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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 3, 2006

ASTRONICS CORPORATION

(Exact name of registrant as specified in its charter)

NEW YORK

(State or other jurisdiction of
incorporation)

0-7087

(Commission File
Number)

16-0959303

(IRS Employer
Identification No.)

130 Commerce Way, East Aurora, New York
(Address of principal executive offices)

14052
(Zip Code)

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

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2 below)

- Written communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-
-

Item 2.02 Results of Operations and Financial Condition.

On August 3, 2006, Astronics Corporation issued a news release announcing its financial results for the second quarter and year to date, 2006. A copy of this news release is attached as Exhibit 99.1.

The information contained herein and in the accompanying exhibit shall not be incorporated by reference into any filing of the Registrant, whether made before or after the date hereof, regardless of any general incorporation language in such filing. The information in this report, including the exhibit hereto, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section or Sections 11 and 12(a)(2) of the Securities Act of 1933, as amended.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits.

| <u>Exhibit Number</u> | <u>Description</u> |
|-----------------------|---|
| 99.1 | Press Release of Astronics Corporation dated August 3, 2006 |

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

Date: August 7, 2006

/s/ David C. Burney
David C. Burney
Vice President Finance, Chief Financial Officer

EXHIBIT INDEX

| <u>Exhibit Number</u> | <u>Description</u> |
|-----------------------|---|
| 99.1 | Press Release of Astronics Corporation dated August 3, 2006 |

Exhibit 99.1

For more information contact:

David C. Burney, Chief Financial Officer
Phone: (716) 805-1599, ext. 159
Fax: (716) 805-1286
Email: dburney@astronics.com

FOR IMMEDIATE RELEASE

Astronics Corporation Announces 54% Growth in Sales for Second Quarter 2006

- *Second quarter operating margin improves to 11.7% compared with 4.8% in the prior year period*
- *Second quarter net income increases to \$2.0 million from \$0.2 million*
- *Astronics raises full year 2006 estimated revenue range to \$105 to \$110 million*

EAST AURORA, NY, August 3, 2006 — Astronics Corporation (NASDAQ: ATRO), a leading manufacturer of advanced, high-performance lighting, electronics and electrical power systems for the global aerospace industry, reported net income increased to \$2.0 million for the second quarter of 2006 compared with \$0.2 million in the second quarter of 2005. On a diluted earnings per share basis, earnings were \$0.25 for the second quarter of 2006 compared with \$0.02 in the same quarter last year.

The company reported sales of \$29.0 million for the second quarter of 2006, a 54% increase from \$18.8 million in the same period in last year. Higher sales were driven by demand for the Company's cabin electronics products which provide a power source for in-flight entertainment and in-seat power systems for the global commercial airline market. Also contributing to this quarter's growth was sales of the Company's airframe power products used on the Tactical Tomahawk and Taurus missile programs which moved to high rates of production last July.

Peter J. Gundermann, President and CEO commented, "While most of our product lines showed growth over the same period last year, sales of our cabin electronics products were extremely strong. The primary driver of growth through the second quarter this year has been the commercial transport market's demand for cabin electronics, although the business jet market also remains strong."

Gross margin for the quarter was 23.6%, an improvement from 18.6% in the second quarter of 2005, primarily as a result of improved operating leverage on higher sales.

Selling, general and administrative (SG&A) expenses of \$3.4 million decreased to 11.9% of sales for the second quarter of 2006 compared with \$2.6 million, or 13.7% of sales, in the second quarter of fiscal 2005. Contributing to the increase in SG&A expenses this year was the company's recognition of stock based compensation as an expense and costs incurred related to its Sarbanes Oxley section 404 activity.

Comparing the second quarter of 2006 to the first quarter of 2006, sales in the second quarter grew 16.5%, while net income increased 66.5%. Gross margin in the second quarter 2006 improved 2.5 percentage points over the first quarter of 2006 reflecting higher operating leverage. SG&A expenses increased \$0.4 million in the second quarter of 2006 compared with the first quarter of 2006, but declined slightly as a percent of sales, and was a result increased costs associated with Sarbanes Oxley section 404 and increased compensation costs for stock based compensation.

Six-Month Period

Sales for the first half of 2006 were \$54.0 million, a 56% increase over last year's first half sales of \$34.5 million. Gross margin for the 2006 six-month period was 22.4%, up 2.7 percentage points from the same period last year.

For the 2006 six-month period, engineering and development costs were \$4.8 million, up from \$3.9 million in the prior year. SG&A expenses decreased from 13.9% of sales in the first half of 2005 to 12.0% of sales for the same period this year.

For the first six months of 2006, net income was \$3.2 million and diluted earnings per share were \$0.39 compared with \$0.8 million and \$0.10 respectively in the first six months of 2005.

Liquidity

Cash and cash equivalents declined from \$4.5 million at December 31, 2005, to \$0.4 million at the end of the second quarter 2006. Cash was used to support increases in working capital as well as to pay down \$1.0 million on the line of credit during the first half of the year. As of July 1, 2006, \$6.0 million was outstanding on the company's \$15 million line of credit.

Capital expenditures for the second quarter of 2006 were slightly higher at \$1.0 million compared with \$0.8 million in the same period last year.

Outlook

Bookings grew 26% in the second quarter of 2006 to \$29.7 million compared with \$23.6 million in the same period last year. Backlog at the end of the second quarter was \$94.7 million, a 22% increase from \$77.9 million at July 2, 2005, and up \$0.7 million from the end of the first quarter this year.

Mr. Gundermann added, "We are having an excellent year. The success of the product lines we gained when we acquired AES combined with the overall strength of the aircraft industry continues to spur increased sales. We believe our in-seat power system is realizing so much success because it is the best product available, and many airlines as they acquire new aircraft, or refurbish existing aircraft, are choosing our system. We also sell our power system to manufacturers of in-flight entertainment systems. They integrate our in-seat power system into their product and sell the complete package to airlines. As long as the global airline market is fairing well, we should continue to see growth from this product. However, we do not have much visibility as to how demand for the in-seat power system could fluctuate."

"The business jet market is also strong with growing production rates. As a result, given what we have realized in the first half of the year and the robustness of the current market, we are raising our full year revenue estimate to \$105 million to \$110 million," he concluded.

Second Quarter Webcast and Conference Call

The release of the financial results on August 3, 2006, will be followed by a company-hosted teleconference at 11:00 a.m. ET. During the teleconference, Peter J. Gundermann, President and CEO, and David C. Burney, Vice President and CFO, will review the financial and operating results for the period and discuss Astronics' corporate strategy and outlook. A question-and-answer session will follow.

The Astronics conference call can be accessed the following ways:

- The live webcast can be found at <http://www.astronics.com>. Participants should go to the website 10 — 15 minutes prior to the scheduled conference in order to register and download any necessary audio software.
- The teleconference can be accessed by dialing (913) 312-1267 approximately 5 — 10 minutes prior to the call.

To listen to the archived call:

- The archived webcast will be at <http://www.astronics.com>. A transcript will also be posted once available.
- A replay can also be heard by calling (719) 457-0820, and entering passcode 7731947.

The telephonic replay will be available through Thursday, August 10, 2006 at 11:59 p.m. ET.

ABOUT ASTRONICS CORPORATION

Astronics Corporation is a leading manufacturer of advanced, high-performance lighting and electrical power distribution systems for the global aerospace industry. Its strategy is to expand the value and content it provides to various aircraft platforms through product development and acquisition. Astronics Corporation, and its wholly-owned subsidiaries Astronics Advanced Electronic Systems Corp. and Luminescent Systems Inc., have a reputation for high quality designs, exceptional responsiveness, strong brand recognition and best-in-class manufacturing practices.

For more information on Astronics and its products, visit its website at www.Astronics.com.

Safe Harbor Statement

This press release contains forward-looking statements as defined by the Securities Exchange Act of 1934. One can identify these forward-looking statements by the use of the words “expect,” “anticipate,” “plan,” “may,” “will,” “estimate” or other similar expression. Because such statements apply to future events, they are subject to risks and uncertainties that could cause the actual results to differ materially from those contemplated by the statements. Important factors that could cause actual results to differ materially include the state of the aerospace industry, the market acceptance of newly developed products, the ability to cross sell products and expand markets, internal production capabilities, the timing of orders received, the status of customer certification processes, the demand for and market acceptance of new or existing aircraft which contain the Company’s products, such as the Airbus A380; the Eclipse 500; the Air Canada’s CRJ705, A320, and several configurations of B767; Cessna single engine aircraft; Cessna Mustang; Hawker Horizon; the V22 Osprey; Lockheed Martin F-35 JSF; China Eastern Airlines Corp. Limited’s upgrade of 15 Airbus A330-300’s and five Airbus A330-200’s; Air China Limited’s upgrades of 20 Airbus A330-200’s; and F-22 Raptor; customer preferences, and other factors which are described in filings by Astronics with the Securities and Exchange Commission. The Company assumes no obligation to update forward-looking information in this press release whether to reflect changed assumptions, the occurrence of unanticipated events or changes in future operating results, financial conditions or prospects, or otherwise.

FINANCIAL TABLES FOLLOW.

ASTRONICS CORPORATION
CONSOLIDATED INCOME STATEMENT DATA
(unaudited)

(in thousands except per share data)

| | Three months ended | | Six months ended | |
|---|--------------------|---------------|------------------|---------------|
| | 7/1/2006 | 7/2/2005 | 7/1/2006 | 7/2/2005 |
| Sales | \$29,039 | \$18,839 | \$53,965 | \$34,495 |
| Cost of products sold | 22,195 | 15,344 | 41,872 | 27,707 |
| <i>Gross margin</i> | <i>23.6%</i> | <i>18.6%</i> | <i>22.4%</i> | <i>19.7%</i> |
| Selling general and administrative | 3,443 | 2,582 | 6,462 | 4,793 |
| Income from operations | 3,401 | 913 | 5,631 | 1,995 |
| <i>Operating margin</i> | <i>11.7%</i> | <i>4.8%</i> | <i>10.4%</i> | <i>5.8%</i> |
| Interest expense, net | 219 | 191 | 418 | 317 |
| Other (income) expense | (22) | — | (34) | (4) |
| Income (loss) before tax | 3,204 | 722 | 5,247 | 1,682 |
| Income taxes | 1,189 | 525 | 2,022 | 876 |
| Net Income | \$ 2,015 | \$ 197 | \$ 3,225 | \$ 806 |
| Basic earnings per share: | \$ 0.25 | \$ 0.02 | \$ 0.41 | \$ 0.10 |
| Diluted earnings per share: | \$ 0.25 | \$ 0.02 | \$ 0.39 | \$ 0.10 |
| Weighted average diluted shares outstanding | 8,223 | 8,023 | 8,183 | 7,962 |
| Capital Expenditures | \$ 962 | \$ 782 | \$ 1,607 | \$ 1,333 |
| Depreciation and Amortization | \$ 636 | \$ 706 | \$ 1,259 | \$ 1,322 |

ASTRONICS CORPORATION
CONSOLIDATED BALANCE SHEET DATA
(unaudited)

(in thousands)

| | 7/1/2006 | 12/31/2005 |
|--|-----------------|------------------|
| ASSETS: | | |
| Cash and cash equivalents | \$ 425 | \$ 4,473 |
| Accounts receivable | 17,784 | 12,635 |
| Inventories | 23,223 | 19,013 |
| Other current assets | 1,895 | 1,401 |
| Property, plant and equipment, net | 21,085 | 20,461 |
| Other assets | 7,757 | 7,874 |
| Total Assets | \$72,169 | \$ 65,857 |
| LIABILITIES AND SHAREHOLDERS' EQUITY: | | |
| Current maturities of long term debt | \$ 919 | \$ 914 |
| Note payable | 6,000 | 7,000 |
| Accounts payable and accrued expenses | 19,396 | 15,843 |
| Long-term debt | 9,868 | 10,304 |
| Other liabilities | 6,126 | 5,962 |
| Shareholders' equity | 29,860 | 25,834 |
| Total liabilities and shareholders' equity | \$72,169 | \$ 65,857 |

ASTRONICS CORPORATION
NET SALES BY MARKET
(\$, in thousands)

| | Three Months Ended | | | Six Months Ended | | | 2006 YTD % |
|---------------------|--------------------|-----------------|---------------|------------------|-----------------|---------------|----------------|
| | 7/1/2006 | 7/2/2005 | % change | 7/1/2006 | 7/2/2005 | % change | |
| Military | \$ 6,448 | \$ 6,077 | 6.10% | \$13,589 | \$11,172 | 21.63% | 25.18% |
| Commercial | | | | | | | |
| Transport | 16,881 | 8,428 | 100.30% | 29,325 | 14,590 | 100.99% | 54.34% |
| Business Jet | 5,447 | 4,098 | 32.92% | 10,328 | 8,102 | 27.47% | 19.14% |
| Other | 263 | 236 | 11.44% | 723 | 631 | 14.58% | 1.34% |
| Total | \$29,039 | \$18,839 | 54.14% | \$53,965 | \$34,495 | 56.44% | 100.00% |

ASTRONICS CORPORATION
NET SALES BY PRODUCT
(\$, in thousands)

| | Three Months Ended | | | Six Months Ended | | | 2006 YTD % |
|--------------------------|--------------------|-----------------|---------------|------------------|-----------------|---------------|----------------|
| | 7/1/2006 | 7/2/2005 | % change | 7/1/2006 | 7/2/2005 | % change | |
| Cockpit Lighting | \$ 7,209 | \$ 6,996 | 3.04% | \$15,282 | \$13,716 | 11.42% | 28.32% |
| Cabin Electronics | 12,666 | 5,092 | 148.74% | 20,958 | 8,084 | 159.25% | 38.84% |
| Airframe Power | 4,396 | 2,087 | 110.64% | 8,562 | 3,927 | 118.03% | 15.87% |
| External Lighting | 2,229 | 2,728 | -18.29% | 3,979 | 4,700 | -15.34% | 7.37% |
| Cabin Lighting | 2,276 | 1,700 | 33.88% | 4,461 | 3,437 | 29.79% | 8.27% |
| Other | 263 | 236 | 11.44% | 723 | 631 | 14.58% | 1.34% |
| Total | \$29,039 | \$18,839 | 54.14% | \$53,965 | \$34,495 | 56.44% | 100.00% |

-END-

**ASTRONICS CORPORATION
ORDER AND BACKLOG TREND**

(\$, in thousands)

| | 2005 | | | | | 2006 | | |
|------------------|-------------------|-------------------|--------------------|---------------------|---------------------------|-------------------|-------------------|----------------------|
| | Q1 2005 4/2/05 | Q2 2005 7/2/05 | Q3 2005 10/1/05 | Q4 2005 12/31/05 | Twelve Months 12/31/05 | Q1 2006 4/1/06 | Q2 2006 7/1/06 | Six Months 7/1/06 |
| Bookings | \$14,868 | \$23,564 | \$20,176 | \$37,946 | \$ 96,554 | \$23,850 | \$29,729 | \$ 53,579 |
| Backlog | \$72,292 | \$77,856 | \$77,611 | \$95,121 | \$ 95,121 | \$94,045 | \$94,735 | \$ 94,735 |
| Book:Bill | 0.95 | 1.25 | 0.99 | 1.86 | 1.28 | 0.96 | 1.02 | 0.99 |

-END-