SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

(Mark One)

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

For the fiscal quarter ended July 4, 1998

[ ] 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 16-0959303
____
(State or Other Jurisdiction of Incorporation or Organization) (I.R.S. Employer Identification No.)

1801 Elmwood Avenue, Buffalo, New York 14207
____
(Address of Principal Executive Office) (Zip Code)

716-447-9013
____
(Registrant's Telephone Number, Including Area Code)

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 (or 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 [ ]

As of July 4, 1998, 4,330,772 shares of $.01 par value common stock and 703,489 shares of $.01 par value Class B common stock were outstanding.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

<TABLE>

ASTRONICS CORPORATION

Consolidated Balance Sheet
July 4, 1998
With Comparative Figures for December 31, 1997

<CAPTION>

ASSETS

<S>	(Dollars in Thousands) July 4, 1998 (Unaudited) <C>	December 31, 1997 <C>
Current Assets:		
Cash	$ 146	$ 740
Accounts receivable	5,087	4,443
Inventories:		
Finished goods	1,311	1,740
Work in process	1,191	879
Raw material	2,475	2,142
Prepaid expenses	330	415
Total current assets	10,540	10,359
Property, Plant and Equipment	38,194	34,773
Less accumulated depreciation and amortization	17,926	16,613
Net property, plant and equipment	20,268	18,160
Other Assets	1,667	1,722
	$ 32,475	$ 30,241

See notes to financial statements.

</TABLE>

<TABLE> ASTRONICS CORPORATION

Consolidated Balance Sheet
July 4, 1998
With Comparative Figures for December 31, 1997

<CAPTION>
LIABILITIES AND SHAREHOLDERS' EQUITY

<S>	(Dollars in Thousands) July 4, 1998 (Unaudited) <C>	December 31, 1997 <C>
Current Liabilities:		
Current maturities of long-term debt	$ 445	$ 1,194
Accounts payable	2,284	2,564
Accrued expenses	1,518	1,942
Income taxes	38	360
Total current liabilities	4,285	6,060
Long-Term Debt	4,650	2,110
Long-Term Obligations under Capital Leases	992	1,194

Deferred Income Taxes	847	822
Deferred Compensation	1,918	1,857
Shareholders' Equity:		
Common stock, $.01 par value Authorized 10,000,000 shares, issued 4,672,718 in 1998, 4,642,910 in 1997	47	46
Class B common stock, $.01 par value Authorized 5,000,000 shares, issued 703,489 in 1998, 715,797 in 1997	7	7
Additional paid-in capital	2,538	2,520
Retained earnings	18,206	16,640
	20,798	19,213
Less shares in Treasury, at cost	1,015	1,015
Total shareholders' equity	19,783	18,198
	$ 32,475	$ 30,241

See notes to financial statements.

</TABLE>

<TABLE> ASTRONICS CORPORATION

Consolidated Statement of Income and Retained Earnings
Period Ended July 4, 1998
With Comparative Figures for 1997

<CAPTION>

(Dollars in Thousands)
(Unaudited)

	SIX MONTHS		THREE MONTHS	
	1998	1997	1998	1997
<S>	<C>	<C>	<C>	<C>
Net Sales	$ 21,353	$ 19,313	$ 10,296	$ 9,688
Costs and Expenses:				
Cost of products sold	14,953	13,240	7,261	6,597
Selling, general and administrative expenses	3,765	3,825	1,661	1,952
Interest expenses, net of interest income of $0 in 1998 and $ 13 in 1997	180	235	103	126
Total costs and expenses	18,898	17,300	9,025	8,675
Income before taxes	2,455	2,013	1,271	1,013
Provision for income taxes	889	784	450	367
Net Income	1,566	1,229	821	646
Retained Earnings:				
January 1	16,640	13,089		
July 4	$18,206	$14,318		
Earnings per share:				
Basic	$ .31	$ .25	$ .16	$ .13

	=======	=======	=======	=======
Diluted	$ .29	$ .23	$ .15	$ .12
	=======	=======	=======	=======

See notes to financial statements.

</TABLE>

<TABLE> ASTRONICS CORPORATION

Consolidated Statement of Cash Flows
Six Months Ended July 4, 1998
With Comparative Figures for 1997

<CAPTION>

(Dollars in Thousands)	July 4, 1998 (Unaudited)	December 31, 1997
<S>	<C>	<C>
Cash Flows from Operating Activities:		
Net income	$ 1,566	$ 1,229
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,388	1,342
Provision for doubtful accounts	44	(43)
Provision for deferred taxes	25	187
Cash flows from changes in operating assets and liabilities:		
Accounts receivable	(688)	(380)
Inventories	(216)	(72)
Prepaid expenses	85	451
Accounts payable	(280)	257
Accrued expenses	(424)	(346)
Income taxes	(322)	(951)
Deferred compensation	61	74
Net Cash provided (used) by Operating Activities:	$ 1,239	$ 1,748
Cash Flows from Investing Activities:		
Change in other assets	(20)	(41)
Capital expenditures	(3,420)	(1,882)
Net Cash provided (used) by Investing Activities	$ (3,440)	$ (1,923)
Cash Flows from Financing Activities:		
New long-term debt	2,560	950
Principal payments on long-term debt and capital lease obligations	(971)	(1,323)
Proceeds from issuance of stock	18	149
Purchase of Treasury Stock	0	(532)
Net Cash provided (used) by Financing Activities	$ 1,607	$ (756)

Net increase (decrease) in Cash and Cash Equivalents	(594)	(931)
Cash and Cash Equivalents at Beginning of Year	740	1,130
Cash and Cash Equivalents at July 4	$ 146	$ 199
Disclosure of cash payments for:		
Interest	$ 171	$ 254
Income taxes	1,188	1,548

See notes to financial statements.

</TABLE>

ASTRONICS CORPORATION

Notes to Financial Statements

July 4, 1998

1) The interim financial statements are unaudited, but, in the opinion of management, reflect all adjustments necessary for a fair presentation of results for such periods. The

results of operations for any interim period are not necessarily indicative of results for the full year. These financial statements should be read in conjunction with the financial statements and notes thereto contained in the Company's annual report for the year ended December 31, 1997.

ASTRONICS CORPORATION

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

The following table sets forth as a percent of net sales certain items reflected in the financial data and the percentage increase (decrease) of such items as compared to the prior period.

	Percent of Net Sales Three months ended July 4,		Period-to-Period Increase (Decrease)
	1998	1997	1997-1998
Net Sales:			
Aerospace and Electronics	54.7%	50.6%	19.3%
Specialty Packaging	45.3	49.4	1.6%
	100.0%	100.0%	10.6%
Cost of products sold	70.0	68.6	12.9%

Selling, general and administrative expenses	17.6	19.8	(1.6)%
Interest expenses, net	.9	1.2	(23.4)%
	88.5%	89.6%	9.2%
Income before provision for income taxes	11.5%	10.4%	22.0%
Provision for taxes	4.2	4.0	13.4%
Net Income	7.3%	6.4%	27.4%

INTRODUCTION Astronics Corporation operates in two business segments: Aerospace and Electronics; and Specialty Packaging. The Company changed the name of its Electronics Systems segment in 1997 to Aerospace and Electronics to better reflect its products and market focus. This business segment designs, manufactures and markets electroluminescent lamps and incorporates them into escape path lighting systems, aircraft cockpit lighting systems, military aircraft formation lighting, and ruggedized and avionics keyboards.

On April 24, 1998, the Company announced that the United States Air Force had selected its Luminescent Systems Inc. subsidiary to design, develop and manufacture night vision lighting modification kits for the NVIS F-16 program. The contract with the Air Force is potentially valued in excess of $50,000,000. The initial award is for 377 F-16 aircraft to be completed by the end of 1999 for a value in excess of $16,000,000. An additional 779 units, upon exercise of the government's option, would be manufactured in the following two years.

On July 1, 1997, the Company renegotiated the interest rate terms on its Revolving Line of Credit. Under the new terms, the Company's interest rate is LIBOR plus 100 basis points, or the bank's prime rate. No other terms or conditions were changed in the agreement,

On October 30, 1996, effective September 30, 1996, Astronics Corporation sold its Rodgard Division, a manufacturer of thick walled elastomeric products. Sales for the nine months of 1996 totaled $1,494,000.

SALES A new record for Second Quarter sales was achieved with a sales increase of 6.3 percent over the record established in 1997. Sales were $10,296,000 compared to $9,688,000 in 1997 and $9,683,000 in 1996. Sales for the First Half of 1998 increased 10.6 percent (also a new record for the first six months of the year), compared to a 6.9 percent increase in 1997 from continuing operations [eliminating the Rodgard Division sales for 1996].

Sales in the Aerospace and Electronics business segment increased 19.3 percent in 1998, while they were nominally the same in 1997, based on continuing operations. In 1996, sales increased 87.3 percent, substantially the result of the November 1995 acquisition of Loctite Luminescent

Systems, Inc. Sales in 1998 have been strong in formation lighting systems, panels for airplane cockpit systems, and egress lighting systems for commercial airplanes. The Company's order activity has increased in 1998. Pricing is nominally the same as in 1997.

Sales in the Specialty Packaging segment increased nominally (1.6 percent) in 1998, compared to 16.7 percent in 1997 and 8.4 percent in 1996. 1998 sales have been affected by customer timing, reflecting closer management of their inventories. The Company continues to expand its market share through focus on customer service with on-time deliveries, high quality products and short turnaround times. Price increases have been nominal, but the pressure to reduce pricing continues to moderate.

BACKLOG The Company's backlog increased 84.7 percent over the Second Quarter of 1997 to a new all time record of $20,401,000. This compares to $10,800,000 at December 31, 1997. The backlog at the end of the Second Quarter of 1997 was $11,048,000. The backlog is composed of $18,781,000 in the Aerospace and Electronics segment and $1,620,000 in the Specialty Packaging segment.

EXPENSES Cost of products sold increased slightly in 1998 to 70.0 percent of sales compared to 68.6 percent in 1997 and 72.1 percent of sales in 1996. The increase in 1998 reflects higher material and employee costs. Material costs were 20.4 percent of sales in 1998, compared to 19.7 percent in 1997, and compared to 24.9 percent in 1996. Employee cost increases reflect additional personnel supporting the technical aspects of the businesses. These costs were 29.9 percent of sales in 1998, compared to 28.8 percent in 1997 and 27.1 percent in 1996. The decrease in overall product costs in 1997 resulted from improved productivity and the reduction of tooling and supply costs in technology transitions. As a percent of sales, the Company experienced slightly higher rental and repair costs, while the remaining general categories decreased as a percentage of sales. While costs increased at a greater rate than sales, 12.9 percent compared to 10.6 percent, actual Gross Profit dollars increased to $6,400,000 in 1998, compared to $6,073,000 in 1997, and $5,369,000 in 1996.

Selling, general and administrative expenses, which tend to be more fixed in nature, continued to decrease as a percentage of sales: 17.6 percent of sales in 1998, 19.8 percent of sales in 1997, and 19.9 percent of sales in 1996. The majority of these costs are for employee services (60.4 percent), marketing expenses (14.4 percent), and operating supplies (14.5 percent). These percentages of total selling, general and administrative costs are for 1998, but similar percentages were experienced in the prior years. The Company has a policy that it reserves all trade receivables over 120 days (150 days in 1996), or earlier if there are substantial questions. During this quarter, the Company recovered $13,000 in previously classified doubtful accounts, compared to an expense in 1997 of $66,000, and an expense of $184,000 in 1996. As a total, these expenses decreased 1.6 percent while sales were growing at 10.6 percent. Operating Profit dollars increased to $2,635,000 in 1998, compared to $2,248,000 in 1997, and $1,543,000 in 1996.

INTEREST Interest costs, net, decreased in 1998 by $55,000 to $180,000. In 1997 interest costs decreased compared to an increase in 1996. The 1998 and 1997 decrease in total indebtedness reflect the strong positive cash flow which allows steady reduction of indebtedness. The 1996 increase in interest costs reflected the financing of the November 1995 acquisition of Loctite Luminescent Systems, Inc. As a percent of sales, net interest costs were .8 percent of sales in 1998, 1.2 percent of sales in 1997, and 2.4 percent of sales in 1996. While the Company increased its borrowing for the acquisition in 1995, and for working capital in late 1995 and early in 1996, 1997 and 1998, it has steadily reduced prior debt as scheduled.

The Company changed its reinvestment of available overnight funds policy to offset bank fees; therefore, no interest was earned in 1998. The revolving line of credit is priced at LIBOR plus 100 basis points. Gross interest expense was $180,000 in 1998, $248,000 in 1997, and $462,000 in 1996.

SUMMARY As a result of the continuing increases in sales at a greater rate than the increase of expenses, income before taxes increased to 11.5 percent of sales in 1998, compared to 10.4 percent of sales in 1997, and compared to 5.7 percent of sales in 1996. The Company reported income before taxes of $2,455,000 in 1998, compared to $2,013,000 in 1997, and $1,089,000, in 1996.

TAXES The Company's tax provision takes into account the federal and state taxes for which it is liable. The Company records its tax expense under the FASB 109 guidelines. The 1998 provision for taxes increased 13.4 percent, compared to a sales increase of 10.6 percent. The increase is mostly related to timing issues. The 1998 provision for taxes is $899,000, or 4.2 percent of sales, compared to the 1997 tax provision of $784,000, or 4.1 percent of sales, which compares to $346,000, or 1.8 percent of sales, in 1996. The 1996 tax provision reflected favorable changes in the New York State tax law for the First Half of 1996 and for the 1995 year.

NET INCOME Net income for the First Half of 1998 established a new record: $1,566,000, or $.29 per diluted share, compared to $1,229,000, or $.23 per diluted share in 1997, and compared to $743,000, or $.14 per diluted share in 1996.

LIQUIDITY Cash flow from operating activities was $1,239,000 in 1998, compared to $1,748,000 in 1997. The cash generation was lower in 1998 as the Company invested an additional $688,000 in receivables and $216,000 in inventory. The amount invested in 1997 was $380,000 and $72,000, respectively. The Company invested $3,420,000 in new equipment in

1998, compared to $1,882,000 in 1997. The Company reduced its indebtedness in 1998 by $971,000 while borrowing $2,560,000 for working capital. This compares to a reduction in indebtedness of $1,323,000 in 1997, when the Company borrowed $950,000 for working capital purposes. In May 1998, the Company made the final installment on a five-year term loan.

The Company has a $10,000,000 revolving line of credit available for additional working capital needs, of which it had utilized $4,200,000 at the end of the Second Quarter of 1998, compared to $3,450,000 at the end of the Second Quarter of 1997. The Company feels that its beginning cash balance, the cash flow from internal operations and the available balance of the revolving line of credit are adequate to meet the Company's operational and investment plans for 1998.

COMMITMENTS The Company has outstanding commitments for capital investments of approximately $2,800,000 at July 4, 1998, compared to $4,000,000 at June 28, 1997. During the Second Quarter of 1997, the Company repurchased its shares of common stock owned by ATRO Companies Profit Sharing/401(k) Plan for $532,000. The Company has commitments for items that it purchases in the normal ongoing affairs of the business. The Company is not aware of any obligations in excess of normal market conditions, nor of any long-term commitments that would affect its financial condition.

The Company has committed to the purchase of land and to the construction of a new facility for the Aerospace and Electronics business unit in New Hampshire. The initial plans are for an approximately 80,000 square foot building along with additional manufacturing equipment. The estimated costs are $7,600,000 for the project, which would be completed in mid-1999. The Company acquired the land in late July and plans to start actual construction of the facility in mid-August. Currently, the Company leases three buildings in the Lebanon, New Hampshire area for its production, engineering, marketing and administrative purposes. The Business Authority of New Hampshire has induced the Company for the issuance of $7,250,000 in tax exempt Industrial Revenue Bonds.

YEAR 2000 The Company employs several different computer systems for financial, engineering, manufacturing and administrative purposes. The Company purchases these systems, both hardware and software. Therefore, it does have programmers writing code internally. In the last year, the Company was able to install upgrades to some of its systems that are Year 2000 compliant. Other systems will be upgraded in 1998 or in 1999, which the vendors have promised to be Year 2000 compliant. In the case of some software, the Company is installing a totally new software package that meets the Year 2000 issue as well as other desired improvements.

The Company has addressed the Year 2000 issue by identifying software usage by equipment, or application. Then the Company classified that usage on a critical, non-critical basis to determine priority. Once this was accomplished, an individual was assigned responsibility to resolve each issue. A testing procedure was developed to allow the Company to verify that the solutions do meet the Year 2000 issues. The Company is also in the process of obtaining letters or reports from major and critical suppliers as to their ability to meet the Year 2000 issues. At this time, the Company is not aware of any vendor's (software or operating) schedule that would affect the continuous operations of the business. The total invested for software upgrades to date is approximately $75,000, and the Company anticipates another $100,000 being spent for upgrades and new software in 1998. The Company is expensing these costs as they are incurred. The Company continues to monitor this area.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

None.

Item 2. Changes in Securities.

None.

Item 3. Defaults Upon Senior Securities.

None.

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

None

Item 5. Other Information.

Pursuant to new amendments to Rule 14a-4(c) under the Securities Exchange Act of 1934, as amended, if a shareholder who intends to present a proposal at the 1999 Annual Meeting of Shareholders does not notify the Company of such proposal on or prior to February 1, 1999, then management proxies would be allowed to use their discretionary voting authority to vote on the proposal when the proposal is raised at the annual meeting, even though there is no discussion of the proposal in the proxy statement for that meeting.

Item 6. Exhibits and Reports on Form 8-K.

Exhibit 11. Computation of Per Share Earnings.

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.

DATED: August 18, 1998

ASTRONICS CORPORATION

/S/ John M. Yessa

John M. Yessa
Vice President-Finance and Treasurer

<TABLE> EXHIBIT 11

COMPUTATION OF PER SHARE EARNINGS

<CAPTION>

(in thousands, except for per share data)
Quarter Ended July 4

<S>	1998 <C>	1997 <C>	1996 <C>
Net income	$ 1,566	$ 1,229	$ 743
	=======	=======	======
Basic earnings per share weighted average shares	5,029	5,002	4,796
Net effect of dilutive stock options	348	347	406
	_______	_______	______
Diluted earnings per share weighted average shares	5,377	5,349	5,202
	=======	=======	======
Basic earnings per share	$ .31	$ .25	$ .15
	=======	=======	======
Diluted earnings per share	$ .29	$ .23	$ .14
	=======	=======	======

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