**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 **April 2, 2005**
or
[ ] **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the transition period from__________ to__________

Commission File Number **0-7087**

# ASTRONICS CORPORATION

(Exact name of registrant as specified in its charter)

| | |
|---|---|
| **New York**<br>(State or other jurisdiction of incorporation or organization) | **16-0959303**<br>(IRS Employer Identification Number) |
| **130 Commerce Way East Aurora, New York**<br>(Address of principal executive offices) | **14052**<br>(Zip code) |

**(716) 805-1599**
(Registrant's telephone number, including area code)

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

Securities registered pursuant to Section 12(g) of the Act:
**$.01 par value Common Stock, $.01 par value Class B Stock**
(Title of Class)

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

Yes [**X**] No [ ]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act).

Yes [ ] No [**X**]

As of April 2, 2005 7,825,506 shares of common stock were outstanding consisting of 5,999,450 shares of common stock ($.01 par value) and 1,826,056 shares of Class B common stock ($.01 par value).

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

ASTRONICS CORPORATION
**Consolidated Balance Sheet**
April 2, 2005
With Comparative Figures for December 31, 2004

| | (Dollars in Thousands) April 2, 2005 (Unaudited) | December 31, 2004 |
|---|---|---|
| Current Assets: | | |
| Cash | $ 2,915 | $ 8,476 |
| Short-term Investments | - | 1,000 |
| Accounts Receivable | 13,202 | 5,880 |
| Inventories | 15,390 | 7,110 |
| Prepaid Expenses | 763 | 560 |
| Prepaid Income Taxes | 291 | 796 |
| Deferred Taxes | 660 | 660 |
| Total Current Assets | 33,221 | 24,482 |
| Property, Plant and Equipment, at cost | 31,620 | 25,252 |
| Less Accumulated Depreciation and Amortization | 10,525 | 10,031 |
| Net Property, Plant and Equipment | 21,095 | 15,221 |
| Deferred Income Taxes | 460 | 488 |
| Goodwill | 2,566 | 2,615 |
| Other Assets | 3,040 | 2,430 |
| Total Assets | $ 60,382 | $ 45,236 |
| Current Liabilities: | | |
| Current Maturities of Long-term Debt | $ 905 | $ 908 |
| Note Payable | 7,000 | - |
| Current Liabilities of Discontinued Operations | 396 | 533 |
| Accounts Payable | 6,303 | 2,551 |
| Accrued Payroll and Employee Benefits | 1,817 | 1,309 |
| Program Loss Reserve | 1,821 | - |
| Advance Payment from Customers | 680 | - |
| Other Accrued Expenses | 1,460 | 1,077 |
| Total Current Liabilities | 20,382 | 4,509 |
| Long-term Debt | 11,079 | 11,154 |
| Supplemental Retirement Plan | 4,580 | 4,543 |
| Other liabilities | 1,050 | 501 |
| Common Shareholders' Equity: | | |
| Common Stock, $.01 par value Authorized 20,000,000 shares, issued 6,677,888 in 2005, 6,633,805 in 2004 | 67 | 66 |
| Class B Common Stock, $.01 par value Authorized 5,000,000 shares, issued 1,931,868 in 2005, 1,950,517 in 2004 | 19 | 19 |
| Additional Paid-in Capital | 3,500 | 3,432 |
| Accumulated Other Comprehensive Income | 609 | 656 |
| Retained Earnings | 22,815 | 22,206 |
| | 27,010 | 26,379 |
| Less Treasury Stock: 784,250 shares in 2005 and 2004 | 3,719 | 3,719 |
| Total Shareholders' Equity | 23,291 | 22,660 |

| | | |
|---|---|---|
| | $ 60,382 | $ 45,236 |

See notes to financial statements.

ASTRONICS CORPORATION

**Consolidated Statement of Income and Retained Earnings**
Three Months Ended April 2, 2005
With Comparative Figures for 2004

| | (Dollars in Thousands) (Unaudited) 2005 | 2004 |
|---|---|---|
| Sales | $ 15,656 | $ 8,969 |
| Costs and Expenses: | | |
| Cost of products sold | 12,363 | 7,281 |
| Selling, general and administrative expenses | 2,207 | 1,267 |
| Interest expense, net of interest income of $13 in 2005 and $38 in 2004 | 126 | 57 |
| Total costs and expenses | 14,696 | 8,605 |
| Income Before Income Taxes | 960 | 364 |
| Provision for Income Taxes | 351 | 138 |
| Net Income | 609 | 226 |
| Retained Earnings: | | |
| Beginning of Period | 22,206 | 22,940 |
| End of period | $ 22,815 | $ 23,166 |
| Earnings per share: | | |
| Basic Earnings per share | $ .08 | $ .03 |
| Diluted Earnings per share | $ .08 | $ .03 |

See notes to financial statements.

ASTRONICS CORPORATION

**Consolidated Statement of Cash Flows**
Three Months Ended April 2, 2005
With Comparative Figures for 2004

| | (Dollars in Thousands) (Unaudited) 2005 | 2004 |
|---|---|---|
| Cash Flows from Operating Activities: | | |
| Net income | $ 609 | $ 226 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and Amortization | 616 | 323 |
| Other | (11) | 118 |
| Cash flows from changes in operating assets and liabilities, excluding effects of acquisitions: | | |
| Accounts Receivable | (1,380) | (1,245) |
| Inventories | (1,162) | (411) |
| Prepaid Expenses | (120) | 40 |
| Accounts Payable | 1,646 | 1,036 |
| Income Taxes | 532 | 105 |
| Accrued Expenses | (280) | (359) |
| Net Cash provided by (used in) Operating Activities | 450 | (167) |
| Cash Flows from Investing Activities: | | |
| Acquisition of business | (13,290) | |
| Proceeds from sale of short-term investments | 1,000 | |
| Capital Expenditures | (551) | (90) |
| Other | (51) | (55) |
| Net Cash used in Investing Activities | (12,892) | (145) |
| Cash Flows from Financing Activities: | | |
| Principal Payments on Long-term Debt and Capital Lease Obligations | (40) | (36) |
| Proceeds from Note Payable | 7,000 | - |
| Proceeds from Issuance of Stock | 34 | 4 |
| Net Cash provided by (used in) Financing Activities | 6,994 | (32) |
| Effect of Exchange Rate Change on Cash | 24 | (15) |
| Cash (used in) Continuing Operations | (5,424) | (359) |
| Cash (used in) Discontinued Operations | (137) | (29) |
| Net (decrease) in Cash and Cash Equivalents | (5,561) | (388) |
| Cash and Cash Equivalents at Beginning of Period | 8,476 | 11,808 |
| Cash and Cash Equivalents at End of Period | $ 2,915 | $ 11,420 |

See notes to financial statements.

ASTRONICS CORPORATION

**Notes to Financial Statements**

April 2, 2005

1) Basis of Presentation

The accompanying unaudited statements have been prepared in accordance with generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments, consisting of normal recurring accruals, considered necessary for a fair presentation have been included. The results of operations for any interim period are not necessarily indicative of results for the full year. Operating results for the three-month period ended April 2, 2005 are not necessarily indicative of the results that may be expected for the year ended December 31, 2005.

The balance sheet at December 31, 2004 has been derived from the audited financial statements at that date, but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

For further information, refer to the financial statements and footnotes thereto included in Astronics Corporation's (the "Company") 2004 annual report to shareholders.

Stock Based Compensation - The Company accounts for its stock-based awards using the intrinsic value method in accordance with Accounting Principles Board Opinion No. 25 and its related interpretations. The measurement prescribed by APB Opinion No. 25 does not recognize compensation expense if the exercise price of the stock option equals the market price of the underlying stock on the date of grant. Accordingly, no compensation expense related to stock options has been recorded in the financial statements.

For purposes of pro forma disclosures, the estimated fair value of the Company's stock options at the date of grant is amortized to expense over the options' vesting period. The Company's pro forma information for the first three months of 2005 and 2004 is presented in the table below:

| | 2005 | 2004 |
|---|---|---|
| (in thousands, except per share data) | | |
| Net income as reported | $ 609 | $ 226 |
| Adjustments to record compensation expense for stock option awards under the fair value method of accounting | (59) | (85 |
| Pro Forma Net Income | $ 550 | $ 141 |
| Earnings Per Share: | | |
| Basic, as reported | $ 0.08 | $ 0.03 |
| Basic, proforma | $ 0.07 | $ 0.02 |
| Diluted, as reported | $ 0.08 | $ 0.03 |
| Diluted, proforma | $ 0.07 | $ 0.02 |

2) Acquisition

On February 3, 2005, the Company acquired the assets of the Airborne Electronic Systems (AES) business unit from a subsidiary of General Dynamics, for $13.0 million in cash at closing with an additional purchase consideration of up to $4.0 million based on 2005 revenue. The Company has arranged for and is awaiting the results of an appraisal of the fixed assets and intangible assets acquired. As such the purchase price allocation is preliminary. No amount of the additional purchase consideration has been recorded at April 2, 2005. If additional purchase consideration is ultimately paid it will increase the recorded amounts of fixed assets and intangible assets, besides goodwill. AES produces a wide range of products related to electrical power generation, control, and distribution on military, commercial, and business aircraft. No goodwill is expected as a result of this acquisition. Operating results for this acquisition are included in the consolidated statement of earnings from the acquisition date.

The following summary, prepared on a pro forma basis, combines the consolidated results of operations of the Company with those of the acquired business for the three month periods ended April 2, 2005 and April 3, 2004 as if the acquisition took place at the beginning of the period. The pro forma consolidated results include the impact of certain adjustments, including, increased interest expense on acquisition debt, and related income tax effects.

| (in thousands, except earnings per share) | April 2, 2005 (Unaudited) | April 3, 2004 (Unaudited) |
|---|---|---|
| Sales | $ 17,354 | $ 15,436 |
| Net Income (loss) | 357 | (267) |
| Basic earnings (loss) per share | $ 0.05 | $ (0.03) |
| Diluted earnings (loss) per share | $ 0.05 | $ (0.03) |

The pro forma results are not necessarily indicative of what actually would have occurred if the acquisition had been in effect for the three months ended April 2, 2005 and the three months ended April 3, 2004. In addition, they are not intended to be a projection of future results.

3) Discontinued Operations

In December of 2002 the Company announced the discontinuance of the Electroluminescent Lamp Business Group, whose business has involved sales of microencapsulated electroluminescent lamps to customers in the consumer electronics industry. The remaining liabilities of discontinued operations at April 2, 2005 consists of lease payments for equipment that was used in this business.

4) Inventories are stated at the lower of cost or market, cost being determined in accordance with the first-in, first-out method. Inventories are as follows:

| (in thousands) | | April 2, 2005 (Unaudited) | | December 31, 2004 |
|---|---|---|---|---|
| Finished Goods | $ | 1,736 | $ | 644 |
| Work in Progress | | 4,779 | | 1,068 |
| Raw Material | | 8,875 | | 5,398 |
| | $ | 15,390 | $ | 7,110 |

5) Comprehensive Income

Comprehensive income consists of net income, foreign currency translation adjustments and mark to market adjustments for derivatives. Total comprehensive income was $562 and $186 for the first quarter of 2005 and 2004 respectively.

6) Earnings Per Share

The following table sets forth the computation of earnings per share:

| | | Three Months ended | | |
|---|---|---|---|---|
| (in thousands, except per share data) | | April 2, 2005 | | April 3, 2004 |
| Net Income | $ | 609 | $ | 226 |
| Basic earnings per Share weighted average shares | | 7,813 | | 7,750 |
| Net effect of dilutive stock options | | 87 | | 65 |
| Diluted earnings per share weighted average shares | | 7,900 | | 7,815 |
| Basic earnings per share | $ | .08 | $ | .03 |
| Diluted earnings per share | $ | .08 | $ | .03 |

7) Supplemental Retirement Plan and Related Post Retirement Benefits

The Company has a non- qualified supplemental retirement defined benefit plan for certain executives. The following table sets forth information regarding the net periodic pension cost for the plan.

| (in thousands) | | Three Months ended April 2, 2005 | | April 3, 2004 |
|---|---|---|---|---|
| Service cost | $ | 6 | $ | 6 |
| Interest cost | | 77 | | 78 |
| Amortization of prior service cost | | 27 | | 27 |
| Net periodic cost | $ | 110 | $ | 111 |

Participants in the non-qualified supplemental retirement plan are entitled to paid medical, dental and long-term care insurance benefits upon retirement under the plan. The following table sets forth information regarding the net periodic pension cost recognized for those benefits.

| (in thousands) | | Three Months ended April 2, 2005 | | April 3, 2004 |
|---|---|---|---|---|
| Service cost | $ | 1 | $ | 1 |
| Interest cost | | 10 | | 5 |
| Amortization of prior service cost | | 8 | | 4 |
| Amortization of net actuarial losses | | 1 | | - |
| Net periodic cost | $ | 20 | $ | 10 |

8) Product Warranties

In the ordinary course of business, the Company warrants its products against defect in design, materials and workmanship typically over periods ranging up to thirty six months. On a quarterly basis, the Company determines warranty reserves needed by assessing exposures by product line based on experience and current facts and circumstances. Activity in the warranty accrual is summarized below:

| (in thousands) | | Three Months Ended April 2, 2005 | | April 3, 2004 |
|---|---|---|---|---|
| Warranty accrual at beginning of period | $ | 82 | $ | 60 |
| Additions from acquisition | | 200 | | - |
| Additions charged to expense | | 41 | | 14 |
| Reductions | | (41) | | - |
| Affect of foreign currency translation | | (2) | | 1 |
| Warranty accrual at end of period | $ | 280 | $ | 75 |

9) New Accounting Pronouncements and Tax Law Changes

On December 16, 2004 the Financial Accounting Standards Board (FASB) issued FASB Statement No. 123(R) (revised 2004), Share-Based Payment, which is a revision of FASB Statement No. 123, Accounting for Stock-Based Compensation. Statement 123(R) supersedes APB Opinion No. 25, Accounting for Stock Issued to Employees, and amends FASB Statement No. 95, Statement of Cash Flows. Generally, the approach in Statement 123(R) requires all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. Pro forma disclosure is no longer an alternative. Statement 123(R) must be adopted no later than January 1, 2006, which is when the Company expects to adopt it.

As permitted by Statement 123, the Company currently accounts for share-based payments to employees using Opinion 25's intrinsic value method and, as such, generally recognizes no compensation cost for employee stock options. Accordingly, the adoption of Statement 123(R)'s fair value method will have an impact on our results of operations, although it will have no impact on our overall financial position. The impact of adoption of Statement 123(R) cannot be predicted at this time because it will depend on levels of share-based payments granted in the future. However, had we adopted Statement 123(R) in prior periods, the impact of that standard would have approximated the impact of Statement 123 as described in the disclosure of pro forma net income and earnings per share in Note 1 to our consolidated financial statements. Statement 123(R) also requires the benefits of tax deductions in excess of recognized compensation cost to be reported as a financing cash flow, rather than as an operating cash flow as required under current literature. This requirement will reduce net operating cash flows and increase net financing cash flows in periods after adoption. While the Company cannot estimate what those amounts will be in the future (because they depend on, among other things, when employees exercise stock options), no amounts of operating cash flows were recognized in prior periods for such excess tax deductions.

On April 12, 2005, New York State enacted tax legislation resulting in a change to the New York State apportionment methodology. Beginning in 2006, a single sales factor apportionment method will be phased in, with a single sales factor solely used in 2008. It is expected that this enacted legislation will result in a lower apportionment of the Company's taxable income to New York State, resulting in lower New York state income taxes. Accordingly, the Company's ability to use or realize New York State tax credits may be reduced. The Company currently has a net deferred tax asset of approximately $490 thousand related to New York State tax credits. Additionally, the Company will assess whether this enacted legislation will result in a change to the rate currently used to establish deferred tax balances. The Company is assessing the impact of the new tax legislation and will record any adjustments in the second quarter of 2005, the period of the enactment of the tax legislation.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

*(The following should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations contained in the Company's Form 10-K for the year ended December 31, 2004.)*

The following table sets forth income statement data as a percent of net sales:

| | Percent of Net Sales Three Months Ended | |
|---|---|---|
| | April 2 2005 | April 3 2004 |
| Net Sales | 100.0 % | 100.0 % |
| Cost of products sold | 79.0 | 81.2 |
| Selling, general and administrative expense | 14.1 | 14.1 |
| Interest expense | 0.8 | 0.6 |
| | 93.9 % | 95.9 % |
| Income before tax | 6.1 % | 4.1 % |

*ACQUISITION*

On February 3, 2005, the Company acquired the assets of the Airborne Electronic Systems (AES) business unit form a subsidiary of General Dynamics, for $13.0 million in cash at closing with an additional purchase consideration of up to $4.0 million based on 2005 revenue. The Company used $6 million of cash and borrowed $7 million against its line of credit to finance the acquisition. The Company has arranged for and is awaiting the results of an independent third party appraisal of the fixed assets and intangible assets acquired. As such the purchase price and purchase price allocation are preliminary. AES produces a wide range of products related to electrical power generation, control, and distribution on military, commercial, and business aircraft with annual sales of approximately $30.0 million. No goodwill is expected as a result of this acquisition. Operating results for this acquisition are included in the consolidated statement of earnings from the acquisition date.

*SALES*

Sales for the first quarter of 2005 increased 75% to $15.7 million compared with $9.0 million for the same period last year. First quarter 2005 sales include Astronics Advanced Electronic Systems (AES), which was acquired on February 3, 2005. AES had sales of $4.8 million in the first quarter of 2005. Organic sales grew 21% year-over-year. Sales to the Business Jet market were $4.0 million, up $1.5 million, or 62%, compared with the same period in 2004. The increase of sales to the business jet market is due primarily to an increase in volume as production of new business jets by the airframe manufacturers increased over last year. Sales to the Commercial Transport market were up $4.3 million, or 229% to $6.2 million compared with the year ago period. The acquisition of AES accounted for this increase. Sales to the military market were $5.1 million, up from $4.2 million in the same period of 2004. $3.9 million of the increase is attributable to the acquisition of AES, the balance of the increase is attributed to a slight increase in demand for military products.

| | |
|---|---|
| *EXPENSES AND MARGINS* | Cost of products sold as a percentage of sales decreased 2.2 percentage points to 79.0% for the first quarter of 2005 compared to 81.2% for the same period last year. The addition of AES in February of 2005 helped to reduce what would have otherwise been an increase in cost of products sold as a percent of sales. Also, cost of products sold includes approximately $300 thousand related to the step-up in inventory as part of the acquisition accounting for AES that will not affect future quarters. Excluding AES activity for 2005, cost of products sold would have been 84.2%, an increase of 3% over last year. That increase was primarily a result of an increase in engineering costs of $500 thousand as compared to the first quarter of 2004. These costs are a result of an increase in engineering personnel as well as increased costs for goods and services supplied by vendors such as qualification testing and out- sourced testing and design work as compared to last year's first quarter.<br><br>Selling, general and administrative (SG&A) expense as a percent of sales was 14.1% for the first quarter of 2005 and 2004. Excluding SG&A costs of $0.8 million attributed to AES, SG&A costs increased from $1.3 million to $1.4 million. The increase was a result of an increase in bad debt expense and professional fees partially offset by reductions in spending in various other SG&A areas.<br><br>Net interest expense increased by $69 thousand from $57 thousand to $126 thousand as a result of reduced interest income and increased borrowings. In February 2005 the Company borrowed $7.0 million and used $6.0 million of cash to acquire AES, this resulted in increased net interest expense. |
| *TAXES* | Our effective income tax rate for the first quarter of 2005 was 36.6 % compared to 37.9 % for the same period last year. This effective rate is lower than the effective rate for the year ended December 31, 2004 due to a decrease in state income taxes. |
| *NET INCOME AND EARNINGS PER SHARE* | Net income for the first quarter of 2005 was $609 thousand, an increase of $383 thousand from $226 thousand in the first quarter of 2004. The increased earnings as compared to the first quarter of 2004 were due primarily to the acquisition of AES. Basic and diluted earnings per share was $.08 for the first quarter of 2005 and $.03 for the first quarter of 2004. Changes in the number of shares outstanding did not significantly impact the calculation. |
| *LIQUIDITY* | Cash provided by operating activities was $450 thousand during the first quarter of 2005, as compared with a use of cash by operations in 2004 of $167 thousand as a result of net income plus depreciation and amortization and changes in working capital components.<br><br>Cash used in investing activities increased to $12.9 million from $145 thousand in the first quarter of 2004 due to the $13 million acquisition of AES, and increase in capital equipment spending of $461 thousand offset partially by proceeds from the sale of short - term investments of $1 million. The Company's capital expenditures for the quarter were $551 thousand. Capital expenditures for the balance of 2005 are expected to be in the range of $1 million to $1.5 million. |

The Company's cash provided by financing activities increased $7.0 million to $7.0 million as a result of the $7.0 million drawn on the line of credit to partially fund the AES acquisition. The Company has a $15 million line of credit facility available. As of April 2, 2005 the Company had borrowed $7.0 million against the line of credit. The line is subject to annual review and is payable on demand. The line of credit, among other requirements, imposes certain financial performance covenants measured on an annual basis with which the Company anticipates it will be compliant.

The Company has a cash balance of $2.9 million at April 2, 2005.

The Company believes that cash balances at April 2, 2005, cash flow from operations and its available credit facility will be adequate to meet the Company's operational and capital expenditure requirements for 2005.

*BACKLOG*

The Company's backlog at April 2, 2005 was $72.3 million compared with $23.0 million at the end of the first quarter of 2004. The backlog in the first quarter of 2005 includes $45.0 million as a result of the AES acquisition.

*CONTRACTUAL OBLIGATIONS AND COMMITMENTS*

The Company's contractual obligations and commercial commitments have not changed materially from disclosures in the Company's Form 10-K for the year ended December 31, 2004, except with respect to the Company's acquisition of AES. The following table showing the additional obligations and commitments related to the AES acquisition should be considered in addition to the table appearing in the Company's Form 10-K for the year ended December 31, 2004.

ASTRONICS ADVANCED ELECTRONIC SYSTEMS (AES) CONTRACTUAL OBLIGATIONS
(in thousands)

| | Payments due by period | | | | |
|---|---|---|---|---|---|
| | Total | 2005 | 2006-2007 | 2008-2009 | After 2009 |
| Line of Credit borrowing | $ 7,000 | $ - | $ 7,000 | $ - | $ - |
| Operating Leases | 2,391 | 580 | 1,610 | 201 | - |
| Unconditional Purchase Obligations | 7,823 | 5,572 | 1,867 | 384 | - |
| Total Contractual Obligations | $ 17,214 | $ 6,152 | $ 10,477 | $ 585 | $ - |

*MARKET RISK*

The Company's exposure to interest rate fluctuations increased as compared to December 31, 2004 as a result of additional borrowings related to its acquisition of AES. The Company had floating interest rate debt obligations totaling $19 million at April 2, 2005. The Company has an interest rate swap on its New York Industrial Revenue Bond which effectively fixes the rate at 4.09% on this $4.7 million obligation through December 2005. As a result, a 1% change in interest rates would impact annual net income by $0.1 million. Refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2004 for a complete discussion of the Company's market risk. There have been no material changes in the current year regarding the market risk information for its exposure to currency exchange rates.

*CRITICAL ACCOUNTING POLICIES*

Refer to the Company's annual report on Form 10-K for the year ended December 31, 2004 for a complete discussion of the Company's critical accounting policies. There have been no material changes in the current year regarding these critical accounting policies.

| | |
|---|---|
| *NEW ACCOUNTING PRONOUNCEMENTS* | See note 9 in Item 1 of this Form 10Q for recently issued accounting standards that may have a material impact on our financial position or results of operations |
| *FORWARD-LOOKING STATEMENTS* | This Quarterly Report contains "forward-looking statements". Such statements involve known and unknown risks, uncertainties and other factors that could cause our actual results to differ materially from the results expressed or implied by such statements, including general economic and business conditions affecting our customers and suppliers, competitors' responses to our products and services, particularly with respect to pricing, the overall market acceptance of such products and services, and successful completion of our capital expansion program. We use words like "will," "may," "should," "plan," "believe," "expect," "anticipate," "intend," "future" and other similar expressions to identify forward-looking statements. You should not place undue reliance on these forward-looking statements, which speak only as of their respective dates. These forward-looking statements are based on our current expectations and are subject to number of risks and uncertainties. Our actual operating results could differ materially from those predicted in these forward-looking statements, and any other events anticipated in the forward-looking statements may not actually occur. |

Item 3. Quantitative and Qualitative Disclosures About Market Risk

See Market Risk in Item 2, above.

Item 4. Controls and Procedures

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures as of April 2, 2005. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of April 2, 2005. There were no material changes in the Company's internal control over financial reporting during the first quarter of 2005.

## PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

None.

Item 2. Unregistered sales of equity sequrities and use of proceeds.

(c) the following table summarizes the Company's purchases of its common stock for the quarter ended April 2, 2005

| Period | (a) Total number of shares Purchased | (b) Average Price Paid per Share | (c) total number of shares Purchased as part of Publicly Announced Plans or Programs | (d) Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs |
|---|---|---|---|---|
| January 1- January 29, 2005 | - | - | - | 432,956 |
| January 30 - February 26, 2005 | - | - | - | 432,956 |
| February 27 - April 2, 2005 | - | - | - | 432,956 |
| Total | - | - | - | 432,956 |

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Submission of Matters to a Vote of Securities Holders.

At the annual meeting of shareholders held April 28, 2005, the nominees to the Board of Directors were re-elected based on the following results:

| Nominees | Votes For | Votes Withholding Authority |
|---|---|---|
| Raymond W. Boushie | 19,778,363 | 1,459,229 |
| Robert T. Brady | 19,746,078 | 1,491,514 |
| John B. Drenning | 19,309,153 | 1,928,439 |
| Peter J. Gundermann | 19,769,622 | 1,467,970 |
| Kevin T. Keane | 19,396,439 | 1,841,153 |
| Robert J. McKenna | 19,759,637 | 1,477,955 |

The selection of Ernst & Young LLP as the Registrant's auditors was approved by the following vote: 20,549,067 in favor; 672,980 against; and 15,614 abstentions.

The proposal to adopt the Company's 2005 Director Stock Option Plan was approved by the following vote: 13,166,998 in favor; 3,217,233 against; and 277,487 abstentions.

Under Applicable New York law and the Company's charter documents, abstentions and non-votes have no effect.

Item 5. Other Information.

None.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit 31.1 Section 302 Certification - Chief Executive Officer

Exhibit 31.2 Section 302 Certification - Chief Financial Officer

Exhibit 32. Certification Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(b) Reports on Form 8-K

The Company filed a form 8-K on February 11, 2005, regarding its press release announcing its 2004 annual earnings and fourth quarter results. The Company filed a form 8-K on February 8, 2005, regarding the completion of the acquisition of Astronics Advanced Electronic Systems Corp.. The Company filed a form 8-K/A, amendment No. 1 on April 19, 2005, amending its February 8, 2005 form 8-K to include information required by item 7 of form 8-K. The Company filed a form 8-K/A, amendment No. 2 to its form 8-K filed on February 8, 2005 to make corrections to the form. The Company filed a form 8-K on April 28, 2005 regarding its press release announcing its first 2005 first quarter results, indemnity agreements and amended credit agreement.

## 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.

**ASTRONICS CORPORATION**

(Registrant)

Date: May 16, 2005

By: /s/ David C. Burney

David C. Burney
Vice President-Finance and Treasurer
(Principal Financial Officer)

**Exhibit 31.1**

## SECTION 302 CERTIFICATION

I, Peter J. Gundermann, President and Chief Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Astronics Corporation;

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

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

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

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

    b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

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

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 13, 2005

/s/ Peter J. Gundermann

Peter J. Gundermann

President and Chief Executive Officer

**Exhibit 31.2**

## SECTION 302 CERTIFICATION

I, David C. Burney, Chief Financial Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Astronics Corporation;

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

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

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

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

    b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

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

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 13, 2005

/s/ David C. Burney

David C. Burney
Chief Financial Officer

**Exhibit 32**

**SECTION 906 CERTIFICATION**

We, Peter J. Gundermann, Chief Executive Officer of Astronics Corporation (the "Company") and David C. Burney Chief Financial Officer of Astronics Corporation, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

The Quarterly Report on Form 10-Q of the Company for the quarter ended April 2, 2005 (the "Report") fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

| | |
|---|---|
| Dated: May 13, 2005 | /s/ Peter J. Gundermann<br>Peter J. Gundermann<br>Title: Chief Executive Officer |
| Dated: May 13, 2005 | /s/ David C. Burney<br>David C. Burney<br>Title: Chief Financial Officer |

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.