragraph to the left for more details.

SPACE AND ELECTRONICS

Several HEICO subsidiaries produce mission-critical and high-reliability electronic components for satellites. Here, a HEICO technician assembles such a component at a Company facility.

HEICO's expertise in the space market continues to grow. We supply critical components and equipment, such as: microwave assemblies, ferrite devices, amplifiers, down-converters, electric power converters, memory modules, recorders and systems in packages. In 2016, HEICO's Sierra Microwave Technology and 3D Plus subsidiaries supplied hardware for NASA's Juno spacecraft, the first spacecraft ever to enter Jupiter's orbit. Additionally, our VPT, Inc. and 3D Plus subsidiaries supplied components for NASA's OSIRIS-REx spacecraft, which is designed to return a sample of the asteroid Bennu to Earth. This mission is the largest of its kind since the Apollo era. Among the parts supplied by our subsidiaries were: Transmit Protect Electronics, 4Gb SRAM Space Memory Modules, DC-to-DC Power Converters and other mission-critical components.

Many of the space products are also used in the medical, telecommunications and other industries. These transferrable products are highly reliable in a variety of harsh environments. We are proud to build components that help both to expand our horizons and to save countless lives.



NASA's OSIRIS-REx is designed to rendezvous with, study and return a sample of the asteroid Bennu to Earth. Above, the Atlas V rocket, containing NASA's OSIRIS-REx, launched from Cape Canaveral, Florida on September 8, 2016. HEICO's subsidiaries VPT and 3D Plus supplied parts onboard the rocket and spacecraft.

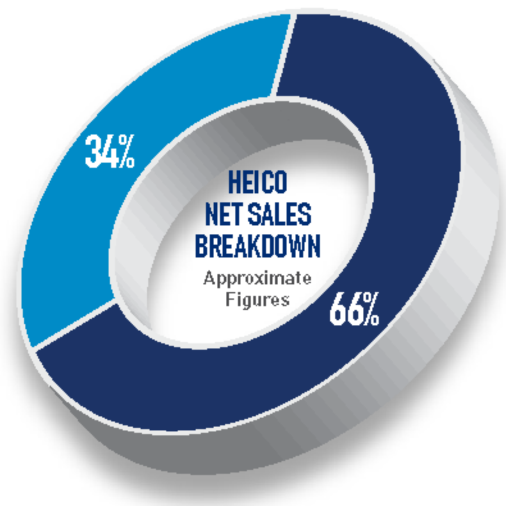
RESEARCH AND MANUFACTURING

To be successful in the long-term, we must invest in research and product development today. We employ more than 500 engineers and engineering professionals company-wide, and currently expect to invest close to 3.5% of net sales on research and development. This investment platform places us on the high-end of a recent study by Statista, which estimates a range of 3.0-3.5% globally for aerospace and defense firms as of 2015.

As our customers' demands keep changing at a quicker pace, we must position ourselves to face any challenge. With our dedicated and talented base of engineers, modern equipment and facilities, and our strong investment plan, HEICO is excited to tackle tomorrow's problems, today.

Research and Manufacturing prowess underlies everything HEICO does. At right, a HEICO technician in Hollywood, Florida uses a unique measuring system to determine a gear system's geometry. Left, a manufacturing technician at a HEICO facility is shown using sophisticated machining equipment to create an aircraft part. Below are main engine fuel pump bearings and gears, engineered by HEICO to exacting standards.

EXPANDING GLOBAL MARKETS



With 63 operating facilities across 20 states in the United States and in 12 countries overall, HEICO has a large presence both domestically and around the globe. In the past two years, we have expanded our international facilities to include The Netherlands, Thailand and Laos. Additionally, we have numerous sales and services facilities across the world that provide timely and critical support to our international network of customers. While we envision future international opportunities will arise, HEICO's products themselves help transport people and cargo across the world and into space. In that sense, there are few companies that are more global in scope than HEICO.

HEICO's state-of-the-art facilities are located around the globe in locations like Tempe, Arizona (top), Buc, France (middle) and Saint-Eustache, Canada (bottom). HEICO has facilities in 12 countries overall and 20 states in the United States.

Seated, left to right, Thomas S. Irwin, Senior Executive Vice President, Laurans A. Mendelson, Chairman and Chief Executive Officer; standing, left to right, Victor H. Mendelson, Co-President, Joseph W. Pallot, General Counsel, Carlos L. Macau, Jr., Executive Vice President, Chief Financial Officer and Treasurer, Eric A. Mendelson, Co-President

2016

FINANCIAL STATEMENTS AND OTHER INFORMATION

SELECTED FINANCIAL DATA

Year ended October 31, [1]	2016	2015	2014	2013	2012
			(in thousands, except per share data)		
Operating Data:					
Net sales	$ 1,376,258	$ 1,188,648	$ 1,132,311	$ 1,008,757	$ 897,347
Gross profit	515,492	434,179	398,312	371,181	327,436
Selling, general and administrative expenses	250,147	204,523	194,924	187,591	164,142
Operating income	265,345 [3] [4]	229,656	203,388 [6]	183,590	163,294
Interest expense	8,272	4,626	5,441	3,717	2,432
Other (expense) income	(23)	(66)	625	888	313
Net income attributable to HEICO	156,192 [3] [4]	133,364 [5]	121,293 [6]	102,396 [7]	85,147
Weighted average number of common shares outstanding [2]					
Basic	67,045	66,740	66,463	66,298	65,861
Diluted	68,170	67,811	67,453	66,982	66,624
Per Share Data: [2]					
Net income per share attributable to HEICO shareholders:					
Basic	$ 2.33 [3] [4]	$ 2.00 [5]	$ 1.82 [6]	$ 1.54 [7]	$ 1.29
Diluted	2.29 [3] [4]	1.97 [5]	1.80 [6]	1.53 [7]	1.28
Cash dividends per share [2]	.160	.140	.470	1.816	.086
Balance Sheet Data (as of October 31):					
Cash and cash equivalents	$ 42,955	$ 33,603	$ 20,229	$ 15,499	$ 21,451
Total assets	2,039,475	1,736,387	1,489,214	1,533,015	1,192,846
Total debt (including current portion)	458,225	367,598	329,109	377,515	131,820
Redeemable noncontrolling interests	99,512	91,282	39,966	59,218	67,166
Total shareholders' equity	1,047,705	893,271	774,619	723,235	719,759

(1) Results include the results of acquisitions from each respective effective date. See Note 2, Acquisitions, of the Notes to Consolidated Financial Statements for more information.

(2) All share and per share information has been adjusted retrospectively to reflect the 5-for-4 stock splits effected in October 2013 and April 2012.

(3) Includes $3.1 million of acquisition costs incurred in connection with a fiscal 2016 acquisition. These expenses, net of tax, decreased net income attributable to HEICO by $2.0 million, or $.03 per basic and diluted share.

(4) Includes the aggregate tax benefit from an income tax credit for qualified research and development ("R&D") activities for the last ten months of fiscal 2015 recognized in fiscal 2016 upon the retroactive and permanent extension in December 2015 of the United States ("U.S.") federal R&D tax credit, which, net of expenses, increased net income attributable to HEICO by $1.7 million, or $.03 per basic and $.02 per diluted share.

(5) Includes the aggregate tax benefit from an income tax credit for qualified R&D activities for the last ten months of fiscal 2014 recognized in fiscal 2015 upon the retroactive extension in December 2014 of the U.S. federal R&D tax credit to cover calendar year 2014, which, net of expenses, increased net income attributable to HEICO by $1.8 million, or $.03 per basic and diluted share.

(6) Operating income was increased by a $28.1 million reduction in accrued contingent consideration related to a fiscal 2013 and a fiscal 2012 acquisition within the Electronic Technologies Group, partially offset by $15.0 million in impairment losses related to the write-down of certain intangible assets at the fiscal 2013 and fiscal 2012 acquisitions to their estimated fair values as well as lower than expected operating income at the fiscal 2013 acquired business, which in aggregate increased net income attributable to HEICO by $10.2 million, or $.15 per basic and diluted share. The reduction in accrued contingent consideration and $13.1 million of the impairment losses were recorded as a component of selling, general and administrative expenses, while the remaining impairment losses of $1.9 million were recorded as a component of cost of sales.

(7) Includes the aggregate tax benefit from an income tax credit for qualified R&D activities for the last ten months of fiscal 2012 recognized in fiscal 2013 upon the retroactive extension in January 2013 of the U.S. federal R&D tax credit and higher R&D tax credits recognized upon the filing of HEICO's fiscal 2012 U.S. federal and state tax returns, which, net of expenses, increased net income attributable to HEICO by $1.8 million, or $.03 per basic and diluted share.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

Our business is comprised of two operating segments, the Flight Support Group ("FSG") and the Electronic Technologies Group ("ETG").

The Flight Support Group consists of HEICO Aerospace Holdings Corp. ("HEICO Aerospace"), which is 80% owned, and HEICO Flight Support Corp., which is wholly owned, and their collective subsidiaries, which primarily:

- ***Designs, Manufactures, Repairs, Overhauls and Distributes Jet Engine and Aircraft Component Replacement Parts.*** The Flight Support Group designs, manufactures, repairs, overhauls and distributes jet engine and aircraft component replacement parts. The parts and services are approved by the Federal Aviation Administration ("FAA"). The Flight Support Group also manufactures and sells specialty parts as a subcontractor for aerospace and industrial original equipment manufacturers and the United States ("U.S.") government. Additionally, the Flight Support Group is a leading supplier, distributor, and integrator of military aircraft parts and support services primarily to foreign military organizations allied with the U.S. and a leading manufacturer of advanced niche components and complex composite assemblies for commercial aviation, defense and space applications. Further, the Flight Support Group engineers, designs and manufactures thermal insulation blankets and parts as well as removable/reusable insulation systems for aerospace, defense, commercial and industrial applications as well as manufactures expanded foil mesh for lighting strike protection in fixed and rotary wing aircraft.

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

- ***Designs and Manufactures Electronic, Microwave and Electro-Optical Equipment, High-Speed Interface Products, High Voltage Interconnection Devices and High Voltage Advanced Power Electronics.*** The Electronic Technologies Group designs, manufactures and sells various types of electronic, microwave and electro-optical equipment and components, including power supplies, laser rangefinder receivers, infrared simulation, calibration and testing equipment; power conversion products serving the high-reliability military, space and commercial avionics end-markets; underwater locator beacons used to locate data and voice recorders utilized on aircraft and marine vessels; electromagnetic interference shielding for commercial and military aircraft operators, traveling wave tube amplifiers and microwave power modules used in radar, electronic warfare, on-board jamming and countermeasure systems, electronics companies and telecommunication equipment suppliers; advanced high-technology interface products that link devices such as telemetry receivers, digital cameras, high resolution scanners, simulation systems and test systems to computers; high voltage energy generators, high voltage interconnection devices, cable assemblies and wire for the medical equipment, defense and other industrial markets; high voltage power supplies found in satellite communications, CT scanners and in medical and industrial x-ray systems; three-dimensional microelectronic and stacked memory products that are principally integrated into larger subsystems equipping satellites and spacecraft; harsh environment connectivity products and custom molded cable assemblies; RF and microwave amplifiers, transmitters and receivers used to support military communications on unmanned aerial systems, other aircraft, helicopters and ground-based data/communications systems; communications and electronic intercept receivers and tuners for military and intelligence applications; wireless cabin control systems, solid state power distribution and management systems and fuel level sensing systems for business jets and for general aviation, as well as for the military/defense market; microwave modules, units and integrated sub-systems for commercial and military satellites; and crashworthy and ballistically self-sealing auxiliary fuel systems for military rotorcraft.

Our results of operations during each of the past three fiscal years have been affected by a number of transactions. This discussion of our 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 discussed below, see Note 2, Acquisitions, of the Notes to Consolidated Financial Statements. Each acquisition was included in our results of operations from the effective acquisition date.

In January 2016, we acquired, through HEICO Electronic, all of the limited liability company interests of Robertson Fuel Systems, LLC ("Robertson"). Robertson designs and produces mission-extending, crashworthy and ballistically self-sealing auxiliary fuel systems for military rotorcraft.

In December 2015, we acquired, through a subsidiary of HEICO Electronic, certain assets of a company that designs and manufactures underwater locator beacons used to locate aircraft cockpit voice recorders, flight data recorders, marine ship voyage recorders and other devices which have been submerged under water.

In August 2015, we acquired, through HEICO Flight Support Corp., all of the stock of Astroseal Products Mfg. Corporation ("Astroseal"). Astroseal manufactures expanded foil mesh, which is integrated into composite aerospace structures for lighting strike protection in fixed and rotary wing aircraft.

In August 2015, we acquired, through HEICO Electronic, 80.1% of the equity of Midwest Microwave Solutions, Inc. ("MMS"). MMS designs, manufactures and sells unique Size, Weight, Power and Cost (SWAP-C) optimized Communications and Electronic Intercept Receivers and Tuners for military and intelligence applications. The remaining 19.9% continues to be owned by certain members of MMS' management team.

In August 2015, we acquired, through HEICO Flight Support Corp., 80.1% of the assets and assumed certain liabilities of Aerospace & Commercial Technologies, LLC ("ACT"). ACT is a provider of products and services necessary to maintain up-to-date F-16 fighter aircraft operational capabilities. The remaining 19.9% continues to be owned by certain members of ACT's management team.

In May 2015, we acquired, through HEICO Flight Support Corp, all of the stock of Thermal Energy Products, Inc. ("TEP"). TEP engineers, designs and manufactures removable/reusable insulation systems for industrial, commercial, aerospace and defense applications.

In January 2015, we acquired, through HEICO Flight Support Corp., 80.1% of the equity of Harter Aerospace, LLC ("Harter"). Harter is a globally recognized component and accessory maintenance, repair, and overhaul (MRO) station specializing in commercial aircraft accessories, including thrust reverse actuation systems and pneumatics, and electromechanical components. The remaining 19.9% interest continues to be owned by certain members of Harter's management team.

In January 2015, we acquired, through HEICO Flight Support Corp., 80% of the equity of Aeroworks International Holding B.V. ("Aeroworks"). Aeroworks, which is headquartered in the Netherlands and maintains a significant portion of its production facilities in Thailand and Laos, is a manufacturer of both composite and metal parts used primarily in aircraft interior applications, including seating, galleys, lavatories, doors, and overhead bins. The remaining 20% interest continues to be owned by a certain member of Aeroworks' management team.

In June 2014, we created a new legal entity, Seal Q Corp., within HEICO Flight Support Corp., which acquired certain assets and liabilities of Quest Aviation Supply, Inc. ("Quest Aviation"). Quest Aviation is a niche supplier of parts to repair thrust reversers on various aircraft engines.

The purchase price of each of the above referenced acquisitions was paid in cash principally using proceeds from our revolving credit facility. The aggregate amount paid in cash for acquisitions, including additional purchase consideration payments, was $263.8 million, $166.8 million and $8.7 million in fiscal 2016, 2015 and 2014, respectively.

In February 2014, we acquired the 20% noncontrolling interest held by Lufthansa Technik AG ("LHT") in four of our existing subsidiaries principally operating in the specialty products and distribution businesses within HEICO Aerospace. For further information regarding this acquisition, see Note 8, Shareholder's Equity, of the Notes to Consolidated Financial Statements.

Critical Accounting Policies

We believe that the following are our most critical accounting policies, which require management to make judgments about matters that are inherently uncertain.

Assumptions utilized to determine fair value in connection with business combinations, contingent consideration arrangements and in goodwill and intangible assets impairment tests are highly judgmental. If there is a material change in such assumptions or if there is a material change in the conditions or circumstances influencing fair value, we could be required to recognize a material impairment charge.

Revenue Recognition

Revenue from the sale of products and the rendering of services is recognized when title and risk of loss passes to the customer, which is generally at the time of shipment. Revenue from certain fixed price contracts for which costs can be dependably estimated is recognized on the percentage-of-completion method, measured by the percentage of costs incurred to date to estimated total costs for each contract. This method is used because management considers costs incurred to be the best available measure of progress on these contracts. Revisions in cost estimates as contracts progress have the effect of increasing or decreasing profits in the period of revision. Revisions in cost estimates may be caused by factors such as the price or availability of raw materials and component parts or variations in the amount of labor required and/or the materials necessary to meet customer specifications and requirements. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. The percentage of our net sales recognized under the percentage-of-completion method was approximately 3%, 4% and 3% in fiscal 2016, 2015 and 2014, respectively. Changes in estimates pertaining to percentage-of-completion contracts did not have a material or significant effect on net income or net income per share in fiscal 2016, 2015 and 2014.

For fixed price contracts in which costs cannot be dependably estimated, revenue is recognized on the completed-contract method. A contract is considered complete when all significant costs have been incurred or the item has been accepted by the customer. Progress billings and customer advances received on fixed price contracts accounted for under the completed-contract method are classified as a reduction to contract costs that are included in inventories, if any, and any remaining amount is included in accrued expenses and other current liabilities.

Valuation of Accounts Receivable

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

Valuation of Inventory

Inventory is stated at the lower of cost or market, with cost being determined on the first-in, first-out or the average cost basis. Losses, if any, are recognized fully in the period when identified.

We periodically evaluate the carrying value of inventory, giving consideration to factors such as its physical condition, sales patterns and expected future demand in order to estimate the amount necessary to write down any slow moving, obsolete or damaged inventory. These estimates could vary significantly from actual amounts based upon future economic conditions, customer inventory levels, or competitive factors that were not foreseen or did not exist when the estimated write-downs were made.

In accordance with industry practice, all inventories are classified as a current asset including portions with long production cycles, some of which may not be realized within one year.

Business Combinations

We allocate the purchase price of acquired entities to the underlying tangible and identifiable intangible assets acquired and liabilities and any noncontrolling interests assumed based on their estimated fair values, with any excess recorded as goodwill. Determining the fair value of assets acquired and liabilities and noncontrolling interests assumed requires management's judgment and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates, asset lives and market multiples, among other items. We determine the fair values of intangible assets acquired generally in consultation with third-party valuation advisors.

As part of the agreement to acquire certain subsidiaries, we may be obligated to pay contingent consideration should the acquired entity meet certain earnings objectives subsequent to the date of acquisition. As of the acquisition date, contingent consideration is recorded at fair value as determined through the use of a probability-based scenario analysis approach. Under this method, a set of discrete potential future subsidiary earnings is determined using internal estimates based on various revenue growth rate assumptions for each scenario. A probability of likelihood is then assigned to each discrete potential future earnings estimate and the resultant contingent consideration is calculated and discounted using a weighted average discount rate reflecting the credit risk of a market participant. Subsequent to the acquisition date, the fair value of such contingent consideration is measured each reporting period and any changes are recorded to selling, general and administrative ("SG&A") expenses within our Consolidated Statements of Operations. Changes in either the revenue growth rates, related earnings or the discount rate could result in a material change to the amount of contingent consideration accrued. As of October 31, 2016, 2015 and 2014, $18.9 million, $21.4 million and $1.2 million of contingent consideration was accrued within our Consolidated Balance Sheets, respectively. During fiscal 2016, 2015 and 2014, such fair value measurement adjustments resulted in net increases (or decreases) to SG&A expenses of $3.1 million, $.3 million and ($28.1) million, respectively. For further information regarding our contingent consideration arrangements, see Note 7, Fair Value Measurements, of the Notes to Consolidated Financial Statements.

Valuation of Goodwill and Other Intangible Assets

We test goodwill for impairment annually as of October 31, or more frequently if events or changes in circumstances indicate that the carrying amount of goodwill may not be fully recoverable. In evaluating the recoverability of goodwill, we compare the fair value of each of our 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 is recognized in the amount by which the carrying value of the reporting unit's goodwill exceeds its implied fair value, if any. The fair values of our reporting units were determined using a weighted average of a market approach and an income approach. Under the market approach, fair values are estimated using published market multiples for comparable companies. We calculate fair values under the income approach by taking estimated future cash flows that are based on internal projections and other assumptions deemed reasonable by management and discounting them using an estimated weighted average cost of capital. Based on the annual goodwill impairment test as of October 31, 2016, 2015 and 2014, we determined there was no impairment of our goodwill. The fair value of each of our reporting units as of October 31, 2016 significantly exceeded its carrying value.

We test each non-amortizing intangible asset (principally trade names) for impairment annually as of October 31, or more frequently if events or changes in circumstances indicate that the asset might be impaired. To derive the fair value of our trade names, we utilize an income approach, which relies upon management's assumptions of royalty rates, projected revenues and discount rates. We also test each amortizing intangible asset for impairment if events or circumstances indicate that the asset might be impaired. The test consists of determining whether the carrying value of such assets will be recovered through undiscounted expected future cash flows. If the total of the undiscounted future cash flows is less than the carrying amount of those assets, we recognize an impairment loss based on the excess of the carrying amount over the fair value of the assets. The determination of fair value requires us to make a number of estimates, assumptions and judgments of underlying factors such as projected revenues and related earnings as well as discount rates. Based on the intangible impairment tests conducted, we did not recognize any impairment losses in fiscal 2016 and 2015; however, we recognized pre-tax impairment losses within the ETG during fiscal 2014 related to the write-down of certain customer relationships, non-amortizing trade names, and intellectual property of $11.2 million, $1.9 million and $1.9 million, respectively, to their estimated fair values. The impairment losses pertaining to customer relationships and non-amortizing trade names were recorded as a component of SG&A expenses in the Company's Consolidated Statement of Operations and the impairment losses pertaining to intellectual property were recorded as a component of cost of sales. For additional information regarding the fiscal 2014 impairment losses, including the assumptions made when determining the asset's fair value, see Note 7, Fair Value Measurements, of the Notes to Consolidated Financial Statements.

Results of Operations

The following table sets forth the results of our operations, net sales and operating income by segment and the percentage of net sales represented by the respective items in our Consolidated Statements of Operations (in thousands):

Year ended October 31,	2016	2015	2014
Net sales	$ 1,376,258	$ 1,188,648	$ 1,132,311
Cost of sales	860,766	754,469	733,999
Selling, general and administrative expenses	250,147	204,523	194,924
Total operating costs and expenses	1,110,913	958,992	928,923
Operating income	$ 265,345	$ 229,656	$ 203,388
Net sales by segment:			
Flight Support Group	$ 875,870	$ 809,700	$ 762,801
Electronic Technologies Group	511,272	390,982	379,404
Intersegment sales	(10,884)	(12,034)	(9,894)
	$ 1,376,258	$ 1,188,648	$ 1,132,311
Operating income by segment:			
Flight Support Group	$ 163,427	$ 149,798	$ 136,480
Electronic Technologies Group	126,031	98,833	88,914
Other, primarily corporate	(24,113)	(18,975)	(22,006)
	$ 265,345	$ 229,656	$ 203,388
Net sales	100.0%	100.0%	100.0%
Gross profit	37.5%	36.5%	35.2%
Selling, general and administrative expenses	18.2%	17.2%	17.2%
Operating income	19.3%	19.3%	18.0%
Interest expense	.6%	.4%	.5%
Other (expense) income	—%	—%	.1%
Income tax expense	5.9%	6.0%	5.3%
Net income attributable to noncontrolling interests	1.5%	1.7%	1.5%
Net income attributable to HEICO	11.3%	11.2%	10.7%

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Comparison of Fiscal 2016 to Fiscal 2015

Net Sales

Our net sales in fiscal 2016 increased by 16% to a record $1,376.3 million, as compared to net sales of $1,188.6 million in fiscal 2015. The increase in consolidated net sales reflects an increase of $120.3 million (a 31% increase) to a record $511.3 million in net sales within the ETG as well as an increase of $66.2 million (an 8% increase) to a record $875.9 million in net sales within the FSG. The net sales increase in the ETG reflects net sales of $107.3 million contributed by our fiscal 2016 and 2015 acquisitions as well as organic growth of 4%. The ETG's organic growth resulted mainly from an aggregate net sales increase of $17.2 million attributed to higher demand from certain space, medical and other electronics products, partially offset by a $3.2 million net sales decrease from lower demand for certain defense products. The net sales increase in the FSG reflects net sales of $40.6 million contributed by our fiscal 2015 acquisitions as well as organic growth of 3%. The FSG's organic growth is principally attributed to increased demand and new product offerings within our aftermarket replacement parts and specialty products lines, resulting in net sales increases of $22.6 million and $10.9 million, respectively. These increases were partially offset by $7.9 million of lower organic net sales from our repair and overhaul parts and services product line. Our repair and overhaul parts and services product line was adversely impacted by the mix of products repaired during fiscal 2016, which required less extensive repair and overhaul services, as well as softer demand from our South American market. The FSG experienced organic revenue growth of 6% in fiscal 2016 excluding our repair and overhaul parts and services product line. Sales price changes were not a significant contributing factor to the FSG and ETG net sales growth in fiscal 2016.

Our net sales in fiscal 2016 and 2015 by market consisted of approximately 52% and 57%, respectively, from the commercial aviation industry, 34% and 27%, respectively, from the defense and space industries, and 14% and 16%, respectively, from other industrial markets including medical, electronics and telecommunications.

Gross Profit and Operating Expenses

Our consolidated gross profit margin increased to 37.5% in fiscal 2016 as compared to 36.5% in fiscal 2015, principally reflecting an increase of .9% in the FSG's gross profit margin, partially offset by a .5% decrease in the ETG's gross profit margin. The increase in the FSG's gross profit margin is principally attributed to increased net sales and a more favorable product mix within our aftermarket replacement parts and specialty products product lines, partially offset by decreased net sales and a less favorable product mix within our repair and overhaul parts and services product line. The decrease in the ETG's gross profit margin is principally attributed to a less favorable product mix for certain space products. Total new product research and development ("R&D") expenses included within our consolidated cost of sales increased to $44.7 million in fiscal 2016 compared to $38.7 million in fiscal 2015.

Our consolidated SG&A expenses were $250.1 million and $204.5 million in fiscal 2016 and 2015, respectively. The increase in consolidated SG&A expenses principally reflects $21.8 million attributable to the fiscal 2016 and 2015 acquisitions, inclusive of $3.1 million of acquisition costs associated with a fiscal 2016 acquisition, $9.1 million of higher performance-based compensation expense, $3.1 million attributable to changes in the estimated fair value of accrued contingent consideration associated with a prior year acquisition, inclusive of foreign currency transaction adjustments, and a $2.4 million impact from foreign currency transaction adjustments on borrowings denominated in Euros under our revolving credit facility.

Our consolidated SG&A expenses as a percentage of net sales were 18.2% and 17.2% in fiscal 2016 and 2015, respectively. The increase in consolidated SG&A expenses as a percentage of net sales principally reflects a .5% impact from higher performance-based compensation expense and a .2%, .2% and .2% impact from the aforementioned changes in the estimated fair value of accrued contingent consideration, foreign currency transaction adjustments and acquisition costs, respectively.

Operating Income

Our consolidated operating income in fiscal 2016 increased by 16% to a record $265.3 million, up from $229.7 million in fiscal 2015. As a percentage of net sales, our consolidated operating income was 19.3% in both fiscal 2016 and 2015. The increase in consolidated operating income is primarily attributed to a $27.2 million increase (a 28% increase) to a record $126.0 million in operating income of the ETG as well as a $13.6 million increase (a 9% increase) to a record $163.4 million in operating income of the FSG, partially offset by a $5.1 million increase in corporate expenses principally reflecting higher performance-based compensation expense and the previously mentioned foreign currency transaction adjustments on borrowings denominated in Euros. The increase in operating income of the ETG is mainly attributed to the previously mentioned net sales growth, partially offset by a $6.4 million and $5.2 million increase in amortization expense of intangible assets and performance-based compensation expense, respectively, in addition to the impact from the previously mentioned acquisition costs. The increase in operating income of the FSG is mainly attributed to the previously mentioned net sales growth and improved gross profit margin, partially offset by a $4.4 million increase in performance-based compensation expense, the previously mentioned changes in the estimated fair value of accrued contingent consideration and a $3.0 million increase in amortization expense of intangible assets.

Interest Expense

Interest expense increased to $8.3 million in fiscal 2016 from $4.6 million in fiscal 2015. The increase was due to a higher weighted average balance outstanding under our revolving credit facility associated with our fiscal 2016 and 2015 acquisitions as well as higher interest rates.

Other Expense

Other expense in fiscal 2016 and 2015 was not material.

Income Tax Expense

Our effective tax rate in fiscal 2016 decreased to 31.5% from 31.7% in fiscal 2015. The decrease principally reflects the benefits recognized in fiscal 2016 of a larger income tax credit for qualified R&D activities resulting from the permanent extension of the U.S. federal R&D tax credit in December 2015 and a lower effective state tax rate driven by certain apportionment updates recognized upon the amendment of certain prior year tax returns in fiscal 2016. These decreases were partially offset by the benefits recognized in fiscal 2015 from a prior year tax return amendment for additional foreign tax credits related to R&D activities at one of our foreign subsidiaries and higher net income attributable to noncontrolling interests in subsidiaries structured as partnerships. See Note 6, Income Taxes, of the Notes to Consolidated Financial Statements for a detailed analysis of the provision for income taxes.

Net Income Attributable to Noncontrolling Interests

Net income attributable to noncontrolling interests relates to the 20% noncontrolling interest held by Lufthansa Technik AG in HEICO Aerospace and the noncontrolling interests held by others in certain subsidiaries of the FSG and ETG. Net income attributable to noncontrolling interests was $20.0 million in fiscal 2016 compared to $20.2 million in fiscal 2015.

Net Income Attributable to HEICO

Net income attributable to HEICO increased to a record $156.2 million, or $2.29 per diluted share, in fiscal 2016 from $133.4 million, or $1.97 per diluted share, in fiscal 2015, principally reflecting the previously mentioned increased net sales and operating income.

Outlook

As we look ahead to fiscal 2017, we anticipate net sales growth within the FSG's commercial aviation and defense product lines. We also expect growth within the ETG, principally driven by demand for the majority of our products. During fiscal 2017, we will continue our commitments to developing new products and services, further market penetration, and an aggressive acquisition strategy while maintaining our financial strength and flexibility. Overall, we are targeting growth in fiscal 2017 full year net sales and net income over fiscal 2016 levels. These estimates exclude additional acquired businesses, if any.

Comparison of Fiscal 2015 to Fiscal 2014

Net Sales

Our net sales in fiscal 2015 increased by 5% to a record $1,188.6 million, as compared to net sales of $1,132.3 million in fiscal 2014. The increase in consolidated net sales reflects an increase of $46.9 million (a 6% increase) to a record $809.7 million in net sales within the FSG as well as an increase of $11.6 million (a 3% increase) to a record $391.0 million in net sales within the ETG. The net sales increase in the FSG reflects net sales of $54.9 million contributed by our fiscal 2015 acquisitions as well as additional net sales in our aftermarket replacement parts and repair and overhaul services product lines of $11.4 million principally from new product and service offerings. The net sales increase within the FSG was partially offset by a $19.4 million organic net sales decrease in our specialty products lines principally reflecting lower net sales of certain industrial products that are attributable to the completion of a customer's multi-year orders in late fiscal 2014. As a result of the net sales decrease of certain industrial products, the FSG experienced a 1% organic revenue decline in fiscal 2015. Excluding industrial net sales, the FSG experienced organic growth of 3% in fiscal 2015. The net sales increase in the ETG reflects net sales of $8.0 million contributed by a fiscal 2015 acquisition as well as organic growth of 1% resulting from an aggregate net sales increase of $7.6 million attributed to higher demand for certain of our defense, other electronics and aerospace products. The net sales increase within the ETG was partially offset by a $3.9 million net sales decrease from lower demand for certain of the ETG's space and telecommunications products. Sales price changes were not a significant contributing factor to the FSG and ETG net sales growth in fiscal 2015.

Our net sales in fiscal 2015 and 2014 by market consisted of approximately 57% and 56%, respectively, from the commercial aviation industry, 27% and 26%, respectively, from the defense and space industries, and 16% and 18%, respectively, from other industrial markets including medical, electronics and telecommunications.

Gross Profit and Operating Expenses

Our consolidated gross profit margin increased to 36.5% in fiscal 2015 as compared to 35.2% in fiscal 2014 and principally reflects an increase of 3.8% in the ETG's gross profit margin as well as a .2% increase in the FSG's gross profit margin. The increase in the ETG's gross profit margin is mainly attributed to a more favorable product mix and increased net sales of certain of our defense products. Total new product R&D expenses included within our consolidated cost of sales increased to $38.7 million in fiscal 2015 compared to $37.4 million in fiscal 2014.

SG&A expenses were $204.5 million and $194.9 million in fiscal 2015 and 2014, respectively, and were a constant 17.2% of net sales in both fiscal 2015 and 2014. The increase in SG&A expenses principally reflects a $28.1 million reduction in the estimated fair value of accrued contingent consideration recorded in the prior year associated with a fiscal 2013 acquisition, partially offset by the impact of $13.1 million of impairment losses recorded in the prior year related to certain intangible assets of the acquired entity and a $5.2 million decrease in performance-based compensation expense. See Note 7, Fair Value Measurements, of the Notes to Consolidated Financial Statements for additional information.

Operating Income

Operating income in fiscal 2015 increased by 13% to a record $229.7 million as compared to operating income of $203.4 million in fiscal 2014. The increase in operating income reflects a $13.3 million increase (a 10% increase) to a record $149.8 million in operating income of the FSG in fiscal 2015, up from $136.5 million in fiscal 2014 and a $9.9 million increase (an 11% increase) in operating income of the ETG to a record $98.8 million in fiscal 2015, up from $88.9 million in fiscal 2014. The increase in operating income of the FSG principally reflects the aforementioned net sales growth, a $2.6 million decrease in performance-based compensation expense, the improved gross profit margin and $1.4 million of unrealized gains from foreign currency transaction adjustments on our Euro denominated contingent consideration liability, partially offset by a $3.2 million increase in amortization expense of intangible assets recognized in connection with the fiscal 2015 acquired businesses. The increase in operating income of the ETG principally reflects the previously mentioned improved gross profit margin and net sales growth, a $15.0 million impact from prior year intangible asset impairment losses and a $4.0 million decrease in amortization expense of intangible assets, partially offset by the impact of the prior year reduction in the estimated fair value of accrued contingent consideration. Additionally, the increase in consolidated operating income reflects a $3.3 million decrease in corporate expenses principally due to $2.3 million of unrealized gains from foreign currency transaction adjustments on Euro borrowings and lower performance-based compensation expense.

Consolidated operating income as a percentage of net sales increased to 19.3% in fiscal 2015, up from 18.0% in fiscal 2014. The increase in consolidated operating income as a percentage of net sales is mainly attributed to an increase in the ETG's operating income as a percentage of net sales to 25.3% in fiscal 2015, up from 23.4% in fiscal 2014 and an increase in the FSG's operating income as a percentage of net sales to 18.5% in fiscal 2015, up from 17.9% in fiscal 2014. The increase in operating income as a percentage of net sales for the ETG principally reflects the improved gross profit margin and a 4.0% and a 1.2% favorable impact from the prior year impairment losses and current year lower amortization expense of intangible assets, respectively, partially offset by a 7.4% impact from the prior year reduction in the estimated fair value of accrued contingent consideration. The increase in operating income as a percentage of net sales for the FSG principally reflects a .3% favorable impact from the lower performance-based compensation expense as well as the improved gross profit margin and unrealized foreign currency gains, partially offset by the increase in amortization expense associated with fiscal 2015 acquired intangible assets.

Interest Expense

Interest expense decreased to $4.6 million in fiscal 2015 from $5.4 million in fiscal 2014. The decrease was principally due to a higher weighted average balance outstanding under our revolving credit facility in fiscal 2014 associated with our fiscal 2013 acquisitions and the acquisition of certain noncontrolling interests in fiscal 2014.

Other (Expense) Income

Other (expense) income in fiscal 2015 and 2014 was not material.

Income Tax Expense

Our effective tax rate in fiscal 2015 increased to 31.7% from 30.1% in fiscal 2014. The increase is principally due to the impact of a larger nontaxable reduction in accrued contingent consideration during fiscal 2014 associated with a prior year acquisition acquired by means of a stock transaction and the impact of higher tax-exempt unrealized gains in the cash surrender values of life insurance policies related to the HEICO Corporation Leadership Compensation Plan in fiscal 2014 compared to fiscal 2015. These increases were partially offset by an income tax credit for qualified R&D activities for the last ten months of fiscal 2014 that was recognized in the first quarter of fiscal 2015 resulting from the retroactive extension of the U.S. federal R&D tax credit in December 2014 to cover calendar year 2014, the benefit of recognizing additional foreign tax credits related to R&D activities at one of our foreign subsidiaries inclusive of amendments to prior year tax returns, and our decision to not make a provision for U.S. income taxes on the undistributed earnings of a fiscal 2015 foreign acquisition. See Note 6, Income Taxes, of the Notes to Consolidated Financial Statements for a detailed analysis of the provision for income taxes.

Net Income Attributable to Noncontrolling Interests

Net income attributable to noncontrolling interests relates to the 20% noncontrolling interest held by Lufthansa Technik AG in HEICO Aerospace and the noncontrolling interests held by others in certain subsidiaries of the FSG and ETG. Net income attributable to noncontrolling interests was $20.2 million in fiscal 2015 compared to $17.5 million in fiscal 2014. The increase principally reflects the impact of net income allocations to certain of the fiscal 2015 acquisitions in which noncontrolling interests are held.

Net Income Attributable to HEICO

Net income attributable to HEICO increased to a record $133.4 million, or $1.97 per diluted share, in fiscal 2015 from $121.3 million, or $1.80 per diluted share, in fiscal 2014, principally reflecting the previously mentioned increased operating income.

Inflation

We have generally experienced increases in our costs of labor, materials and services consistent with overall rates of inflation. The impact of such increases on net income attributable to HEICO has been generally minimized by efforts to lower costs through manufacturing efficiencies and cost reductions.

Liquidity and Capital Resources

Our capitalization was as follows (in thousands):

As of October 31,	2016	2015
Total debt (including current portion)	$ 458,225	$ 367,598
Less: Cash and cash equivalents	(42,955)	(33,603)
Net debt (total debt less cash and cash equivalents)	415,270	333,995
Shareholders' equity	1,047,705	893,271
Total capitalization (debt plus equity)	1,505,930	1,260,869
Net debt to shareholders' equity	40%	37%
Total debt to total capitalization	30%	29%

Our principal uses of cash include acquisitions, capital expenditures, cash dividends, distributions to noncontrolling interests and working capital needs. Capital expenditures in fiscal 2017 are anticipated to approximate $38 million. We finance our activities primarily from our operating and financing activities, including borrowings under our revolving credit facility.

As of December 13, 2016, we had approximately $353 million of unused committed availability under the terms of our revolving credit facility. Based on our current outlook, we believe that net cash provided by operating activities and available borrowings under our revolving credit facility will be sufficient to fund our cash requirements for at least the next twelve months.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Operating Activities

Net cash provided by operating activities was $249.2 million in fiscal 2016 and consisted primarily of net income from consolidated operations of $176.2 million, depreciation and amortization expense of $60.3 million (a non-cash item) and an increase in working capital (current assets minus current liabilities) of $8.1 million. Net cash provided by operating activities increased by $76.3 million in fiscal 2016 from $172.9 million in fiscal 2015. The increase in net cash provided by operating activities in fiscal 2016 is principally due to a $36.7 million decrease in working capital, a $22.6 million increase in net income from consolidated operations and a $12.4 million increase in depreciation and amortization expense (a non-cash item). The $36.7 million decrease in working capital is principally attributed to a $36.2 million increase in accrued expenses and other current liabilities, which mainly reflects an increase in deferred revenue attributed to billings in excess of costs and estimated earnings on a fixed price contract for which revenue is being recognized on the percentage-of-completion method and customer deposits received in connection with a contract to provided repair and overhaul services, as well as a higher level of accrued performance-based compensation due to the improved consolidated operating results, and an increase in accrued customer rebates and credits.

Net cash provided by operating activities was $172.9 million in fiscal 2015 and consisted primarily of net income from consolidated operations of $153.6 million, depreciation and amortization expense of $47.9 million (a non-cash item) and a decrease in working capital (current assets minus current liabilities) of $28.7 million. Net cash provided by operating activities decreased by $17.8 million in fiscal 2015 from $190.7 million in fiscal 2014. The decrease in net cash provided by operating activities in fiscal 2015 is principally due to a $44.7 million increase in working capital and a $15.0 million decrease attributed to the impairment of intangible assets recorded in the prior year (a non-cash item), partially offset by a $28.4 million impact from a larger reduction in the estimated fair value of accrued contingent consideration (a non-cash item) recorded in the prior year and an increase of $14.8 million in net income from consolidated operations. The $44.7 million increase in working capital principally reflects a $29.6 million increase in accounts receivable reflecting strong sales late in the fourth quarter of fiscal 2015 and a $10.3 million increase in inventory to meet increased sales demand in the near term.

Net cash provided by operating activities was $190.7 million in fiscal 2014 and consisted primarily of net income from consolidated operations of $138.8 million, depreciation and amortization expense of $47.8 million, a decrease in working capital of $16.0 million, and impairment of intangible assets totaling $15.0 million (a non-cash item), partially offset by a $28.1 million decrease in accrued contingent consideration (a non-cash item) associated with prior year acquisitions.

Investing Activities

Net cash used in investing activities during the three-year fiscal period ended October 31, 2016 primarily relates to several acquisitions aggregating $439.3 million, including $263.8 million in fiscal 2016, $166.8 million in fiscal 2015, and $8.7 million in fiscal 2014. Further details on acquisitions may be found under the caption "Overview" and Note 2, Acquisitions, of the Notes to Consolidated Financial Statements. Capital expenditures aggregated $65.5 million over the last three fiscal years, primarily reflecting the expansion, replacement and betterment of existing production facilities and capabilities, which were generally funded using cash provided by operating activities.

Financing Activities

Net cash provided by financing activities was $56.8 million in fiscal 2016 as compared to $27.3 million in fiscal 2015 and net cash used in financing activities of $160.1 million in fiscal 2014. During the three-year fiscal period ended October 31, 2016, we borrowed an aggregate $545.7 million under our revolving credit facility including borrowings of $260.0 million in fiscal 2016, $173.7 million in fiscal 2015, and $112.0 million in fiscal 2014. The aforementioned borrowings were made principally to fund acquisitions in all years and to make distributions to noncontrolling interests and pay special and extraordinary cash dividends in fiscal 2014. Further details on acquisitions may be found under the caption "Overview" and Note 2, Acquisitions, of the Notes to Consolidated Financial Statements. Payments on our revolving credit facility aggregated $461.0 million over the last three fiscal years, including $170.0 million in fiscal 2016, $132.0 million in fiscal 2015, and $159.0 million in fiscal 2014. For the three-year fiscal period ended October 31, 2016, we made distributions to noncontrolling interests aggregating $107.9 million, including $79.2 million in fiscal 2014 and paid an aggregate $51.3 million in cash dividends, including $31.2 million in fiscal 2014.

In December 2011, we entered into a $670 million Revolving Credit Agreement ("Credit Facility") with a bank syndicate. The Credit Facility may be used for our working capital and general corporate needs, including capital expenditures and to finance acquisitions. In November 2013, we entered into an amendment to extend the maturity date of the Credit Facility by one year to December 2018 and to increase the aggregate principal amount to $800 million. Furthermore, the amendment includes a feature that will allow us to increase the aggregate principal amount by an additional $200 million to become a $1.0 billion facility through increased commitments from existing lenders or the addition of new lenders.

Advances under the Credit Facility accrue interest at our choice of the "Base Rate" or the London Interbank Offered Rate ("LIBOR") plus the applicable margin (based on our ratio of total funded debt to earnings before interest, taxes, depreciation and amortization, noncontrolling interests and non-cash charges, or "leverage ratio"). The Base Rate is the highest of (i) the Prime Rate; (ii) the Federal Funds rate plus .50% per annum; and (iii) the Adjusted LIBO Rate determined on a daily basis for an Interest Period of one month plus 1.00% per annum, as such capitalized terms are defined in the Credit Facility. The applicable margin for a LIBOR-based borrowing ranges from .75% to 2.25%. The applicable margin for a Base Rate borrowing ranges from 0% to 1.25%. A fee is charged on the amount of the unused commitment ranging from .125% to .35% (depending on our leverage ratio). The Credit Facility also includes a $50 million sublimit for borrowings made in foreign currencies, letters of credit and swingline borrowings. Outstanding principal, accrued and unpaid interest and other amounts payable under the Credit Facility may be accelerated upon an event of default, as such events are described in the Credit Facility. The Credit Facility is unsecured and contains covenants that restrict the amount of certain payments, including dividends, and require, among other things, the maintenance of a total leverage ratio, a senior leverage ratio and a fixed charge coverage ratio. In the event our leverage ratio exceeds a specified level, the Credit Facility would become secured by the capital stock owned in substantially all of our subsidiaries. As of October 31, 2016, we were in compliance with all financial and nonfinancial covenants. See Note 5, Long-Term Debt, of the Notes to Consolidated Financial Statements for further information regarding the Credit Facility.

Contractual Obligations

The following table summarizes our contractual obligations as of October 31, 2016 (in thousands):

		Payments due by fiscal period			
	Total	2017	2018 - 2019	2020 - 2021	Thereafter
Long-term debt obligations (1)	$ 455,083	$ —	$ 455,083	$ —	$ —
Capital lease obligations (2)	3,734	554	1,075	998	1,107
Operating lease obligations (3)	56,852	11,787	15,068	11,995	18,002
Purchase obligations (4) (5) (6)	26,600	14,636	11,495	469	—
Other long-term liabilities (7)	549	506	38	5	—
Total contractual obligations	$ 542,818	$ 27,483	$ 482,759	$ 13,467	$ 19,109

(1) Excludes interest charges on borrowings and the fee on the amount of any unused commitment that we may be obligated to pay under our revolving credit facility as such amounts vary. See Note 5, Long-Term Debt, of the Notes to Consolidated Financial Statements and "Liquidity and Capital Resources," above for additional information regarding our long-term debt obligations.

(2) Inclusive of $.6 million in interest charges. See Note 5, Long-Term Debt, of the Notes to Consolidated Financial Statements for additional information regarding our capital lease obligations.

(3) See Note 15, Commitments and Contingencies – Lease Commitments, of the Notes to Consolidated Financial Statements for additional information regarding our operating lease obligations.

(4) Includes contingent consideration aggregating $18.9 million related to a fiscal 2015 and 2016 acquisition. See Note 7, Fair Value Measurements, of the Notes to Consolidated Financial Statements for additional information.

(5) Also includes an aggregate $3.7 million of commitments principally for capital expenditures and inventory. All purchase obligations of inventory and supplies in the ordinary course of business (i.e., with deliveries scheduled within the next year) are excluded from the table.

(6) The holders of equity interests in certain of our subsidiaries have rights ("Put Rights") that may be exercised on varying dates causing us to purchase their equity interests through fiscal 2025. The Put Rights provide that cash consideration be paid for their equity interests (the "Redemption Amount"). As of October 31, 2016, management's estimate of the aggregate Redemption Amount of all Put Rights that we could be required to pay is approximately $99.5 million, which is reflected within redeemable noncontrolling interests in our Consolidated Balance Sheet. Of this amount, $4.0 million is included in the table as payable in fiscal 2017 pursuant to the past exercise of such Put Rights by the noncontrolling interest holders of one of our subsidiaries.

(7) The amounts in the table do not include liabilities related to the HEICO Corporation Leadership Compensation Plan or our other deferred compensation arrangement as they are each fully supported by assets held within irrevocable trusts. See Note 3, Selected Financial Statement Information - Other Long-Term Assets and Liabilities, of the Notes to Consolidated Financial Statements for further information about these two deferred compensation plans.

Off-Balance Sheet Arrangements

Guarantees

As of October 31, 2016, we have arranged for standby letters of credit aggregating $2.4 million, which are supported by our revolving credit facility. One letter of credit in the amount of $1.5 million is to satisfy the security requirement of our insurance company for potential workers' compensation claims and the remainder pertain to performance guarantees related to customer contracts entered into by certain of our subsidiaries.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers," which provides a comprehensive new revenue recognition model that will supersede nearly all existing revenue recognition guidance. Under ASU 2014-09, an entity will recognize revenue when it transfers promised goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. The guidance also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts. ASU 2014-09, as amended, is effective for fiscal years and interim reporting periods within those years beginning after December 15, 2017, or in fiscal 2019 for HEICO. Early adoption in the year preceding the effective date is permitted. ASU 2014-09 shall be applied either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying ASU 2014-09 recognized at the date of initial application. We are currently evaluating which transition method we will elect and the effect the adoption of this guidance will have on our consolidated results of operations, financial position and cash flows.

In July 2015, the FASB issued ASU 2015-11, "Simplifying the Measurement of Inventory," which requires entities to measure inventories at the lower of cost or net realizable value. Under current guidance, inventories are measured at the lower of cost or market. ASU 2015-11 must be applied prospectively and is effective for fiscal years and interim reporting periods within those years beginning after December 15, 2016, or in fiscal 2018 for HEICO. Early adoption is permitted. We are currently evaluating the effect, if any, the adoption of this guidance will have on our consolidated results of operations, financial position and cash flows.

In November 2015, the FASB issued ASU 2015-17, "Balance Sheet Classification of Deferred Taxes," which requires that all deferred tax assets and liabilities be classified as noncurrent in the balance sheet. ASU 2015-17 may be applied either prospectively or retrospectively and is effective for fiscal years and interim reporting periods within those years beginning after December 15, 2016, or in fiscal 2018 for HEICO. Early adoption is permitted. We are currently evaluating which transition method we will elect. The adoption of this guidance will only effect the presentation of deferred taxes in our consolidated statement of financial position.

In February 2016, the FASB issued ASU 2016-02, "Leases," which requires recognition of lease assets and lease liabilities on the balance sheet of lessees. ASU 2016-02 is effective for fiscal years and interim reporting periods within those years beginning after December 15, 2018, or in fiscal 2020 for HEICO. Early adoption is permitted. ASU 2016-02 requires a modified retrospective transition approach and provides certain optional transition relief. We are currently evaluating the effect the adoption of this guidance will have on our consolidated results of operations, financial position and cash flows.

In March 2016, the FASB issued ASU 2016-09, "Improvements to Employee Share-Based Payment Accounting," which simplifies several aspects related to accounting for share-based payment transactions. Under ASU 2016-09, all excess tax benefits and tax deficiencies are to be recognized in the statement of operations as a component of income tax expense rather than as capital in excess of par value, and the tax effects will be presented within the statement of cash flows as an operating cash flow rather than as a financing activity. ASU 2016-09 is effective for fiscal years and interim reporting periods within those years beginning after December 15, 2016, or in fiscal 2018 for HEICO. Early adoption is permitted. The recognition of the tax effects in the statement of operations, as well as related changes to the computation of diluted earnings per share are to be applied prospectively and entities may elect to apply the change in the presentation of the statement of cash flows either prospectively or retrospectively. We are currently evaluating the effect the adoption of this guidance will have on our consolidated results of operations, financial position and cash flows.

In August 2016, the FASB issued ASU 2016-15, "Classification of Certain Cash Receipts and Cash Payments," which clarifies how certain cash receipts and cash payments are to be presented and classified in the statement of cash flows. ASU 2016-15 provides guidance on eight specific cash flow classification issues including contingent consideration payments made after a business combination, proceeds from corporate-owned life insurance policies and distributions received from equity method investees. ASU 2016-15 is effective for fiscal years and interim reporting periods within those years beginning after December 15, 2017, or in fiscal 2019 for HEICO. Early adoption is permitted. ASU 2016-15 requires a retrospective transition approach for all periods presented. We are currently evaluating the effect the adoption of this guidance will have on our consolidated statement of cash flows.

Forward-Looking Statements

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 "expect," "anticipate," "believe," "estimate" and similar expressions are generally intended to identify forward-looking statements. Any forward-looking statement 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 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 in or implied by those forward-looking statements. Factors that could cause such differences include:

- Lower demand for commercial air travel or airline fleet changes or airline purchasing decisions, which could cause lower demand for our goods and services;
- Product specification costs and requirements, which could cause an increase to our costs to complete contracts;
- Governmental and regulatory demands, export policies and restrictions, reductions in defense, space or homeland security spending by U.S. and/or foreign customers or competition from existing and new competitors, which could reduce our sales;
- Our ability to introduce new products and services at profitable pricing levels, which could reduce our sales or sales growth;
- Product development or manufacturing difficulties, which could increase our product development costs and delay sales;
- Our ability to make acquisitions and achieve operating synergies from acquired businesses; customer credit risk; interest, foreign currency exchange and income tax rates; economic conditions within and outside of the aviation, defense, space, medical, telecommunications and electronics industries, which could negatively impact our costs and revenues; and
- Defense budget cuts, which could reduce our defense-related revenue.

We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except to the extent required by applicable law.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

We have exposure to interest rate risk, mainly related to our revolving credit facility, which has variable interest rates. Interest rate risk associated with our variable rate debt is the potential increase in interest expense from an increase in interest rates. Based on our aggregate outstanding variable rate debt balance of $455.1 million as of October 31, 2016, a hypothetical 10% increase in interest rates would not have a material effect on our results of operations, financial position or cash flows. We also maintain a portion of our 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, 2016 would not have a material effect on our results of operations, financial position or cash flows.

Foreign Currency Risk

We have a few foreign subsidiaries that conduct a portion of their operations in currencies other than the U.S. dollar, or principally in Euros, Canadian dollars and British pounds sterling. Accordingly, changes in exchange rates between such foreign currencies and the U.S. dollar will affect the translation of the financial results of our foreign subsidiaries into the U.S. dollar for purposes of reporting our consolidated financial results. A hypothetical 10% weakening in the exchange rate of the Euro, Canadian dollar or British pound sterling to the U.S. dollar as of October 31, 2016 would not have a material effect on our results of operations, financial position or cash flows.

Additionally, we have exposure to foreign currency exchange rate fluctuations on the U.S. dollar value of our foreign currency denominated transactions. During fiscal 2015, we borrowed €32 million under our revolving credit facility and used the funds to facilitate an acquisition. A portion of the total consideration for this acquisition is contingently payable upon the acquired entity meeting certain earnings objectives during each of the next three years following the first anniversary of the acquisition. As of October 31, 2016, the estimated fair value of the contingent consideration was €16.1 million and our Euro debt balance, net of cash, was €24.8 million. A hypothetical 10% weakening of the U.S. dollar relative to the Euro as of October 31, 2016 would increase the U.S. dollar equivalent of our net Euro borrowing and Euro denominated contingent consideration liability by $4.5 million in aggregate and decrease operating income by the same amount.

CONSOLIDATED BALANCE SHEETS

(in thousands, except per share data)

As of October 31,	2016	2015
ASSETS		
Current assets:		
Cash and cash equivalents	$ 42,955	$ 33,603
Accounts receivable, net	202,227	181,593
Inventories, net	286,302	243,517
Prepaid expenses and other current assets	11,674	9,369
Deferred income taxes	41,063	35,530
Total current assets	584,221	503,612
Property, plant and equipment, net	121,611	105,670
Goodwill	865,717	766,639
Intangible assets, net	366,863	272,593
Deferred income taxes	407	847
Other assets	100,656	87,026
Total assets	$ 2,039,475	$ 1,736,387
LIABILITIES AND EQUITY		
Current liabilities:		
Current maturities of long-term debt	$ 411	$ 357
Trade accounts payable	73,335	64,682
Accrued expenses and other current liabilities	136,053	100,155
Income taxes payable	4,622	3,193
Total current liabilities	214,421	168,387
Long-term debt, net of current maturities	457,814	367,241
Deferred income taxes	105,962	110,588
Other long-term liabilities	114,061	105,618
Total liabilities	892,258	751,834
Commitments and contingencies (Note 15)		
Redeemable noncontrolling interests (Note 11)	99,512	91,282
Shareholders' equity:		
Common Stock, $.01 par value per share; 75,000 shares authorized; 26,972 and 26,906 shares issued and outstanding	270	269
Class A Common Stock, $.01 par value per share; 75,000 shares authorized; 40,317 and 39,967 shares issued and outstanding	403	400
Capital in excess of par value	306,328	286,220
Deferred compensation obligation	2,460	1,783
HEICO stock held by irrevocable trust	(2,460)	(1,783)
Accumulated other comprehensive loss	(25,326)	(25,080)
Retained earnings	681,704	548,054
Total HEICO shareholders' equity	963,379	809,863
Noncontrolling interests	84,326	83,408
Total shareholders' equity	1,047,705	893,271
Total liabilities and equity	$ 2,039,475	$ 1,736,387

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

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share data)

Year ended October 31,	2016	2015	2014
Net sales	$ 1,376,258	$ 1,188,648	$ 1,132,311
Operating costs and expenses:			
Cost of sales	860,766	754,469	733,999
Selling, general and administrative expenses	250,147	204,523	194,924
Total operating costs and expenses	1,110,913	958,992	928,923
Operating income	265,345	229,656	203,388
Interest expense	(8,272)	(4,626)	(5,441)
Other (expense) income	(23)	(66)	625
Income before income taxes and noncontrolling interests	257,050	224,964	198,572
Income tax expense	80,900	71,400	59,800
Net income from consolidated operations	176,150	153,564	138,772
Less: Net income attributable to noncontrolling interests	19,958	20,200	17,479
Net income attributable to HEICO	$ 156,192	$ 133,364	$ 121,293
Net income per share attributable to HEICO shareholders:			
Basic	$ 2.33	$ 2.00	$ 1.82
Diluted	$ 2.29	$ 1.97	$ 1.80
Weighted average number of common shares outstanding:			
Basic	67,045	66,740	66,463
Diluted	68,170	67,811	67,453

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)

Year ended October 31,	2016	2015	2014
Net income from consolidated operations	$ 176,150	$ 153,564	$ 138,772
Other comprehensive income (loss):			
Foreign currency translation adjustments	353	(16,880)	(7,882)
Unrealized loss on defined benefit pension plan, net of tax	(661)	(771)	(551)
Total other comprehensive loss	(308)	(17,651)	(8,433)
Comprehensive income from consolidated operations	175,842	135,913	130,339
Less: Net income attributable to noncontrolling interests	19,958	20,200	17,479
Less: Foreign currency translation adjustments attributable to noncontrolling interests	(62)	(860)	—
Comprehensive income attributable to noncontrolling interests	19,896	19,340	17,479
Comprehensive income attributable to HEICO	$ 155,946	$ 116,573	$ 112,860

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

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(in thousands, except per share data)

	Redeemable Noncontrolling Interests	Common Stock	Class A Common Stock
Balances as of October 31, 2015	$ 91,282	$ 269	$ 400
Comprehensive income (loss)	9,968	—	—
Cash dividends ($.16 per share)	—	—	—
Issuance of common stock to HEICO Savings and Investment Plan	—	1	1
Share-based compensation expense	—	—	—
Proceeds from stock option exercises	—	—	2
Tax benefit from stock option exercises	—	—	—
Distributions to noncontrolling interests	(9,957)	—	—
Acquisitions of noncontrolling interests	(3,599)	—	—
Adjustments to redemption amount of redeemable noncontrolling interests	11,818	—	—
Deferred compensation obligation	—	—	—
Other	—	—	—
Balances as of October 31, 2016	$ 99,512	$ 270	$ 403
Balances as of October 31, 2014	$ 39,966	$ 268	$ 397
Comprehensive income (loss)	6,534	—	—
Cash dividends ($.14 per share)	—	—	—
Issuance of common stock to HEICO Savings and Investment Plan	—	1	1
Share-based compensation expense	—	—	—
Proceeds from stock option exercises	—	—	2
Tax benefit from stock option exercises	—	—	—
Noncontrolling interests assumed related to acquisitions	36,224	—	—
Distributions to noncontrolling interests	(5,166)	—	—
Adjustments to redemption amount of redeemable noncontrolling interests	13,724	—	—
Deferred compensation obligation	—	—	—
Other	—	—	—
Balances as of October 31, 2015	$ 91,282	$ 269	$ 400
Balances as of October 31, 2013	$ 59,218	$ 268	$ 396
Comprehensive income (loss)	5,313	—	—
Cash dividends ($.47 per share)	—	—	—
Issuance of common stock to HEICO Savings and Investment Plan	—	—	—
Share-based compensation expense	—	—	1
Proceeds from stock option exercises	—	—	—
Tax benefit from stock option exercises	—	—	—
Distributions to noncontrolling interests	(5,908)	—	—
Acquisitions of noncontrolling interests	(1,243)	—	—
Reclassification of redeemable noncontrolling interests to noncontrolling interests	(19,383)	—	—
Adjustments to redemption amount of redeemable noncontrolling interests	1,969	—	—
Other	—	—	—
Balances as of October 31, 2014	$ 39,966	$ 268	$ 397

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

	HEICO Shareholders' Equity						
	Capital in Excess of Par Value	Deferred Compensation Obligation	HEICO Stock Held by Irrevocable Trust	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Noncontrolling Interests	Total Shareholders' Equity
	$ 286,220	$ 1,783	$ (1,783)	$ (25,080)	$ 548,054	$ 83,408	$ 893,271
	—	—	—	(246)	156,192	9,928	165,874
	—	—	—	—	(10,724)	—	(10,724)
	6,890	—	—	—	—	—	6,892
	6,434	—	—	—	—	—	6,434
	5,922	—	—	—	—	—	5,924
	868	—	—	—	—	—	868
	—	—	—	—	—	(9,060)	(9,060)
	—	—	—	—	—	—	—
	—	—	—	—	(11,818)	—	(11,818)
	—	677	(677)	—	—	—	—
	(6)	—	—	—	—	50	44
	$ 306,328	$ 2,460	$ (2,460)	$ (25,326)	$ 681,704	$ 84,326	$1,047,705
	$ 269,351	$ 1,138	$ (1,138)	$ (8,289)	$ 437,757	$ 75,135	$ 774,619
	—	—	—	(16,791)	133,364	12,806	129,379
	—	—	—	—	(9,343)	—	(9,343)
	5,752	—	—	—	—	—	5,754
	6,048	—	—	—	—	—	6,048
	3,671	—	—	—	—	—	3,673
	1,402	—	—	—	—	—	1,402
	—	—	—	—	—	—	—
	—	—	—	—	—	(4,533)	(4,533)
	—	—	—	—	(13,724)	—	(13,724)
	—	645	(645)	—	—	—	—
	(4)	—	—	—	—	—	(4)
	$ 286,220	$ 1,783	$ (1,783)	$ (25,080)	$ 548,054	$ 83,408	$ 893,271
	$ 255,889	$ 1,138	$ (1,138)	$ 144	$ 349,649	$ 116,889	$ 723,235
	—	—	—	(8,433)	121,293	12,166	125,026
	—	—	—	—	(31,215)	—	(31,215)
	5,504	—	—	—	—	—	5,504
	7,425	—	—	—	—	—	7,426
	708	—	—	—	—	—	708
	93	—	—	—	—	—	93
	—	—	—	—	—	(73,304)	(73,304)
	—	—	—	—	—	—	—
	—	—	—	—	—	19,383	19,383
	—	—	—	—	(1,969)	—	(1,969)
	(268)	—	—	—	(1)	1	(268)
	$ 269,351	$ 1,138	$ (1,138)	$ (8,289)	$ 437,757	$ 75,135	$ 774,619

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

Year ended October 31,	2016	2015	2014
Operating Activities:			
Net income from consolidated operations	$ 176,150	$ 153,564	$ 138,772
Adjustments to reconcile net income from consolidated operations to net cash provided by operating activities:			
Depreciation and amortization	60,277	47,907	47,757
Impairment of intangible assets	—	—	15,000
Employer contributions to HEICO Savings and Investment Plan	7,020	6,125	6,302
Share-based compensation expense	6,434	6,048	6,426
Increase (decrease) in accrued contingent consideration, net	3,063	293	(28,126)
Foreign currency transaction adjustments, net	13	(3,704)	—
Deferred income tax benefit	(9,194)	(7,080)	(16,745)
Tax benefit from stock option exercises	868	1,402	93
Excess tax benefit from stock option exercises	(881)	(1,402)	(93)
Payment of contingent consideration	(631)	—	—
Changes in operating assets and liabilities, net of acquisitions:			
(Increase) decrease in accounts receivable	(15,955)	(22,572)	6,999
(Increase) decrease in inventories	(14,421)	(10,187)	126
(Increase) decrease in prepaid expenses and other current assets	(2,356)	1,433	8,033
Increase in trade accounts payable	4,074	3,169	2,511
Increase (decrease) in accrued expenses and other current liabilities	35,279	(883)	(3,090)
Increase in income taxes payable	1,443	373	1,462
Other long-term assets and liabilities, net	(1,999)	(1,623)	5,262
Net cash provided by operating activities	249,184	172,863	190,689
Investing Activities:			
Acquisitions, net of cash acquired	(263,811)	(166,784)	(8,737)
Capital expenditures	(30,863)	(18,249)	(16,410)
Other	(2,942)	(973)	(40)
Net cash used in investing activities	(297,616)	(186,006)	(25,187)
Financing Activities:			
Borrowings on revolving credit facility	260,000	173,696	112,000
Payments on revolving credit facility	(170,000)	(132,000)	(159,000)
Distributions to noncontrolling interests	(19,017)	(9,699)	(79,212)
Cash dividends paid	(10,724)	(9,343)	(31,215)
Payment of contingent consideration	(6,329)	—	—
Acquisitions of noncontrolling interests	(3,599)	—	(1,243)
Proceeds from stock option exercises	5,924	3,673	708
Excess tax benefit from stock option exercises	881	1,402	93
Revolving credit facility issuance costs	—	—	(767)
Other	(364)	(393)	(1,479)
Net cash provided by (used in) financing activities	56,772	27,336	(160,115)
Effect of exchange rate changes on cash	1,012	(819)	(657)
Net increase in cash and cash equivalents	9,352	13,374	4,730
Cash and cash equivalents at beginning of year	33,603	20,229	15,499
Cash and cash equivalents at end of year	$ 42,955	$ 33,603	$ 20,229

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

HEICO Corporation, through its principal subsidiaries consisting of HEICO Aerospace Holdings Corp. ("HEICO Aerospace"), HEICO Flight Support Corp. and HEICO Electronic Technologies Corp. ("HEICO Electronic") and their respective subsidiaries (collectively, the "Company"), is principally engaged in the design, manufacture and sale of aerospace, defense and electronic related products and services throughout the United States ("U.S.") and internationally. The Company's customer base is primarily the aviation, defense, space, medical, telecommunications and electronics industries.

Basis of Presentation

The Company has two operating segments: the Flight Support Group ("FSG"), consisting of HEICO Aerospace and HEICO Flight Support Corp. and their respective subsidiaries; and the Electronic Technologies Group ("ETG"), consisting of HEICO Electronic and its subsidiaries.

The consolidated financial statements include the financial 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 ("LHT"), the technical services subsidiary of Lufthansa German Airlines. In addition, HEICO Aerospace consolidates two subsidiaries which are 80.1% and 82.3% owned, respectively, and a joint venture, which is 84% owned. Also, HEICO Flight Support Corp. consolidates two subsidiaries which are 80.0% and 84% owned, respectively, three subsidiaries that are each 80.1% owned, and one subsidiary which is 90.1% owned. Furthermore, HEICO Electronic consolidates four subsidiaries, which are 80.1%, 80.1%, 82.5%, and 95.9% owned, respectively, and a wholly owned subsidiary of HEICO Electronic consolidates a subsidiary which is 78% owned. See Note 11, Redeemable Noncontrolling Interests. All intercompany balances and transactions are eliminated.

Use of Estimates and Assumptions

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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the consolidated financial statements, the Company considers all highly liquid investments such as U.S. Treasury bills and money market funds, without liquidity fees or redemption gates, with an original maturity of three months or less at the time of purchase to be cash equivalents.

Accounts Receivable

Accounts receivable consist of amounts billed and currently due from customers and unbilled costs and estimated earnings related to revenue from certain fixed price contracts recognized on the percentage-of-completion method that have been recognized for accounting purposes, but not yet billed to customers. 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, age of receivables outstanding and economic conditions within and outside of the aviation, defense, space, medical, telecommunications and electronics industries.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of temporary cash investments and trade accounts receivable. 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. The Company performs ongoing credit evaluations of its customers, but does not generally require collateral to support customer receivables.

Inventory

Inventory is stated at the lower of cost or market, with cost being determined on the first-in, first-out or the average cost basis. Losses, if any, are recognized fully in the period when identified.

The Company periodically evaluates the carrying value of inventory, giving consideration to factors such as its physical condition, sales patterns and expected future demand in order to estimate the amount necessary to write down any slow moving, obsolete or damaged inventory. These estimates could vary significantly from actual amounts based upon future economic conditions, customer inventory levels or competitive factors that were not foreseen or did not exist when the estimated write-downs were made. In accordance with industry practice, all inventories are classified as a current asset including portions with long production cycles, some of which may not be realized within one year.

Property, Plant and Equipment

Property, plant and equipment is recorded at cost. Depreciation and amortization is generally provided on the straight-line method over the estimated useful lives of the various assets. The Company's property, plant and equipment is depreciated over the following estimated useful lives:

Buildings and improvements	10 to 40 years
Leasehold improvements	2 to 20 years
Machinery and equipment	3 to 10 years
Tooling	2 to 5 years

The costs of major additions and improvements are capitalized. Leasehold improvements are amortized over the shorter of the leasehold improvement's useful life or the lease term. Repairs and maintenance costs are expensed as incurred. Upon an asset's disposition, its cost and related accumulated depreciation are removed from the financial accounts and any resulting gain or loss is reflected within earnings.

Capital Leases

Assets acquired under capital leases are recorded at the lower of the asset's fair value or the present value of the future minimum lease payments, excluding any portion of the lease payments representing executory costs. The discount rate used in determining the present value of the minimum lease payments is the lower of the rate implicit in the lease or the Company's incremental borrowing rate. Assets under capital leases are included in property, plant and equipment and are depreciated over the shorter of the lease term or the useful life of the leased asset. Lease payments under capital leases are recognized as a reduction of the capital lease obligation and as interest expense.

Business Combinations

The Company allocates the purchase price of acquired entities to the underlying tangible and identifiable intangible assets acquired and liabilities and any noncontrolling interests assumed based on their estimated fair values, with any excess recorded as goodwill. The operating results of acquired businesses are included in the Company's results of operations beginning as of their effective acquisition dates. Acquisition costs are generally expensed as incurred and totaled $3.2 million in fiscal 2016. See note 2, Acquisitions, for additional information regarding fiscal 2016 acquisition costs. Acquisition costs were not material in fiscal 2015 or 2014.

For contingent consideration arrangements, a liability is recognized at fair value as of the acquisition date with subsequent fair value adjustments recorded in operations. Information regarding additional contingent purchase consideration may be found in Note 2, Acquisitions, and Note 7, Fair Value Measurements.

Goodwill and Other Intangible Assets

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 goodwill may not be fully recoverable. In evaluating the recoverability of goodwill, the Company compares 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 is recognized in the amount by which the carrying value of the reporting unit's goodwill exceeds its implied fair value, if any. The fair values of the Company's reporting units are determined by using a weighted average of a market approach and an income approach. Under the market approach, fair values are estimated using published market multiples for comparable companies. The Company calculates fair values under the income approach by taking estimated future cash flows that are based on internal projections and other assumptions deemed reasonable by management and discounting them using an estimated weighted average cost of capital.

The Company's intangible assets not subject to amortization consist principally of its trade names. The Company's intangible assets subject to amortization are amortized on the straight-line method (except for certain customer relationships amortized on an accelerated method) over the following estimated useful lives:

Customer relationships	6 to 15 years
Intellectual property	7 to 22 years
Licenses	10 to 17 years
Patents	5 to 20 years
Trade names	8 to 15 years

Amortization expense of intellectual property, licenses and patents is recorded as a component of cost of sales, and amortization expense of customer relationships, non-compete agreements and trade names is recorded as a component of selling, general and administrative ("SG&A") expenses in the Company's Consolidated Statements of Operations. The Company tests each non-amortizing intangible asset for impairment annually as of October 31, or more frequently if events or changes in circumstances indicate that the asset might be impaired. To derive the fair value of its trade names, the Company utilizes an income approach, which relies upon management's assumptions of royalty rates, projected revenues and discount rates. The Company also tests each amortizing intangible asset for impairment if events or circumstances indicate that the asset might be impaired. The test consists of determining whether the carrying value of such assets will be recovered through undiscounted expected future cash flows. If the total of the undiscounted future cash flows is less than the carrying amount of those assets, the Company recognizes an impairment loss based on the excess of the carrying amount over the fair value of the assets. The determination of fair value requires management to make a number of estimates, assumptions and judgments of such factors as projected revenues and earnings and discount rates.

Investments

Investments are stated at fair value based on quoted market prices. Investments that are intended to be held for less than one year are included within prepaid expenses and other current assets in the Company's Consolidated Balance Sheets, while those intended to be held for longer than one year are classified within other assets. Unrealized gains or losses associated with available-for-sale securities are reported net of tax within other comprehensive income or (loss) in shareholders' equity. Unrealized gains or losses associated with trading securities are recorded as a component of other income in the Company's Consolidated Statements of Operations.

Customer Rebates and Credits

The Company records accrued customer rebates and credits as a component of accrued expenses and other current liabilities in the Company's Consolidated Balance Sheets. These amounts generally relate to discounts negotiated with customers as part of certain sales contracts that are usually tied to sales volume thresholds. The Company accrues customer rebates and credits as a reduction within net sales as the revenue is recognized based on the estimated level of discount rate expected to be earned by each customer over the life of the contractual rebate period (generally one year). Accrued customer rebates and credits are monitored by management and discount levels are updated at least quarterly.

Product Warranties

Product warranty liabilities are estimated at the time of shipment and recorded as a component of accrued expenses and other current liabilities in the Company's Consolidated Balance Sheets. The amount recognized is based on historical claims experience.

Defined Benefit Pension Plan

In connection with a prior year acquisition, the Company assumed a frozen qualified defined benefit pension plan (the "Plan"). The Plan's benefits are based on employee compensation and years of service; however, the accrued benefit for Plan participants was fixed as of the date of acquisition. The Company uses an actuarial valuation to determine the projected benefit obligation of the Plan and records the difference between the fair value of the Plan's assets and the projected benefit obligation as of October 31 in its Consolidated Balance Sheets. Additionally, any actuarial gain or loss that arises during a fiscal year that is not recognized as a component of net periodic pension income or expense is recorded as a component of other comprehensive income or (loss), net of tax. See Note 10, Employee Retirement Plans, for additional information and disclosures about the Plan.

Revenue Recognition

Revenue from the sale of products and the rendering of services is recognized when title and risk of loss passes to the customer, which is generally at the time of shipment. Revenue from the rendering of services represented less than 10% of consolidated net sales for all periods presented. Revenue from certain fixed price contracts for which costs can be dependably estimated is recognized on the percentage-of-completion method, measured by the percentage of costs incurred to date to estimated total costs for each contract. The percentage of the Company's net sales recognized under the percentage-of-completion method was approximately 3%, 4% and 3% in fiscal 2016, 2015 and 2014, respectively. 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.

Revisions in cost estimates as contracts progress have the effect of increasing or decreasing profits in the period of revision. 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. Changes in estimates pertaining to percentage-of-completion contracts did not have a material effect on net income from consolidated operations in fiscal 2016, 2015 or 2014.

The asset, "costs and estimated earnings in excess of billings" on uncompleted percentage-of-completion contracts, included in accounts receivable, represents revenue 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 revenue recognized on contracts accounted for under the percentage-of-completion method. Billings are made based on the completion of certain milestones as provided for in the contracts.

For fixed price contracts in which costs cannot be dependably estimated, revenue is recognized on the completed-contract method. A contract is considered complete when all significant costs have been incurred or the item has been accepted by the customer. Progress billings and customer advances ("billings to date") received on fixed price contracts accounted for under the completed-contract method are classified as a reduction to contracts in process (a component of inventories), if any, and any remaining amount is included in accrued expenses and other current liabilities.

Stock-Based Compensation

The Company records compensation expense associated with stock options in its Consolidated Statements of Operations based on the grant date fair value of those awards. The fair value of each stock option on the date of grant is estimated using the Black-Scholes pricing model based on certain valuation assumptions. Expected stock price volatility is based on the Company's historical stock prices over the contractual term of the option grant and other factors. The risk-free interest rate used is based on the published U.S. Treasury yield curve in effect at the time of the option grant for instruments with a similar life. The dividend yield reflects the Company's expected dividend yield at the date of grant. The expected option life represents the period of time that the stock options are expected to be outstanding, taking into consideration the contractual term of the option grant and employee historical exercise behavior. The Company generally recognizes stock option compensation expense ratably over the award's vesting period.

Income Taxes

Income tax expense includes U.S. and foreign income taxes, plus a provision for U.S. taxes on undistributed earnings of foreign subsidiaries not deemed to be permanently invested. 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. The Company's policy is to recognize interest and penalties related to income tax matters as a component of income tax expense. Further information regarding income taxes can be found in Note 6, Income Taxes.

Redeemable Noncontrolling Interests

As further detailed in Note 11, Redeemable Noncontrolling Interests, the holders of equity interests in certain of the Company's subsidiaries have rights ("Put Rights") that require the Company to provide cash consideration for their equity interests (the "Redemption Amount") at fair value or at a formula that management intended to reasonably approximate fair value based solely on a multiple of future earnings over a measurement period. The Put Rights are embedded in the shares owned by the noncontrolling interest holders and are not freestanding. The Company tracks the carrying cost of such redeemable noncontrolling interests at historical cost plus an allocation of subsidiary earnings based on ownership interest, less dividends paid to the noncontrolling interest holders. Redeemable noncontrolling interests are recorded outside of permanent equity at the higher of their carrying cost or management's estimate of the Redemption Amount. The initial adjustment to record redeemable noncontrolling interests at the Redemption Amount results in a corresponding decrease to retained earnings. Subsequent adjustments to the Redemption Amount of redeemable noncontrolling interests may result in corresponding decreases or increases to retained earnings, provided any increases to retained earnings may only be recorded to the extent of decreases previously recorded. Adjustments to Redemption Amounts based on fair value will have no effect on net income per share attributable to HEICO shareholders whereas the portion of periodic adjustments to the carrying amount of redeemable noncontrolling interests based solely on a multiple of future earnings that reflect a redemption amount in excess of fair value will affect net income per share attributable to HEICO shareholders. Acquisitions of redeemable noncontrolling interests are treated as equity transactions.

Net Income per Share Attributable to HEICO Shareholders

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

Foreign Currency

All assets and liabilities of foreign subsidiaries that do not utilize the U.S. dollar as its functional currency are translated at period-end exchange rates, while revenue and expenses are translated using average exchange rates for the period. Unrealized translation gains or losses are reported as foreign currency translation adjustments through other comprehensive income or (loss) in shareholders' equity. Transaction gains or losses related to balances denominated in a currency other than the functional currency are recorded in the Company's Consolidated Statements of Operations.

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 Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers," which provides a comprehensive new revenue recognition model that will supersede nearly all existing revenue recognition guidance. Under ASU 2014-09, an entity will recognize revenue when it transfers promised goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. The guidance also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts. ASU 2014-09, as amended, is effective for fiscal years and interim reporting periods within those years beginning after December 15, 2017, or in fiscal 2019 for HEICO. Early adoption in the year preceding the effective date is permitted. ASU 2014-09 shall be applied either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying ASU 2014-09 recognized at the date of initial application. The Company is currently evaluating which transition method it will elect and the effect the adoption of this guidance will have on its consolidated results of operations, financial position and cash flows.

In July 2015, the FASB issued ASU 2015-11, "Simplifying the Measurement of Inventory," which requires entities to measure inventories at the lower of cost or net realizable value. Under current guidance, inventories are measured at the lower of cost or market. ASU 2015-11 must be applied prospectively and is effective for fiscal years and interim reporting periods within those years beginning after December 15, 2016, or in fiscal 2018 for HEICO. Early adoption is permitted. The Company is currently evaluating the effect, if any, the adoption of this guidance will have on its consolidated results of operations, financial position and cash flows.

In November 2015, the FASB issued ASU 2015-17, "Balance Sheet Classification of Deferred Taxes," which requires that all deferred tax assets and liabilities be classified as noncurrent in the balance sheet. ASU 2015-17 may be applied either prospectively or retrospectively and is effective for fiscal years and interim reporting periods within those years beginning after December 15, 2016, or in fiscal 2018 for HEICO. Early adoption is permitted. The Company is currently evaluating which transition method it will elect. The adoption of this guidance will only effect the presentation of deferred taxes in the Company's consolidated statement of financial position.

In February 2016, the FASB issued ASU 2016-02, "Leases," which requires recognition of lease assets and lease liabilities on the balance sheet of lessees. ASU 2016-02 is effective for fiscal years and interim reporting periods within those years beginning after December 15, 2018, or in fiscal 2020 for HEICO. Early adoption is permitted. ASU 2016-02 requires a modified retrospective transition approach and provides certain optional transition relief. The Company is currently evaluating the effect the adoption of this guidance will have on its consolidated results of operations, financial position and cash flows.

In March 2016, the FASB issued ASU 2016-09, "Improvements to Employee Share-Based Payment Accounting," which simplifies several aspects related to accounting for share-based payment transactions. Under ASU 2016-09, all excess tax benefits and tax deficiencies are to be recognized in the statement of operations as a component of income tax expense rather than as capital in excess of par value, and the tax effects will be presented within the statement of cash flows as an operating cash flow rather than as a financing activity. ASU 2016-09 is effective for fiscal years and interim reporting periods within those years beginning after December 15, 2016, or in fiscal 2018 for HEICO. Early adoption is permitted. The recognition of the tax effects in the statement of operations, as well as related changes to the computation of diluted earnings per share are to be applied prospectively and entities may elect to apply the change in the presentation of the statement of cash flows either prospectively or retrospectively. The Company is currently evaluating the effect the adoption of this guidance will have on its consolidated results of operations, financial position and cash flows.

In August 2016, the FASB issued ASU 2016-15, "Classification of Certain Cash Receipts and Cash Payments," which clarifies how certain cash receipts and cash payments are to be presented and classified in the statement of cash flows. ASU 2016-15 provides guidance on eight specific cash flow classification issues including contingent consideration payments made after a business combination, proceeds from corporate-owned life insurance policies and distributions received from equity method investees. ASU 2016-15 is effective for fiscal years and interim reporting periods within those years beginning after December 15, 2017, or in fiscal 2019 for HEICO. Early adoption is permitted. ASU 2016-15 requires a retrospective transition approach for all periods presented. The Company is currently evaluating the effect the adoption of this guidance will have on its consolidated statement of cash flows.

2. ACQUISITIONS

Robertson Acquisition

On January 11, 2016, the Company, through HEICO Electronic, acquired all of the limited liability company interests of Robertson Fuel Systems, LLC ("Robertson"). The purchase price of this acquisition was paid in cash using proceeds from the Company's revolving credit facility. Robertson designs and produces mission-extending, crashworthy and ballistically self-sealing auxiliary fuel systems for military rotorcraft. The Company believes that this acquisition is consistent with HEICO's practice of acquiring outstanding niche designers and manufacturers of critical components in the defense industry and will further enable the Company to broaden its product offerings, technologies and customer base.

The following table summarizes the total consideration for the acquisition of Robertson (in thousands):

Cash paid	$256,293
Less: cash acquired	(3,271)
Total consideration	$253,022

The following table summarizes the allocation of the total consideration for the acquisition of Robertson to the estimated fair values of the tangible and identifiable intangible assets acquired and liabilities assumed (in thousands):

Assets acquired:	
Goodwill	$ 93,425
Customer relationships	55,100
Intellectual property	39,600
Trade name	28,400
Inventories	27,417
Property, plant and equipment	7,476
Accounts receivable	4,973
Other assets	1,884
Total assets acquired, excluding cash	258,275
Liabilities assumed:	
Accounts payable	4,606
Accrued expenses	647
Total liabilities assumed	5,253
Net assets acquired, excluding cash	$253,022

The allocation of the total consideration to the tangible and identifiable intangible assets acquired and liabilities assumed is preliminary until the Company obtains final information regarding their fair values. However, the Company does not expect any adjustments to such allocations to be material to the Company's consolidated financial statements. The primary items that generated the goodwill recognized were the premiums paid by the Company for the future earnings potential of Robertson and the value of its assembled workforce that do not qualify for separate recognition. The amortization period of the customer relationships, intellectual property and trade name acquired is 15 years, 22 years and indefinite, respectively. Acquisition costs associated with the purchase of Robertson totaled $3.1 million for fiscal year ended October 31, 2016 and were recorded as a component of SG&A expenses in the Company's Consolidated Statements of Operations. The operating results of Robertson were included in the Company's results of operations from the effective acquisition date. The Company's consolidated net sales and net income attributable to HEICO for the fiscal year ended October 31, 2016 includes approximately $84.1 million and $12.3 million, respectively, from the acquisition of Robertson, exclusive of the aforementioned acquisition costs. The purchase price of this acquisition was paid in cash using proceeds from the Company's revolving credit facility.

The following table presents unaudited pro forma financial information for fiscal 2015 as if the acquisition of Robertson had occurred as of November 1, 2014 (in thousands):

Year ended October 31,	2015
Net sales	$ 1,275,926
Net income from consolidated operations	$ 162,645
Net income attributable to HEICO	$ 142,445
Net income per share attributable to HEICO shareholders:	
Basic	$ 2.13
Diluted	$ 2.10

The pro forma financial information is presented for comparative purposes only and is not necessarily indicative of the results of operations that actually would have been achieved if the acquisition had taken place as of November 1, 2014. The unaudited pro forma financial information includes adjustments to historical amounts such as additional amortization expense related to intangible assets acquired, increased interest expense associated with borrowing to finance the acquisition, the reclassification of acquisition costs associated with the purchase of Robertson from fiscal 2016 to fiscal 2015, and inventory purchase accounting adjustments charged to cost of sales as the inventory is sold. Had the acquisition been consummated as of November 1, 2014, net sales, net income from consolidated operations, net income attributable to HEICO, and basic and diluted net income per share attributable to HEICO shareholders on a pro forma basis for fiscal 2016 would not have been materially different than the reported amounts.

Other Acquisitions

In December 2015, the Company, through a subsidiary of HEICO Electronic, acquired certain assets of a company that designs and manufactures underwater locator beacons used to locate aircraft cockpit voice recorders, flight data recorders, marine ship voyage recorders and other devices which have been submerged under water. The total consideration includes an accrual of $1.2 million representing the estimated fair value of contingent consideration the Company may be obligated to pay in aggregate during the first five years following the acquisition. The maximum amount of contingent consideration that the Company could be required to pay is $2.0 million. See Note 7, Fair Value Measurements, for additional information regarding the Company's contingent consideration obligation. The purchase price of this acquisition was paid using cash provided by operating activities.

In August 2015, the Company, through HEICO Flight Support Corp., acquired all of the stock of Astroseal Products Mfg. Corporation ("Astroseal"). Astroseal manufactures expanded foil mesh, which is integrated into composite aerospace structures for lighting strike protection in fixed and rotary wing aircraft.

In August 2015, the Company, through HEICO Electronic, acquired 80.1% of the equity of Midwest Microwave Solutions, Inc. ("MMS"). MMS designs, manufactures and sells unique Size, Weight, Power and Cost (SWAP-C) optimized Communications and Electronic Intercept Receivers and Tuners for military and intelligence applications. The remaining 19.9% continues to be owned by certain members of MMS' management team (see Note 11, Redeemable Noncontrolling Interests, for additional information).

In August 2015, the Company, through HEICO Flight Support Corp., acquired 80.1% of the assets and assumed certain liabilities of Aerospace & Commercial Technologies, LLC ("ACT"). ACT is a provider of products and services necessary to maintain up-to-date F-16 fighter aircraft operational capabilities. The remaining 19.9% continues to be owned by certain members of ACT's management team (see Note 11, Redeemable Noncontrolling Interests, for additional information).

In May 2015, the Company, through a subsidiary of HEICO Flight Support Corp., acquired all of the stock of Thermal Energy Products, Inc. ("TEP"). TEP engineers, designs and manufactures removable/reusable insulation systems for industrial, commercial, aerospace and defense applications.

In January 2015, the Company, through HEICO Flight Support Corp., acquired 80.1% of the equity of Harter Aerospace, LLC ("Harter"). Harter is a globally recognized component and accessory maintenance, repair, and overhaul (MRO) station specializing in commercial aircraft accessories, including thrust reverse actuation systems and pneumatics, and electromechanical components. The remaining 19.9% interest continues to be owned by certain members of Harter's management team (see Note 11, Redeemable Noncontrolling Interests, for additional information).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In January 2015, the Company, through HEICO Flight Support Corp., acquired 80% of the equity of Aeroworks International Holding B.V. ("Aeroworks"). Aeroworks, which is headquartered in the Netherlands and maintains a significant portion of its production facilities in Thailand and Laos, is a manufacturer of both composite and metal parts used primarily in aircraft interior applications, including seating, galleys, lavatories, doors, and overhead bins. The remaining 20% interest continues to be owned by a certain member of Aeroworks' management team (see Note 11, Redeemable Noncontrolling Interests, for additional information). The total consideration includes an accrual representing the estimated fair value of contingent consideration that the Company may be obligated to pay should Aeroworks meet certain earnings objectives during each of the first four years following the acquisition. See Note 7, Fair Value Measurements, for additional information regarding the Company's contingent consideration obligation.

In June 2014, the Company created a new legal entity, Seal Q Corp., within HEICO Flight Support Corp., which acquired certain assets and liabilities of Quest Aviation Supply, Inc. ("Quest Aviation"). Quest Aviation is a niche supplier of parts to repair thrust reversers on various aircraft engines.

Unless otherwise noted, the purchase price of each of the above referenced other acquisitions was paid in cash principally using proceeds from the Company's revolving credit facility and is not material or significant to the Company's consolidated financial statements.

The following table summarizes the aggregate total consideration for the Company's other acquisitions (in thousands):

Year ended October 31,	2016	2015	2014
Cash paid	$ 11,000	$ 171,829	$ 6,759
Less: cash acquired	—	(5,062)	—
Cash paid, net	11,000	166,767	6,759
Contingent purchase consideration	1,225	21,355	—
Additional purchase consideration	—	(211)	(56)
Total consideration	$ 12,225	$ 187,911	$ 6,703

The following table summarizes the allocation of the aggregate total consideration for the Company's other acquisitions to the estimated fair values of the tangible and identifiable intangible assets acquired and liabilities and noncontrolling interests assumed (in thousands):

Year ended October 31,	2016	2015	2014
Assets acquired:			
Identifiable intangible assets	$ 5,100	$ 102,981	$ 3,400
Goodwill	6,876	88,602	2,552
Inventories	249	18,055	247
Property, plant and equipment	—	16,031	248
Accounts receivable	—	10,719	256
Other assets	—	2,571	12
Total assets acquired, excluding cash	12,225	238,959	6,715
Liabilities assumed:			
Deferred income taxes	—	6,788	—
Accounts payable	—	4,845	—
Accrued expenses	—	2,570	12
Other liabilities	—	621	—
Total liabilities assumed	—	14,824	12
Noncontrolling interests in consolidated subsidiaries	—	36,224	—
Net assets acquired, excluding cash	$ 12,225	$ 187,911	$ 6,703

During fiscal 2016, the Company recorded certain immaterial measurement period adjustments to the allocation of the total consideration for its fiscal 2015 acquisitions, which are reflected in the table above. The primary items that generated the goodwill recognized were the premiums paid by the Company for the future earnings potential of the businesses acquired and the value of their assembled workforces that do not qualify for separate recognition, which, in the case of MMS, ACT, Harter and Aeroworks benefit both the Company and the noncontrolling interest holders. The fair value of the noncontrolling interests in MMS, ACT, Harter and Aeroworks was determined based on the consideration paid by the Company for its controlling ownership interest adjusted for a lack of control that a market participant would consider when estimating the fair value of the noncontrolling interest.

The operating results of the Company's fiscal 2016 acquisition were included in the Company's results of operations from the effective acquisition date. The amount of net sales and earnings of the Company's fiscal 2016 acquisition included in the Consolidated Statement of Operations is not material. Had the fiscal 2016 acquisition been consummated as of November 1, 2014, net sales, net income from consolidated operations, net income attributable to HEICO, and basic and diluted net income per share attributable to HEICO shareholders on a pro forma basis for fiscal 2016 and 2015 would not have been materially different than the reported amounts.

The operating results of the Company's fiscal 2015 acquisitions were included in the Company's results of operations from each of the effective acquisition dates. The Company's consolidated net sales and net income attributable to HEICO for fiscal 2015 includes approximately $62.9 million and $7.9 million, respectively, from the fiscal 2015 acquisitions.

The following table presents unaudited pro forma financial information for fiscal 2015 and fiscal 2014 as if the Company's fiscal 2015 acquisitions had occurred as of November 1, 2013 (in thousands):

Year ended October 31,	2015	2014
Net sales	$ 1,244,911	$ 1,228,987
Net income from consolidated operations	$ 163,012	$ 150,412
Net income attributable to HEICO	$ 140,771	$ 130,539
Net income per share attributable to HEICO shareholders:		
Basic	$ 2.11	$ 1.96
Diluted	$ 2.08	$ 1.94

The pro forma financial information is presented for comparative purposes only and is not necessarily indicative of the results of operations that actually would have been achieved if the fiscal 2015 acquisitions had taken place as of November 1, 2013. The unaudited pro forma financial information includes adjustments to historical amounts such as additional amortization expense related to intangible assets acquired, increased interest expense associated with borrowings to finance the acquisitions and inventory purchase accounting adjustments charged to cost of sales as the inventory is sold.

Additional Purchase Consideration

During fiscal 2014, the Company made additional purchase consideration payments in cash of $2.0 million in aggregate pursuant to the terms of the purchase agreements related to certain prior year acquisitions.

3. SELECTED FINANCIAL STATEMENT INFORMATION

Accounts Receivable

As of October 31,	2016	2015
(in thousands)		
Accounts receivable	$ 205,386	$ 183,631
Less: Allowance for doubtful accounts	(3,159)	(2,038)
Accounts receivable, net	$ 202,227	$ 181,593

Costs and Estimated Earnings on Uncompleted Percentage-of-Completion Contracts

As of October 31,	2016	2015
(in thousands)		
Costs incurred on uncompleted contracts	$ 19,086	$ 22,645
Estimated earnings	13,887	16,116
	32,973	38,761
Less: Billings to date	(39,142)	(36,442)
	$ (6,169)	$ 2,319
Included in the accompanying Consolidated Balance Sheets under the following captions:		
Accounts receivable, net (costs and estimated earningsin excess of billings)	$ 4,839	$ 6,263
Accrued expenses and other current liabilities (billings in excess of costs and estimated earnings)	(11,008)	(3,944)
	$ (6,169)	$ 2,319

Changes in estimates pertaining to percentage-of-completion contracts did not have a material effect on net income from consolidated operations in fiscal 2016, 2015 or 2014.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Inventories

As of October 31,	2016	2015
(in thousands)		
Finished products	$ 131,008	$ 119,262
Work in process	36,076	32,201
Materials, parts, assemblies and supplies	117,153	89,739
Contracts in process	3,253	4,521
Less: Billings to date	(1,188)	(2,206)
Inventories, net of valuation reserves	$ 286,302	$ 243,517

Contracts in process represents accumulated capitalized costs associated with fixed price contracts. Related progress billings and customer advances ("billings to date") are classified as a reduction to contracts in process, if any, and any excess is included in accrued expenses and other liabilities.

Property, Plant and Equipment

As of October 31,	2016	2015
(in thousands)		
Land	$ 5,090	$ 5,060
Buildings and improvements	79,205	70,626
Machinery, equipment and tooling	171,717	152,022
Construction in progress	10,453	4,668
	266,465	232,376
Less: Accumulated depreciation and amortization	(144,854)	(126,706)
Property, plant and equipment, net	$ 121,611	$ 105,670

The amounts set forth above include tooling costs having a net book value of $7.7 million and $6.5 million as of October 31, 2016 and 2015, respectively. Amortization expense on capitalized tooling was $2.9 million, $2.4 million and $2.4 million in fiscal 2016, 2015 and 2014, respectively.

The amounts set forth above also include $4.8 million and $3.7 million of assets under capital leases as of October 31, 2016 and October 31, 2015, respectively. Accumulated depreciation associated with the assets under capital leases was $.9 million and $.7 million as of October 31, 2016 and October 31, 2015, respectively. See Note 5, Long-Term Debt, for additional information pertaining to these capital lease obligations.

Depreciation and amortization expense, exclusive of tooling, on property, plant and equipment was $20.4 million, $17.8 million and $17.1 million in fiscal 2016, 2015 and 2014, respectively.

Accrued Expenses and Other Current Liabilities

As of October 31,	2016	2015
(in thousands)		
Accrued employee compensation and related payroll taxes	$ 67,660	$ 53,238
Deferred revenue	32,135	16,498
Accrued customer rebates and credits	11,881	8,072
Accrued additional purchase consideration	6,918	6,859
Other	17,459	15,488
Accrued expenses and other current liabilities	$ 136,053	$ 100,155

The increase in accrued employee compensation and related payroll taxes principally reflects a higher level of accrued performance-based compensation based on the improved consolidated operating results. The increase in deferred revenue is primarily attributed to billings in excess of costs and estimated earnings on a fixed price contract for which revenue is being recognized on the percentage-of-completion method and customer deposits received in connection with a contract to provided repair and overhaul services. The total customer rebates and credits deducted within net sales in fiscal 2016, 2015 and 2014 was $10.8 million, $4.7 million and $8.3 million, respectively. The increase in total customer rebates and credits deducted within net sales in fiscal 2016 and the amount of accrued customer rebates and credits principally reflects an increase in the net sales volume of certain customers eligible for rebates.

Other Long-Term Assets and Liabilities

The Company provides eligible employees, officers and directors of the Company the opportunity to voluntarily defer base salary, bonus payments, commissions, long-term incentive awards and directors fees, as applicable, on a pre-tax basis through the HEICO Corporation Leadership Compensation Plan ("LCP"), a nonqualified deferred compensation plan that conforms to Section 409A of the Internal Revenue Code. The Company matches 50% of the first 6% of base salary deferred by each participant. Director fees that would otherwise be payable in Company common stock may be deferred into the LCP, and, when distributable, are distributed in actual shares of Company common stock. The LCP does not provide for diversification of a director's assets allocated to Company common stock. The deferred compensation obligation associated with Company common stock is recorded as a component of shareholders' equity at cost and subsequent changes in fair value are not reflected in operations or shareholders' equity of the Company. Further, while the Company has no obligation to do so, the LCP also provides the Company the opportunity to make discretionary contributions. The Company's matching contributions and any discretionary contributions are subject to vesting and forfeiture provisions set forth in the LCP. Company contributions to the LCP charged to income in fiscal 2016, 2015 and 2014 totaled $6.8 million, $5.7 million and $5.3 million, respectively. The aggregate liabilities of the LCP were $87.9 million and $76.2 million as of October 31, 2016 and 2015, respectively, and are classified within other long-term liabilities in the Company's Consolidated Balance Sheets. The assets of the LCP, totaling $88.5 million and $77.1 million as of October 31, 2016 and 2015, respectively, are classified within other assets and principally represent cash surrender values of life insurance policies that are held within an irrevocable trust that may be used to satisfy the obligations under the LCP.

Other long-term liabilities also includes deferred compensation of $4.7 million and $4.5 million as of October 31, 2016 and 2015, respectively, principally related to elective deferrals of salary and bonuses under a Company sponsored non-qualified deferred compensation plan formerly available to selected employees. The Company makes no contributions to this plan. The assets of this plan, which equaled the deferred compensation liability as of October 31, 2016 and 2015, respectively, are held within an irrevocable trust and classified within other assets in the Company's Consolidated Balance Sheets. Additional information regarding the assets of this deferred compensation plan and the LCP may be found in Note 7, Fair Value Measurements.

Research and Development Expenses

The amount of new product research and development ("R&D") expenses included in cost of sales is as follows (in thousands):

Year ended October 31,	2016	2015	2014
R&D expenses	$ 44,726	$ 38,747	$ 37,377

Accumulated Other Comprehensive Loss

Changes in the components of accumulated other comprehensive loss during fiscal 2016 and 2015 are as follows (in thousands):

	Foreign Currency Translation	Pension Benefit Obligation	Accumulated Other Comprehensive Loss
Balances as of October 31, 2014	$ (8,348)	$ 59	$ (8,289)
Unrealized loss	(16,020)	(771)	(16,791)
Balances as of October 31, 2015	(24,368)	(712)	(25,080)
Unrealized gain (loss)	415	(661)	(246)
Balances as of October 31, 2016	$ (23,953)	$(1,373)	$ (25,326)

4. GOODWILL AND OTHER INTANGIBLE ASSETS

Changes in the carrying amount of goodwill during fiscal 2016 and 2015 by operating segment are as follows (in thousands):

	Segment		Consolidated
	FSG	ETG	Totals
Balances as of October 31, 2014	$ 282,407	$ 403,864	$ 686,271
Goodwill acquired	56,441	32,703	89,144
Foreign currency translation adjustments	(1,341)	(7,435)	(8,776)
Balances as of October 31, 2015	337,507	429,132	766,639
Goodwill acquired	—	100,301	100,301
Foreign currency translation adjustments	(256)	(425)	(681)
Adjustments to goodwill	(570)	28	(542)
Balances as of October 31, 2016	$ 336,681	$ 529,036	$ 865,717

The goodwill acquired during fiscal 2016 and 2015 relates to the acquisitions consummated in those respective years as described in Note 2, Acquisitions, and represents the residual value after the allocation of the total consideration to the tangible and identifiable intangible assets acquired and liabilities and noncontrolling interests assumed. Foreign currency translation adjustments reflect unrealized translation losses on the goodwill recognized in connection with the acquisition of foreign subsidiaries and are included in other comprehensive income (loss) in the Company's Consolidated Statements of Comprehensive Income. The adjustments to goodwill represent immaterial measurement period adjustments to the purchase price allocation of certain fiscal 2015 acquisitions. The Company estimates that all of the goodwill acquired in fiscal 2016 and approximately $60 million of the goodwill acquired in fiscal 2015 is deductible for income tax purposes. Based on the annual test for goodwill impairment as of October 31, 2016, the Company determined there is no impairment of its goodwill and the fair value of each of the Company's reporting units significantly exceeded their carrying value.

Identifiable intangible assets consist of the following (in thousands):

	As of October 31, 2016			As of October 31, 2015		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortizing Assets:						
Customer relationships	$ 248,271	$ (88,829)	$ 159,442	$ 190,450	$ (63,461)	$ 126,989
Intellectual property	139,817	(33,291)	106,526	98,143	(22,912)	75,231
Licenses	6,559	(2,325)	4,234	4,200	(1,882)	2,318
Non-compete agreements	811	(811)	—	914	(914)	—
Patents	779	(480)	299	746	(447)	299
Trade names	466	(77)	389	166	(38)	128
	396,703	(125,813)	270,890	294,619	(89,654)	204,965
Non-Amortizing Assets:						
Trade names	95,973	—	95,973	67,628	—	67,628
	$ 492,676	$(125,813)	$ 366,863	$ 362,247	$ (89,654)	$ 272,593

The increase in the gross carrying amount of customer relationships, intellectual property, and amortizing and non-amortizing trade names as of October 31, 2016 compared to October 31, 2015 principally relates to such intangible assets recognized in connection with the fiscal 2016 acquisitions (See Note 2, Acquisitions).

Amortization expense related to intangible assets was $36.4 million, $27.0 million and $27.7 million in fiscal 2016, 2015 and 2014, respectively. Amortization expense for each of the next five fiscal years and thereafter is estimated to be $36.6 million in fiscal 2017, $34.6 million in fiscal 2018, $32.4 million in fiscal 2019, $29.8 million in fiscal 2020, $27.2 million in fiscal 2021 and $110.3 million thereafter.

5. LONG-TERM DEBT

Long-term debt consists of the following (in thousands):

As of October 31,	2016	2015
Borrowings under revolving credit facility	$ 455,083	$ 365,203
Capital leases	3,142	2,395
	458,225	367,598
Less: Current maturities of long-term debt	(411)	(357)
	$ 457,814	$ 367,241

The Company's borrowings under its revolving credit facility mature in fiscal 2019. As of October 31, 2016 and 2015, the weighted average interest rate on borrowings under the Company's revolving credit facility was 1.6% and 1.3%, respectively. The revolving credit facility contains both financial and non-financial covenants. As of October 31, 2016, the Company was in compliance with all such covenants.

During fiscal 2015, the Company elected to borrow €32 million under its revolving credit facility, which allows for borrowings made in foreign currencies up to a $50 million sublimit. The funds were used to facilitate a fiscal 2015 acquisition. As of October 31, 2016, the U.S. dollar equivalent of the Company's Euro borrowing was $35.1 million.

Capital Lease Obligations

A subsidiary of HEICO Electronic is a party to a capital lease for a manufacturing facility and related property in France. The lease contains a bargain purchase option and has a twelve-year term, which began in fiscal 2011. Additionally, the subsidiary is a party to certain capital leases, principally for office equipment, with lease terms of approximately five years. Furthermore, a subsidiary of HEICO Flight Support Corp. entered into a ten-year capital lease for a manufacturing facility during fiscal 2016. The estimated future minimum lease payments of all capital leases for the next five fiscal years and thereafter are as follows (in thousands):

Year ending October 31,	
2017	$ 554
2018	537
2019	538
2020	501
2021	497
Thereafter	1,107
Total minimum lease payments	3,734
Less: amount representing interest	(592)
Present value of minimum lease payments	$ 3,142

Revolving Credit Facility

In December 2011, the Company entered into a $670 million Revolving Credit Agreement ("Credit Facility") with a bank syndicate. The Credit Facility may be used for working capital and general corporate needs of the Company, including capital expenditures and to finance acquisitions. In November 2013, the Company entered into an amendment to extend the maturity date of the Credit Facility by one year to December 2018 and to increase the aggregate principal amount to $800 million. Furthermore, the amendment includes a feature that will allow the Company to increase the aggregate principal amount by an additional $200 million to become a $1.0 billion facility through increased commitments from existing lenders or the addition of new lenders.

Advances under the Credit Facility accrue interest at the Company's choice of the "Base Rate" or the London Interbank Offered Rate ("LIBOR") plus the applicable margin (based on the Company's ratio of total funded debt to earnings before interest, taxes, depreciation and amortization, noncontrolling interests and non-cash charges, or "leverage ratio"). The Base Rate is the highest of (i) the Prime Rate; (ii) the Federal Funds rate plus .50% per annum; and (iii) the Adjusted LIBO Rate determined on a daily basis for an Interest Period of one month plus 1.00% per annum, as such capitalized terms are defined in the Credit Facility. The applicable margin for a LIBOR-based borrowing ranges from .75% to 2.25%. The applicable margin for a Base Rate borrowing ranges from 0% to 1.25%. A fee is charged on the amount of the unused commitment ranging from .125% to .35% (depending on the Company's leverage ratio). The Credit Facility also includes a $50 million sublimit for borrowings made in foreign currencies, letters of credit and swingline borrowings. Outstanding principal, accrued and unpaid interest and other amounts payable under the Credit Facility may be accelerated upon an event of default, as such events are described in the Credit Facility. The Credit Facility is unsecured and contains covenants that restrict the amount of certain payments, including dividends, and require, among other things, the maintenance of a total leverage ratio, a senior leverage ratio and a fixed charge coverage ratio. In the event the Company's leverage ratio exceeds a specified level, the Credit Facility would become secured by the capital stock owned in substantially all of the Company's subsidiaries.

6. INCOME TAXES

The components of income before income taxes and noncontrolling interests are as follows (in thousands):

Year ended October 31,	2016	2015	2014
Domestic	$ 227,927	$ 206,612	$ 185,842
Foreign	29,123	18,352	12,730
Income before taxes and noncontrolling interests	$ 257,050	$ 224,964	$ 198,572

The components of the provision for income taxes on income before income taxes and noncontrolling interests are as follows (in thousands):

Year ended October 31,	2016	2015	2014
Current:			
Federal	$ 75,261	$ 65,857	$ 63,264
State	7,463	8,559	10,145
Foreign	7,370	4,064	3,136
	90,094	78,480	76,545
Deferred:			
Federal	(5,979)	(4,459)	(14,000)
State	(2,587)	(1,907)	(2,871)
Foreign	(628)	(714)	126
	(9,194)	(7,080)	(16,745)
Total income tax expense	$ 80,900	$ 71,400	$ 59,800

A reconciliation of the federal statutory income tax rate to the Company's effective tax rate is as follows:

Year ended October 31,	2016	2015	2014
Federal statutory income tax rate	35.0%	35.0%	35.0%
State taxes, net of federal income tax benefit	1.7%	2.4%	2.9%
Research and development tax credits	(2.7%)	(1.9%)	(1.2%)
Domestic production activities tax deduction	(1.3%)	(1.2%)	(1.6%)
Foreign tax differential, where permanently reinvested outside of the U.S.	(.8%)	(.8%)	—%
Noncontrolling interests' share of income	(.7%)	(1.3%)	(1.0%)
Nontaxable reduction in accrued contingent consideration	—%	(.2%)	(3.4%)
Tax-exempt (gains) losses on corporate-owned life insurance policies	(.1%)	.1%	(.6%)
Other, net	.4%	(.4%)	—%
Effective tax rate	31.5%	31.7%	30.1%

The Company's effective tax rate in fiscal 2016 decreased to 31.5% from 31.7% in fiscal 2015. The decrease principally reflects the benefits recognized in fiscal 2016 of a larger income tax credit for qualified R&D activities resulting from the permanent extension of the U.S. federal R&D tax credit in December 2015 and a lower effective state tax rate driven by certain apportionment updates recognized upon the amendment of certain prior year tax returns in fiscal 2016. These decreases were partially offset by the benefits recognized in fiscal 2015 from a prior year tax return amendment for additional foreign tax credits related to R&D activities at one of our foreign subsidiaries and higher net income attributable to noncontrolling interests in subsidiaries structured as partnerships.

The Company's effective tax rate in fiscal 2015 increased to 31.7% from 30.1% in fiscal 2014. The increase is principally due to the impact of a larger nontaxable reduction in accrued contingent consideration during fiscal 2014 associated with a prior year acquisition acquired by means of a stock transaction and the impact of higher tax-exempt unrealized gains in the cash surrender values of life insurance policies related to the LCP in fiscal 2014 compared to fiscal 2015. These increases were partially offset by an income tax credit for qualified R&D activities for the last ten months of fiscal 2014 that was recognized in the first quarter of fiscal 2015 resulting from the retroactive extension of the U.S. federal R&D tax credit in December 2014 to cover calendar year 2014, the benefit of recognizing additional foreign tax credits related to R&D activities at one of the Company's foreign subsidiaries inclusive of amendments to prior year tax returns, and the Company's decision to not make a provision for U.S. income taxes on the undistributed earnings of a fiscal 2015 foreign acquisition.

The Company files income tax returns in the U.S. federal jurisdiction and in multiple state jurisdictions. The Company is also subject to income taxes in certain jurisdictions outside the U.S., none of which are individually material to the accompanying consolidated financial statements. Generally, the Company is no longer subject to U.S. federal, state or foreign examinations by tax authorities for years prior to fiscal 2012.

The Company has not made a provision for U.S. income taxes on the undistributed earnings of a fiscal 2015 foreign acquisition as such earnings are considered permanently reinvested outside of the U.S. The amount of undistributed earnings is not material to the Company's consolidated financial statements.

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. The Company believes that it is more likely than not that it will generate sufficient future taxable income to utilize all of its deferred tax assets and has therefore not recorded a valuation allowance on any such asset.

Significant components of the Company's deferred tax assets and liabilities are as follows (in thousands):

As of October 31,	2016	2015
Deferred tax assets:		
Deferred compensation liability	$ 36,134	$ 31,520
Inventories	27,969	24,912
Share-based compensation	11,338	9,333
Bonus accrual	4,744	3,791
Vacation accrual	2,127	1,836
R&D related carryforward	2,057	1,826
Customer rebates accrual	1,917	1,236
Deferred revenue	1,365	2,005
Other	8,489	7,450
Total deferred tax assets	96,140	83,909
Deferred tax liabilities:		
Goodwill and other intangible assets	(150,185)	(148,448)
Property, plant and equipment	(8,291)	(7,667)
Other	(2,156)	(2,005)
Total deferred tax liabilities	(160,632)	(158,120)
Net deferred tax liability	$ (64,492)	$ (74,211)

The net deferred tax liability is classified in the Company's Consolidated Balance Sheets as follows (in thousands):

As of October 31,	2016	2015
Current asset	$ 41,063	$ 35,530
Long-term asset	407	847
Long-term liability	(105,962)	(110,588)
Net deferred tax liability	$ (64,492)	$ (74,211)

The Company's deferred income tax benefit was $9.2 million, $7.1 million and $16.7 million in fiscal 2016, 2015 and 2014, respectively. The larger deferred income tax benefit recognized in fiscal 2014 is principally due to the impact of impairment losses recorded in fiscal 2014 related to certain intangible assets recognized in connection with a fiscal 2013 acquisition, long-term deferred revenue recognized in fiscal 2014, and the impact from the timing of the extension of the bonus depreciation allowance on new property, plant and equipment that resulted in only two months of such allowance recognized in fiscal 2014.

As of October 31, 2016 and 2015, the Company's liability for gross unrecognized tax benefits related to uncertain tax positions was $1.6 million and $.8 million, respectively, of which $1.0 million and $.5 million, respectively, would decrease the Company's income tax expense and effective income tax rate if the tax benefits were recognized. A reconciliation of the activity related to the liability for gross unrecognized tax benefits during fiscal 2016 and 2015 is as follows (in thousands):

Year ended October 31,	2016	2015
Balances as of beginning of year	$ 787	$ 879
Increases related to current year tax positions	524	279
Increases related to prior year tax positions	521	30
Decreases related to prior year tax positions	(14)	(80)
Settlements	—	(118)
Lapse of statutes of limitations	(216)	(203)
Balances as of end of year	$ 1,602	$ 787

7. FAIR VALUE MEASUREMENTS

The Company's assets and liabilities that were measured at fair value on a recurring basis are set forth by level within the fair value hierarchy in the following tables (in thousands):

	As of October 31, 2016			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Deferred compensation plans:				
Corporate owned life insurance	$ —	$ 86,004	$ —	$ 86,004
Money market funds	2,515	—	—	2,515
Equity securities	1,832	—	—	1,832
Mutual funds	1,758	—	—	1,758
Other	1,043	50	—	1,093
Total assets	$ 7,148	$ 86,054	$ —	$ 93,202
Liabilities:				
Contingent consideration	$ —	$ —	$ 18,881	$ 18,881

	As of October 31, 2015			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Deferred compensation plans:				
Corporate owned life insurance	$ —	$ 73,238	$ —	$ 73,238
Money market funds	3,832	—	—	3,832
Equity securities	1,845	—	—	1,845
Mutual funds	1,665	—	—	1,665
Other	946	50	—	996
Total assets	$ 8,288	$ 73,288	$ —	$ 81,576
Liabilities:				
Contingent consideration	$ —	$ —	$ 21,405	$ 21,405

The Company maintains two non-qualified deferred compensation plans. The assets of the LCP principally represent cash surrender values of life insurance policies, which derive their fair values from investments in mutual funds that are managed by an insurance company and are classified within Level 2 and valued using a market approach. Certain other assets of the LCP represent investments in money market funds that are classified within Level 1. The assets of the Company's other deferred compensation plan are principally invested in equity securities and mutual funds that are classified within Level 1. The assets of both plans are held within irrevocable trusts and classified within other assets in the Company's Consolidated Balance Sheets.

As part of the agreement to acquire certain assets of a company by the ETG in fiscal 2016, the Company may be obligated to pay contingent consideration of up to $2.0 million in aggregate during the five year period following the acquisition. As of October 31, 2016, the estimated fair value of the contingent consideration was $1.3 million.

As part of the agreement to acquire a subsidiary by the FSG in fiscal 2015, the Company may be obligated to pay contingent consideration of up to €6.1 million per year, or €24.4 million in aggregate, should the acquired entity meet certain earnings objectives during each of the first four years following the acquisition. During fiscal 2016, the Company paid €6.1 million, or $7.0 million, of contingent consideration based on the actual earnings of the acquired entity during the first year following the acquisition. As of October 31, 2016, the estimated fair value of the remaining contingent consideration was €16.1 million, or $17.6 million.

As part of the agreement to acquire a subsidiary by the ETG in fiscal 2013, the Company may have been obligated to pay contingent consideration of up to $20.0 million had the acquired entity met certain earnings objectives during the last three months of the calendar year of acquisition and may have been obligated to pay contingent consideration of up to $30.0 million had the acquired entity met certain earnings objectives during calendar years 2014 and 2015. In December 2013, the acquired entity incurred unanticipated costs associated with certain contracts for which revenue is recognized on the percentage-of-completion method and as a result, did not meet its calendar 2013 related earnings objectives. Accordingly, the $7.0 million estimated fair value of the contingent consideration accrued as of October 31, 2013 was recorded as a reduction to SG&A expenses in the Company's Consolidated Statement of Operations in the first quarter of fiscal 2014. During fiscal 2014, management revised its earnings estimates due to less favorable projected market conditions during the earnout period for certain of the space products the subsidiary produces. Accordingly, $12.5 million of the $13.7 million estimated fair value of the contingent consideration accrued as of October 31, 2013 was recorded as a reduction to SG&A expenses in fiscal 2014. The remaining $1.2 million accrued contingent consideration as of October 31, 2014 was recorded as a reduction of SG&A expenses in fiscal 2015. Additionally, the aforementioned market conditions resulted in the Company concluding it had a triggering event requiring assessment of impairment of the subsidiary's intangible assets during fiscal 2014. Please see below for further information pertaining to the measurement and recognition of impairment losses associated with the intangible assets of this subsidiary.

As part of the agreement to acquire a subsidiary by the ETG in fiscal 2012, the Company may have been obligated to pay contingent consideration of up to $14.6 million in aggregate had the acquired entity met certain earnings objectives during each of the first five years following the anniversary date of the acquisition. During fiscal 2014, management revised its earnings estimates due to less favorable projected market conditions during the earnout period. Accordingly, the $8.6 million estimated fair value of the contingent consideration accrued as of October 31, 2013 was recorded as a reduction to SG&A expenses in the Company's Consolidated Statement of Operations in fiscal 2014. Additionally, the aforementioned conditions resulted in the Company concluding it had a triggering event requiring assessment of impairment of the subsidiary's intangible assets during fiscal 2014. Please see below for further information pertaining to the measurement and recognition of impairment losses associated with the intangible assets of this subsidiary. As of October 31, 2016, the Company did not have any contingent consideration accrued pertaining to this acquisition.

The estimated fair value of the fiscal 2016 and 2015 contingent consideration arrangements described above are classified within Level 3 and were determined using a probability-based scenario analysis approach. Under this method, a set of discrete potential future subsidiary earnings was determined using internal estimates based on various revenue growth rate assumptions for each scenario. A probability of likelihood was assigned to each discrete potential future earnings estimate and the resultant contingent consideration was calculated. The resulting probability-weighted contingent consideration amounts were discounted using a weighted average discount rate reflecting the credit risk of a market participant. Changes in either the revenue growth rates, related earnings or the discount rate could result in a material change to the amount of contingent consideration accrued and such changes will be recorded in the Company's consolidated statements of operations.

The Level 3 inputs used to derive the estimated fair value of the Company's contingent consideration liability as of October 31, 2016 are as follows:

	Fiscal 2016 Acquisition	Fiscal 2015 Acquisition
Compound annual revenue growth rate range	(3%) - 11%	2% - 20%
Weighted average discount rate	3.4%	1.7%

Changes in the Company's contingent consideration liability measured at fair value on a recurring basis using unobservable inputs (Level 3) during fiscal 2016 and 2015 are as follows (in thousands):

	Liabilities
Balance as of October 31, 2014	$ 1,184
Contingent consideration related to acquisition	21,355
Increase in accrued contingent consideration, net	293
Foreign currency transaction adjustments	(1,427)
Balance as of October 31, 2015	21,405
Increase in accrued contingent consideration	3,063
Contingent consideration related to acquisition	1,225
Payment of contingent consideration	(6,960)
Foreign currency transaction adjustments	148
Balance as of October 31, 2016	$ 18,881

Included in the accompanying Consolidated Balance Sheet under the following captions:	
Accrued expenses and other current liabilities	$ 6,918
Other long-term liabilities	11,963
	$ 18,881

The Company recorded the increase in accrued contingent consideration and foreign currency transaction adjustments set forth in the table above within SG&A expenses in the Company's Consolidated Statements of Operations.

The Company did not have any transfers between Level 1 and Level 2 fair value measurements during fiscal 2016 and 2015.

The carrying amounts of the Company's cash and cash equivalents, accounts receivable, trade accounts payable and accrued expenses and other current liabilities approximate fair value as of October 31, 2016 due to the relatively short maturity of the respective instruments. The carrying amount of long-term debt approximates fair value due to its variable interest rates.

During fiscal 2014, certain customer relationships, non-amortizing trade names and intellectual property within the ETG were measured at fair value on a nonrecurring basis, resulting in the recognition of impairment losses aggregating $15.0 million.

The fair values of the Company's nonfinancial assets and liabilities that were measured at fair value on a nonrecurring basis, which are classified within Level 3, and the related impairment losses recognized in fiscal 2014 are as follows (in thousands):

	Carrying Amount	Impairment Loss	Fair Value (Level 3)
Assets:			
Customer relationships	$ 19,366	$ (11,200)	$ 8,166
Non-amortizing trade names	10,000	(1,900)	8,100
Intellectual property	2,302	(1,900)	402
Impairment of intangible assets		$ (15,000)	

The fair values of such customer relationships, non-amortizing trade names and intellectual property were determined using variations of the income approach which apply an asset-specific discount rate to a forecast of asset-specific cash flows. These methods utilize certain significant unobservable inputs categorized as Level 3. The Level 3 inputs used to derive the estimated fair values of the customer relationships, non-amortizing trade names and intellectual property during fiscal 2014 are as follows:

	Customer Relationships	Non-Amortizing Trade Names	Intellectual Property
Valuation method	Excess Earnings	Relief from Royalty	Relief from Royalty
Discount rate	15.0% - 19.0%	14.0% - 18.0%	19.0%
Annual attrition rate	25.0% - 30.0%	N/A	20.0%
Royalty rate	N/A	1.0% - 2.5%	6.0%

8. SHAREHOLDERS' EQUITY

Common Stock and Class A Common Stock

The Company has two classes of common stock that are virtually identical in all economic respects except voting rights. 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 are entitled to receive dividends and other distributions payable in cash, property, stock or otherwise, when and if declared by the Board of Directors. In the event of liquidation, after payment of debts and other liabilities of the Company, the remaining assets of the Company will be distributable ratably among the holders of both classes of common stock.

Share Repurchases

In 1990, the Company's Board of Directors authorized a share repurchase program, which allows the Company to repurchase shares of Company common stock in the open market or in privately negotiated transactions at the Company's discretion, subject to certain restrictions included in the Company's revolving credit agreement. As of October 31, 2016, the maximum number of shares that may yet be purchased under this program was 2,501,813 of either or both of the Company's Class A Common Stock and the Company's Common Stock. The repurchase program does not have a fixed termination date. During fiscal 2016, 2015 and 2014, the Company did not repurchase any shares of Company common stock under this program.

Special and Extraordinary Cash Dividends

In January 2014, the Company paid a special and extraordinary $.35 per share cash dividend on both classes of HEICO's common stock as well as its regular semi-annual $.06 per share cash dividend. The dividends, which aggregated $27.2 million, were principally funded from borrowings under the Company's revolving credit facility.

Noncontrolling Interests

Consistent with the Company's past practice of increasing its ownership in certain non-wholly-owned subsidiaries, on February 14, 2014, HEICO Corporation acquired the 20% noncontrolling interest held by LHT in four of the Company's existing subsidiaries principally operating in the specialty products and distribution businesses within HEICO Aerospace (the "Transaction"). Pursuant to the Transaction, HEICO Aerospace paid dividends proportional to the ownership (80%/20%) to HEICO and LHT, and HEICO transferred the businesses to HEICO Flight Support Corp. HEICO did not record any gain or loss in connection with the Transaction. LHT's dividend of $67.4 million was paid in cash, principally using proceeds from the Company's revolving credit facility. LHT remains a 20% owner in HEICO Aerospace, a leading producer of PMA parts and component repair and overhaul services.

9. SHARE-BASED COMPENSATION

The Company may grant various forms of share-based compensation awards including stock options, restricted stock, restricted stock awards and stock appreciation rights through the HEICO Corporation 2012 Incentive Compensation Plan ("2012 Plan"). The 2012 Plan became effective in fiscal 2012, the same time the Company's 2002 Stock Option Plan ("2002 Plan") expired. Also, in fiscal 2012, the Company made a decision to no longer issue options under its Non-Qualified Stock Option Plan ("NQSOP"). Options outstanding under the 2002 Plan and NQSOP may be exercised pursuant to their terms. The total number of shares approved by the shareholders of the Company for the 2012 Plan is 2.7 million plus any options outstanding under the 2002 Plan and NQSOP as of the 2012 Plan's effective date that are subsequently forfeited or expire. A total of approximately 4.3 million shares of the Company's common stock are reserved for issuance to employees, directors, officers and consultants as of October 31, 2016, including 3.3 million shares currently under option and 1.0 million shares available for future grants.

Stock options granted pursuant to the 2012 Plan may be designated as 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 at its sole discretion. The exercise price per share of a stock option granted under the 2012 Plan may not be less than the fair market value of the designated class of Company common stock as of the date of grant and stock option grants vest ratably over a period specified as of the date of grant (generally five years) and expire ten years after the date of grant. Options issued under the 2012 Plan may be designated as incentive stock options or non-qualified stock options, but only employees are eligible to receive incentive stock options and no incentive stock options were outstanding as of October 31, 2016. The 2012 Plan will terminate no later than the tenth anniversary of its effective date.

Information concerning share-based activity for each of the last three fiscal years ended October 31 is as follows (in thousands, except per share data):

	Shares Available For Grant	Shares Under Option: Shares	Shares Under Option: Weighted Average Exercise Price
Outstanding as of October 31, 2013	1,840	3,142	$ 21.48
Granted	(161)	161	$ 43.37
Stock award issuance	(62)	—	$ —
Exercised	—	(39)	$ 18.36
Outstanding as of October 31, 2014	1,617	3,264	$ 22.59
Granted	(291)	291	$ 51.85
Exercised	—	(220)	$ 16.85
Outstanding as of October 31, 2015	1,326	3,335	$ 25.52
Granted	(300)	300	$ 46.05
Exercised	—	(291)	$ 20.41
Cancelled	6	(6)	$ 36.37
Outstanding as of October 31, 2016	1,032	3,338	$ 27.79

Information concerning stock options outstanding (all of which are vested or expected to vest) and stock options exercisable by class of common stock as of October 31, 2016 is as follows (in thousands, except per share and contractual life data):

	Options Outstanding			
	Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Common Stock	1,676	$ 25.08	4.3	$ 71,196
Class A Common Stock	1,662	$ 30.52	6.0	49,002
	3,338	$ 27.79	5.2	$ 120,198

	Options Exercisable			
	Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Common Stock	1,446	$ 21.05	3.6	$ 67,257
Class A Common Stock	916	$ 23.37	4.8	33,553
	2,362	$ 21.95	4.1	$ 100,810

Information concerning stock options exercised is as follows (in thousands):

Year ended October 31,	2016	2015	2014
Cash proceeds from stock option exercises	$ 5,924	$ 3,673	$ 708
Tax benefit realized from stock option exercises	868	1,402	93
Intrinsic value of stock option exercises	9,751	6,958	929

Net income attributable to HEICO for the fiscal years ended October 31, 2016, 2015 and 2014 includes compensation expense of $6.4 million, $5.8 million and $6.2 million, respectively, and an income tax benefit of $2.4 million, $2.2 million and $2.4 million, respectively, related to the Company's stock options. Substantially all of the stock option compensation expense was recorded as a component of SG&A expenses in the Company's Consolidated Statements of Operations. As of October 31, 2016, there was $14.4 million of pre-tax unrecognized compensation expense related to nonvested stock options, which is expected to be recognized over a weighted average period of approximately 3.2 years. The total fair value of stock options that vested in fiscal 2016, 2015 and 2014 was $5.8 million, $5.5 million and $5.9 million, respectively. If there were a change in control of the Company, all of the unvested options outstanding as of October 31, 2016 would become immediately exercisable.

For the fiscal years ended October 31, 2016, 2015 and 2014, the excess tax benefit resulting from tax deductions in excess of the cumulative compensation cost recognized for stock options exercised was $.9 million, $1.4 million and $.1 million, respectively, and is presented as a financing activity in the Company's Consolidated Statements of Cash Flows.

The fair value of each stock option grant was estimated on the date of grant using the Black-Scholes option-pricing model based on the following weighted average assumptions for the fiscal years ended October 31, 2016, 2015 and 2014:

	2016		2015		2014
	Common Stock	Class A Common Stock	Class A Common Stock	Common Stock	Class A Common Stock
Expected stock price volatility	39.63%	32.52%	39.96%	36.51%	38.04%
Risk-free interest rate	2.16%	1.82%	2.30%	2.12%	2.06%
Dividend yield	.24%	.32%	.24%	.32%	.38%
Forfeiture rate	.00%	.00%	.00%	.00%	.00%
Expected option life (years)	9	6	9	7	7
Weighted average fair value	$ 23.62	$ 15.47	$ 28.46	$ 19.59	$ 17.23

In fiscal 2014, the Company issued 24,982 shares of Class A Common Stock in lieu of cash to satisfy an employee bonus award, which was accrued in fiscal 2013. Pursuant to the terms of the 2012 Plan, this stock award reduced the share reserve for issuance under the 2012 Plan by 62,455 shares.

10. EMPLOYEE RETIREMENT PLANS

The HEICO Savings and Investment Plan (the "401(k) Plan") is a qualified defined contribution retirement plan under which eligible employees of the Company and its participating subsidiaries may make Elective Deferral Contributions up to the limitations set forth in Section 402(g) of the Internal Revenue Code. The Company generally makes a 25% or 50% Employer 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 401(k) Plan also provides that the Company may make additional Employer Contributions. Employer Contributions may be contributed in the form of the Company's common stock or cash, as determined by the Company. Employer Contributions awarded in the form of Company common stock are valued based on the fair value of the underlying shares as of the effective date of contribution. Employer Contributions may be diversified by a participant into any of the participant-directed investment options of the 401(k) Plan; however, Employee Contributions may not be invested in Company common stock. Unless specified otherwise, all capitalized terms herein are defined in the 401(k) Plan document.

Participants receive 100% vesting in Employee Contributions and on cash dividends received on Company common stock. Vesting in Employer Contributions is based on a participant's number of Years of Service. Employer Contributions to the 401(k) Plan charged to income in fiscal 2016, 2015 and 2014 totaled $7.0 million, $6.1 million and $6.3 million, respectively, and were made through the issuance of new shares of Company common stock and the use of forfeited shares within the 401(k) Plan.

Information concerning share-based activity pertaining to the 401(k) Plan for each of the last three fiscal years ended October 31 is as follows (in thousands):

	Common Stock	Class A Common Stock
Shares available for issuance as of October 31, 2013	125	125
Issuance of common stock to 401(k) Plan	(57)	(57)
Shares available for issuance as of October 31, 2014	68	68
Issuance of common stock to 401(k) Plan	(54)	(54)
Shares available for issuance as of October 31, 2015	14	14
Shares registered for issuance to the 401(k) Plan	300	300
Issuance of common stock to 401(k) Plan	(62)	(62)
Shares available for issuance as of October 31, 2016	252	252

As previously mentioned in Note 1, Summary of Significant Accounting Policies, the Company acquired a frozen qualified defined benefit pension plan in connection with a prior year acquisition.

Changes in the Plan's projected benefit obligation and plan assets during fiscal 2016 and 2015 are as follows (in thousands):

Change in projected benefit obligation:	
Projected benefit obligation as of October 31, 2014	$ 13,815
Actuarial loss	716
Interest cost	561
Benefits paid	(924)
Projected benefit obligation as of October 31, 2015	14,168
Actuarial loss	655
Interest cost	613
Benefits paid	(925)
Projected benefit obligation as of October 31, 2016	$ 14,511
Change in plan assets:	
Fair value of plan assets as of October 31, 2014	$ 11,359
Actual return on plan assets	254
Employer contributions	78
Benefits paid	(924)
Fair value of plan assets as of October 31, 2015	10,767
Actual return on plan assets	263
Employer contributions	405
Benefits paid	(925)
Fair value of plan assets as of October 31, 2016	$ 10,510
Funded status as of October 31, 2015	$ (3,401)
Funded status as of October 31, 2016	$ (4,001)

The $4.0 million and $3.4 million difference between the projected benefit obligation and fair value of plan assets as of October 31, 2016 and October 31, 2015, respectively, is included in other long-term liabilities within the Company's Consolidated Balance Sheets. Additionally, the Plan experienced a $1.1 million and $1.2 million unrealized loss during fiscal 2016 and 2015, respectively, that was recognized in other comprehensive income (loss) where it is reported net of ($.4) million of tax in each year. The total unrealized loss in accumulated other comprehensive loss that has yet to be recognized as a component of net periodic pension income (expense) as of October 31, 2016 is $2.2 million (pre-tax), of which the Company expects to recognize less than $.1 million during fiscal 2017.

Weighted average assumptions used to determine the projected benefit obligation are as follows:

As of October 31,	2016	2015
Discount rate	3.99%	4.47%

Weighted average assumptions used to determine net pension income are as follows:

Year ended October 31,	2016	2015	2014
Discount rate	4.47%	4.20%	4.79%
Expected return on plan assets	6.75%	6.75%	6.75%

The discount rate used to determine the projected benefit obligation was determined using the results of a bond yield curve model based on a portfolio of high-quality bonds matching expected Plan benefit payments. The expected return on Plan assets was based upon the target asset allocation and investment return estimates for the Plan's equity and fixed income securities. In establishing this assumption, the Company considers many factors including both the historical rate of return and projected inflation-adjusted real rate of return on the Plan's various asset classes and the expected working lifetime for Plan participants.

Components of net pension income that were recorded within the Company's Consolidated Statements of Operations are as follows (in thousands):

Year ended October 31,	2016	2015	2014
Expected return on plan assets	$ 702	$ 738	$ 739
Interest cost	613	561	610
Net pension income	$ 89	$ 177	$ 129

The Company anticipates making contributions of $.4 million to the Plan during fiscal 2017. Estimated future benefit payments to be made during each of the next five fiscal years and in aggregate during the succeeding five fiscal years are as follows (in thousands):

Year ending October 31,	
2017	$ 921
2018	895
2019	925
2020	926
2021	904
2022-2026	4,424

The fair value of the Plan's assets are set forth by level within the fair value hierarchy in the following tables (in thousands):

	As of October 31, 2016			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Fixed income securities	$ 5,219	$ —	$ —	$ 5,219
Equity securities	5,149	—	—	5,149
Money market funds and cash	142	—	—	142
	$ 10,510	$ —	$ —	$ 10,510

	As of October 31, 2015			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Fixed income securities	$ 5,372	$ —	$ —	$ 5,372
Equity securities	5,280	—	—	5,280
Money market funds and cash	115	—	—	115
	$ 10,767	$ —	$ —	$ 10,767

Fixed income securities consist of investments in mutual funds. Equity securities consist of investments in common stocks, mutual funds and exchange traded funds.

The Plan's actual and targeted asset allocations by investment category are as follows:

As of October 31,	2016		2015	
	Actual	Target	Actual	Target
Fixed income securities	50%	50%	50%	50%
Equity securities	49%	50%	49%	50%
Money market funds and cash	1%	—%	1%	—%
	100%	100%	100%	100%

11. REDEEMABLE NONCONTROLLING INTERESTS

The holders of equity interests in certain of the Company's subsidiaries have rights ("Put Rights") that may be exercised on varying dates causing the Company to purchase their equity interests through fiscal 2025. The Put Rights, all of which relate either to common shares or membership interests in limited liability companies, provide that the cash consideration to be paid for their equity interests (the "Redemption Amount") be at fair value or at a formula that management intended to reasonably approximate fair value based solely on a multiple of future earnings over a measurement period. As of October 31, 2016, management's estimate of the aggregate Redemption Amount of all Put Rights that the Company could be required to pay is approximately $99.5 million. The actual Redemption Amount will likely be different. The aggregate Redemption Amount of all Put Rights was determined using probability adjusted internal estimates of future earnings of the Company's subsidiaries with Put Rights while considering the earliest exercise date, the measurement period and any applicable fair value adjustments. The portion of the estimated Redemption Amount as of October 31, 2016 redeemable at fair value is approximately $85.6 million and the portion redeemable based solely on a multiple of future earnings is approximately $13.9 million.

A summary of the Put Rights associated with the redeemable noncontrolling interests in certain of the Company's subsidiaries as of October 31, 2016 is as follows:

Subsidiary Acquisition Year	Operating Segment	Company Ownership Interest	Earliest Put Right Year	Purchase Period (Years)
2005	ETG	95.9%	2017 (1)	4 (2)
2006	FSG	80.1%	2017 (1)	4
2008	FSG	82.3%	2017 (1)	5
2009	ETG	82.5%	2017 (1)	1
2011	FSG	90.1%	N/A (3)	1 (4)
2012	ETG	78.0%	2017	2
2012	FSG	84.0%	2018	4
2012	FSG	80.1%	2019	4
2015	FSG	80.0%	2019	4
2015	FSG	80.1%	2020	4
2015	ETG	80.1%	2020	2
2015	FSG	80.1%	2022	4

(1) Currently puttable
(2) A portion is to be purchased in a lump sum
(3) Put Right previously exercised
(4) Represents remaining purchase period for previously exercised Put Right

The estimated aggregate Redemption Amount of the Put Rights that are currently puttable or becoming puttable during fiscal 2017 is approximately $28.2 million, of which approximately $17.6 million would be payable in fiscal 2017 should all of the eligible associated noncontrolling interest holders elect to exercise their Put Rights during fiscal 2017. The estimated Redemption Amount of the remaining Put Rights previously exercised is $4.0 million, all of which is payable in fiscal 2017. Additionally, the Company has call rights to purchase the equity interests of the noncontrolling holders over the same period.

During fiscal 2016, the holders of a 19.9% noncontrolling equity interest in a subsidiary of the FSG that was acquired in fiscal 2011 exercised their option to cause the Company to purchase their interests over a two-year period ending in fiscal 2017. Accordingly, the Company's ownership interest in the subsidiary increased to 90.1% effective March 2016.

The $3.6 million Redemption Amount for the redeemable noncontrolling interests acquired in fiscal 2016 and the $1.2 million Redemption Amount for the redeemable noncontrolling interest acquired in fiscal 2013 that was paid in fiscal 2014 were paid using cash provided by operating activities.

12. NET INCOME PER SHARE ATTRIBUTABLE TO HEICO SHAREHOLDERS

The computation of basic and diluted net income per share attributable to HEICO shareholders is as follows (in thousands, except per share data):

Year ended October 31,	2016	2015	2014
Numerator:			
Net income attributable to HEICO	$ 156,192	$ 133,364	$ 121,293
Denominator:			
Weighted average common shares outstanding - basic	67,045	66,740	66,463
Effect of dilutive stock options	1,125	1,071	990
Weighted average common shares outstanding - diluted	68,170	67,811	67,453
Net income per share attributable to HEICO shareholders:			
Basic	$ 2.33	$ 2.00	$ 1.82
Diluted	$ 2.29	$ 1.97	$ 1.80
Anti-dilutive stock options excluded	580	412	430

13. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

(in thousands, except per share data)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net sales:				
2016	$ 306,227	$ 350,648	$ 356,084	$ 363,299
2015	$ 268,185	$ 291,421	$ 300,370	$ 328,672
Gross profit:				
2016	$ 112,196	$ 134,029	$ 133,583	$ 135,684
2015	$ 93,797	$ 105,494	$ 108,092	$ 126,796
Net income from consolidated operations:				
2016	$ 35,924	$ 43,729	$ 46,976	$ 49,521
2015	$ 32,091	$ 38,504	$ 38,938	$ 44,031
Net income attributable to HEICO:				
2016	$ 31,271	$ 38,657	$ 42,002	$ 44,262
2015	$ 27,640	$ 33,105	$ 34,369	$ 38,250
Net income per share attributable to HEICO:				
Basic:				
2016	$ .47	$ .58	$ .63	$ .66
2015	$ .42	$ .50	$ .51	$ .57
Diluted:				
2016	$ .46	$ .57	$ .62	$ .65
2015	$ .41	$ .49	$ .51	$ .56

During the first quarter of fiscal 2016, the Company incurred $3.1 million of acquisition costs in connection with a fiscal 2016 acquisition. These expenses, net of tax, decreased net income attributable to HEICO by $2.0 million, or $.03 per basic and diluted share.

During the first quarter of fiscal 2016, the Company recognized an income tax credit for qualified R&D activities for the last ten months of fiscal 2015 upon the retroactive and permanent extension of the U.S. federal R&D tax credit in December 2015. The tax credit, net of expenses, increased net income attributable to HEICO by $1.7 million, or $.03 per basic and $.02 per diluted share.

During the first quarter of fiscal 2015, the Company recognized an income tax credit for qualified R&D activities for the last ten months of fiscal 2014 upon the retroactive extension of the U.S. federal R&D tax credit in December 2014 to cover calendar year 2014. The tax credit, net of expenses, increased net income attributable to HEICO by $1.8 million, or $.03 per basic and diluted share.

Due to changes in the average number of common shares outstanding, net income per share attributable to HEICO 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 HEICO Flight Support Corp. and their collective subsidiaries; and the Electronic Technologies Group ("ETG"), consisting of HEICO Electronic and its subsidiaries. The Company's operating segment reporting structure is consistent with how management reviews the business, makes investing and resource decisions and assesses operating performance. Additionally, characteristics such as similarity of products, customers, economic characteristics and various other factors are considered when identifying the Company's operating segments. The FSG designs, manufactures, repairs, overhauls and distributes jet engine and aircraft component replacement parts. The parts and services are approved by the FAA. The FSG also manufactures and sells specialty parts as a subcontractor for aerospace and industrial original equipment manufacturers and the U.S. government. Additionally, the FSG is a leading supplier, distributor, and integrator of military aircraft parts and support services primarily to foreign military organizations allied with the U.S. and is a leading manufacturer of advanced niche components and complex composite assemblies for commercial aviation, defense and space applications. The ETG designs and manufactures electronic, microwave, and electro-optical equipment and components, three-dimensional microelectronic and stacked memory products, high-speed interface products, high voltage interconnection devices, high voltage advanced power electronics products, power conversion products, underwater locator beacons, electromagnetic interference shielding, traveling wave tube amplifiers, harsh environment electronic connectors and other interconnect products, communications and electronic intercept receivers and tuners, crashworthy and ballistically self-sealing auxiliary fuel systems for military rotorcraft, RF and microwave amplifiers, transmitters and receivers, and satellite microwave modules and integrated subsystems primarily for the aviation, defense, space, medical, telecommunications and electronics industries.

The Company's reportable operating segments 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 of the Company's operating segments are the same as those described in Note 1, Summary of Significant Accounting Policies. Management evaluates segment performance based on segment operating income.

Information on the Company's two operating segments, the FSG and the ETG, for each of the last three fiscal years ended October 31 is as follows (in thousands):

	Segment		Other, Primarily Corporate and Intersegment	Consolidated Totals
	FSG	ETG		
Year ended October 31, 2016:				
Net sales	$ 875,870	$ 511,272	$ (10,884)	$ 1,376,258
Depreciation	12,113	8,030	218	20,361
Amortization	16,590	22,664	662	39,916
Operating income	163,427	126,031	(24,113)	265,345
Capital expenditures	18,434	11,962	467	30,863
Total assets	878,674	1,017,827	142,974	2,039,475
Year ended October 31, 2015:				
Net sales	$ 809,700	$ 390,982	$ (12,034)	$ 1,188,648
Depreciation	10,859	6,803	168	17,830
Amortization	13,470	15,945	662	30,077
Operating income	149,798	98,833	(18,975)	229,656
Capital expenditures	11,737	6,201	311	18,249
Total assets	868,218	746,018	122,151	1,736,387
Year ended October 31, 2014:				
Net sales	$ 762,801	$ 379,404	$ (9,894)	$ 1,132,311
Depreciation	9,809	7,113	146	17,068
Amortization	10,034	19,993	662	30,689
Operating income	136,480	88,914	(22,006)	203,388
Capital expenditures	9,437	6,327	646	16,410
Total assets	676,824	703,144	109,246	1,489,214

The following table summarizes the Company's net sales to external customers by product lines included in each operating segment (in thousands):

Year ended October 31,	2016	2015	2014
Flight Support Group:			
Aftermarket replacement parts (1)	$ 405,108	$ 356,070	$ 327,416
Repair and overhaul parts and services (2)	251,357	258,952	253,717
Specialty products (3)	219,405	194,678	181,668
Total net sales	$ 875,870	$ 809,700	$ 762,801
Electronic Technologies Group:			
Electronic component parts for defense, space and aerospace equipment (4)	$ 371,297	$ 255,095	$ 243,130
Electronic component parts for equipment in various other industries (5)	139,975	135,887	136,274
Total net sales	$ 511,272	$ 390,982	$ 379,404
Other, primarily corporate and intersegment	$ (10,884)	$ (12,034)	$ (9,894)
Total consolidated net sales	$ 1,376,258	$ 1,188,648	$ 1,132,311

(1) Includes various jet engine and aircraft component replacement parts.
(2) Includes primarily the sale of parts consumed in various repair and overhaul services on selected jet engine and aircraft components, avionics, instruments, composites and flight surfaces of commercial and military aircraft.
(3) Includes primarily the sale of specialty components to OEMs such as thermal insulation blankets, renewable /reusable insulation systems, advanced niche components, complex composite assemblies, and expanded foil mesh.
(4) Includes various component parts such as electro-optical infrared simulation and test equipment, electro-optical laser products, electro-optical, microwave and other power equipment, high-speed interface products, power conversion products, underwater locator beacons, traveling wave tube amplifiers, microwave power modules, three-dimensional microelectronic and stacked memory products, crashworthy and ballistically self-sealing auxiliary fuel systems, RF and microwave amplifiers, transmitters and receivers, and high performance communications and electronic intercept receivers and tuners.
(5) Includes various component parts such as electromagnetic and radio interference shielding, high voltage interconnection devices, high voltage advanced power electronics, harsh environment connectivity products, and custom molded cable assemblies.

Major Customer and Geographic Information

The Company markets its products and services in approximately 100 countries. The following table summarizes the Company's net sales to customers located in the United States and to those in other countries for each of the last three fiscal years ended October 31 (in thousands). Net sales are attributed to countries based on the location of the customer. Net sales to any one customer or originating from any one country did not account for 10% or more of the Company's consolidated net sales during any of the last three fiscal years. The following table also summarizes the Company's long-lived assets held within and outside of the United States as of October 31 of the last three fiscal years (in thousands). Long-lived assets consist of net property, plant and equipment.

	2016	2015	2014
Net Sales:			
United States of America	$ 904,670	$ 785,567	$ 754,616
Other countries	471,588	403,081	377,695
Total net sales	$ 1,376,258	$ 1,188,648	$ 1,132,311
Long-lived assets:			
United States of America	$ 94,889	$ 85,253	$ 84,116
Other countries	26,722	20,417	9,749
Total long-lived assets	$ 121,611	$ 105,670	$ 93,865

15. COMMITMENTS AND CONTINGENCIES

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 the 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.

Future minimum payments under non-cancelable operating leases for the next five fiscal years and thereafter are estimated to be as follows (in thousands):

Year ending October 31,	
2017	$ 11,787
2018	8,577
2019	6,491
2020	6,063
2021	5,932
Thereafter	18,002
Total minimum lease commitments	$ 56,852

Total rent expense charged to operations for operating leases in fiscal 2016, 2015 and 2014 amounted to $14.7 million, $11.9 million and $11.2 million, respectively.

Guarantees

As of October 31, 2016, the Company has arranged for standby letters of credit aggregating $2.4 million, which are supported by its revolving credit facility. One letter of credit in the amount of $1.5 million is to satisfy the security requirement of the insurance company used by the Company for potential workers' compensation claims and the remainder pertain to performance guarantees related to customer contracts entered into by certain of the Company's subsidiaries.

Product Warranty

Changes in the Company's product warranty liability in fiscal 2016 and 2015 are as follows (in thousands):

Year ended October 31,	2016	2015
Balances as of beginning of year	$ 3,203	$ 4,079
Accruals for warranties	3,025	1,215
Acquired warranty liabilities	—	35
Warranty claims settled	(2,877)	(2,126)
Balances as of end of year	$ 3,351	$ 3,203

Litigation

The Company is involved in various legal actions arising in the normal course of business. Based upon the Company's and its legal counsel's evaluations of any claims or assessments, 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, financial position or cash flows.

16. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

The following table presents supplemental disclosures of cash flow information and non-cash investing activities for fiscal 2016, 2015 and 2014 (in thousands):

Year ended October 31,	2016	2015	2014
Cash paid for income taxes	$ 87,486	$ 76,021	$ 72,723
Cash received from income tax refunds	(1,906)	(1,211)	(395)
Cash paid for interest	8,288	4,598	5,550
Contingent consideration	1,225	21,355	—
Additional purchase consideration	—	(204)	(56)
Property, plant and equipment acquired through capital lease obligations	1,111	59	131

MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of HEICO Corporation is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management, under the supervision of and with the participation of the Company's Chief Executive Officer and the Chief Financial Officer, assessed the effectiveness of the Company's internal control over financial reporting based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control - Integrated Framework (2013)*. Based on its assessment, management concluded that the Company's internal control over financial reporting is effective as of October 31, 2016.

In January 2016, the Company acquired all of the limited liability company interests of Robertson Fuel Systems, LLC ("Robertson"). See Note 2, Acquisitions, of the Notes to Consolidated Financial Statements for additional information. As permitted by the Securities and Exchange Commission, companies are allowed to exclude acquisitions from their assessment of internal control over financial reporting during the first year of an acquisition and management elected to exclude Robertson from its assessment of internal control over financial reporting as of October 31, 2016. The assets and net sales of the Robertson acquisition constituted 12.4% and 6.1% of the Company's consolidated total assets and net sales as of and for the year ended October 31, 2016, respectively.

Deloitte & Touche LLP, an independent registered public accounting firm, audited the Company's consolidated financial statements included in this Annual Report for the year ended October 31, 2016. A copy of their report is included in this Annual Report. Deloitte & Touche LLP has issued their attestation report on management's internal control over financial reporting, which is set forth below.

EXECUTIVE OFFICER CERTIFICATIONS

HEICO Corporation has filed with the U.S. Securities and Exchange Commission as Exhibits 31.1 and 31.2 to its Form 10-K for the year ended October 31, 2016, the required certifications of its Chief Executive Officer (CEO) and Chief Financial Officer under Section 302 of the Sarbanes-Oxley Act regarding the quality of its public disclosures. HEICO Corporation's CEO also has submitted to the New York Stock Exchange (NYSE) following the March 2016 annual meeting of shareholders, the annual CEO certification stating that he is not aware of any violation by HEICO Corporation of the NYSE's corporate governance listing standards. All Board of Directors Committee Charters, Corporate Governance Guidelines as well as HEICO's Code of Ethics and Business Conduct are located on HEICO's web site at www.heico.com.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
HEICO Corporation
Hollywood, Florida

We have audited the accompanying consolidated balance sheets of HEICO Corporation and subsidiaries (the "Company") as of October 31, 2016 and 2015, and the related consolidated statements of operations, comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended October 31, 2016. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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 HEICO Corporation and subsidiaries as of October 31, 2016 and 2015, and the results of their operations and their cash flows for each of the three years in the period ended October 31, 2016, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of October 31, 2016, based on the criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated December 15, 2016 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP
Certified Public Accountants

Miami, Florida
December 15, 2016

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
HEICO Corporation
Hollywood, Florida

We have audited the internal control over financial reporting of HEICO Corporation and subsidiaries (the "Company") as of October 31, 2016, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. As described in *Management's Annual Report on Internal Control Over Financial Reporting*, management excluded from its assessment the internal control over financial reporting at Robertson Fuel Systems, LLC ("Robertson"), which was acquired during 2016 and whose financial statements constitute 12.4% of total assets and 6.1% of net sales of the Company's consolidated financial statement amounts as of and for the year ended October 31, 2016. Accordingly, our audit did not include the internal control over financial reporting of Robertson. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Annual Report on Internal Control Over Financial Reporting*. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of October 31, 2016, based on the criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended October 31, 2016 of the Company and our report dated December 15, 2016 expressed an unqualified opinion on those financial statements.

/s/ DELOITTE & TOUCHE LLP
Certified Public Accountants

Miami, Florida
December 15, 2016

MARKET FOR COMPANY'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

Our Class A Common Stock and Common Stock are listed and traded on the New York Stock Exchange ("NYSE") under the symbols "HEI.A" and "HEI," respectively. The following tables set forth, for the periods indicated, the high and low share prices for our Class A Common Stock and our Common Stock as reported on the NYSE, as well as the amount of cash dividends paid per share during such periods.

	Class A Common Stock		Common Stock		Cash Dividends
	High	Low	High	Low	Per Share
Fiscal 2015:					
First Quarter	$ 49.82	$ 42.40	$ 62.94	$ 50.27	$ .07
Second Quarter	50.99	42.08	63.25	55.41	—
Third Quarter	54.43	44.25	63.73	52.99	.07
Fourth Quarter	47.16	42.12	55.63	47.24	—
Fiscal 2016:					
First Quarter	$ 50.08	$ 42.81	$ 56.77	$ 47.86	$ .08
Second Quarter	51.48	40.10	62.69	51.76	—
Third Quarter	57.82	49.93	69.97	60.34	.08
Fourth Quarter	61.02	56.34	75.01	65.70	—

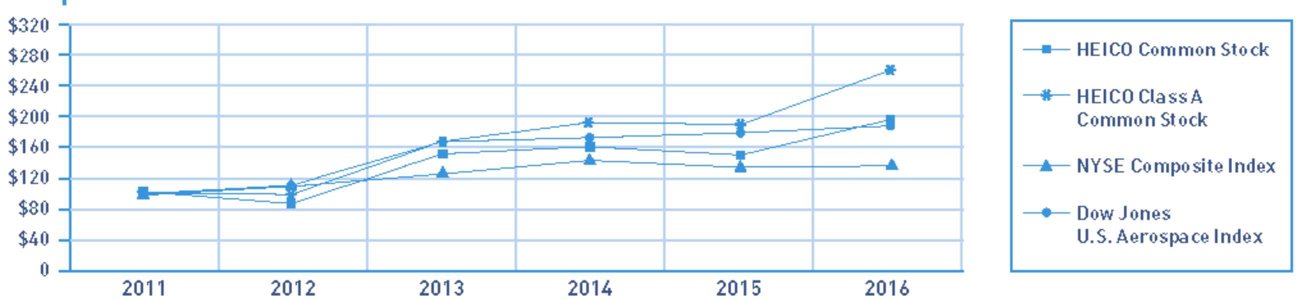
As of December 13, 2016, there were 359 holders of record of our Class A Common Stock and 353 holders of record of our Common Stock.

In addition, as of December 13, 2016, there were approximately 6,150 holders of the Company's Class A Common Stock and Common Stock who held their shares in brokerage or nominee accounts. The combined total of all record holders and brokerage or nominee holders is approximately 6,850 holder of both classes of common stock.

Performance Graphs

The following graph and table compare the total return on $100 invested in HEICO Common Stock and HEICO Class A Common Stock with the total return on $100 invested in the NYSE Composite Index and the Dow Jones U.S. Aerospace Index for the five-year period from October 31, 2011 through October 31, 2016. The NYSE Composite Index measures the performance of all common stocks listed on the NYSE. The Dow Jones U.S. Aerospace Index is comprised of large companies which make aircraft, major weapons, radar and other defense equipment and systems as well as providers of satellites and spacecrafts used for defense purposes. The total returns include the reinvestment of cash dividends.

Comparison of Five-Year Cumulative Total Return

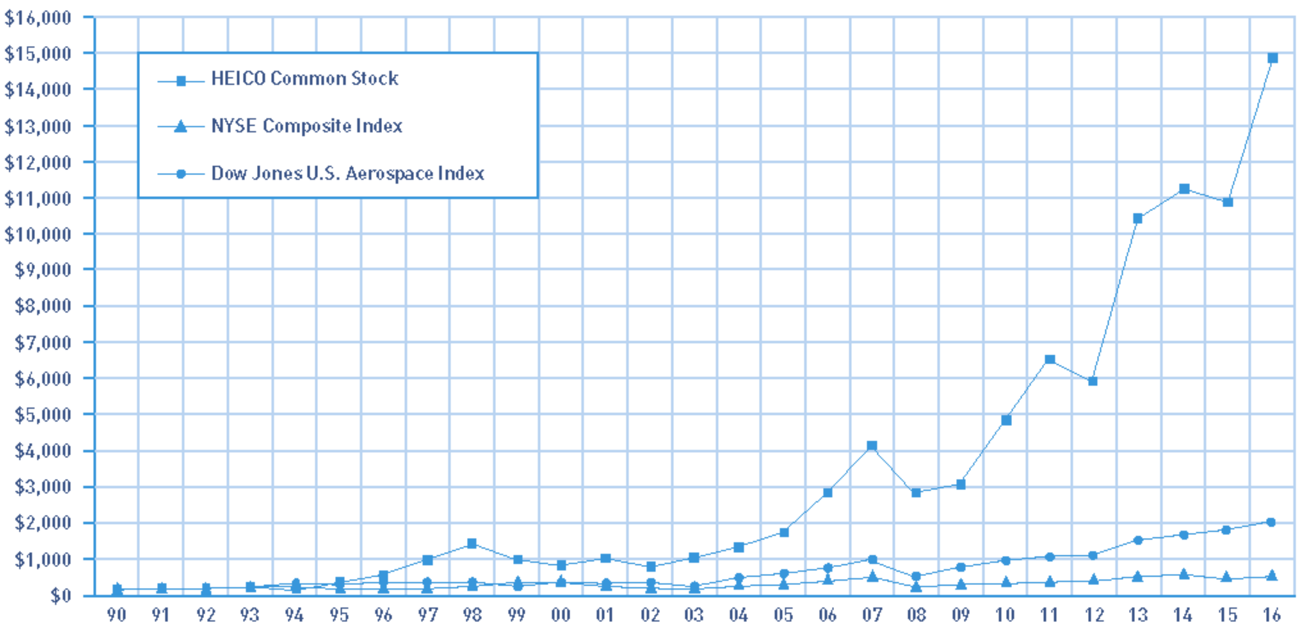


	Cumulative Total Return as of October 31,					
	2011	2012	2013	2014	2015	2016
HEICO Common Stock	$ 100.00	$ 84.91	$ 154.65	$ 157.84	$ 147.13	$ 197.61
HEICO Class A Common Stock	100.00	97.27	166.40	197.53	189.15	260.68
NYSE Composite Index	100.00	108.70	132.34	143.39	138.31	138.59
Dow Jones U.S. Aerospace Index	100.00	107.54	165.33	169.57	177.56	188.73

MARKET FOR COMPANY'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The following graph and table compare the total return on $100 invested in HEICO Common Stock since October 31, 1990 using the same indices shown on the five-year performance graph above. October 31, 1990 was the end of the first fiscal year following the date the current executive management team assumed leadership of the Company. No Class A Common Stock was outstanding as of October 31, 1990. As with the five-year performance graph, the total returns include the reinvestment of cash dividends.

Comparison of Twenty-Six Year Cumulative Total Return



	Cumulative Total Return as of October 31,					
	1990	1991	1992	1993	1994	1995
HEICO Common Stock	$ 100.00	$ 141.49	$ 158.35	$ 173.88	$ 123.41	$ 263.25
NYSE Composite Index	100.00	130.31	138.76	156.09	155.68	186.32
Dow Jones U.S. Aerospace Index	100.00	130.67	122.00	158.36	176.11	252.00
	1996	1997	1998	1999	2000	2001
HEICO Common Stock	$ 430.02	$ 1,008.31	$ 1,448.99	$ 1,051.61	$ 809.50	$ 1,045.86
NYSE Composite Index	225.37	289.55	326.98	376.40	400.81	328.78
Dow Jones U.S. Aerospace Index	341.65	376.36	378.66	295.99	418.32	333.32
	2002	2003	2004	2005	2006	2007
HEICO Common Stock	$ 670.39	$ 1,067.42	$ 1,366.57	$ 1,674.40	$ 2,846.48	$ 4,208.54
NYSE Composite Index	284.59	339.15	380.91	423.05	499.42	586.87
Dow Jones U.S. Aerospace Index	343.88	393.19	478.49	579.77	757.97	1,000.84
	2008	2009	2010	2011	2012	2013
HEICO Common Stock	$ 2,872.01	$ 2,984.13	$ 4,722.20	$ 6,557.88	$ 5,900.20	$ 10,457.14
NYSE Composite Index	344.96	383.57	427.61	430.46	467.91	569.69
Dow Jones U.S. Aerospace Index	602.66	678.00	926.75	995.11	1,070.15	1,645.24
	2014	2015	2016			
HEICO Common Stock	$ 11,416.51	$ 10,776.88	$ 14,652.37			
NYSE Composite Index	617.23	595.37	596.57			
Dow Jones U.S. Aerospace Index	1,687.41	1,766.94	1,878.10			

OFFICERS AND SENIOR LEADERSHIP

Laurans A. Mendelson
Chairman of the Board of Directors and
Chief Executive Officer,
HEICO Corporation

Nadim Bakhache
President,
EMD Technologies Incorporated

Keith Bandolik
President,
Switchcraft, Inc. and Conxall

Vaughn Barnes
President,
HEICO Specialty Products Group - Thermal Products (Thermal Structures, Inc., Thermal Energy Products, Inc. and Jetseal, Inc.)

Paul Belisle
Vice President and General Manager,
Turbine Kinetics, Inc.

Adam Bentkover
Vice President - Acquisitions,
HEICO Corporation

Jeffrey S. Biederwolf
Senior Vice President,
HEICO Repair Group

Gregory S. Braselton
Vice President and General Manager,
Action Research Corporation

Steven Case
President,
Engineering Design Team, Inc.

Vladimir Cervera
Vice President and General Manager - Structures,
HEICO Component Repair Group – Miami

Barry Cohen
President and Founder,
Prime Air, LLC

Ian D. Crawford
President and Founder,
Analog Modules, Inc.

Alexandre de Gunten
Business Development Officer,
HEICO Aerospace Corporation

Sjuk de Vries
Chief Executive Officer and Founder,
Aeroworks International Holding B.V.

Andrew J. Feeley
Vice President and General Manager,
CSI Aerospace, Inc.

William Fenne
Vice President and General Manager,
Niacc-Avitech Technologies, Inc.

Jerry Goldlust
President and Founder,
HVT Group, Inc. and
Dielectric Sciences, Inc.

Leon Gonzalez
Vice President and General Manager,
Sunshine Avionics LLC

William S. Harlow
Vice President - Acquisitions,
HEICO Corporation

Clarence Hightower
President,
HEICO Specialty Products Group - Interiors and Composites, and
Reinhold Industries, Inc.

William J. Hinski
Vice President - Managing Director,
Harter Aerospace, LLC

Walter Howard
Vice President and General Manager,
Aero Design, Inc.

John F. Hunter
Senior Vice President,
HEICO Parts Group

Tung Huynh
President and Co-Founder,
Lumina Power, Inc.

Thomas S. Irwin
Senior Executive Vice President,
HEICO Corporation

Todd Jones
General Manager,
Ramona Research, Inc.

Glenn Kollett
Vice President and General Manager,
Harter Aerospace, LLC

Elizabeth R. Letendre
Corporate Secretary,
HEICO Corporation

Jack Lewis
Senior Vice President,
HEICO Parts Group

Omar Lloret
Vice President and General Manager - Accessories,
HEICO Component Repair Group – Miami

Carlos L. Macau, Jr.
Executive Vice President,
Chief Financial Officer and Treasurer,
HEICO Corporation

Patrick Markham
Vice President - Technical Services,
HEICO Parts Group

Pierre Maurice
President and Co-Founder,
3D Plus SAS

Steve McHugh
Chief Operating Officer,
Electronic Technologies Group and
President and Co-Founder,
Santa Barbara Infrared, Inc. and
IRCameras, LLC

Robert J. McKenna
President,
Leader Tech, Inc.

Bruce McQuerry
Vice President and General Manager,
McClain International, Inc.

Eric A. Mendelson
Co-President,
HEICO Corporation

Victor H. Mendelson
Co-President,
HEICO Corporation

Michael Milardo
President,
Astroseal Products Mfg. Corporation

Luis J. Morell
President,
HEICO Parts Group and
HEICO Repair Group

Michael Navon
President and Founder,
Blue Aerospace LLC

Joseph W. Pallot
General Counsel,
HEICO Corporation

Anish V. Patel
President,
Radiant Power Corp. and
Dukane Seacom, Inc.

Jeffrey Perkins
Vice President and General Manager,
Seal Dynamics – Tampa

Niall Porter
General Manager,
Jet Avion Corporation

Rex Reum
President,
Jetseal, Inc.

Phillip J. Rezin
President,
Midwest Microwave Solutions, Inc.

Thomas L. Ricketts
Chief Executive Officer and Co-Founder,
Connectronics Corp. and Wiremax

Troy J. Rodriguez
President and Co-Founder,
Sierra Microwave Technology, LLC

James E. Roubian
Senior Vice President - Manufacturing,
HEICO Parts Group

Dr. Daniel M. Sable
Chief Executive Officer and Co-Founder,
VPT, Inc.

Mark Shahriary
Chief Executive Officer,
Lucix Corporation

Val R. Shelley
Vice President - Strategy,
HEICO Corporation

Newman Shufflebarger
Chief Executive Officer,
Robertson Fuel Systems, LLC

David R. Smith
President,
Aerospace & Commercial Technologies, LLC

Gary Spaulding
Chief Operating Officer,
dB Control Corp.

David J. Susser
President,
HEICO Distribution Group and
Seal Dynamics LLC

Gregg Tuttle
Vice President and General Manager,
Future Aviation, Inc.

Steven M. Walker
Chief Accounting Officer and
Assistant Treasurer,
HEICO Corporation

Nicholas "Tony" Wright
Vice President and General Manager - Avionics,
HEICO Repair Group

BOARD OF DIRECTORS

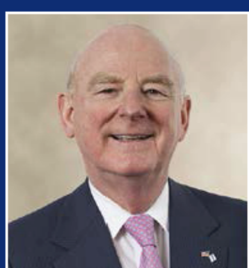
THOMAS M. CULLIGAN
retired Chairman and CEO,
Raytheon International
retired Sr. Vice President,
The Raytheon Company

ADOLFO HENRIQUES
Chairman,
Gibraltar Private Bank & Trust
Vice Chairman,
Related Group

MARK H. HILDEBRANDT
Managing Partner and Member,
Waldman, Trigoboff,
Hildebrandt, Marx &
Calnan, P.A.

WOLFGANG MAYRHUBER
Chairman of the
Supervisory Board,
Deutsche Lufthansa AG
Chairman of the
Supervisory Board,
Infineon Technologies AG

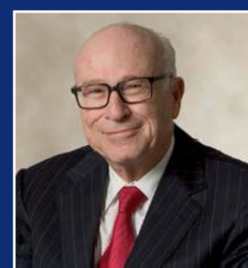
ERIC A. MENDELSON
Co-President,
HEICO Corporation



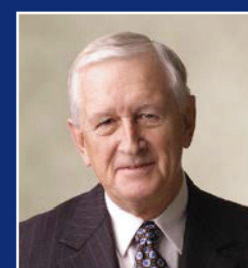
LAURANS A. MENDELSON
Chairman and
Chief Executive Officer,
HEICO Corporation

VICTOR H. MENDELSON
Co-President,
HEICO Corporation

JULIE NEITZEL
Partner,
WE Family Offices



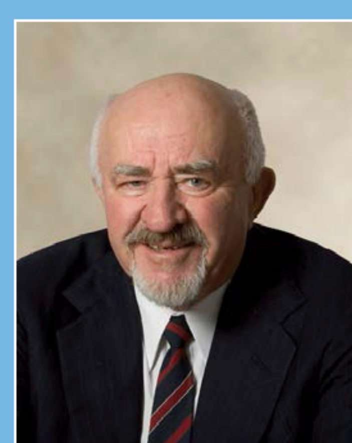
DR. ALAN SCHRIESHEIM
retired Director,
Argonne National Laboratory



FRANK J. SCHWITTER
retired Partner,
Arthur Andersen LLP

IN MEMORY OF
SAMUEL L. HIGGINBOTTOM

Mr. Samuel L. Higginbottom passed away at the age of 95 on November 13, 2016. Having served on HEICO's Board of Directors for nearly 27 years, we will miss his thoughtful contribution and dedication to the HEICO family. He was a true pioneer in the aviation industry. After receiving a Bronze Star for his service in the US Army Air Corps during World War II and graduating from Columbia University, he started his career at Trans World Airlines (TWA). In the early 1970s, he moved to Miami, Florida to join Eastern Airlines as the President and Chief Operating Officer, while also serving as a Director. Eventually, he joined Rolls-Royce, Inc., where he became the Chairman and Chief Executive Officer. Throughout his prolific career, Mr. Higginbottom remained devoted to his friends and family, which now includes 23 grandchildren and great-grandchildren. There is no doubt that his presence will be missed; at HEICO, we will continue to operate in a way that would make him proud.



HEICO Corporation

Corporate Offices
3000 Taft Street
Hollywood, FL 33021
Telephone: 954-987-4000
Facsimile: 954-987-8228
www.heico.com

Subsidiaries

Flight Support Group

- Action Research Corporation
- Aero Design, Inc.
- Aerospace & Commercial Technologies, LLC
- Aeroworks International Holding B.V.
- Aircraft Technology, Inc.
- Astroseal Products Mfg. Corporation
- Blue Aerospace LLC
- CSI Aerospace, Inc.
- DEC Technologies, Inc.
- Future Aviation, Inc.
- Harter Aerospace, LLC
- HEICO Aerospace Corporation
- HEICO Aerospace Holdings Corp.
- HEICO Aerospace Parts Corp.
- HEICO Component Repair Group - Miami
- HEICO Flight Support Corp.
- HEICO Parts Group
- HEICO Repair Group
- Inertial Airline Services, Inc.
- Jet Avion Corporation
- Jetseal, Inc.
- LPI Corporation
- McClain International, Inc.
- Niacc-Avitech Technologies, Inc.
- Prime Air, LLC and Prime Air Europe
- Reinhold Industries, Inc.
- Seal Dynamics LLC
- Sunshine Avionics LLC
- Thermal Energy Products, Inc.
- Thermal Structures, Inc.
- Turbine Kinetics, Inc.

Electronic Technologies Group

- 3D Plus SAS
- Analog Modules, Inc.
- Connectronics Corp. and Wiremax
- dB Control Corp.
- Dukane Seacom, Inc.
- EMD Technologies Incorporated
- Engineering Design Team, Inc.
- HEICO Electronic Technologies Corp.
- HVT Group, Inc.
  - Dielectric Sciences, Inc.
  - Essex X-Ray & Medical Equipment LTD
- Leader Tech, Inc.
- Lucix Corporation
- Lumina Power, Inc.
- Midwest Microwave Solutions, Inc.
- Radiant Power Corp.
- Ramona Research, Inc.
- Robertson Fuel Systems, LLC
- Santa Barbara Infrared, Inc.
- Sierra Microwave Technology, LLC
- Switchcraft, Inc. and Conxall
- VPT, Inc.

Registrar & Transfer Agent

Computershare
P.O. Box 30170
College Station, TX 77842-3170
Telephone: 800-307-3056
www.computershare.com/investor

New York Stock Exchange Symbols

Class A Common Stock - "HEI.A"
Common Stock - "HEI"

Form 10-K and Board of Directors Inquiries

The Company's Annual Report on Form 10-K for 2016, as filed with the Securities and Exchange Commission, is available without charge upon written request to the Corporate Secretary at the Company's headquarters.

Any inquiry to any member of the Company's Board of Directors, including, but not limited to "independent" Directors, should be addressed to such Director(s) care of the Company's Headquarters and such inquiries will be forwarded to the Director(s) of whom the inquiry is being made.

Annual Meeting

The Annual Meeting of Shareholders will be held on Friday,
March 17, 2017 at 10:00 a.m.
at the JW Marriott Miami
1109 Brickell Avenue
Miami, FL 33131
Telephone: 305-329-3500

Shareholder Information

Elizabeth R. Letendre
Corporate Secretary
HEICO Corporation
3000 Taft Street
Hollywood, FL 33021
Telephone: 954-987-4000
Facsimile: 954-987-8228
eletendre@heico.com