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

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED JANUARY 31, 2002

OR

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

For the transition period from_____ to_____

Commission file number 1-4604

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

FLORIDA	65-0341002
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
3000 TAFT STREET, HOLLYWOOD, FLORIDA	33021
(Address of principal executive offices)	(Zip Code)

(954) 987-4000
(Registrant's telephone number, including area code)

NOT APPLICABLE
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

The number of shares outstanding of each of the Registrant's classes of common stock as of February 28, 2002:

Title of Class	Shares Outstanding
Common Stock, $.01 par value	9,325,365
Class A Common Stock, $.01 par value	11,521,708

HEICO CORPORATION

INDEX

PART I. Item 1. FINANCIAL INFORMATION
HEICO CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS - UNAUDITED

ASSETS

	January 31, 2002	October 31, 2001
Current assets:		
Cash and cash equivalents	$ 5,135,000	$ 4,333,000
Accounts receivable, net	28,616,000	31,506,000
Inventories	55,660,000	52,017,000
Prepaid expenses and other current assets	6,319,000	5,281,000
Deferred income taxes	3,379,000	3,180,000
Total current assets	99,109,000	96,317,000
Property, plant and equipment less accumulated depreciation of $23,630,000 and $22,673,000, respectively	39,892,000	39,298,000
Intangible assets less accumulated amortization of $19,548,000 and $19,454,000, respectively	186,676,000	183,048,000
Other assets	7,349,000	6,977,000
Total assets	$ 333,026,000	$ 325,640,000

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Current maturities of long-term debt	$ 23,000	$ 27,000
Trade accounts payable	7,425,000	7,768,000
Accrued expenses and other current liabilities	16,094,000	16,443,000
Income taxes payable	--	564,000
Total current liabilities	23,542,000	24,802,000
Long-term debt, net of current maturities	69,984,000	66,987,000
Deferred income taxes	1,813,000	2,064,000
Other non-current liabilities	6,453,000	6,173,000
Total liabilities	101,792,000	100,026,000
Minority interests in consolidated subsidiaries	37,336,000	36,845,000
Commitments and contingencies (Note 16)		
Shareholders' equity:		
Preferred Stock, par value $.01 per share, Authorized - 10,000,000 shares issuable in series; 200,000 shares designated as Series A Junior Participating Preferred Stock, none issued	--	--
Common Stock, $.01 par value; Authorized - 30,000,000 shares; Issued and outstanding - 9,325,365 and 9,317,453 shares, respectively	93,000	93,000
Class A Common Stock, $.01 par value; Authorized - 30,000,000 shares; Issued and outstanding - 11,521,708 and 11,515,779 shares, respectively	115,000	115,000
Capital in excess of par value	153,328,000	150,605,000
Accumulated other comprehensive loss	(131,000)	(226,000)
Retained earnings	46,141,000	43,830,000
	199,546,000	194,417,000
Less: Note receivable from employee savings and investment plan	(648,000)	(648,000)
Note receivable secured by Class A Common Stock	(5,000,000)	(5,000,000)
Total shareholders' equity	193,898,000	188,769,000
Total liabilities and shareholders' equity	$ 333,026,000	$ 325,640,000

SEE NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS - UNAUDITED.

HEICO CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS - UNAUDITED

	Three months ended January 31,	
	2002	2001
Net sales	$41,012,000	$39,650,000
Operating costs and expenses:		
Cost of sales	26,162,000	22,618,000
Selling, general and administrative expenses	9,088,000	9,174,000
Total operating costs and expenses	35,250,000	31,792,000
Operating income	5,762,000	7,858,000
Interest expense	(788,000)	(552,000)
Interest and other income	63,000	315,000
Income before income taxes and minority interests	5,037,000	7,621,000
Income tax expense	1,770,000	2,953,000
Income before minority interests	3,267,000	4,668,000
Minority interests in consolidated subsidiaries	439,000	760,000
Net income	$ 2,828,000	$ 3,908,000
Net income per share:		
Basic	$.14	$.20
Diluted	$.13	$.18
Weighted average number of common shares outstanding:		
Basic	20,840,629	19,259,282
Diluted	22,537,779	21,938,700
Cash dividends per share	$.025	$.022

SEE NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS - UNAUDITED.

HEICO CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS - UNAUDITED

	Three months ended January 31,	
	2002	2001
Cash flows from operating activities:		
Net income	$2,828,000	$3,908,000
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	1,064,000	2,441,000
Deferred income taxes	(503,000)	156,000
Minority interests in consolidated subsidiaries	439,000	760,000
Tax benefit on stock option exercises	2,669,000	384,000
Change in assets and liabilities, net of acquisitions:		
Decrease in accounts receivable	3,249,000	1,818,000
Increase in inventories	(3,272,000)	(2,170,000)
Increase in prepaid expenses and other assets	(982,000)	(461,000)
Decrease in trade payables, accrued expenses and other current liabilities	(991,000)	(623,000)
Decrease in income taxes payable	(564,000)	(5,798,000)
Other	21,000	(66,000)
Net cash provided by operating activities	3,958,000	349,000
Cash flows from investing activities:		
Acquisitions and related costs, net of cash acquired	(4,416,000)	(661,000)
Capital expenditures	(1,306,000)	(865,000)
Proceeds from sale of product line	--	12,412,000
Proceeds from sale of long-term investments	--	2,526,000
Other	57,000	472,000
Net cash (used in) provided by investing activities	(5,665,000)	13,884,000
Cash flows from financing activities:		
Proceeds from revolving credit facility	4,000,000	5,000,000
Principal payments on long-term debt	(1,007,000)	(18,006,000)
Proceeds from the exercise of stock options	38,000	339,000
Cash dividends paid	(522,000)	(437,000)
Other	--	(1,000)
Net cash provided by (used in) financing activities	2,509,000	(13,105,000)
Net increase in cash and cash equivalents	802,000	1,128,000
Cash and cash equivalents at beginning of year	4,333,000	4,807,000
Cash and cash equivalents at end of period	$5,135,000	$5,935,000

SEE NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS - UNAUDITED.

HEICO CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS - UNAUDITED
January 31, 2002

1. The accompanying unaudited consolidated condensed financial statements of HEICO Corporation and its subsidiaries (the Company) have been prepared in accordance with the instructions to Form 10-Q and therefore do not include all information and footnotes normally included in annual consolidated financial statements and should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's latest Annual Report on Form 10-K for the year ended October 31, 2001. In the opinion of management, the unaudited consolidated condensed financial statements contain all adjustments (consisting of only normal recurring accruals) necessary for a fair presentation of the consolidated condensed balance sheets, statements of operations and cash flows for such interim periods presented. The results of operations for the three months ended January 31, 2002 are not necessarily indicative of the results which may be expected for the entire fiscal year.

2. All net income per share, dividend per share, stock options and shares outstanding information has been retroactively restated to reflect all stock dividends.

3. Certain amounts previously presented in the financial statements of prior periods have been reclassified to conform to the current period's presentation.

4. In November 2001, the Company, through a subsidiary, acquired certain assets and liabilities of a company. The purchase price was not significant to the Company's consolidated financial statements.

5. In July 2001, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets". SFAS No. 141 requires that all business combinations be accounted for under the purchase method. The statement further requires separate recognition of intangible assets that meet one of two criteria. The statement applies to all business combinations initiated after June 30, 2001. SFAS No. 142 requires that an intangible asset that is acquired shall be initially recognized and measured based on its fair value. Goodwill in each reporting unit must be tested for impairment as of the beginning of the fiscal year in which the statement is initially applied in its entirety. An entity has six months from the date it initially applies this statement to complete the transitional impairment test. The statement also provides that goodwill should not be amortized, but shall be tested for impairment annually, or more frequently if circumstances indicate potential impairment, through a comparison of fair value to its carrying amount. SFAS 142 also requires that reporting units based on an entity's reporting structure be established. All goodwill recognized in an entity's statement of financial position at the date SFAS 142 is initially applied shall be assigned to one or more reporting units. SFAS No. 142 is effective for fiscal periods beginning after December 15, 2001. Early adoption of SFAS 142 is permitted for entities with fiscal years beginning after March 15, 2001, provided that the first interim financial statements have not been previously issued.

The Company adopted the provisions of SFAS No. 142 effective the beginning of the first quarter of fiscal 2002. These standards only permit prospective application of the new accounting; accordingly, adoption of these standards will not affect previously reported financial

information. The Company is still in the process of assigning goodwill to reporting units and performing the transitional goodwill impairment test. This will be completed within the six-month period allowed. For acquisitions subsequent to June 30, 2001, the allocation of purchase price is preliminary while management obtains final information regarding the fair value of assets acquired and liabilities assumed. The principal effect of implementing SFAS No. 142 in the first quarter of fiscal 2002 was the cessation of the amortization of goodwill; however, impairment reviews may result in future write-downs. Pretax goodwill amortization in the first quarter of fiscal 2001 amounted to $1.6 million or $.04 per diluted share net of tax.

The following table reflects a comparison of the current year to the comparable prior year periods' results of operations and net income per share adjusted to give effect to the adoption of SFAS No. 142:

	For the three months ended January 31,	
	2002	2001
Reported net income	$2,828,000	$3,908,000
Add-back after tax goodwill amortization	--	1,028,000
Adjusted net income	$2,828,000	$4,936,000
Net income per share - basic	$.14	$.20
Add-back after tax goodwill amortization	--	.06
Adjusted net income per share - basic	$.14	$.26
Net income per share - diluted	$.13	$.18
Add-back after tax goodwill amortization	--	.04
Adjusted net income per share - diluted	$.13	$.22

Amortization expense of other intangible assets for the three months ended January 31, 2002 was $94,000. Amortization expense for the fiscal year ended October 31, 2002 and the succeeding five fiscal years by year is expected to be as follows: 2002: $307,000; 2003: $245,000; 2004: $222,000; 2005: $173,000; 2006: $32,000; 2007: $32,000.

6. Accounts receivable are composed of the following:

	January 31, 2002	October 31, 2001
Accounts receivable	$29,908,000	$32,415,000
Less allowance for doubtful accounts	(1,292,000)	(909,000)
Accounts receivable, net	$28,616,000	$31,506,000

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

	January 31, 2002	October 31, 2001
Costs incurred on uncompleted contracts	$4,351,000	$7,709,000
Estimated earnings	3,294,000	6,224,000
	7,645,000	13,933,000
Less: Billings to date	(10,606,000)	(14,770,000)
	($2,961,000)	($837,000)
Included in accompanying balance sheets under the following captions:		
Accounts receivable, net (costs and estimated earnings in excess of billings)	$210,000	$234,000
Accrued expenses and other current liabilities (billings in excess of costs and estimated earnings)	(3,171,000)	(1,071,000)
	($2,961,000)	($837,000)

Changes in estimates on long-term contracts accounted for under the percentage completion method did not have a significant impact on net income and diluted net income per share in the three months ended January 31, 2002. For the three months ended January 31, 2001, changes in estimates increased net income and diluted net income per share by $200,000 and $.01, respectively.

8. Inventories are comprised of the following:

	January 31, 2002	October 31, 2001
Finished products	$30,444,000	$27,791,000
Work in process	8,750,000	7,883,000
Materials, parts, assemblies and supplies	16,466,000	16,343,000
Total inventories	$55,660,000	$52,017,000

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

9. Long-term debt consists of:

	January 31, 2002	October 31, 2001
Borrowings under revolving credit facility	$68,000,000	$65,000,000
Industrial Development Revenue Refunding Bonds - Series 1988	1,980,000	1,980,000
Equipment loans	27,000	34,000
	70,007,000	67,014,000
Less current maturities	(23,000)	(27,000)
	$69,984,000	$66,987,000

10. Pursuant to the Company's $120 million revolving credit facility (Credit Facility), funds are available for funding acquisitions, working capital and general corporate requirements on a revolving basis through July 2003. The weighted average interest rates were 2.5% and 3.4% at January 31, 2002 and October 31, 2001, respectively.

The interest rates on the Series 1988 industrial development revenue bonds were 1.5% and 2.1% at January 31, 2002 and October 31, 2001, respectively.

11. For the first quarter of fiscal 2002 and 2001, cost of sales amounts include approximately $2.5 million and $1.5 million, respectively, of new product research and development expenses. These expenses for the first three months of fiscal 2001 are net of $300,000 of reimbursements received from Lufthansa Technik AG (Lufthansa) pursuant to the research and development cooperation agreement entered into in October 1997. As of October 31, 2001, all reimbursements for research and development expenses were paid by Lufthansa. The new product research and development expenses for the first quarter of fiscal 2002 are net of reimbursements from AMR Corp., the parent company of American Airlines (AMR), under their joint venture agreement with HEICO Aerospace Holdings Corp (HEICO Aerospace). The reimbursements from AMR were not significant in the period.

12. The Company's effective tax rate decreased from 38.7% in the first quarter 2001 to 35.1% in the first quarter 2002 primarily due to the elimination of goodwill amortization.

13. Information on operating segments for the quarter ended January 31, 2002 and 2001, respectively, for the Flight Support Group (FSG) consisting of HEICO Aerospace and its subsidiaries and the Electronic Technologies Group (ETG) consisting of HEICO Electronic Technologies Corp and its subsidiaries are as follows:

	Segments			
	FSG	ETG	Other, Primarily Corporate	Consolidated Totals
For the quarter ended January 31, 2002:				
Net sales	$ 28,220,000	$12,792,000	$ -	$41,012,000
Depreciation and amortization	674,000	309,000	81,000	1,064,000
Operating income	4,196,000	2,730,000	(1,164,000)	5,762,000
Capital expenditures	1,106,000	198,000	2,000	1,306,000
Acquired intangibles	3,637,000	-	-	3,637,000
For the quarter ended January 31, 2001:				
Net sales	$ 31,503,000	$ 8,147,000	$ -	$39,650,000
Depreciation and amortization	1,849,000	534,000	58,000	2,441,000
Operating income	6,991,000	1,950,000	(1,083,000)	7,858,000
Capital expenditures	814,000	39,000	12,000	865,000

Total assets held by the operating segments as of January 31, 2002 and October 31, 2001 are as follows:

	Segments			
	FSG	ETG	Other, Primarily Corporate	Consolidated Totals
As of January 31, 2002	$214,128,000	$105,393,000	$13,505,000	$333,026,000
As of October 31, 2001	$209,367,000	$105,451,000	$10,822,000	$325,640,000

14. The Company's comprehensive income consists of:

	Three months ended January 31,	
	2002	2001
Net income	$2,828,000	$3,908,000
Other comprehensive income (loss):		
Unrealized holding gain on investments, net of tax expense of $107,000 (2001)	-	171,000
Interest rate swap (loss) adjustment, net of tax benefit of $95,000 (2002) and $113,000 (2001)	(131,000)	(176,000)
Comprehensive income	$2,697,000	$3,903,000

15. The following is a reconciliation between the weighted average outstanding shares used in the calculation of basic and diluted net income per share.

	Three months ended January 31,	
	2002	2001
Weighted average common shares outstanding	20,840,629	19,259,282
Net effect of dilutive stock options	1,697,150	2,679,418
Weighted average common shares outstanding - assuming dilution	22,537,779	21,938,700
Options outstanding which are not included in the calculation of diluted net income per share because their impact is anti-dilutive	1,204,049	683,047

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

17. In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". SFAS 144 supercedes SFAS Statement No. 121 (SFAS 121), "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed of". SFAS 144 applies to all long-lived assets (including discontinued operations) and consequently amends APB 30, "Reporting Results of Operations - Reporting the Effects of Disposal of a Segment of a Business". SFAS 144 develops one accounting model (based on the model in SFAS 121) for long-lived assets that are to be disposed of by sale, as well as addresses the principal implementation issues. SFAS 144 requires that long-lived assets that are to be disposed of by sale be measured at the lower of book value or fair value less cost to sell. That requirement eliminates the requirement of APB 30 that discontinued operations be measured at net realizable value or that entities include under "discontinued operations" in the financial

statements amounts for operating losses that have not yet occurred. Additionally, SFAS 144 expands the scope of discontinued operations to include all components of an entity with operations that (1) can be distinguished from the rest of the entity and (2) will be eliminated from the ongoing operations of the entity in a disposal transaction. While the Company has not completed the process of determining the effect of this new accounting pronouncement on its consolidated financial statements, the Company currently expects that the effect of SFAS No. 144 on the Company's financial statements, when it becomes effective, will not be significant. SFAS 144 is effective for fiscal years beginning after December 15, 2001 and generally the provisions of the statement will be applied prospectively.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

This discussion of our financial condition and results of operations should be read in conjunction with our Consolidated Condensed Financial Statements and Notes thereto included herein.

Our Flight Support Group (FSG) consists of HEICO Aerospace Holdings Corp. (HEICO Aerospace) and its subsidiaries and our Electronic Technologies Group (ETG) consists of HEICO Electronic Technologies Corp. and its subsidiaries.

In November 2001, the Company, through a FSG subsidiary, acquired certain assets and liabilities of a company. The purchase price was not significant to the Company's consolidated financial statements.

In July 2001, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets". SFAS No. 141 requires that all business combinations be accounted for under the purchase method. The statement further requires separate recognition of intangible assets that meet one of two criteria. The statement applies to all business combinations initiated after June 30, 2001. SFAS No. 142 requires that an intangible asset that is acquired shall be initially recognized and measured based on its fair value. Goodwill in each reporting unit must be tested for impairment as of the beginning of the fiscal year in which the statement is initially applied in its entirety. An entity has six months from the date it initially applies this statement to complete the transitional impairment test. The statement also provides that goodwill should not be amortized, but shall be tested for impairment annually, or more frequently if circumstances indicate potential impairment, through a comparison of fair value to its carrying amount. SFAS 142 also requires that reporting units based on an entity's reporting structure be established. All goodwill recognized in an entity's statement of financial position at the date SFAS 142 is initially applied shall be assigned to one or more reporting units. SFAS No. 142 is effective for fiscal periods beginning after December 15, 2001. Early adoption of SFAS 142 is permitted for entities with fiscal years beginning after March 15, 2001, provided that the first interim financial statements have not been previously issued.

The Company adopted the provisions of SFAS No. 142 effective the beginning of the first quarter of fiscal 2002. These standards only permit prospective application of the new accounting; accordingly, adoption of these standards will not affect previously reported financial information. The Company is still in the process of assigning goodwill to reporting units and performing the transitional goodwill impairment test. This will be completed within the six-month period allowed. For acquisitions subsequent to June 30, 2001, the allocation of purchase price is preliminary while management obtains final information regarding the fair value of assets acquired and liabilities assumed. The principal effect of implementing SFAS No. 142 in the first quarter of fiscal 2002 was the cessation of the amortization of goodwill; however, impairment reviews may result in future write-downs. Pretax goodwill amortization in the first quarter of fiscal 2001 amounted to $1.6 million or $.04 per diluted share net of tax.

The following table reflects a comparison of the current year to the comparable prior year periods' results of operations and net income per share adjusted to give effect to the adoption of SFAS No. 142:

	For the three months ended January 31,	
	2002	2001
Reported net income	$2,828,000	$3,908,000
Add-back after tax goodwill amortization	--	1,028,000
Adjusted net income	$2,828,000	$4,936,000
Net income per share - basic	$.14	$.20
Add-back after tax goodwill amortization	--	.06
Adjusted net income per share - basic	$.14	$.26
Net income per share - diluted	$.13	$.18
Add-back after tax goodwill amortization	--	.04
Adjusted net income per share - diluted	$.13	$.22

All net income per share information has been retroactively restated to reflect all stock dividends.

Results of Operations

For the periods indicated below, the following tables set forth the results of operations, net sales and operating income by operating segment and the percentage of net sales represented by the respective items.

	For the three months ended January 31,	
	2002	2001
Net sales	$41,012,000	$39,650,000
Cost of sales	26,162,000	22,618,000
Selling, general and administrative expenses	9,088,000	9,174,000
Total operating costs and expenses	35,250,000	31,792,000
Operating income	$5,762,000	$7,858,000

	Three Months Ended January 31,	
	2002	2001
Net sales by segment:		
FSG	$28,220,000	$31,503,000
ETG	12,792,000	8,147,000
	$41,012,000	$39,650,000
Operating income by segment:		
FSG	$4,196,000	$6,991,000
ETG	2,730,000	1,950,000
Other, primarily corporate	(1,164,000)	(1,083,000)
	$5,762,000	$7,858,000
Net sales	100.0%	100.0%
Gross profit	36.2%	43.0%
Selling, general and administrative expense	22.2%	23.1%
Operating income	14.0%	19.8%
Interest expense	1.9%	1.4%
Interest and other income	0.2%	0.8%
Income tax expense	4.3%	7.4%
Minority interest	1.1%	1.9%
Net income	6.9%	9.9%

Comparison of First Quarter of Fiscal 2002 to First Quarter of Fiscal 2001

Net Sales

Net sales for the first quarter of fiscal 2002 totaled $41.0 million, up 3% when compared to the first quarter of fiscal 2001 net sales of $39.7 million.

The increase in first quarter of fiscal 2002 sales reflects an increase of $4.6 million (a 57% increase) to $12.8 million in sales from the ETG partially offset by a decrease of $3.3 million (a 10% decrease) to $28.2 million in sales from the FSG. The ETG sales increase mainly reflects acquisitions as the Company expanded its capabilities to include laser, navigation and power supply battery technologies. This increase was partially offset by continued weakness in sales of EMI shielding products to the electronics and communications industries. The FSG sales decrease mainly reflects the continued impact of the terrorist attacks of September 11, 2001 (September 11th) on commercial airline customers and continued softness in demand within the component overhaul and repair services market, particularly from cargo carriers which resulted in lower PMA parts and overhaul services sales. This decrease was partially offset by sales of newly-acquired businesses. The sales attributable to newly-acquired businesses of both the ETG and FSG approximated $9 million.

Gross Profits and Operating Expenses

The Company's gross profit margins averaged 36.2% for the first quarter of fiscal 2002 as compared to 43.0% for the first quarter of fiscal 2001. This decrease reflects lower margins within the FSG primarily attributable to lower sales of higher margin PMA parts and overhaul services and a budgeted increase in new product research and development expenses of $1.0 million. The decrease also reflects lower gross margins in the ETG due primarily to lower sales of higher margin EMI shielding products partially offset by higher gross profit margins from acquired businesses. Cost of sales amounts for the first quarter of fiscal 2002 and fiscal 2001

include approximately $2.5 million and $1.5 million, respectively, of new product research and development expenses. These expenses for the first quarter of fiscal 2001 are net of $300,000 of reimbursements received from Lufthansa pursuant to the research and development cooperation agreement entered into in October 1997. As of October 31, 2001, all reimbursements for research and development expenses were paid by Lufthansa. The new product research and development expenses for the first quarter of fiscal 2002 are net of reimbursements from AMR under their joint venture agreement with HEICO Aerospace. The reimbursements from AMR were not significant in the period. FSG's new product research and development expense for the full fiscal 2002 is expected to increase by approximately $3 million over fiscal 2001 as the Company plans to introduce additional new commercial jet engine and aircraft parts.

Selling, general and administrative (SG&A) expenses decreased $86,000 to $9.1 million for the first quarter of fiscal 2002 from $9.2 million for the first quarter of fiscal 2001. As a percentage of net sales, SG&A expenses decreased to 22.2% for the first quarter of fiscal 2002 compared to 23.1% for the first quarter of fiscal 2001. The decrease in SG&A and SG&A as a percent of sales is mainly due to the elimination of goodwill amortization ($1.6 million) as required under SFAS 142, discussed above, offset by the additional SG&A expenses of newly-acquired businesses.

Operating Income

Operating income decreased $2.1 million to $5.8 million for the first quarter of fiscal 2002 from $7.9 million for the first quarter of fiscal 2001. As a percent of net sales, operating income decreased from 19.8% in the first quarter of fiscal 2001 to 14.0% in the first quarter of fiscal 2002. The decrease in operating income reflects a decrease of $2.8 million from $7.0 million to $4.2 million in the Company's FSG partially offset by an increase of $800,000 from $1.9 million to $2.7 million in the Company's ETG. The decline in operating income as a percent of sales reflects a decline in the FSG's operating income as a percentage of net sales from 22.2% in the first quarter of fiscal 2001 to 14.9% in the first quarter of fiscal 2002 while the ETG's operating income as a percentage of net sales declined from 24.0% in the first quarter of fiscal 2001 to 21.3% in the first quarter of fiscal 2002. The decrease in the FSG's operating income and operating income as a percent of sales reflects the lower gross margins discussed above. The lower margins in the FSG were partially offset by the elimination of goodwill amortization of $1.2 million and the operating income of acquired businesses. The increase in ETG operating income reflects operating income from the acquisitions and the elimination of goodwill amortization of $400,000, partially offset by the continued weakness in economic conditions in certain technology industries, which continues to impact sales of EMI shielding products. The decrease in the ETG's operating income as a percent of net sales in the first quarter of fiscal 2002 is mainly due to lower sales of the higher margin EMI shielding products partially offset by higher gross margins of acquired businesses and the elimination of goodwill amortization.

Interest Expense

Interest expense increased $236,000 to $788,000 from the first quarter of fiscal 2001 to the first quarter of fiscal 2002. The increase was principally due to borrowings used to fund acquisitions.

Interest and Other Income

Interest and other income decreased $252,000 from $315,000 to $63,000 from the first quarter of fiscal 2001 to the first quarter of fiscal 2002. This decrease mainly reflects lower interest rates

and other income.

Minority Interests

Minority interests principally represents the 20% minority interest held by Lufthansa in HEICO Aerospace and the 16% minority interest held by AMR in the joint venture with HEICO Aerospace. The decrease from $760,000 in the first quarter of fiscal 2001 to $439,000 in the first quarter of fiscal 2002 results from lower earnings of the FSG.

Net Income

The Company's net income was $2.8 million, or $.13 per diluted share, in the first quarter of fiscal 2002 and $3.9 million, or $.18 per diluted share, in the first quarter of fiscal 2001. The first quarter of fiscal 2002 net income includes a benefit as a result of adopting SFAS No. 142 discussed above. For the first quarter of fiscal 2001, net income as adjusted on a proforma basis for the adoption of SFAS No. 142 would have been $4.9 million, or $.22 per diluted share. The lower net income in the first quarter of fiscal 2002 reflects the lower operating income discussed above.

For the balance of fiscal 2002, the Company continues to expect some softness in our commercial aviation markets. However, based on current expectations of strengthening of the commercial aviation markets in the last half of 2002, the Company continues to target full fiscal year revenues slightly ahead of levels in fiscal 2001. With respect to earnings, the Company continues to believe targeted revenues will result in fiscal 2002 earnings per share being in a range of 85-90% of fiscal 2001. This is after deducting the budgeted increase in new product research and development spending discussed above.

Inflation

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

Liquidity and Capital Resources

The Company generates cash primarily from operating activities and financing activities, including borrowings under long-term credit agreements.

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

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

Operating Activities

The Company's cash flow from operations was $4.0 million for the first quarter of 2002, consisting primarily of net income of $2.8 million, depreciation and amortization of $1.1 million, tax benefit

on stock option exercises of $2.7 million, partially offset by an increase in net operating assets of $2.5 million, mainly due to higher inventories in the FSG associated with new products and inventory orders placed prior to September 11th.

Investing Activities

The principal cash used in investing activities in the first quarter of fiscal 2002 was acquisition related costs and capital expenditures of approximately $4.4 million and $1.3 million, respectively.

Financing Activities

The Company's principal financing activities during the first quarter of fiscal 2002 included net proceeds of $3.0 million from the Company's Credit Facility to fund acquisitions and the payment of cash dividends of $522,000.

New Accounting Pronouncements

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". SFAS 144 supercedes SFAS Statement No. 121 (SFAS 121), "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed of". SFAS 144 applies to all long-lived assets (including discontinued operations) and consequently amends APB 30, "Reporting Results of Operations - Reporting the Effects of Disposal of a Segment of a Business". SFAS 144 develops one accounting model (based on the model in SFAS 121) for long-lived assets that are to be disposed of by sale, as well as addresses the principal implementation issues. SFAS 144 requires that long-lived assets that are to be disposed of by sale be measured at the lower of book value or fair value less cost to sell. That requirement eliminates the requirement of APB 30 that discontinued operations be measured at net realizable value or that entities include under "discontinued operations" in the financial statements amounts for operating losses that have not yet occurred. Additionally, SFAS 144 expands the scope of discontinued operations to include all components of an entity with operations that (1) can be distinguished from the rest of the entity and (2) will be eliminated from the ongoing operations of the entity in a disposal transaction. While the Company has not completed the process of determining the effect of this new accounting pronouncement on its consolidated financial statements, the Company currently expects that the effect of SFAS No. 144 on the Company's financial statements, when it becomes effective, will not be significant. SFAS 144 is effective for fiscal years beginning after December 15, 2001 and generally the provisions of the statement will be applied prospectively.

Forward-Looking Statements

The Private Securities Litigation Reform Act of 1995 (the Act) provides a safe harbor for forward looking statements made by or on behalf of the Company. The Company and its representatives may from time to time make written or oral statements that are "forward-looking," including statements contained in this report and other filings with the Securities and Exchange Commission and in reports to the Company's shareholders. Management believes that all statements that express expectations and projections with respect to future matters may differ materially from that discussed as a result of factors, including, but not limited to, the demand for commercial air travel, the adverse impact of the September 11, 2001 terrorist attacks on commercial airlines and the economy in general, the extent of benefits received by U.S. airlines and air cargo carriers under the Air Transportation Safety and System Stabilization Act,

considering any challenges to and interpretations or amendments of the Act, increasing cost of insurance coverage as a result of the September 11, 2001 terrorist attacks, credit risk related to receivables from customers, product specification costs and requirements, governmental and regulatory demands, competition on military programs, government export policies, government funding of military programs, product pricing levels, the Company's ability to make acquisitions and achieve operating synergies from such acquisitions, interest rates and economic conditions within and outside of the aerospace, defense and electronics industries. For an enterprise such as the Company, a wide range of factors could materially affect future developments and performance. A list of such factors is set forth in the Company's Annual Report on Form 10-K for the year ended October 31, 2001.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company's interest rate swap pursuant to which it exchanged floating rate interest based on three-month LIBOR on a notional principal amount of $20 million expired on February 1, 2002. Based on the outstanding debt balance at January 31, 2002, a change of 1% in interest rates would cause a change in interest expense of approximately $700,000 on an annual basis.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

None.

(b) There were no reports on Form 8-K filed during the three months ended January 31, 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HEICO CORPORATION

(Registrant)

March 14, 2002
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Date

BY /s/Thomas S. Irwin

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