UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

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

For the Fiscal Year Ended December 31, 2008

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.)*

130 Commerce Way, East Aurora, N.Y. 14052
(Address of principal executive office)

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

Securities registered pursuant to Section 12(b) of the Act:
None

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 if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☐ No ☑

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes ☐ No ☑

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 ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☑ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).
Yes ☐ No ☑

As of February 27, 2009, 10,774,522 shares were outstanding, consisting of 7,902,141 shares of Common Stock $.01 Par Value and 2,872,381 shares of Class B Stock $.01 Par Value. The aggregate market value, as of the last business day of the Company's most recently completed second fiscal quarter, of the shares of Common Stock and Class B Stock of Astronics Corporation held by non-affiliates was approximately $105 million (assuming conversion of all of the outstanding Class B Stock into Common Stock and assuming the affiliates of the Registrant to be its directors, executive officers and persons known to the Registrant to beneficially own more than 10% of the outstanding capital stock of the Corporation).

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company's Proxy Statement for the 2009 Annual Meeting of Shareholders to be held May 5, 2009 are incorporated by reference into Part III of this Report.

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FORWARD LOOKING STATEMENTS

This Annual Report contains certain forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involves uncertainties and risks. These statements are identified by the use of the "may," "will," "should," "believes," "expects," "expected," "intends," "plans," "projects," "estimates," "predicts," "potential," "outlook," "forecast," "anticipates," "presume" and "assume," and words of similar import. Readers are cautioned not to place undue reliance on these forward looking statements as various uncertainties and risks could cause actual results to differ materially from those anticipated in these statements. These uncertainties and risks include the success of the Company with effectively executing its plans; successfully integrating its acquisitions; the timeliness of product deliveries by vendors and other vendor performance issues; changes in demand for our products from the U.S. government and other customers; the acceptance by the market of new products developed; our success in cross-selling products to different customers and markets; changes in government contracts; the state of the commercial and business jet aerospace market; the Company's success at increasing the content on current and new aircraft platforms; the level of aircraft build rates; as well as other general economic conditions and other factors. Certain of these factors, risks and uncertainties are discussed in the sections of this report entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

PART I

ITEM 1. *BUSINESS*

Astronics is a leading supplier of advanced, high-performance lighting, electronics and power distribution systems for the global aerospace industry. We sell our products to airframe manufacturers (OEM's) in the commercial transport, business jet, military markets, OEM suppliers, and aircraft operators around the world. The Company provides its products through its wholly owned subsidiaries Luminescent Systems, Inc., Luminescent Systems Canada, Inc., and Astronics Advanced Electronic Systems Corp. (AES).

Acquisition

On January 30, 2009 Astronics acquired 100% of the stock of DME Corporation (DME). DME is a leading provider of military test, training and simulation equipment as well as commercial aviation safety equipment and airfield lighting systems. Its customers include the U.S. Marine Corps, major defense contractors such as Lockheed Martin, BAE Systems, and Boeing, the Federal Aviation Administration, private and government airfields, major aircraft manufacturers and commercial airlines.

Stock Distribution

On September 16, 2008, Astronics Corporation announced a one-for-four distribution of Class B Stock to holders of both Common and Class B Stock. On or about October 17, 2008, stockholders received one share of Class B Stock for every four shares of Common and Class B Stock held on the record date of October 6, 2008. All share quantities, share prices and per share data reported throughout this report have been adjusted to reflect the impact of this distribution.

Strategy

Astronics' strategy is to develop and maintain positions of technical leadership in its chosen aerospace and defense markets, to leverage those positions to grow the amount of content and volume of product it sells to those markets and to selectively acquire businesses with similar technical capabilities that could benefit from our leadership position and strategic direction.

Products and Customers

Astronics' products are sold worldwide to manufacturers of business jets, military aircraft, and commercial transports, as well as airlines and suppliers to the OEM's. During 2008 the Company's sales were divided 60% to the commercial transport market, 20% to the military market, 19% to the business jet market, and the balance of 1% to other markets. Most of the Company's sales are a result of contracts or purchase orders received from customers, placed on a day-to-day basis or for single year procurements rather than long-term multi-year contract commitments. On occasion the Company does receive contractual commitments or blanket purchase orders from our customers covering multiple year deliveries of hardware to our customers. Sales by Geographic Region, Major Customer and Canadian Operations are provided in Note 8 of Item 8, Financial Statements and Supplementary Data in this report.

The Company has a significant concentration of business with one major customer. Sales to Panasonic Avionics accounted for 24.9% of sales in 2008, 27.7% of sales in 2007 and 21.2% of sales in 2006. Accounts receivable from this customer at December 31, 2008 and 2007 were $2.2 million and $4.0 million, respectively.

Practices as to Maintaining Working Capital

Liquidity is discussed in Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, in the Liquidity section in this report.

Competitive Conditions

Astronics experiences considerable competition in the market sectors we serve, principally with respect to product performance and price, from various competitors, many of which are substantially larger and have greater resources. Success in the markets we serve depends upon product innovation, customer support, responsiveness, and cost management. Astronics continues to invest in developing the technologies and engineering support critical to competing in our markets.

Government Contracts

All U.S. Government contracts, including subcontracts where the U.S. Government is the ultimate customer, may be subject to termination at the election of the government. With the January 30, 2009 acquisition of DME, the Company's revenue stream will rely more on U.S. Government spending as a significant portion of DME's revenue is derived from U.S. Government contracts.

Raw Materials

Materials, supplies and components are purchased from numerous sources. We believe that the loss of any one source, although potentially disruptive in the short-term, would not materially affect our operations in the long-term.

Seasonality

Our business is typically not seasonal.

Backlog

At December 31, 2008, the Company's backlog was $89.0 million. At December 31, 2007, the Company's backlog was $92.4 million.

Patents

The Company has a number of patents. While the aggregate protection of these patents is of value, the Company's only material business that is dependent upon the protection afforded by these patents is its cabin power distribution product. The Company's patents and patent applications relate to electroluminescence, instrument panels, keyboard technology and a broad patent covering the cabin power distribution technology. The Company regards its expertise and techniques as proprietary and relies upon trade secret laws and contractual arrangements to protect its rights. We have trademark protection in major markets.

Research, Development and Engineering Activities

The Company is engaged in a variety of engineering and design activities as well as basic research and development activities directed to the substantial improvement or new application of the Company's existing technologies. These costs are expensed when incurred and included in cost of sales. Research and development and engineering costs amounted to approximately $22.9 million in 2008, $14.8 million in 2007 and $10.9 million in 2006.

Employees

The Company employed 989 employees as of December 31, 2008. The Company considers its relations with its employees to be good. None of our employees are subject to collective bargaining agreements.

Available information

The Company files its financial information and other materials as electronically required by the SEC with the SEC. These materials can be accessed electronically via the Internet at www.sec.gov. Such materials and other information about the Company are also available through the Company's website at www.astronics.com.

ITEM 1A. *RISK FACTORS*

The current capital and credit market conditions may adversely affect our access to capital, cost of capital and business operations. Recently, the general economic and capital market conditions in the United States and other parts of the world have deteriorated significantly and have adversely affected access to capital and increased the cost of capital. If these conditions continue or become worse, our future cost of debt and equity capital and access to capital markets could be adversely affected. Any inability to obtain adequate financing from debt and equity sources could force us to self-fund strategic initiatives or even forgo some opportunities, potentially harming our financial position, results of operations and liquidity.

The amount of debt we have outstanding, as well as any debt we may incur in the future, could have an adverse effect on our operational and financial flexibility. As of December 31, 2008, we had $14.4 million of debt outstanding, of which $13.5 million is long-term debt. Our revolving credit facility as of December 31, 2008, totaled $60.0 million and is made available through a group of banks. On January 30, 2009, the Company amended this credit facility by entering into an $85 million Amended and Restated Credit Agreement dated as of January 30, 2009 with a group of banks. The new Credit Agreement provides for a five-year, $40 million senior secured term loan with interest at LIBOR plus between 2.25% and 3.50% based on the Company's leverage ratio, payable in quarterly installments of $2.0 million. The Credit Agreement also provides for a revolving credit line of $45 million, of which approximately $30 million is currently available for working capital requirements with interest at LIBOR plus between 2.25% and 3.50%. The credit facility allocates up to $20 million of the $45 million revolving credit line for the issuance of letters of credit, including certain existing letters of credit totaling approximately $15.0 million at December 31, 2008. The Company's obligations under the Credit Agreement are guaranteed by a first priority lien on virtually all the assets of the Company.

In addition, on January 30, 2009, The Company issued to the former shareholders of DME a 6.0% subordinated promissory note due 2014 in the aggregate principal amount of $5 million. The Company also issued a 6.0% subordinated contingent promissory note due 2014 in the aggregate principal amount of $2 million, which is due only upon satisfaction of certain revenue performance criteria for 2009.

Changes to our level of debt subsequent to December 31, 2008 could have significant consequences to our business, including the following:

- Depending on interest rates and debt maturities, a substantial portion of our cash flow from operations could be dedicated to paying principal and interest on our debt, thereby reducing funds available for our acquisition strategy, capital expenditures or other purposes;
- A significant amount of debt could make us more vulnerable to changes in economic conditions or increases in prevailing interest rates;
- Our ability to obtain additional financing for acquisitions, capital expenditures or for other purposes could be impaired;
- The increase in the amount of debt we have outstanding increases the risk of non-compliance with some of the covenants in our debt agreements which require us to maintain specified financial ratios; and
- We may be more leveraged than some of our competitors, which may result in a competitive disadvantage.

The markets we serve are cyclical and sensitive to domestic and foreign economic conditions and events, which may cause our operating results to fluctuate. Demand by the business jet markets for our products is dependent upon several factors, including capital investment, product innovations, economic growth, and technology upgrades. In addition, the commercial airline industry is highly cyclical and sensitive to fuel price increases, labor disputes and global economic conditions. A change in any of these factors could result in a reduction in the amount of air travel. A reduction in air travel would reduce orders for new aircraft and reductions in cabin upgrades by airlines for which we supply products and for the sales of spare parts, thus reducing our sales and profits. A reduction in air travel may also result in our commercial airline customers being unable to pay our invoices on a timely basis or not at all.

We are a supplier on various new aircraft programs just entering or expected to begin production in the near future. As with any new program there is risk as to whether the aircraft or program will be successful and accepted by the market. As is customary for our business we purchase inventory and invest in specific capital equipment to support our production requirements generally based on delivery schedules provided by our customer. If a program or aircraft is not successful we may have to write off all or a part of the inventory, accounts receivable and capital equipment related to the program. A write off of these assets could result in a significant reduction of earnings and cause covenant violations relating to our debt agreements. This could result in our being unable to borrow additional funds under our bank credit facility or being obliged to refinance or renegotiate the terms of our bond debt.

Our products are sold in highly competitive markets. Some of our competitors are larger; more diversified corporations and have greater financial, marketing, production and research and development resources. As a result, they may be better able to withstand the effects of periodic economic downturns. Our operations and financial performance will be negatively impacted if our competitors:

- Develop products that are superior to our products;
- Develop products that are more competitively priced than our products;
- Develop methods of more efficiently and effectively providing products and services or
- Adapt more quickly than we do to new technologies or evolving customer requirements.

We believe that the principal points of competition in our markets are product quality, price, design and engineering capabilities, product development, conformity to customer specifications, quality of support after the sale, timeliness of delivery and effectiveness of the distribution organization. Maintaining and improving our competitive position will require continued investment in manufacturing, engineering, quality standards, marketing, customer service and support and our distribution networks. If we do not maintain sufficient resources to make these investments, or are not successful in maintaining our competitive position, our operations and financial performance will suffer.

The loss of Panasonic Avionics Corporation as a major customer or a significant reduction in sales to Panasonic would reduce our sales and earnings. In 2008 we had a concentration of sales to Panasonic representing 24.9% of our sales. The loss of this customer or a significant reduction in sales to this customer would significantly reduce our sales and earnings.

Our future success depends to a significant degree upon the continued contributions of our management team and technical personnel. The loss of members of our management team could have a material and adverse effect on our business. In addition, competition for qualified technical personnel in our industries is intense, and we believe that our future growth and success will depend on our ability to attract, train and retain such personnel.

Future terror attacks, war, or other civil disturbances could negatively impact our business. Continued terror attacks, war or other disturbances could lead to further economic instability and decreases in demand for our products, which could negatively impact our business, financial condition and results of operations. Terrorist attacks world-wide have caused instability from time to time in global financial markets and the aviation industry. The long-term effects of terrorist attacks on us are unknown. These attacks and the U.S. Government's continued efforts against terrorist organizations may lead to additional armed hostilities or to further acts of terrorism and civil disturbance in the United States or elsewhere, which may further contribute to economic instability.

If we are unable to adapt to technological change, demand for our products may be reduced. The technologies related to our products have undergone, and in the future may undergo, significant changes. To succeed in the future, we will need to continue to design, develop, manufacture, assemble, test, market and support new products and enhancements on a timely and cost effective basis. Our competitors may develop technologies and products that are more effective than those we develop or that render our technology and products obsolete or uncompetitive. Furthermore, our products could become unmarketable if new industry standards emerge. We may have to modify our products significantly in the future to remain competitive, and new products we introduce may not be accepted by our customers.

Our new product development efforts may not be successful, which would result in a reduction in our sales and earnings. We may experience difficulties that could delay or prevent the successful development of new products or product enhancements, and new products or product enhancements may not be accepted by our customers. In addition, the development expenses we incur may exceed our cost estimates, and new products we develop may not generate sales sufficient to offset our costs. If any of these events occur, our sales and profits could be adversely affected.

If our subcontractors or suppliers fail to perform their contractual obligations, our prime contract performance and our ability to obtain future business could be materially and adversely impacted. Many of our contracts involve subcontracts with other companies upon which we rely to perform a portion of the services we must provide to our customers. There is a risk that we may have disputes with our subcontractors, including disputes regarding the quality and timeliness of work performed by the subcontractor or customer concerns about the subcontractor. Failure by our subcontractors to satisfactorily provide on a timely basis the agreed-upon supplies or perform the agreed-upon services may materially and adversely impact our ability to perform our obligations with our customer. Subcontractor performance deficiencies could result in a customer terminating our contract for default. A default termination could expose us to liability and substantially impair our ability to compete for future contracts and orders. In addition, a delay in our ability to obtain components and equipment parts from our suppliers may affect our ability to meet our customers' needs and may have an adverse effect upon our profitability.

Our results of operations are affected by our fixed-price contracts, which could subject us to losses in the event that we have cost overruns. For the year ended December 31, 2008, fixed-price contracts represented 100% of our sales. On fixed-price contracts, we agree to perform the scope of work specified in the contract for a predetermined price. Depending on the fixed price negotiated, these contacts may provide us with an opportunity to achieve higher profits based on the relationship between our costs and the contract's fixed price. However, we bear the risk that increased or unexpected costs may reduce our profit.

Some of our contracts contain late delivery penalties. Failure to deliver in a timely manner due to supplier problems, development schedule slides, manufacturing difficulties, or similar schedule related events could have a material adverse effect on our business.

The failure of our products may damage our reputation, necessitate a product recall or result in claims against us that exceed our insurance coverage, thereby requiring us to pay significant damages. Defects in the design and manufacture of our products may necessitate a product recall. We include complex system design and components in our products that could contain errors or defects, particularly when we incorporate new technology into our products. If any of our products are defective, we could be required to redesign or recall those products or pay substantial damages or warranty claims. Such an event could result in significant expenses, disrupt sales and affect our reputation and that of our products. We are also exposed to product liability claims. We carry aircraft and non-aircraft product liability insurance consistent with industry norms. However, this insurance coverage may not be sufficient to fully cover the payment of any potential claim. A product recall or a product liability claim not covered by insurance could have a material adverse effect on our business, financial condition and results of operations.

Our facilities could be damaged by catastrophes which could reduce our production capacity and result in a loss of customers. We conduct our operations in facilities located in the United States and Canada. Any of these facilities could be damaged by fire, floods, earthquakes, power loss, telecommunication and information systems failure or similar events. Although we carry property insurance, including business interruption insurance, our inability to meet customers' schedules as a result of catastrophe may result in a loss of customers or significant additional costs such as penalty claims under customer contracts.

Contracting in the defense industry is subject to significant regulation, including rules related to bidding, billing and accounting kickbacks and false claims, and any non-compliance could subject us to fines and penalties or possible debarment. Like all government contractors, we are subject to risks associated with this contracting. These risks include the potential for substantial civil and criminal fines and penalties. These fines and penalties could be imposed for failing to follow procurement integrity and bidding rules, employing improper billing practices or otherwise failing to follow cost accounting standards, receiving or paying kickbacks or filing false claims. We have been, and expect to continue to be, subjected to audits and investigations by government agencies. The failure to comply with the terms of our government contracts could harm our business reputation. It could also result in suspension or debarment from future government contracts.

Changes in discount rates and other factors could affect our future earnings and equity. Pension obligations and the related costs are determined using actual results and actuarial valuations that involve several assumptions. The most critical assumption is the discount rate. Other assumptions include salary increases and retirement age. The discount rate assumptions are based on current market conditions and are outside of our control. Changes in these assumptions could affect our future earnings and equity.

We are subject to financing and interest rate exposure risks that could adversely affect our business, liquidity and operating results. Changes in the availability, terms and cost of capital, increases in interest rates or a reduction in credit rating could cause our cost of doing business to increase and place us at a competitive disadvantage. At December 31, 2008, 23% of our debt was at fixed interest rates with the remaining 77% subject to variable interest rates.

On January 30, 2009, in conjunction with an acquisition of DME, the Company entered into a new credit facility, causing 83% of our debt to be variable and 17% of our debt to be fixed. In addition, our new debt financing contains various financial covenants. If our financial performance differs from our expectation we may violate one or more of those covenants. A covenant violation would require a waiver by the lenders or an alternative financing arrangement be achieved. Historically both choices have been available to us however in the current credit market environment it is difficult to predict the availability of these options in the future.

We are subject to the risk of loss resulting from our customers defaulting on their obligations to us. The inability of our customers to pay us due to adverse economic conditions or their inability to access available credit could have an adverse effect on our financial condition and liquidity.

Our international operations pose currency and other risks that may adversely impact sales and earnings. We have manufacturing and sales operations in foreign countries. In addition, our domestic operations have sales to foreign customers. Our financial results may be adversely affected by fluctuations in foreign currencies and by the translation of the financial statements of our foreign subsidiaries from local currencies into U.S. dollars. The translation of our sales in foreign currencies, which are primarily the Canadian Dollar to the U.S. dollar had an insignificant impact on both sales for 2008 using average exchange rates for 2008 compared to average exchange rates for 2007 and on sales for 2007 using average exchange rates for 2007 compared to average exchange rates for 2006.

We depend on government contracts and subcontracts with defense prime contractors and sub contractors that may not be fully funded, may be terminated, or may be awarded to our competitors . The failure to be awarded these contracts or failure to receive funding or the termination of one or more of these contracts could reduce our sales. Sales to the U.S. Government and its prime contractors and subcontractors represent a significant portion of our business. The funding of these programs is generally subject to annual congressional appropriations, and congressional priorities are subject to change. In addition, government expenditures for defense programs may decline or these defense programs may be terminated. A decline in governmental expenditures may result in a reduction in the volume of contracts awarded to us.

Government regulations could limit our ability to sell our products outside the United States and otherwise adversely affect our business. Our failure to obtain the requisite licenses, meet registration standards or comply with other government export regulations would hinder our ability to generate revenues from the sale of our products outside the United States. Compliance with these government regulations may also subject us to additional fees and operating costs. The absence of comparable restrictions on competitors in other countries may adversely affect our competitive position. In order to sell our products in European Union countries, we must satisfy certain technical requirements. If we are unable to comply with those requirements with respect to a significant quantity of our products, our sales in Europe would be restricted. Doing business internationally also subjects us to numerous U.S. and foreign laws and regulations, including, without limitation, regulations relating to import-export control, technology transfer restrictions, foreign corrupt practices and anti-boycott provisions. Failure by us or our sales representatives or consultants to comply with these laws and regulations could result in administrative, civil or criminal liabilities and could, in the extreme case, result in suspension or debarment from government contracts or suspension of our export privileges, which would have a material adverse effect on us.

If we fail to meet expectations of securities analysts or investors due to fluctuations in our revenue or operating results, our stock price could decline significantly. Our revenue and earnings may fluctuate from quarter to quarter due to a number of factors, including delays or cancellations of programs. It is likely that in some future quarters our operating results may fall below the expectations of securities analysts or investors. In this event, the trading price of our stock could decline significantly.

Our sales and earnings may be reduced if we cannot successfully integrate DME's business. If we are unable to successfully integrate DME's businesses subsequent to the acquisition on January 30, 2009, into our existing operations or if DME's business is unsuccessful in winning new government programs, our sales and earnings could be impacted.

ITEM 1B. ***UNRESOLVED STAFF COMMENTS***

None

ITEM 2. ***PROPERTIES***

The Company owns manufacturing and office facilities of approximately 125,000 square feet in the Buffalo, New York area. The Company owns manufacturing and office facilities of approximately 80,000 square feet in Lebanon, New Hampshire. Astronics AES leases approximately 100,000 square feet of space, located in Redmond, Washington. In the third quarter of 2008, the Company finalized a renewal for the Redmond, Washington building lease. The lease expires in March of 2013. The Montreal, Quebec, Canada operations are located in a leased facility of approximately 16,000 square feet. The lease expires in November, 2009. Upon expiration of its current lease, the Company believes that it will be able to secure renewal terms or enter into a lease for an alternative location.

On January 30, 2009, the Company's acquisition of DME added leased manufacturing and office facilities of approximately 51,000 square feet in Orlando, Florida and approximately 72,000 square feet in Ft. Lauderdale, Florida. The lease for the Orlando facility expires in February, 2015 with one renewal option for seven years. The lease for the Ft. Lauderdale facility expires in April, 2016 with one renewal option of five years.

We believe that our properties have been adequately maintained and are generally in good condition.

ITEM 3. ***LEGAL PROCEEDINGS***

We are not party to any pending legal proceedings that management believes will result in material adverse effect on our financial condition or results of operations.

ITEM 4. ***SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS***

Not applicable

PART II

ITEM 5. *MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES*

The table below sets forth the range of prices for the Company's Common Stock, traded on the NASDAQ National Market System, for each quarterly period during the last two years. The approximate number of shareholders of record as of February 27, 2009, was 741 for Common Stock and 853 for Class B Stock.

2008	High	Low
(In dollars)		
First	$33.50	$15.28
Second	16.38	12.06
Third	20.60	10.16
Fourth	18.86	7.32

2007	High	Low
First	$16.87	$13.54
Second	26.10	13.05
Third	34.86	23.40
Fourth	43.10	30.64

The Company has not paid any cash dividends in the three-year period ended December 31, 2008. It has no plans to pay cash dividends as it plans to retain all cash from operations as a source of capital to finance growth in the business. The Company's ability to pay dividends is limited by Minimum Net Worth and Minimum Fixed Charge Coverage Ratio covenants contained in the Company's Credit Agreement.

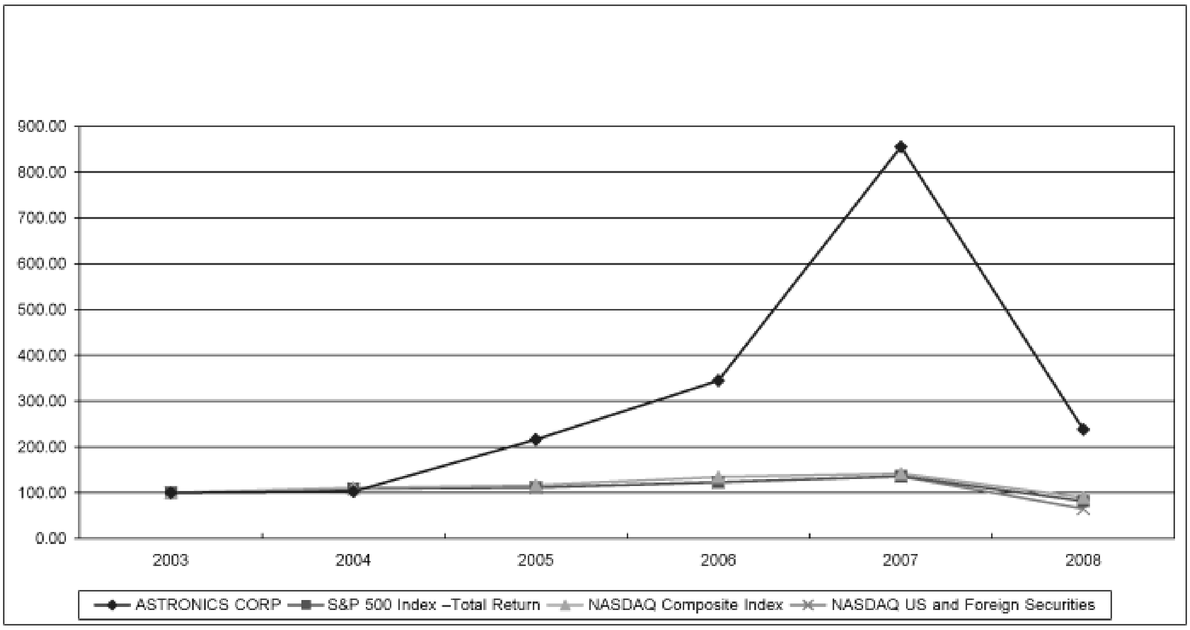
On September 16, 2008, Astronics Corporation announced a one-for-four distribution of Class B Stock to holders of both Common and Class B Stock. On or about October 17, 2008, stockholders received one share of Class B Stock for every four shares of Common and Class B Stock held on the record date of October 6, 2008.

With respect to information regarding our securities authorized for issuance under equity incentive plans, the information contained in the section entitled "Equity Compensation Plan Information" of our definitive Proxy Statement for the 2009 Annual Meeting of Shareholders is incorporated herein by reference.

We did not repurchase any shares of our common stock in 2008.

The following graph charts the annual percentage change in return on the Company's common stock compared to the S&P 500 Index — Total Return and the NASDAQ US and Foreign Securities:

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN
Assumes Initial Investment of $100
December 2008



	2003	2004	2005	2006	2007	2008
ASTRONICS CORP	**100.00**	**102.67**	**216.31**	**344.65**	**855.08**	**237.97**
S&P 500 Index Total Return	**100.00**	**110.87**	**116.31**	**134.66**	**142.05**	**89.51**
NASDAQ Composite Index	**100.00**	**109.15**	**111.47**	**123.04**	**136.15**	**81.72**
NASDAQ US and Foreign Securities	**100.00**	**108.81**	**111.28**	**122.75**	**135.69**	**65.06**

ITEM 6. *SELECTED FINANCIAL DATA*

Five-Year Performance Highlights

	2008(1)	2007(1)	2006(1)	2005(1)	2004
(Dollars in thousands, except for per share data)					
PERFORMANCE					
Sales	**$173,722**	$158,240	$110,767	$74,354	$34,696
Income (Loss)	**$ 8,361**	$ 15,391	$ 5,736	$ 2,237	$ (734)
Net Margin	**4.80%**	9.70%	5.20%	3.00%	(2.10)%
Diluted Earnings (Loss) per Share(2)	**$ 0.79**	$ 1.44	$ 0.55	$ 0.22	$ (0.07)
Weighted Average Shares Outstanding — Diluted(2)	**10,650**	10,711	10,336	10,048	9,708
Return on Average Assets	**8.00%**	16.50%	7.70%	4.00%	(1.60)%
Return on Average Equity	**15.60%**	38.20%	20.20%	9.30%	(3.20)%
YEAR-END FINANCIAL POSITION					
Working Capital	**$ 43,360**	$ 32,100	$ 17,437	$13,349	$18,104
Total Assets	**$104,674**	$104,121	$ 82,538	$66,439	$45,236
Indebtedness	**$ 14,446**	$ 22,935	$ 18,449	$18,218	$12,062
Shareholders' Equity	**$ 58,255**	$ 49,232	$ 31,348	$25,418	$22,660
Book Value Per Share(2)	**$ 5.68**	$ 4.83	$ 3.14	$ 2.58	$ 2.33
OTHER YEAR-END DATA					
Depreciation and Amortization	**$ 4,142**	$ 3,440	$ 2,929	$ 2,373	$ 1,273
Capital Expenditures	**$ 4,325**	$ 9,592	$ 5,400	$ 2,498	$ 1,136
Shares Outstanding(2)	**10,265**	10,186	10,033	9,876	9,750
Number of Employees	**989**	967	787	702	424

(1) — Information includes the effects of the acquisition of AES on February 3, 2005.

(2) — Diluted Earnings (Loss) Per-Share, Weighted Average Shares Outstanding-Diluted, Book Value Per-Share and Shares Outstanding have been adjusted for the impact of the October 6, 2008 one-for-four Class B stock distribution.

ITEM 7. *MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS*

OVERVIEW

Astronics Corporation, through its subsidiaries Astronics Advanced Electronic Systems Corp., Luminescent Systems Inc. and Luminescent Systems Canada Inc. designs and manufactures electrical power generation, control and distribution systems and lighting systems and components, for the aerospace industry. We operate four principal facilities located in New York State, New Hampshire, Washington State and Quebec, Canada. We serve the three primary aircraft markets which are the military, commercial transport and the business jet markets. In 2008, the breakdown of sales to the commercial transport market, the military market and the business jet market were 59.9%, 19.9% and 19.5%, respectively, miscellaneous sales to non-aerospace markets accounted for 0.7% of sales.

Astronics' strategy is to develop and maintain positions of technical leadership in its chosen aerospace and defense markets, to leverage those positions to grow the amount of content and volume of product it sells to those markets and to selectively acquire businesses with similar technical capabilities that could benefit from our leadership position and strategic direction.

In January 2009 Astronics acquired DME Corporation (DME), a designer and manufacturer of military test, training and simulation equipment and aviation safety products. Astronics purchased 100 percent of the outstanding stock of DME for approximately $51 million. The acquisition was financed with a $40 million, five year term note with quarterly principal payments of $2 million beginning in the second quarter of 2009, 500,000 shares of unregistered Astronics Common stock and seller financing for $5 million to $7 million depending on achieving a revenue target of $82 million in 2009. The seller notes are due in 2014.

Key factors affecting Astronics' growth, revenue and profitability are the rate at which new aircraft are produced, government funding of military programs, our ability to have our products designed into the plans for new aircraft and the rates at which aircraft owners, including commercial airlines, refurbish or install upgrades to their aircraft. Once designed into a new aircraft, the spare parts business is frequently retained by the Company.

Sales to the Commercial transport market totaled approximately 59.9% of our total revenue in 2008. Our cabin electronics products which provide in-seat power for passengers and power to in-flight entertainment systems (IFE) found on Commercial Airlines around the world accounted for the majority of our sales to this market. Since 2005 we have seen our sales to the commercial transport markets increase from $30 million to over $100 million in 2008. Most of this growth has been driven by increased installations of our cabin electronics products used to power in-flight entertainment systems and in-seat power systems by airlines around the world. Maintaining and growing our sales to the Commercial transport market will depend on airlines capital spending budgets for cabin up-grades as well as for new aircraft such as the Boeing 787 and Airbus A380. We expect these new aircraft, once in production will be equipped with more IFE and in-seat power than previous generation aircraft. Additionally, our ability to maintain and grow sales to this market depends on our ability to maintain our technological advantages over our competitors and maintain our relationships with major in-flight entertainment suppliers and global airlines.

Our military market sales are typically comprised of several significant "programs" such as providing a power conversion unit for the Tactical Tomahawk and Taurus missiles and lighting and fire suppression units for V-22 Osprey programs complemented by many spare parts orders covering many aircraft platforms. Products sold to the military market include our cockpit, exterior and cabin lighting and airframe power products. The military market is dependent on governmental funding which can change from year to year. Risks are that overall spending may be reduced in the future, specific programs may be eliminated or that we fail to win new business through the competitive bid process. Astronics does not have significant reliance on any one program such that cancellation of a particular program will cause material financial loss. We believe that we will continue to have opportunities similar to past years regarding this market.

Another market we serve is the business jet market. Sales to the business jet market are driven by our increasing content on new aircraft and build rates of new aircraft. In 2008 we saw volume and average ship set value increase in the business jet market as the production rates for new business jets increased during the year. Products sold to the business jet market include our cockpit lighting, airframe power and exterior lighting products. Our sales to the business jet market will be particularly challenged in the upcoming years as aircraft production rates are expected to be reduced significantly from 2008 levels as the global economy struggles. Additionally, there is a large supply of used aircraft in the market and financing of new aircraft has become more challenging for prospective buyers. Our largest business jet customer during 2008, Eclipse Aviation Corporation filed for bankruptcy protection in November of 2008. In 2008 Astronics had revenue totaling approximately $9 million from Eclipse. Relating to this, in the fourth quarter Astronics took a pre-tax charge to income for $10.0 million for outstanding accounts receivable, inventory, tooling and fixed assets relating to the Eclipse 500 aircraft. Despite the current market conditions, we continue to see a wide range of opportunities to employ our technology in the business jet markets, however there is risk involved in the development of any new aircraft.

Each of the markets that we serve is presenting opportunities for our product lines that we expect will provide continued growth for the Company over the long-term. We continue to look for opportunities in all three markets to capitalize on our core competencies to expand our existing business and to grow through strategic acquisitions.

In 2009 we expect our revenue to increase as a result of the January 30, 2009 acquisition of DME Corporation. We are projecting 2009 revenues to be in the range of $230 million to $245 million. Impacted by current economic conditions, the aerospace market is extremely difficult to predict at this time as new aircraft production rates are modified frequently by the airframe manufacturers creating a very fluid and difficult to predict revenue stream over the next twelve months. Excluding DME revenue we expect organic Astronics revenue to be in the range of $155 million to $165 million based on information available at this time. We expect fairly flat sales to the commercial transport market and military markets and a decrease in the business jet market. We expect 2009 DME revenue to be in the range of $75 million to $80 million for the eleven month period after closing of the acquisition as we await the results on several significant contract awards that could impact 2009 revenue. Revenue for 2009 can be affected by not only the ultimate award of the contract, but the timing of when the contract is awarded and when delivery begins. Despite expected lower organic 2009 revenue as compared with 2008, we still see many opportunities for long term growth and expect to continue to invest in developmental programs to expand our products and technologies. In addition, we expect that the next generation of commercial transports such as the Boeing 787 and Airbus A380 will be equipped with more in-seat power and in-flight entertainment than the aircraft they will be replacing. We expect this will provide a significant opportunity for us as these aircraft enter and ramp up production over the next several years.

Challenges which continue to face us include improving shareholder value through increasing profitability. Increasing profitability is dependent on many things, primarily revenue growth and, the Company’s ability to control operating expenses and to identify means of creating improved productivity. Revenue is driven by increased build rates for existing aircraft, market acceptance and economic success of new aircraft, continued government funding of defense programs, the Company’s ability to obtain production contracts for parts we currently supply or have been selected to design and develop for new aircraft platforms. Demand for our products is driven by the discretionary spending of aircraft owners and airlines and new aircraft build rates. Reduced aircraft build rates driven by a weak economy, tight credit markets, reduced air passenger travel and an increasing supply of used aircraft on the market will likely result in reduced demand for our products which will result in lower profits. Many of our newer development programs are based on new and unproven technology and at the same time we are challenged to develop the technology on a schedule that is consistent with specific aircraft development programs. We will continue to address these challenges by working to improve operating efficiencies and focusing on executing on the growth opportunities currently in front of us.

2009 ACQUISITION

On January 30, 2009, the Company acquired 100% of the common stock of DME. The purchase price was approximately $51 million, comprised of approximately $40 million in cash, 500,000 shares of the Company’s common stock previously held as treasury shares, valued at $3.6 million, or $7.17 per share, a $5.0 million subordinated note payable to the former shareholders plus an additional $2.0 million subject to meeting revenue performance criteria in 2009. DME Corporation is a provider of weapons and communications test equipment, training and simulation devices and aviation safety solutions.

Audited financial statements for DME and pro-forma combined financial information for Astronics and DME will be available and included in a Form 8-K filing expected to be filed in April 2009.

In connection with the funding of this Acquisition, the Company amended its existing $60 million credit facility by entering into an $85 million Amended and Restated Credit Agreement dated January 30, 2009, with HSBC Bank USA, National Association, Bank of America, N.A. and KeyBank National Association. The Credit Agreement provides for a five-year, $40 million senior secured term loan with interest at LIBOR plus between 2.25% and 3.50% based on the Company’s leverage ratio. The proceeds of the term loan were used to finance the Acquisition. The Credit Agreement also provides for a revolving credit line of $45 million, of which approximately $30 million is currently available for working capital requirements and is committed for three years through January 2012, with interest at LIBOR plus between 2.25% and 3.50%. In addition, the Company is required to pay a commitment fee of between 0.30% and 0.50% on the unused portion of the total credit commitment for the preceding quarter, based on the Company’s leverage ratio under the Credit

Agreement. The credit facility allocates up to $20 million of the $45 million revolving credit line for the issuance of letters of credit, including certain existing letters of credit.

A portion of the purchase price was funded by the issuance to the former shareholders of DME a 6.0% subordinated promissory note due 2014 in the aggregate principal amount of $5 million. To evidence its obligations related to the Contingent Payment, the Company also issued a 6.0% subordinated contingent promissory note due 2014 in the aggregate principal amount of $2 million. Payment under the contingent promissory note is due depending on achieving a revenue target for DME of $82 million in 2009.

The Company's obligations under the Credit Agreement are jointly and severally guaranteed by Astronics Advanced Electronic Systems Corp., Luminescent Systems, Inc. and DME, each a wholly-owned domestic subsidiary of the Company. The obligations are secured by a first priority lien on substantially all of the Company's and the guarantors' assets.

In the event of voluntary or involuntary bankruptcy of the Company, all unpaid principal and any other amounts due under the Credit Agreement automatically become due and payable without presentation, demand or notice of any kind to the Company. Other Events of Default, including failure to make payments as they become due, give the Agent the option to declare all unpaid principal and any other amounts then due, immediately due and payable.

CRITICAL ACCOUNTING POLICIES

Our financial statements and accompanying notes are prepared in accordance with U.S. generally accepted accounting principles. The preparation of the Company's financial statements requires management to make estimates, assumptions and judgments that affect the amounts reported. These estimates, assumptions and judgments are affected by management's application of accounting policies, which are discussed in the Notes to the Consolidated Financial Statements, Note 1 of Item 8, Financial Statements and Supplementary Data of this report. The critical accounting policies have been reviewed with the audit committee of our board of directors.

Revenue Recognition

Revenue is recognized on the accrual basis at the time of shipment of goods and transfer of title. There are no significant contracts allowing for right of return. The Company does evaluate and record an allowance for any potential returns based on experience and any known circumstances. For the years ended December 31, 2008 and 2007, no allowances were recorded for contracts allowing for right of return. A trade receivable is recorded at the value of the sale. The Company performs periodic credit evaluations of its customers' financial condition and generally does not require collateral.

Accounts Receivable and Allowance for Doubtful Accounts

The Company records a valuation allowance to account for potentially uncollectible accounts receivable. The allowance is determined based on Management's knowledge of the business, specific customers, review of receivable aging and a specific identification of accounts where collection is at risk. At December 31, 2008, the Company's allowance for doubtful accounts for accounts receivable was $0.3 million, or 1.4% of gross accounts receivable. At December 31, 2007, the Company's allowance for doubtful accounts for accounts receivable was $0.5 million, or 2.4% of gross accounts receivable.

In the fourth quarter of 2008, the Company wrote off all receivables amounting to approximately $1.0 million from Eclipse Aviation Corporation, a customer that declared bankruptcy during the fourth quarter of 2008. The impact amounts to approximately a $0.6 million reduction in net income or $.06 per diluted share.

Inventory Valuation

The Company records valuation reserves to provide for excess, slow moving or obsolete inventory or to reduce inventory to the lower of cost or market value. In determining the appropriate reserve, Management considers the age of inventory on hand, the overall inventory levels in relation to forecasted demands as well as reserving for specifically identified inventory that the Company believes is no longer salable. At December 31, 2008, the Company's reserve for inventory valuation was $10.5 million, or 22.7% of gross inventory. At December 31, 2007, the Company's reserve for inventory valuation was $4.1 million, or 10.0% of gross inventory.

In the fourth quarter of 2008, the Company recorded a reserve for inventory on hand used exclusively for the Eclipse 500 aircraft. Eclipse Aviation Corporation, the manufacturer of the aircraft has filed for bankruptcy protection, ceased production, terminated its workforce and petitioned the bankruptcy court to liquidate its assets. The pre-tax charge relating to the Eclipse inventory amounted to approximately $7.4 million, reducing net income by approximately $4.8 million or $0.45 per diluted share.

Deferred Tax Asset Valuation Allowances

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. We record a valuation allowance to reduce deferred tax assets to the amount of future tax benefit that we believe is more likely than not to be realized. We consider recent earnings projections, allowable tax carryforward periods, tax planning strategies and historical earnings performance to determine the amount of the valuation allowance. Changes in these factors could cause us to adjust our valuation allowance, which would impact our income tax expense when we determine that these factors have changed.

As of December 31, 2008, the Company had net deferred tax assets of $6.1 million, net of a $0.7 million valuation allowance. These assets relate principally to liabilities or asset valuation reserves that result in timing difference between generally acceptable accounting principles recognition and treatment for income tax purposes, as well as a state investment tax credit carry-forwards and foreign research and development tax credit carryforwards.

Goodwill

The Company's goodwill is the result of the excess of purchase price over net assets acquired from acquisitions. As of December 31, 2008, the Company had $2.6 million of goodwill. The Company tests goodwill for impairment at least annually during the fourth quarter, and whenever events occur or circumstances change that indicates there may be impairment. The process of evaluating the Company's goodwill for impairment is subjective and requires significant estimates. These estimates include judgments about future cash flows that are dependent on internal forecasts, long-term growth rates and estimates of the weighted average cost of capital used to discount projected cash flows. Based on the discounted projected cash flows, management has concluded that there is no impairment of the Company's goodwill.

Supplemental Retirement Plan

The Company maintains a supplemental retirement plan for certain executives. The accounting for this plan is based in part on certain assumptions that may be highly uncertain and may have a material impact on the financial statements if different reasonable assumptions had been used. The assumptions for increases in compensation and the discount rate for determining the cost recognized in 2008 were 5.0% and 5.75%, respectively. The discount rate used for the projected benefit obligation as of December 31, 2008 was 5.75%. The assumption for compensation increases takes a long-term view of inflation and performance based salary adjustments based on the Company's approach to executive compensation. For determining the discount rate the Company considers long-term interest rates for high-grade corporate bonds.

RESULTS OF OPERATIONS

Sales

Sales for 2008 increased by $15.5 million, or 9.8%, to $173.7 million from $158.2 million in 2007. The sales increase was driven by increased volume sold to meet higher demand for our products. By market, the increase was the result of an increase in sales to the military market of $9.1 million to $34.5 million, the commercial transport market of $3.7 million to $104.1 million and the business jet market of $2.7 million to $34.0 million. Other markets remained flat at $1.1 million. The sales increase to the Military market by product line included $3.1 million from Airframe Power products, $3.9 million from Cockpit Lighting products, $1.9 million from Exterior Lighting products and $0.2 million in other products. The increase in sales to the commercial transport market was primarily a result of a $1.7 million increase in sales of Cabin Electronics products, a $0.8 million increase in Airframe Power products, $0.6 million increase in Cabin Lighting products and $0.6 million increase in Cockpit Lighting products. The increase of sales to the business jet market was primarily a result of a $2.7 million increase in sales of Cockpit Lighting products.

Sales for 2007 increased by $47.4 million or 42.9%, to $158.2 million from $110.8 million in 2006. By market, the increase was primarily the result of an increase in sales to the commercial transport market of $39.2 million to $100.5 million and an increase in sales to the business jet market of $8.3 million to $31.2 million. The military market and other markets remained flat at $25.4 million and $1.1 million, respectively. The increase in sales to the Commercial transport market was primarily a result of $37.4 million increase from Cabin Electronics and a $1.0 million increase from Cockpit Lighting products. The Cabin Electronics increase resulted from increased volume driven by increasing installations of in-seat power and power for in-flight entertainment systems as retrofits for existing aircraft. Sales increases of Cockpit Lighting were a result of increased volume as new aircraft build rates increase as compared to last year. The increase of sales to the business jet market was primarily a result of $3.8 million increase from Airframe power sales, a $3.3 million increase in Cockpit Lighting and a $1.2 million increase of Exterior Lighting sales, all driven by increasing product demand of aircraft containing our products and increasing ship set content on those new aircraft.

Expenses and Margins

Cost of products sold as a percentage of sales increased by 8.3 percentage points to 82.5% in 2008 from 74.2% in 2007. This increase was due primarily to an increase in engineering and design costs of $8.1 million, a $7.4 million reserve for Eclipse 500 aircraft inventory and a $1.6 million reserve for machinery and equipment specifically used in the Eclipse 500 aircraft, somewhat offset by leverage provided by the increased sales volume. It is our intention to continue investing in capabilities and technologies as needed that allows us to execute our strategy to increase the ship set content and value we provide on aircraft in all markets that we serve. The rate of spending on these activities, however, will largely be driven by market opportunities.

Cost of products sold as a percentage of sales decreased by 4.8 percentage points to 74.2% in 2007 from 79.0% in 2006. This decrease was due to leverage provided by the increased sales volume offset by an increase in engineering and design costs of $3.9 million.

Selling, general and administrative expenses (“SG&A”) increased $1.0 million in 2008 to $17.4 million compared to $16.4 million in 2007. This increase is due primarily to the $1.0 million bad debt expense relating to the Eclipse Aviation Corporation accounts receivable write off. As a percentage of sales SG&A was flat at 10.0% compared to 10.4% for the same period of 2007.

Selling, general and administrative expenses (“SG&A”) increased $2.8 million to $16.4 million in 2007 from $13.6 million in 2006 primarily the result of increased wages and benefits. As a percentage of sales, SG&A expense was 10.4% in 2007 compared to 12.3% in 2006 as sales grew at a faster pace than SG&A spending.

Net interest expense was $0.7 million and $1.4 million in 2008 and 2007 respectively. The decrease in interest expense was due primarily to lower average borrowings throughout the year on our revolving credit facility and lower interest rates on the variable rate debt.

Net interest expense was $1.4 million and $0.9 million in 2007 and 2006 respectively. The Series 2007 Industrial Revenue Bonds issued in the first quarter of 2007 to finance the building and manufacturing expansion project in New York, higher average borrowing levels throughout the year on our revolving credit facility and increased averaged interest rates on our variable rate debt were the reasons for the increase when compared to 2006.

Income Taxes

The effective tax rate was 32.0% in 2008, 1.1 percentage points lower than the effective tax rate of 33.1% in 2007. The majority of the change was due to the impact of permanent differences, utilization of foreign research and development tax credits and state and foreign taxes as a percentage of pretax income. We expect in future years, the effective tax rate will continue to approximate statutory rates in effect.

The effective tax rate was 33.1% in 2007, 1.4 percentage points lower than the effective tax rate of 34.5% in 2006. The majority of the change was due to the impact of permanent differences and lower state and foreign taxes as a percentage of pretax income, which were partially offset by a non-cash charge to income tax expense of $0.5 million to reduce our deferred tax assets relating primarily to 2007 New York State investment tax credits on the new building and equipment and foreign research and development tax credit carryforwards.

Off Balance Sheet Arrangements

We do not have any material off -balance sheet arrangements that have or are reasonably likely to have a material future effect on our results of operations or financial condition.

Contractual Obligations

The following table represents contractual obligations as of December 31, 2008:

	Payments Due by Period*				
	Total	**2009**	**2010-2011**	**2012-2013**	**After 2013**
(In thousands)					
Purchase Obligations	$25,535	$24,857	$ 678	$ —	$ —
Long-Term Debt	14,446	920	2,429	2,463	8,634
Operating Leases	7,986	1,975	3,682	2,329	—
Interest on Long-Term Debt	616	121	221	165	109
Other Long Term Liabilities	1,081	193	481	156	251
Total Contractual Obligations	$49,664	$28,066	$ 7,491	$ 5,113	$ 8,994

* This table excludes Supplemental Retirement Plan and related Post Retirement Obligations for which we anticipate making $0.4 million in annual payments in 2009 through 2013. This table excludes principal and interest payments under the new Credit Agreement and the subordinated promissory notes entered into on January 30, 2009. Principal payments on the $40 million senior secured term loan are payable in quarterly installments of $2.0 million commencing April 1, 2009. The outstanding principal on the subordinated promissory notes are due in 2014.

Notes to Contractual Obligations Table

Note Payable and Long-Term Debt — See item 8, Financial Statements and Supplementary Data, Note 2, Long-Term Debt and Note Payable in this report.

Interest on Long-Term Debt — Interest on Long-Term Debt consists of payments on the Series 1999 Industrial Revenue Bonds issued through the Erie County, New York Industrial Development Agency taking into account the interest rate swap entered into on February 6, 2006 which effectively fixes the interest rate on this obligation at 3.99% through January 2016. We have excluded the variable rate interest on our note payable and other long-term debt.

Operating Leases — Operating lease obligations are primarily related to facility leases for our Astronics AES operations and facility leases for our Canadian operations.

In the second quarter of 2008, the Company finalized the renewal for the Astronics AES building lease in Redmond, Washington. The lease is effective from April 1, 2008 through March 31, 2013. Rent payments under this new lease agreement will approximate $1.3 million in 2008, $1.7 million in 2009, $1.8 million in and 2010 and 2011, $1.9 million in and 2012 and $0.5 million for 2013. The 2008 rent expense under the old lease agreement was approximately $0.3 million

Purchase Obligations — Purchase obligations are comprised of the Company's commitments for goods and services in the normal course of business.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow provided by operating activities was $11.5 million in 2008 compared with $8.6 million provided by operating activities in 2007. The increased cash flow from operations of $2.9 million as compared with 2007 was primarily a result of a lower year over year increase in working capital components. In 2008 the Company used $9.1 million of cash as its investment in net working capital components increased during the year. In 2007 the Company used $11.1 million of cash as its investment in net working capital components increased during that year. The increase in investment in working capital components during 2008 was driven by the Company's sales growth.

Cash flow provided by operating activities was $8.6 million in 2007 compared with $0.05 million used for operating activities in 2006. The increase of $8.6 million was mainly a result of an increase in net income of $9.7 million to $15.4 million in 2007 from net income in 2006 of $5.7 million, adjustments for non-cash charges such as depreciation and amortization of $3.4 million, being offset by a net increase in investment in working capital components, primarily receivables, inventory and payables. The increase in investment in working capital components during 2007 was driven by the Company's sales growth.

The Company's cash flows from operations are primarily dependent on its sales, profit margins and the timing of collections of receivables, volume of inventory and payments to suppliers. Sales are influenced significantly by the build rates of new aircraft, which amongst other things are subject to general economic conditions, government appropriations and airline passenger travel. Over time, sales will also be impacted by the Company's success in executing its strategy to increase ship set content and obtain production orders for programs currently in the development stage. A significant change in new aircraft build rates could be expected to impact the Company's profits and cash flow. A significant change in government procurement and funding and the overall health of the worldwide airline industry could be expected to impact the Company's profits and cash flow as well.

Cash used for investing activities in 2008 was $4.6 million, primarily due to capital expenditures of $4.3 million. In 2007, cash used for investing activities was $10.3 million compared with $5.5 million in 2006, a $4.8 million increase. This increase was primarily due to capital expenditures of $9.6 million compared to $5.4 million in 2006.

The Company's cash required for capital equipment purchases for the last three years ranged between $4.3 million and $9.6 million. Our expectation for 2009 is that capital equipment expenditures will approximate $6.0 million to $9.0 million. Future capital requirements depend on numerous factors, including expansion of existing product lines and introduction of new products. Management believes that the Company's cash flow from operations and current borrowing arrangements will provide for these necessary capital expenditures.

At December 31, 2008, the Company was in compliance with all of the covenants pursuant to the credit facility in existence with HSBC Bank USA at that time.

The Company's ability to maintain sufficient liquidity is highly dependent upon achieving expected operating results. Failure to achieve expected operating results could have a material adverse effect on our liquidity, our ability to obtain financing and our operations in the future.

Subsequent to December 31, 2008, the Company amended its existing $60 million credit facility by entering into an $85 million Amended and Restated Credit Agreement dated as of January 30, 2009, with

HSBC Bank USA, National Association, Bank of America, N.A. and KeyBank National Association to finance its acquisition of DME Corporation. The Credit Agreement provides for a five-year, $40 million senior secured term loan with interest at LIBOR plus between 2.25% and 3.50%. The proceeds of the term loan were used to finance the acquisition. The Credit Agreement also provides for a revolving credit line of $45 million, of which approximately $30 million is currently available for working capital requirements and is committed for three years through January 2012, with interest at LIBOR plus between 2.25% and 3.50%. In addition, the Company is required to pay a commitment fee of between 0.30% and 0.50% on the unused portion of the total credit commitment for the preceding quarter, based on the Company's leverage ratio under the Credit Agreement. The credit facility allocates up to $20 million of the $45 million revolving credit line for the issuance of letters of credit, including certain existing letters of credit. Principal payments on the $40 million senior secured term loan are payable in quarterly installments of $2.0 million commencing April 1, 2009.

The amended credit facility contains various covenants. The covenant for minimum fixed charge coverage, defined as the ratio of the sum of net income, interest expense, provision for taxes based on income, total depreciation expense, total amortization expense, other non-cash items reducing net income minus other non-cash items increasing net income minus capital expenditures, minus cash taxes paid and dividends paid to interest expense plus scheduled principal payments on long-term debt calculated on a rolling four-quarter basis is 1.25. The covenant for maximum leverage, defined as the ratio of the sum of net income, interest expense, provision for taxes based on income, total depreciation expense, total amortization expense, other non-cash items reducing net income minus other non-cash items increasing net income to funded debt calculated on a rolling four-quarter basis is 2.75. The covenant for minimum net worth, defined as total stockholder equity shall not be less than $57.3 million increased annually by adding 50% of net income. The covenant for maximum capital expenditures is $10 million annually.

A portion of the 2009 purchase price was funded by the issuance to the shareholders of DME a 6.0% subordinated promissory note due 2014 in the aggregate principal amount of $5.0 million. To evidence its obligations related to the contingent payment, the Company also issued a 6.0% subordinated contingent promissory note due 2014 in the aggregate principal amount of $2.0 million. Payment under the contingent promissory notes is due only upon satisfaction of certain revenue performance criteria for 2009.

The Company's cash needs for working capital, debt service and capital equipment during 2009 and the foreseeable future, are expected to be met by cash flows from operations and if necessary, utilization of the revolving credit facility. The Company's cash needs for debt service for 2009 will be higher than 2008 levels. As a result of the term debt related to the January 2009 DME acquisition scheduled debt principal payments for 2009 will increase from approximately $0.9 million to $6.9 million.

DIVIDENDS

Management believes that it should retain the capital generated from operating activities for investment in advancing technologies, acquisitions and debt retirement. Accordingly, there are no plans to institute a cash dividend program. Additionally, the Company's ability to pay dividends is limited by Minimum Net Worth and Minimum Fixed Charge Coverage Ratio covenants contained in the Company's Credit Agreement.

BACKLOG

At December 31, 2008, the Company's backlog was $89.0 million compared with $92.4 million at December 31, 2007.

RELATED-PARTY TRANSACTIONS

None

RECENT ACCOUNTING PRONOUNCEMENTS

In December 2007, the FASB issued SFAS No. 141(revised 2007), "Business Combinations" (SFAS No. 141R). SFAS No. 141R provides revised guidance on how acquirers recognize and measure the consideration transferred, identifiable assets acquired, liabilities assumed, non-controlling interests, and goodwill acquired in a business combination. Acquisition costs will be generally expensed as incurred. The Company expensed approximately $0.2 million in acquisition costs in 2008. SFAS No. 141R also expands required disclosures surrounding the nature and financial effects of business combinations. SFAS No. 141R is effective, on a prospective basis, for fiscal years beginning after December 15, 2008. The Company believes that SFAS No. 141R will not have a significant impact on its consolidated financial position, cash flows and results of operations.

In March 2008, the FASB issued SFAS No. 161, "Disclosures About Derivative Instruments and Hedging Activities — an amendment of FASB Statement No. 133" (SFAS No. 161). SFAS No. 161 expands quarterly disclosure requirements in SFAS No. 133 about an entity's derivative instruments and hedging activities. SFAS No. 161 is effective for fiscal years beginning after November 15, 2008. The Company is currently assessing the impact SFAS No. 161 will have on its financial statement disclosures.

ITEM 7A. *QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK*

The Company has limited exposure to fluctuation in Canadian currency exchange rates to the U.S. dollar. Nearly all of the Company's consolidated sales are transacted in U.S. dollars. Net assets held in or measured in Canadian dollars amounted to $1.8 million at December 31, 2008. Annual disbursements of approximately $8.1 million are transacted in Canadian dollars. A 10% change in the value of the U.S. dollar versus the Canadian dollar would impact net income by approximately $0.5 million.

Risk due to fluctuation in interest rates is a function of the Company's floating rate debt obligations, which total approximately $14.4 million at December 31, 2008. To offset this exposure, the Company entered into an interest rate swap in February 2006, on its Series 1999 New York Industrial Revenue Bond which effectively fixes the rate at 3.99% plus a spread based on the Company's leverage ratio on this $3.3 million obligation through January 2016.

Before the Company entered into the new credit facility, a change of 1% in interest rates would impact annual net income by less than $0.1 million. Subsequent to December 31, 2008, the additional $40.0 million senior secured term loan incurred in conjunction with the acquisition of DME causes a 1% change in interest rates on all variable rate debt to impact annual net income by $0.3 million. The new Credit Agreement requires the Company to enter into by April 30, 2009, one or more interest rate hedge agreements with one or more of the lenders, to fix the interest rate on not less than fifty percent of the aggregate principal amount of the term loan.

ITEM 8. *FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA*

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Shareholders and Board of Directors of Astronics Corporation:

We have audited the accompanying consolidated balance sheets of Astronics Corporation as of December 31, 2008 and 2007, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2008. Our audits also included the financial statement schedule listing in the index at item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Astronics Corporation at December 31, 2008 and 2007, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2008, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Note 6 to the consolidated financial statements, on December 31, 2006, the Company changed its method of accounting for defined benefit pension plans and other post retirement benefits.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Astronics Corporation's internal control over financial reporting as of December 31, 2008, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 4, 2009 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Buffalo, New York
March 4, 2009

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) and 15d-15(f) of the Exchange Act. Under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2008 based upon the framework in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on that evaluation, our management concluded that our internal control over financial reporting is effective as of December 31, 2008.

Ernst & Young LLP, independent registered public accounting firm, has audited our consolidated financial statements included in this Annual Report on Form 10-K and, as part of their audit, has issued their report, included herein, on the effectiveness of our internal control over financial reporting.

By:	/s/ Peter J. Gundermann Peter J. Gundermann President & Chief Executive Officer (Principal Executive Officer)	March 4, 2009
	/s/ David C. Burney David C. Burney Vice President-Finance, Chief Financial Officer & Treasurer (Principal Financial and Accounting Officer)	March 4, 2009

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Shareholders and Board of Directors of Astronics Corporation:

We have audited Astronics Corporation's internal control over financial reporting as of December 31, 2008, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Astronics Corporation's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

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

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

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

In our opinion, Astronics Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Astronics Corporation as of December 31, 2008 and 2007, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2008 and our report dated March 4, 2009 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Buffalo, New York
March 4, 2009

ASTRONICS CORPORATION

CONSOLIDATED STATEMENT OF INCOME

	Year Ended December 31,		
	2008	2007	2006
(In thousands, except per share data)			
Sales	$173,722	$158,240	$110,767
Cost of products sold	143,249	117,370	87,519
Gross profit	30,473	40,870	23,248
Selling, general and administrative expenses	17,419	16,408	13,582
Income from operations	13,054	24,462	9,666
Interest expense, net of interest income of $12, $50 and $15	694	1,370	896
Other expenses	70	94	11
Income before income taxes	12,290	22,998	8,759
Provision for income taxes	3,929	7,607	3,023
Net income	$ 8,361	$ 15,391	$ 5,736
Basic earnings per share	$ 0.82	$ 1.52	$ 0.58
Diluted earnings per share	$ 0.79	$ 1.44	$ 0.55

See notes to consolidated financial statements.

ASTRONICS CORPORATION

CONSOLIDATED BALANCE SHEET

	December 31, 2008	December 31, 2007
(In thousands, except share and per share data)		
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 3,038	$ 2,818
Accounts Receivable, Net of Allowance for Doubtful Accounts of $305 in 2008 and $514 in 2007	22,053	20,720
Inventories	35,586	36,920
Prepaid Expenses	1,123	942
Prepaid Income Taxes	—	1,040
Deferred Income Taxes	4,955	1,581
Total Current Assets	66,755	64,021
Property, Plant and Equipment, at Cost:		
Land	1,639	1,636
Buildings and Improvements	16,310	16,285
Machinery and Equipment	30,358	25,978
Construction in progress	796	2,179
	49,103	46,078
Less Accumulated Depreciation and Amortization	20,028	15,995
Net Property, Plant and Equipment	29,075	30,083
Deferred Income Taxes	1,155	991
Intangibles net of accumulated amortization of $1,119 in 2008 and $884 in 2007	1,853	2,088
Restricted Cash	136	1,088
Other Assets	3,118	2,802
Goodwill	2,582	3,048
Total Assets	$104,674	$104,121
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Current Maturities of Long-term Debt	$ 920	$ 951
Note Payable	—	7,300
Accounts Payable	9,900	7,667
Accrued Payroll and Employee Benefits	3,789	6,140
Accrued Income Taxes	1,251	—
Customer Advanced Payments and Deferred Revenue	5,237	7,822
Other Accrued Expenses	2,298	2,041
Total Current Liabilities	23,395	31,921
Long-term Debt	13,526	14,684
Supplemental Retirement Plan and Other Liabilities for Pension Benefits	7,002	6,808
Other Liabilities	2,496	1,476
Total Liabilities	46,419	54,889
Shareholders' Equity		
Common Stock, $.01 par value — Authorized 20,000,000 Shares, Issued 8,021,976 in 2008 and 7,511,744 in 2007	80	75
Convertible Class B Stock, $.01 par value — Authorized 5,000,000 Shares, issued 3,223,764 in 2008 and 3,654,494 in 2007	32	36
Additional Paid-in Capital	9,390	7,833
Accumulated Other Comprehensive Loss	(1,429)	(541)
Retained Earnings	53,901	45,548
	61,974	52,951
Less Treasury Stock: 980,313 Shares in 2008 and 2007	3,719	3,719
Total Shareholders' Equity	58,255	49,232
Total Liabilities and Shareholders' Equity	$104,674	$104,121

See notes to consolidated financial statements.

ASTRONICS CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year Ended December 31,		
	2008	2007	2006
(In thousands)			
Cash Flows from Operating Activities			
Net Income	$ 8,361	$ 15,391	$ 5,736
Adjustments to Reconcile Net Income to Cash Provided By (Used For) Operating Activities:			
Depreciation and Amortization	4,142	3,440	2,929
Fixed Asset Impairment	1,580	—	—
Provision for Non-Cash Losses on Inventory and Receivables	8,907	747	138
Stock Compensation Expense	803	771	619
Other	393	(185)	26
Deferred Tax Benefit	(3,558)	(122)	(529)
Cash Flows from Changes in Operating Assets and Liabilities:			
Accounts Receivable	(2,881)	(3,399)	(4,572)
Inventories	(7,102)	(5,599)	(12,298)
Prepaid Expenses	(298)	(137)	(379)
Accounts Payable	2,376	(4,895)	7,047
Accrued Expenses	(2,078)	2,273	869
Customer Advanced Payments and Deferred Revenue	(2,585)	958	1,462
Contract Loss Reserves	—	—	(830)
Prepaid Income Taxes	2,291	(815)	(385)
Supplemental Retirement Plan and Other Liabilities	1,154	173	120
Cash Provided By (Used For) Operating Activities	11,505	8,601	(47)
Cash Flows from Investing Activities			
Capital Expenditures	(4,325)	(9,592)	(5,400)
Other	(247)	(745)	(65)
Cash Used For Investing Activities	(4,572)	(10,337)	(5,465)
Cash Flows from Financing Activities			
Proceeds from Long Term Debt	—	6,000	—
Principal Payments on Long-term Debt	(945)	(944)	(920)
Proceeds from Note Payable	9,100	20,800	10,300
Payments on Note Payable	(16,400)	(21,600)	(9,200)
Debt Acquisition Costs	(197)	(392)	—
Use of (Unexpended) Industrial Revenue Bond Proceeds	952	(1,088)	—
Proceeds from Exercise of Stock Options	329	1,162	984
Income Tax Benefit from Exercise of Stock Options	448	397	94
Cash (Used for) Provided By Financing Activities	(6,713)	4,335	1,258
Effect of Exchange Rates on Cash	—	(3)	3
Increase (Decrease) in Cash and Cash Equivalents	220	2,596	(4,251)
Cash and Cash Equivalents at Beginning of Year	2,818	222	4,473
Cash and Cash Equivalents at End of Year	$ 3,038	$ 2,818	$ 222
Disclosure of Cash Payments for:			
Interest	$ 745	$ 1,421	$ 903
Income Taxes, net	4,798	8,159	4,001

See notes to consolidated financial statements.

ASTRONICS CORPORATION

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

	Common Stock		Class B Stock		Treasury Stock			Accumulated Other		
	Shares Issued	Par Value	Shares Issued	Par Value	Shares	Cost	Paid-In Capital	Comprehensive Income (Loss)	Retained Earnings	Comprehensive Income
(Dollars and shares in thousands)										
Balance at January 1, 2006	7,082	$ 71	3,772	$ 38	980	$ (3,719)	$ 3,808	$ 799	$ 24,421	
Net Income for 2006									5,736	$ 5,736
Currency Translation Adjustments								(24)		(24)
Mark to Market Adjustments for Derivatives, net of income taxes of $25								(48)		(48)
Total Comprehensive Income										$ 5,664
Adjustment to initially apply FASB Statement No. 158, net of income taxes of $859								(1,431)		
Exercise of Stock Options and Stock Compensation Expense including income tax benefit of $94	112	1	44	—			1,696			
Class B Stock converted to Common Stock	120	1	(120)	(1)						
Balance at December 31, 2006	7,314	$ 73	3,696	$ 37	980	$ (3,719)	$ 5,504	$ (704)	$ 30,157	
Net Income for 2007									15,391	$ 15,391
Currency Translation Adjustments								490		490
FASB Statement No. 158 adjustment, net of income taxes of $168								(279)		(279)
Mark to Market Adjustments for Derivatives, net of income taxes of $28								(48)		(48)
Total Comprehensive Income										$ 15,554
Exercise of Stock Options and Stock Compensation Expense including income tax benefit of $397	115	1	39	—			2,329			
Class B Stock converted to Common Stock	83	1	(83)	(1)						
Balance at December 31, 2007	7,512	$ 75	3,652	$ 36	980	$ (3,719)	$ 7,833	$ (541)	$ 45,548	
Net Income for 2008									**8,361**	**8,361**
Currency Translation Adjustments								**(751)**		**(751)**
FASB Statement No. 158 adjustment, net of income taxes of ($85)								**(41)**		**(41)**
Mark to Market Adjustments for Derivatives, net of income taxes of $49								**(96)**		**(96)**
Total Comprehensive Income										**$ 7,473**
Adjustment for Stock Distribution									**(8)**	
Exercise of Stock Options and Stock Compensation Expense including income tax benefit of $448	**50**	**—**	**32**	**1**			**1,557**			
Class B Stock converted to Common Stock	**460**	**5**	**(460)**	**(5)**						
Balance at December 31, 2008	**8,022**	**$ 80**	**3,224**	**$ 32**	**980**	**$ (3,719)**	**$ 9,390**	**$ (1,429)**	**$ 53,901**	

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 —SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES AND PRACTICES

Description of the Business

Astronics Corporation, through its subsidiaries Luminescent Systems, Inc., Luminescent Systems Canada Inc. and Astronics Advanced Electronic Systems Corp. (AES) designs and manufactures lighting components and subsystems, electrical power generation, in-flight control and power distribution systems for aircraft. The Company serves the three primary markets for aircraft which are the military, commercial transport and the business jet markets.

Stock Distribution

On September 16, 2008, Astronics Corporation announced a one-for-four distribution of Class B Stock to holders of both Common and Class B Stock. On or about October 17, 2008, stockholders received one share of Class B Stock for every four shares of Common and Class B Stock held on the record date of October 6, 2008. All share quantities, share prices and per share data reported throughout this report have been adjusted to reflect the impact of this distribution.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany transactions and balances have been eliminated.

Acquisitions are accounted for under the purchase method and, accordingly, the operating results for the acquired companies are included in the consolidated statements of earnings from the respective dates of acquisition.

Revenue and Expense Recognition

Revenue is recognized on the accrual basis at the time of shipment of goods and transfer of title. There are no significant contracts allowing for right of return. The Company does evaluate and record an allowance for any potential returns based on experience and any known circumstances. For the years ended December 31, 2008 and 2007, no significant allowances were recorded for contracts allowing for right of return. A trade receivable is recorded at the value of the sale. The Company performs periodic credit evaluations of its customers' financial condition and generally does not require collateral. The Company records a valuation allowance to account for potentially uncollectible accounts receivable. The allowance is determined based on Management's knowledge of the business, specific customers, review of the receivable's aging and a specific identification of accounts where collection is at risk.

At December 31, 2008, the Company's allowance for doubtful accounts for accounts receivable was $0.3 million, or 1.4% of gross accounts receivable. At December 31, 2007, the Company's allowance for doubtful accounts for accounts receivable was $0.5 million, or 2.4% of gross accounts receivable. In the fourth quarter of 2008, the Company elected to directly write off all receivables amounting to approximately $1.0 million from Eclipse Aviation Corporation, a customer that declared bankruptcy during the fourth quarter of 2008. The impact amounts to approximately a $0.6 million reduction in net income or $.06 per diluted share.

Cost of products sold includes the costs to manufacture products such as direct materials and labor and manufacturing overhead as well as all engineering and developmental costs. Shipping and handling costs are expensed as incurred and are included in costs of products sold. Selling, general and administrative expenses include costs primarily related to our sales and marketing departments and administrative departments.

The Company is engaged in a variety of engineering and design activities as well as basic research and development activities directed to the substantial improvement or new application of the Company's existing technologies. These costs are expensed when incurred and included in cost of sales. Research and development, design and related engineering amounted to $22.9 million in 2008, $14.8 million in 2007 and $10.9 million in 2006.

Stock-Based Compensation

The Company accounts for share-based compensation under SFAS 123(R), "Share-Based Payment," applying the modified prospective method. This Statement requires all equity-based payments to employees, including grants of employee stock options, to be recognized in the statement of earnings based on the grant date fair value of the award. Under the modified prospective method, the Company is required to record equity-based compensation expense for all awards granted after the date of adoption and for the unvested portion of previously granted awards outstanding as of the date of adoption. For awards with graded vesting, the Company uses a straight-line method of attributing the value of stock-based compensation expense, subject to minimum levels of expense, based on vesting. Prior to the first quarter of 2006 the Company accounted for its stock-based awards using the intrinsic value method in accordance with Accounting Principles Board Opinion No. 25 and its related interpretations.

Under SFAS 123(R), stock compensation expense recognized during the period is based on the value of the portion of share-based payment awards that is ultimately expected to vest during the period. Vesting requirements vary for directors, officers and key employees. In general, options granted to outside directors vest six months from the date of grant and options granted to officers and key employees vest with graded vesting over a five-year period, 20% each year, from the date of grant.

Consistent with SFAS 123(R), we classified $0.4 million of excess tax benefits from share based payment arrangements as cash flows from financing activities each in 2008 and 2007.

Cash and Cash Equivalents

All highly liquid instruments with a maturity of three months or less at the time of purchase are considered cash equivalents. Cash and cash equivalents excludes amounts which are restricted for use for capital expenditures under the series 2007 Industrial Revenue Bonds.

Inventories

Inventories are stated at the lower of cost or market, cost being determined in accordance with the first-in, first-out method. Inventories at December 31 are as follows:

	2008	2007
(In thousands)		
Finished Goods	$ 7,690	$ 7,226
Work in Progress	8,407	8,553
Raw Material	19,489	21,141
	$35,586	$36,920

The Company records valuation reserves to provide for excess, slow moving or obsolete inventory or to reduce inventory to the lower of cost or market value. In determining the appropriate reserve, Management considers the age of inventory on hand, the overall inventory levels in relation to forecasted demands as well as reserving for specifically identified inventory that the Company believes is no longer salable.

At December 31, 2008, the Company's reserve for inventory valuation was $10.5 million, or 22.7% of gross inventory. In November of 2008, Eclipse Aviation Corporation, a customer, filed for bankruptcy protection. Eclipse has ceased production, terminated its workforce and petitioned the bankruptcy court to liquidate its assets. In the fourth quarter of 2008, the Company recorded a reserve for certain inventory specifically used in the Eclipse 500 aircraft which is included in cost of goods sold. This charge increased the inventory valuation reserve by approximately $7.4 million, reducing net income by approximately $4.8 million or $0.45 per diluted share. At December 31, 2007, the Company's reserve for inventory valuation was $4.1 million, or 10.0% of gross inventory.

Property, Plant and Equipment

Depreciation of property, plant and equipment is computed on the straight-line method for financial reporting purposes and on accelerated methods for income tax purposes. Estimated useful lives of the assets are as follows: buildings, 40 years; machinery and equipment, 4-10 years. Leasehold improvements are amortized over the terms of the lease or the lives of the assets, whichever is shorter.

The cost of properties sold or otherwise disposed of and the accumulated depreciation thereon are eliminated from the accounts, and the resulting gain or loss, as well as maintenance and repair expenses, are reflected in income. Replacements and improvements are capitalized.

Depreciation expense was $3.7 million, $2.9 million and $2.4 million in 2008, 2007 and 2006, respectively. No interest costs were capitalized in 2008. Interest costs capitalized relating to the 2007 building expansion, in East Aurora, New York amounted to approximately $0.1 million.

In the fourth quarter of 2008, the Company recorded a charge in cost of goods sold, for certain equipment relating to the Eclipse 500 aircraft. This charge amounted to approximately $1.6 million included in cost of goods sold, reducing net income by approximately $1.0 million or $0.10 per diluted share.

Goodwill and Intangible Assets

The Company tests goodwill at the reporting unit level on an annual basis or more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. The Company has one reporting unit for purposes of the goodwill impairment test. The impairment test consists of comparing the fair value of the reporting unit, determined using discounted cash flows, with its carrying amount including goodwill, and, if the carrying amount of the reporting unit exceeds its fair value, comparing the implied fair value of goodwill with its carrying amount. An impairment loss would be recognized for the carrying amount of goodwill in excess of its implied fair value.

Intangibles are valued based upon future economic benefits such as discounted earnings and cash flows. Acquired identifiable intangible assets are recorded at cost and are amortized over their estimated useful lives. Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of those assets may not be recoverable. Trade name intangibles have an indefinite life and are tested for impairment on an annual basis or more frequently if an event occurs or circumstances change that would more likely than not reduce its fair value below its carrying amount.

Long-Lived Assets

Long-lived assets to be held and used are initially recorded at cost. The carrying value of these assets is evaluated for recoverability whenever adverse effects or changes in circumstances indicate that the carrying amount may not be recoverable. Impairments are recognized if future undiscounted cash flows and earnings from operations are not expected to be sufficient to recover long-lived assets. The carrying amounts are then reduced by the estimated shortfall of the discounted cash flows.

Financial Instruments

The Company's financial instruments consist primarily of cash and cash equivalents, accounts receivable, accounts payable, notes payable, long-term debt and an interest rate swap. The carrying value of the Company's financial instruments approximate fair value. The Company does not hold or issue financial instruments for trading purposes.

Derivatives

The Company records all derivatives on the balance sheet at fair value and as long term. The accounting for changes in the fair value of derivatives depends on the intended use and resulting designation. During 2008 and

2007, the Company's use of derivative instruments was limited to a cash flow hedge for interest rate risk. For a derivative designated as a cash flow hedge, the effective portion of the derivative's gain or loss is initially reported as a component of other comprehensive income ("OCI") and subsequently reclassified into earnings when the hedged exposure affects earnings. The Company entered into an interest rate swap in February 2006, on its Series 1999 New York Industrial Revenue Bonds which effectively fixes the rate at 3.99% on this obligation through January 2016. The ineffective portions of all derivatives are recognized immediately into earnings as other income or expense. Ineffectiveness was not material in 2008, 2007, and 2006. For a derivative not designated as a hedging instrument, the gain or loss is recognized in earnings in the period of change. The Company classifies the cash flows from hedging transactions in the same category as the cash flows from the respective hedged items. The Company reclassified $0.1 million from accumulated other comprehensive income to interest expense during 2008. Amounts reclassified in 2007 and 2006 were insignificant.

Income Taxes

The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial reporting and tax basis of assets and liabilities. Deferred tax assets are reduced, if deemed necessary, by a valuation allowance for the amount of tax benefits which are not expected to be realized. Investment tax credits are recognized on the flow through method.

In July 2006, the FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109" (FIN 48), which clarifies the accounting and disclosure for uncertainty in tax positions, as defined. FIN 48 seeks to reduce the diversity in practice associated with certain aspects of the recognition and measurement related to accounting for income taxes. The Company is subject to the provisions of FIN 48 as of January 1, 2007, and has analyzed filing positions in all of the federal and state jurisdictions where it is required to file income tax returns, as well as all open tax years in these jurisdictions. The Company believes that its income tax filing positions and deductions will be sustained on audit. Therefore, no reserves for uncertain income tax positions have been recorded pursuant to FIN 48 and the Company was not required to record a cumulative effect adjustment related to the adoption of FIN 48.

In the future, should the Company need to accrue a liability for unrecognized tax benefits, any interest associated with that liability will be recorded as interest expense. Penalties, if any, would be recognized as operating expenses. There are no penalties or interest liability accrued as of December 31, 2008. The years under which we conducted our evaluation coincided with the tax years currently still subject to examination by major federal and state tax jurisdictions, those being 2005, 2006, 2007 and 2008.

Prior to January 1, 2007, the Company recorded accruals for tax contingencies and related interest when it was probable that a liability had been incurred and the amount of the contingency could be reasonably estimated based on specific events such as an audit or inquiry by a taxing authority.

Earnings per Share

Earnings per share computations are based upon the following table:

	2008	2007	2006
(In thousands, except per share data)			
Net Income	$ 8,361	$15,391	$ 5,736
Basic earnings weighted average shares	10,237	10,104	9,945
Net effect of dilutive stock options	413	607	391
Diluted earnings weighted average shares	10,650	10,711	10,336
Basic earnings per share	$ 0.82	$ 1.52	$ 0.58
Diluted earnings per share	$ 0.79	$ 1.44	$ 0.55

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Reserved Common Stock

At December 31, 2008, approximately 4.9 million shares of common stock were reserved for issuance upon conversion of the Class B stock, exercise of stock options and purchases under the Employee Stock Purchase Plan. Class B Stock is identical to Common Stock, except Class B Stock has ten votes per share, is automatically converted to Common Stock on a one for one basis when sold or transferred, and cannot receive dividends unless an equal or greater amount of dividends is declared on Common Stock.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities and the reported amounts of revenues and expenses during the reporting periods in the financial statements and accompanying notes. Actual results could differ from those estimates.

Comprehensive Income

Comprehensive income consists primarily of net earnings and the after-tax impact of currency translation adjustments, mark to market adjustment for derivatives and retirement liability adjustments. Income taxes related to derivatives and retirement liability adjustments within other comprehensive income are generally recorded based on an effective tax rate of approximately 35%. No income tax effect is recorded for currency translation adjustments.

The accumulated balances of the components of other comprehensive (loss) income net of tax, at December 31, 2008 and 2007 are as follows:

	2008	2007
(In millions)		
Accumulated foreign currency translation	$ 0.5	$ 1.3
Accumulated loss on derivative adjustment net of tax benefit of $0.1 million and $0.1 million at December 31, 2008 and 2007	(0.2)	(0.1)
Accumulated retirement liability adjustment net of tax benefit of $0.9 million and $1.0 million at December 31, 2008 and 2007 respectively	(1.7)	(1.7)
	$(1.4)	$(0.5)

Fair Value

In September 2006, the FASB issued SFAS No. 157, “Fair Value Measurements,” (SFAS 157), which is effective for fiscal years beginning after November 15, 2007 and for interim periods within those years. This statement defines fair value, establishes a framework for measuring fair value and expands the related disclosure requirements. This statement applies under other accounting pronouncements that require or permit fair value measurements. The statement indicates, among other things, that a fair value measurement assumes that the transaction to sell an asset or transfer a liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability. SFAS 157 defines fair value based upon an exit price model.

We adopted SFAS 157 as of January 1, 2008, the impact of which was not significant. Relative to SFAS 157, the FASB issued FASB Staff Positions (FSP) 157-1 and 157-2. FSP 157-1 amends SFAS 157 to exclude SFAS No. 13, “Accounting for Leases,” (SFAS 13) and its related interpretive accounting pronouncements that address leasing transactions, while FSP 157-2 delays the effective date of the application of SFAS 157 to fiscal years beginning after November 15, 2008 for all nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis. The

Company has elected the partial deferral allowed for under FSP 157-2. Goodwill and indefinite lived intangible assets are the only major category of assets that are required to be measured at fair value on a recurring basis as part of impairment assessments for which, in accordance with FSP 157-2, the entity has not applied the provisions of FAS 157.

SFAS 157 establishes a valuation hierarchy for disclosure of the inputs to valuation used to measure fair value. This hierarchy prioritizes the inputs into three broad levels as follows. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument. Level 3 inputs are unobservable inputs based on our own assumptions used to measure assets and liabilities at fair value. A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

The following table provides the assets and liabilities carried at fair value measured on a recurring basis as of December 31, 2008 (in thousands):

	Asset (Liability)	Level 1	Level 2	Level 3
Interest rate swaps	(293)	—	(293)	—

Interest rate swaps are over-the-counter securities with no quoted readily available Level 1 inputs, and therefore are measured at fair value using inputs that are directly observable in active markets and are classified within Level 2 of the valuation hierarchy, using the income approach.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities — Including an amendment of FASB Statement No. 115," (SFAS 159) which is effective for fiscal years beginning after November 15, 2007. This statement permits entities to choose to measure many financial instruments and certain other items at fair value. This statement also establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. Unrealized gains and losses on items for which the fair value option is elected would be reported in earnings. We have adopted SFAS 159 and have elected not to measure any additional financial instruments and other items at fair value. Therefore, the adoption of SFAS 159 had no effect on our financial statements

Recent Accounting Pronouncements

In December 2007, the FASB issued SFAS No. 141(revised 2007), "Business Combinations" (SFAS No. 141R). SFAS No. 141R provides revised guidance on how acquirers recognize and measure the consideration transferred, identifiable assets acquired, liabilities assumed, non-controlling interests, and goodwill acquired in a business combination. Acquisition costs will be generally expensed as incurred. The Company expensed approximately $0.2 million in acquisition costs in 2008. SFAS No. 141R also expands required disclosures surrounding the nature and financial effects of business combinations. SFAS No. 141R is effective, on a prospective basis, for fiscal years beginning after December 15, 2008. The Company believes that SFAS No. 141R will not have a significant impact on its consolidated financial position, cash flows and results of operations.

In March 2008, the FASB issued SFAS No. 161, "Disclosures About Derivative Instruments and Hedging Activities — an amendment of FASB Statement No. 133" (SFAS No. 161). SFAS No. 161 expands quarterly disclosure requirements in SFAS No. 133 about an entity's derivative instruments and hedging activities. SFAS No. 161 is effective for fiscal years beginning after November 15, 2008. The Company is currently assessing the impact SFAS No. 161 will have on its financial statement disclosures.

Dividends

The Company has not paid any cash dividends in the three-year period ended December 31, 2008. It has no plans to pay cash dividends as it plans to retain all cash from operations as a source of capital to finance growth in the business. The Company's ability to pay dividends is limited by Minimum Net Worth and Minimum Fixed Charge Coverage Ratio covenants contained in the Company's new Credit Agreement as discussed in Note 12.

NOTE 2 —LONG-TERM DEBT AND NOTE PAYABLE

Long-term debt consists of the following:

	2008	2007
(In thousands)		
Note Payable at Canadian Prime payable $12 monthly through 2016 plus interest (Canadian prime was 4.0% at December 31, 2008)	$ 1,026	$ 1,438
Series 1998 Industrial Revenue Bonds issued through the Business Finance Authority of the State of New Hampshire payable $400 annually through 2018 with interest reset weekly (1.70% at December 31, 2008)	4,050	4,450
Series 1999 Industrial Revenue Bonds issued through the Erie County, New York Industrial Development Agency payable $350 annually through 2019 with interest reset weekly (1.15% at December 31, 2008)	3,295	3,645
Series 2007 Industrial Revenue Bonds issued through the Erie County, New York Industrial Development Agency payable $260 in 2010 and $340 from 2011 through 2027 with interest reset weekly (1.15% at December 31, 2008)	6,000	6,000
Other	75	102
	14,446	15,635
Less current maturities	920	951
	$13,526	$14,684

Principal maturities of long-term debt for each of the next five years are $0.9 million for 2009 and $1.2 million annually for 2010 through 2013.

The Company is in compliance with all its debt and credit facility covenants at December 31, 2008 and believes it will continue to be compliant in the future.

The Industrial Revenue Bonds are held by institutional investors and are guaranteed by a bank letter of credit, which is collateralized by certain property, plant and equipment assets, the carrying value of which approximates the principal balance on the bonds.

The Company has a standby unsecured bank letter of credit guaranteeing the note payable in Canada, the carrying value of which approximates the principal balance on the note.

In February 2006, the Company entered into an interest rate swap, for its Series 1999 Industrial Revenue Bonds million obligation which effectively fixes the interest rate at 3.99% on this obligation through January 2016.

Pursuant to the Revolving Credit Facility, the Company's borrowing availability was increased from $25 million to $60 million. At the option of the Company, the outstanding loans under the Revolving Credit Facility bear interest at (i) LIBOR plus between 0.75% and 1.50% or (ii) the prime rate plus between negative 0.25% and 0.0%. The applicable interest rate is based upon the ratio of the Company's total funded debt as of a calculation date to consolidated earnings before interest, taxes, depreciation and amortization, calculated on a rolling four-quarter basis as of such calculation date (the "Leverage Ratio"). In addition, the Company is

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required to pay a commitment fee of between 0.125% and 0.25% on the unused portion of the Line Limit borrowing availability for the preceding quarter, also based on the Company's Leverage Ratio. The Facility allows the Company to allocate up to $5.0 million of its availability under the Loan Agreement for the issuance of letters of credit.

The Company's obligations under the Revolving Credit Facility are jointly and severally guaranteed by the Company's domestic subsidiaries as well as secured by a first priority lien on all of the Company's and domestic subsidiary's assets except for project assets financed with and which currently secure either of the letters of credit issued by the Agent in connection with existing bonds or directly secure the existing bonds. The Company believes it will continue to be compliant in the foreseeable future with all the credit facility covenants.

At December 31, 2008 and 2007 the Company had outstanding $0.0 million and $7.3 million, respectively, on its revolving credit facility existing at that time. At December 31, 2008 and 2007, the Company had available $60.0 million and $17.7 million, respectively, on its facility existing at that time.

See Note 12 — Subsequent Event, for information on the amendment to the credit facility effective January 30, 2009.

NOTE 3 —STOCK OPTION AND PURCHASE PLANS

The Company has stock option plans that authorize the issuance of options for shares of Common Stock to directors, officers and key employees. Stock option grants are designed to reward long-term contributions to the Company and provide incentives for recipients to remain with the Company. The exercise price, determined by a committee of the Board of Directors, may not be less than the fair market value of the Common Stock on the grant date. Options become exercisable over periods not exceeding ten years. The Company's practice has been to issue new shares upon the exercise of the options.

Stock compensation expense recognized during the period is based on the value of the portion of share-based payment awards that is ultimately expected to vest during the period. Vesting requirements vary for directors, officers and key employees. In general, options granted to outside directors vest six months from the date of grant and options granted to officers and key employees straight line vest over a five-year period from the date of grant.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's employee stock options have characteristics significantly different from those of traded options and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options. The weighted average fair value of the options was $4.02, $11.18 and $6.06 for options granted during the year ended December 31, 2008, 2007 and 2006, respectively.

The fair value for these options was estimated at the date of grant using a Black- Scholes option pricing model with the following weighted-average assumptions:

	2008	2007	2006
Risk-free interest rate	2.09% - 3.73%	3.7% - 4.5%	4.5% - 4.7%
Dividend yield	0.0%	0.0%	0.0%
Volatility factor	0.37 - 0.39	0.34 - 0.38	0.33 - 0.34
Expected life in years	7.00 - 8.00	7.00 - 8.00	7.00 - 8.00

To determine expected volatility, the Company uses historical volatility based on weekly closing prices of its Common Stock and considers currently available information to determine if future volatility is expected to differ over the expected terms of the options granted. The risk-free rate is based on the United States Treasury yield curve at the time of grant for the appropriate term of the options granted. Expected dividends are based on the Company's history and expectation of dividend payouts. The expected term of stock options is based on vesting schedules, expected exercise patterns and contractual terms.

The following table provides compensation expense information based on the fair value of stock options for the years ended December 31, 2008, 2007 and 2006:

	2008	2007	2006
(In thousands)			
Stock compensation expense included in net income	$803	$ 771	$619
Tax benefit	(87)	(136)	(86)
Stock compensation expense, net of tax	$716	$ 635	$533

A summary of the Company's stock option activity and related information for the years ended December 31 follows:

	2008			2007			2006		
	Options	Weighted Average Exercise Price	Aggregate Intrinsic Value	Options	Weighted Average Exercise Price	Aggregate Intrinsic Value	Options	Weighted Average Exercise Price	Aggregate Intrinsic Value
(Aggregate intrinsic value in thousands)									
Outstanding at the Beginning of the Year	996,549	$ 7.04	$ 1,853	1,022,728	$ 5.85	$28,792	1,001,979	$ 5.19	$ 8,529
Options Granted	144,985	8.68	31	65,238	23.34	696	98,250	12.88	81
Options Exercised	(81,841)	4.33	(374)	(90,416)	5.35	(2,590)	(77,501)	6.24	(578)
Options Forfeited	—	—	—	(1,000)	4.39	(30)	—	—	—
Outstanding at the End of the Year	1,059,693	$ 7.48	$ 1,510	996,549	$ 7.04	$26,868	1,022,728	$ 5.85	$ 8,032
Exercisable at December 31	755,120	$ 6.46	$ 1,842	710,836	$ 5.79	$20,049	648,411	$ 5.22	$ 5,504

The aggregate intrinsic value in the preceding table represents the total pretax option holder's intrinsic value, based on the Company's closing stock price of Common Stock which would have been received by the option holders had all option holders exercised their options as of that date. The Company's closing stock price of Common Stock was $8.90, $34.00 and $13.70 as of December 31, 2008, 2007 and 2006, respectively.

The fair value of options vested during 2008, 2007 and 2006 was $8.80, $3.50 and $3.16, respectively. At December 31, 2008, total compensation costs related to non-vested awards not yet recognized amounts to $1.4 million and will be recognized over a weighted average period of 2.4 years.

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The following is a summary of weighted average exercise prices and contractual lives for outstanding and exercisable stock options as of December 31, 2008:

	Outstanding			Exercisable	
Exercise Price Range	Shares	Weighted Average Remaining Life in Years	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
$4.07-$6.12	606,402	4.73	$ 4.50	532,494	$ 4.48
$7.86-$10.73	308,641	7.30	8.25	143,441	8.67
$13.89-$14.08	110,662	8.20	14.14	72,390	14.27
$31.85	33,988	8.97	31.85	6,795	31.85
	1,059,693	5.98	$ 7.48	755,120	$ 6.46

The Company established Incentive Stock Option Plans for the purpose of attracting and retaining executive officers and key employees, and to align management's interest with those of the shareholders. Generally, the options must be exercised within ten years from the grant date and vest ratably over a five-year period. The exercise price for the options is equal to the fair market value at the date of grant. At December 31, 2008, the Company had options outstanding for 874,290 shares under the plan. At December 31, 2008, 414,104 options were available for future grant under the plan established in 2001.

The Company established the Directors Stock Option Plans for the purpose of attracting and retaining the services of experienced and knowledgeable outside directors, and to align their interest with those of the shareholders. The options must be exercised within ten years from the grant date. The exercise price for the option is equal to the fair market value at the date of grant and vests six months from the grant date. At December 31, 2008, the Company had options outstanding for 185,403 shares under the plans. At December 31, 2008, there were 178,878 options available for future grants under the plan established in 2005.

In addition to the options discussed above, the Company has established the Employee Stock Purchase Plan to encourage employees to invest in Astronics Corporation. The plan provides employees that have been with the Company for at least a year the opportunity to invest up to 20% of their cash compensation (up to an annual maximum of approximately $21,000) in Astronics common stock at a price equal to 85% of the fair market value of the Astronics common stock, determined each October 1. Employees are allowed to enroll annually. Employees indicate the number of shares they wish to obtain through the program and their intention to pay for the shares through payroll deductions over the annual cycle of October 1 through September 30. Employees can withdraw anytime during the annual cycle, and all money withheld from the employees pay is returned with interest. If an employee remains enrolled in the program, enough money will have been withheld from the employees' pay during the year to pay for all the shares that the employee opted for under the program. At December 31, 2008, employees had subscribed to purchase 57,704 shares at $15.13 per share. The weighted average fair value of the options was $4.15, $9.11 and $3.03 for options granted during the year ended December 31, 2008, 2007 and 2006, respectively.

The fair value for the options granted under the Employee Stock Purchase plan was estimated at the date of grant using a Black- Scholes option pricing model with the following weighted-average assumptions:

	2008	2007	2006
Risk-free interest rate	1.53%	3.20%	4.90%
Dividend yield	0.0%	0.0%	0.0%
Volatility factor	.376	.380	.343
Expected life in years	1.00	1.00	1.00

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NOTE 4 — INCOME TAXES

Pretax income (losses) from the Company's foreign subsidiary amounted to $0.5 million, $1.1 million and $(0.1) million for 2008, 2007 and 2006 respectively. The balances of pretax earnings for each of those years were domestic.

The provision (benefit) for income taxes for operations consists of the following:

	2008	2007	2006
(In thousands)			
Current			
US Federal	$ 7,331	$7,495	$3,563
State	137	93	112
Foreign	19	141	(123)
Deferred	(3,558)	(122)	(529)
	$ 3,929	$7,607	$3,023

The effective tax rates differ from the statutory federal income tax as follows:

	2008	2007	2006
Statutory Federal Income Tax Rate	35.0%	35.0%	34.0%
Permanent Items, Net	(1.9)%	(1.0)%	0.5%
Foreign Taxes (benefits)	(1.4)%	(1.2)%	—
State Income Tax, Net of Federal Income Tax Benefit	0.1%	0.4%	1.0%
Other	0.2%	(0.1)%	(1.0)%
	32.0%	33.1%	34.5%

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Significant components of the Company's deferred tax assets and liabilities as of December 31, 2008 and 2007 are as follows:

	2008	2007
(In thousands)		
Deferred tax assets:		
Deferred compensation	$ 3,544	$3,456
Asset reserves	5,001	1,300
State and Foreign tax credit carryforwards, net of federal tax	680	769
Customer Advanced Payments and Deferred Revenue	645	557
Other	288	306
Total gross deferred tax assets	10,158	6,388
Valuation allowance for deferred tax assets related to state and foreign tax credit carryforwards, net of federal tax	(680)	(769)
Deferred tax assets	9,478	5,619
Deferred tax liabilities:		
Depreciation	2,960	2,595
Intangibles	408	452
Deferred tax liabilities	3,368	3,047
Net deferred tax asset	$ 6,110	$2,572

The net deferred tax assets and liabilities are presented in the consolidated balance sheet as follows at December 31, 2008 and 2007:

	2008	2007
(In thousands)		
Deferred tax asset — current	$4,955	$1,581
Deferred tax asset — long-term	1,155	991
Net deferred tax asset	$6,110	$2,572

In the fourth quarter of 2007, the Company recorded an increase of $0.6 million in its valuation allowance, reducing the Company's deferred tax asset relating to state and foreign tax credit carryforwards to $0.0 million. As a result, in 2007, the Company recorded a non-cash charge to income tax expense of $0.5 million net of the federal tax benefit.

NOTE 5 —PROFIT SHARING/401(K) PLAN

The Company has a qualified Profit Sharing/401(k) Plan for the benefit of its eligible full-time employees. The Profit Sharing/401(k) Plan provides for annual contributions based on percentages of pretax income. In addition, employees may contribute a portion of their salary to the 401(k) plan which is partially matched by the Company. The plan may be amended or terminated at any time. Total charges to income from continuing operations for the plan were $1.5 million, $1.9 million and $1.4 million in 2008, 2007 and 2006, respectively.

NOTE 6 —SUPPLEMENTAL RETIREMENT PLAN AND RELATED POST RETIREMENT BENEFITS

On December 31, 2006, the Company adopted the recognition and disclosure provisions of SFAS No. 158. SFAS No. 158 requires the Company to recognize the funded status (i.e., the difference between the fair value of plan assets and the projected benefit obligations) of its pension plan in its balance sheet, with a corresponding adjustment to accumulated other comprehensive income, net of tax. The adjustment to accumulated other comprehensive income at adoption represented the net unrecognized actuarial losses, unrecognized prior service costs, and unrecognized transition obligation remaining from the initial adoption of SFAS No. 87, all of which were previously netted against the plan's funded status in the Company's balance sheet pursuant to the provisions of SFAS No. 87. These amounts will be subsequently recognized as net periodic pension cost pursuant to the Company's historical accounting policy for amortizing such amounts. Further, actuarial gains and losses that arise in subsequent periods and are not recognized as net periodic pension cost in the same periods will be recognized as a component of other comprehensive income. Those amounts will be subsequently recognized as a component of net periodic pension cost on the same basis as the amounts recognized in accumulated other comprehensive income at adoption of SFAS No. 158.

Unrecognized prior service costs of $1.1 million ($0.7 million net of tax) and unrecognized actuarial losses $1.5 million ($1.0 million net of tax) are included in accumulated other comprehensive income at December 31, 2008 and have not yet been recognized in net periodic pension cost. The prior service cost, and actuarial loss included in accumulated other comprehensive income and expected to be recognized in net periodic pension cost during the fiscal year-ended December 31, 2009 is $0.1 million ($0.1 million net of tax) and $0.1 million ($0.1 million net of tax), respectively.

The Company has a nonqualified supplemental retirement defined benefit plan (the "Plan") for certain current and retired executives. The Plan provides for benefits based upon average annual compensation and years of service, less offsets for Social Security and Profit Sharing benefits. It is the Company's intent to fund the benefits as they become payable.

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The reconciliation of the beginning and ending balances of the projected benefit obligation and the fair value of plans assets for the year ended December 31, 2008 and 2007 and the accumulated benefit obligation at December 31, 2008 and 2007 is as follows:

	December 31, 2008	December 31, 2007
(In thousands)		
Funded Status		
Projected Benefit Obligation		
Beginning of Year — January 1	$ 6,343	$ 5,761
Service Cost	48	38
Interest Cost	355	321
Actuarial Loss	100	570
Benefits Paid	(348)	(347)
End of Year — December 31	6,498	6,343
Fair Value of Plan Assets End of Year — December 31	—	—
Accumulated Benefit Obligation Recognized — December 31	$ 6,498	$ 6,343

The assumptions used to calculate the benefit obligation as of December 31, 2008 and 2007 are as follows:

	2008	2007
Discount Rate	5.75%	5.75%
Future Average Compensation Increases	5.00%	5.00%

The unfunded status of the plan of $6.5 million at December 31, 2008 is recognized in the accompanying statement of financial position as a current accrued pension liability of $0.3 million and a long-term accrued pension liability of $6.2 million. This also is the expected Company contribution to the plan, as it is unfunded.

The following table summarizes the components of the net periodic cost for the years ended December 31, 2008, 2007 and 2006:

	2008	2007	2006
(In thousands)			
Net Periodic Cost			
Service Cost — Benefits Earned During Period	$ 48	$ 38	$ 35
Interest Cost	355	321	309
Amortization of Prior Service Cost	109	109	109
Amortization of Losses	29	4	5
Net Periodic Cost	$541	$472	$458

The assumptions used to determine the net periodic cost are as follows:

	2008	2007	2006
Discount Rate	5.75%	5.75%	5.50%
Future Average Compensation Increases	5.00%	5.00%	5.00%

The Company expects the benefits to be paid in each of the next five years to be $0.3 million and $1.7 million in the aggregate for the next five years after that. This also is the expected Company contribution to the plan, since the plan is unfunded.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Participants in the nonqualified supplemental retirement plan are entitled to paid medical, dental and long-term care insurance benefits upon retirement under the plan. The measurement date for determining the plan obligation and cost is December 31.

The reconciliation of the beginning and ending balances of the projected benefit obligation and the fair value of plans assets for the year ended December 31, 2008 and 2007 and the accumulated benefit obligation at December 31, 2008 and 2007 is as follows:

	December 31, 2008	December 31, 2007
(In thousands)		
Funded Status		
Projected Benefit Obligation		
Beginning of Year — January 1	$ 859	$ 820
Service Cost	6	6
Interest Cost	48	46
Actuarial Loss	37	34
Benefits Paid	(47)	(47)
End of Year — December 31	$ 903	$ 859
Fair Value of Plan Assets		
End of Year — December 31	—	—
Accumulated Benefit Obligation Recognized — December 31	$ 903	$ 859

The assumptions used to calculate the post retirement benefit obligation as of December 31, 2008 and 2007 are as follows:

	2008	2007
Discount Rate	5.75%	5.75%

The following table summarizes the components of the net periodic cost for the years ended December 31, 2008, 2007 and 2006:

	2008	2007	2006
(In thousands)			
Net Periodic Cost			
Service Cost — Benefits Earned During Period	$ 6	$ 6	$ 6
Interest Cost	48	46	46
Amortization of Prior Service Cost	34	34	34
Amortization of Losses	9	7	7
Net Periodic Cost	$ 97	$ 93	$ 93

The assumptions used to determine the net periodic cost are as follows:

	2008	2007	2006
Discount Rate	5.75%	5.75%	5.50%
Future Average Healthcare Benefit Increases	12.00%	12.00%	12.00%

The Company estimates that $0.4 million of prior Service Costs and $0.2 million of net losses in accumulated other comprehensive income for medical, dental and long-term care insurance benefits as of December 31, 2008 will be recognized as components of net periodic benefit cost during the year ended December 31, 2009 for the Plan. For measurement purposes, a 12% annual increase in the cost of health care benefits was assumed for 2008 and 2007 respectively, gradually decreasing to 5.0% in 2013 and years thereafter. A one percentage point increase in this rate would increase the post retirement benefit obligation by approximately $0.1 million, and a one percentage point decrease in this rate would decrease the post retirement benefit obligation by approximately $0.1 million. The Company expects the benefits to be paid in each of the next five years to be $0.1 million and $0.3 million in the aggregate for the next five years after that. This also is the expected Company contribution to the plan, as it is unfunded.

NOTE 7 —SELECTED QUARTERLY FINANCIAL INFORMATION

The following table summarizes selected quarterly financial information for 2008 and 2007:

	Quarter Ended							
	Dec. 31, 2008	Sept. 27, 2008	June 28, 2008	March 29, 2008	Dec. 31, 2007	Sept. 29, 2007	June 30, 2007	March 31, 2007
(Unaudited)								
(In thousands, except for per share data)								
Sales	$44,381	$40,363	$47,889	$ 41,089	$36,273	$37,724	$41,368	$ 42,875
Gross Profit (sales less cost of products sold)	1,943	7,908	12,123	8,499	7,643	10,142	11,435	11,650
Income (loss) before Tax	(3,061)	3,636	7,645	4,070	3,389	5,869	6,654	7,086
Net Income (Loss)	(1,781)	2,379	5,116	2,647	2,069	4,126	4,501	4,695
Basic Earnings per Share	(.17)	0.23	0.50	0.26	0.20	0.41	0.45	0.46
Diluted Earnings per Share	(.17)	0.22	0.48	0.25	0.19	0.38	0.42	0.45

In the fourth quarter of 2008, Eclipse Aviation Corporation filed for bankruptcy protection. As a result, the Company recorded charges of $9.0 million, included as part of cost of goods sold for inventory and equipment write-offs and $1.0 million included in selling, general and administrative expenses for the bad debt expense.

NOTE 8 —SALES BY GEOGRAPHIC REGION, MAJOR CUSTOMERS AND CANADIAN OPERATIONS

The following table summarizes the Company’s sales by geographic region:

	2008	2007	2006
(In thousands)			
North America	$147,944	$128,563	$ 89,089
Asia	10,221	12,802	7,309
Europe	13,802	15,891	13,650
South America	1,486	632	469
Other	269	352	250
	$173,722	$158,240	$110,767

Sales recorded by the Company’s Canadian operations were $11.2 million in 2008, $11.2 million in 2007 and $8.6 million in 2006. Net income (loss) from this operation was $0.5 million in 2008, $1.1 million in 2007 and $(0.1) million in 2006. Net Assets held outside of the United States total $1.8 million at December 31, 2008 and $2.1 million at December 31, 2007. The exchange gain included in determining net income for the years ended December 31, 2008 was $0.2 million and was insignificant in 2007 and 2006. Cumulative translation adjustments amounted to $0.5 million, $1.3 million and $0.8 million at December 31, 2008, 2007 and 2006 respectively.

The Company has a significant concentration of business with one major customer. Sales to Panasonic Avionics accounted for 24.9% of sales in 2008, 27.7% of sales in 2007 and 21.2% of sales in 2006. Accounts receivable from this customer at December 31, 2008 and 2007 were $2.2 million and $4.0 million, respectively.

NOTE 9 — COMMITMENTS AND CONTINGENCIES

The Company leases certain office and manufacturing facilities as well as equipment under various lease contracts with terms that meet the accounting definition of operating leases. These arrangements may include fair market renewal or purchase options. Rental expense for the years ended December 31, 2008, 2007 and 2006 was $1.9 million, $1.8 million and $1.7 million, respectively. The following table represents future minimum lease payment commitments as of December 31, 2008:

(In millions)	2009	2010	2011	2012	2013	Total
Minimum Lease Payments	$2.0	$1.8	$1.8	$1.9	$0.5	$ 8.0

From time to time the Company may enter into purchase agreements with suppliers under which there is a commitment to buy a minimum amount of product. Purchase commitments outstanding at December 31, 2008 were $25.5 million. These commitments are not reflected as liabilities in the Company's Balance Sheet.

The Company leases its operating facility in Redmond, Washington. In the second quarter of 2008, the Company finalized a renewal for the Redmond, Washington building lease. The lease expires in March of 2013. The Montreal, Quebec, Canada operations are in leased facilities of approximately 16,000 square feet. The lease expires in 2009. Upon expiration of its current lease, the Company believes that it will be able to secure renewal terms or enter into a lease for an alternative location.

NOTE 10 — GOODWILL AND INTANGIBLE ASSETS

The following table summarizes the changes in the carrying amount of goodwill for 2008 and 2007:

(In thousands)	2008	2007
Balance at January 1,	$3,048	$2,668
Foreign currency translations	(466)	380
Balance at December 31,	$2,582	$3,048

The following table summarizes acquired intangible assets as follows:

	December 31, 2008			December 31, 2007	
(In thousands)	Weighted Average Life	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Patents	12 Years	$ 1,271	$ 388	$ 1,271	$ 289
Trade Names	N/A	553	—	553	—
Completed and Unpatented Technology	10 Years	487	191	487	142
Government Contracts	6 Years	347	226	347	168
Backlog	4 Years	314	314	314	285
Total Intangible Assets		$ 2,972	$ 1,119	$ 2,972	$ 884

Amortization is computed on the straight-line method for financial reporting purposes. Amortization expense was $0.2 million, $0.2 million and $0.3 million for 2008, 2007 and 2006 respectively. Based on amounts recorded at December 31, 2008, amortization expense for each of the next five years is expected to amount to approximately $0.2 million for each of the years ended December 31, 2009, 2010, 2011 and $0.1 million for 2012 and 2013.

NOTE 11 —WARRANTY

In the ordinary course of business, the Company warrants its products against defects in design, materials and workmanship typically over periods ranging from twelve to sixty months. The Company determines warranty reserves needed by product line based on experience and current facts and circumstances. Activity in the warranty accrual is summarized as follows:

	2008	2007	2006
(in thousands)			
Balance at beginning of year	$ 1,164	$ 823	$338
Warranties issued	1,128	751	492
Warranties settled	(1,080)	(410)	(7)
Balance at end of year	$ 1,212	$1,164	$823

NOTE 12 —SUBSEQUENT EVENTS

Acquisition

On January 30, 2009, the Company acquired 100% of the common stock of DME Corporation (DME). The purchase price was approximately $51 million, comprised of approximately $40 million in cash, 500,000 shares of the Company's common stock held as treasury shares, valued at $3.6 million, or $7.17 per share, a $5.0 million subordinated note payable to the former shareholders plus an additional $2.0 million subject to meeting revenue performance criteria in 2009. DME is a designer and manufacturer of military test training and simulation equipment and aviation safety products.

Audited financial statements for DME for 2008 and 2007 and pro-forma combined financial information for Astronics and DME will be available and included in a Form 8-K filing expected to be filed in April 2009.

Acquisition Financing

In connection with the funding of the Acquisition, the Company amended its existing $60 million credit facility by entering into an $85 million Amended and Restated Credit Agreement (the "Credit Agreement"), dated as of January 30, 2009, with HSBC Bank USA, National Association, Bank of America, N.A. and KeyBank National Association. The Credit Agreement provides for a five-year, $40 million senior secured term loan with interest at LIBOR plus between 2.25% and 3.50%. The proceeds of the term loan were used to finance the Acquisition. The Credit Agreement also provides for a revolving credit line of $45 million, of which approximately $30 million is currently available for working capital requirements and is committed for three years through January 2012, with interest at LIBOR plus between 2.25% and 3.50%. In addition, the Company is required to pay a commitment fee of between 0.30% and 0.50% on the unused portion of the total credit commitment for the preceding quarter, based on the Company's leverage ratio under the Credit Agreement. The credit facility allocates up to $20 million of the $45 million revolving credit line for the issuance of letters of credit, including certain existing letters of credit.

The Company's obligations under the Credit Agreement are jointly and severally guaranteed by Astronics Advanced Electronic Systems Corp., Luminescent Systems, Inc. and DME Corporation, each a wholly-owned domestic subsidiary of the Company. The obligations are secured by a first priority lien on substantially all of the Company's and the guarantors' assets. The Credit Agreement requires that the Company be compliant with several affirmative and negative covenants which specify minimum consolidated net worth, maximum leverage, capital expenditures and fixed charge coverage. The Company believes it will be compliant in the foreseeable future with all the credit facility covenants.

In the event of voluntary or involuntary bankruptcy of the Company (each an “Event of Default” as defined in the Credit Agreement), all unpaid principal and any other amounts due under the Credit Agreement automatically become due and payable without presentation, demand or notice of any kind to the Company. Other Events of Default, including failure to make payments as they become due, give the Agent (as defined in the Credit Agreement) the option to declare all unpaid principal and any other amounts then due immediately due and payable.

A portion of the purchase price for DME was funded by the issuance to the former shareholders of DME, a 6.0% subordinated promissory note due 2014 in the aggregate principal amount of $5 million. To evidence its obligations related to the Contingent Payment, the Company also issued 6.0% subordinated contingent promissory notes due 2014 in the aggregate principal amount of $2 million. Payment under the contingent promissory notes is due only upon satisfaction of certain revenue performance criteria for 2009.

ITEM 9. *CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE*

Not applicable.

ITEM 9A. *CONTROLS AND PROCEDURES*

Disclosure Controls and Procedures

The Company carried out an evaluation, under the supervision and with the participation of Company Management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as defined in Exchange Act Rules 13a-15(e) and 15d-15(e). Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that these disclosure controls and procedures are effective as of the end of the period covered by this report, to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is made known to them on a timely basis, and that these disclosure controls and procedures are effective to ensure such information is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms.

Management's report on Internal Control over Financial Reporting

See the report appearing under item 8, Financial Statements and Supplemental Data on page 23 of this report.

Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. *OTHER INFORMATION*

Not applicable.

PART III

ITEM 10. *DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT*

The information regarding directors is contained under the captions "Election of Directors" and "Security Ownership of Certain Beneficial Owners and Management" is incorporated herein by reference to the 2009 Proxy.

The executive officers of the Company, their ages, their positions and offices with the Company, and the date each assumed their office with the Company, are as follows:

Name and Age of Executive Officer	Positions and Offices with Astronics	Year First Elected Officer
Peter J. Gundermann Age 46	President, Chief Executive Officer and Director of the Company	2001
David C. Burney Age 46	Vice President-Finance, Treasurer, Secretary and Chief Financial Officer of the Company	2003

The principal occupation and employment for all executives listed above for the past five years has been with the Company.

The Company has adopted a Code of Business Conduct and Ethics that applies to the Chief Executive Officer, Chief Financial Officer as well as other directors, officers and employees of the Company. This Code of Business Conduct and Ethics is available upon request without charge by contacting Astronics Corporation, Investor Relations at (716) 805-1599. The Code of Business Conduct and Ethics is also available on the Investor Relations section of the Company's website at www.astronics.com

ITEM 11. *EXECUTIVE COMPENSATION*

The information contained under the caption "Executive Compensation" and "Summary Compensation Table" in the Company's definitive Proxy Statement to be filed within 120 days of the end of our fiscal year is incorporated herein by reference.

ITEM 12. *SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS*

The information contained under the captions "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters" and "Executive Compensation" in the Company's definitive Proxy Statement to be filed within 120 days of the end of our fiscal year is incorporated herein by reference.

ITEM 13. *CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS AND DIRECTOR INDEPENDENCE*

The information contained under the captions "Certain Relationships and Related Party Transactions and Director Independence" and "Proposal One: Election of Directors — Board Independence" in the Company's definitive Proxy Statement to be filed within 120 days of the end of our fiscal year is incorporated herein by reference.

ITEM 14. *PRINCIPAL ACCOUNTANT FEES AND SERVICES*

The information contained under the caption "Audit and Non-Audit Fees" in the Company's definitive Proxy Statement to be filed within 120 days of the end of our fiscal year is incorporated herein by reference.

PART IV

ITEM 15. *EXHIBITS AND FINANCIAL STATEMENT SCHEDULES*

(a) The documents filed as a part of this report are as follows:

1. *The following financial statements are included:*

(i) Consolidated Statement of Earnings for the years ended December 31, 2008, December 31, 2007 and December 31, 2006
(ii) Consolidated Balance Sheet as of December 31, 2008 and December 31, 2007
(iii) Consolidated Statement of Cash Flows for the years ended December 31, 2008, December 31, 2007 and December 31, 2006
(iv) Consolidated Statement of Shareholders' Equity for the years ended December 31, 2008, December 31, 2007 and December 31, 2006
(v) Notes to Consolidated Financial Statements
(vi) Reports of Independent Registered Public Accounting Firm
(vii) Management's Report on Internal Control Over Financial Reporting

2. *Financial Statement Schedules*

Schedule II. Valuation and Qualifying Accounts

All other consolidated financial statement schedules are omitted because they are inapplicable, not required, or the information is included elsewhere in the consolidated financial statements or the notes thereto.

3. *Exhibits*

Exhibit No.	Description
3(a)	Restated Certificate of Incorporation, as amended.
(b)	By-Laws, as amended
4.1(a)	$60,000,000 Credit Agreement with HSBC Bank USA, dated May 13, 2008, incorporated by reference to the registrant's Form 8-K, Exhibit 10.1, filed May 16, 2008
(b)	Amended and Restated Credit Agreement with HSBC Bank USA, dated January 27, 2009, incorporated by reference to the registrant's Form 8-K, Exhibit 10.1, filed January 30, 2009
10.1*	Restated Thrift and Profit Sharing Retirement Plan; incorporated by reference to exhibit 10.1 of the Registrant's December 31, 1994 Annual Report on Form 10-KSB.
10.2*	1992 Incentive Stock Option Plan; incorporated by reference to the Registrant's definitive proxy statement dated March 30, 1992.
10.3*	1997 Director Stock Option Plan; incorporated by reference to the Registrant's definitive proxy statement dated March 14, 1997.
10.4*	2001 Stock Option Plan; incorporated by reference to the Registrant's definitive proxy statement dated March 19, 2001.
10.5*	Non-Qualified Supplemental Retirement Plan; incorporated by reference from the Registrant's 1999 Annual Report on Form 10-K.
10.6*	Employment Termination Benefits Agreement Dated December 16, 2003 between Astronics Corporation and Peter J. Gundermann, President and Chief Executive Officer of Astronics Corporation ; incorporated by reference from the Registrant's 2003 Annual Report on Form 10-K.
10.7*	Employment Termination Benefits Agreement Dated December 16, 2003 between Astronics Corporation and David C. Burney, Vice President and Chief Financial Officer of Astronics Corporation ; incorporated by reference from the Registrant's 2003 Annual Report on Form 10-K.
10.8*	2005 Director Stock Option Plan incorporated by reference to Exhibit 10.15 to the Registrant's 2004 Annual Report on Form 10-K.

Exhibit No.	Description
10.9	Stock Purchase Agreement By and Among Astronics Corporation, DME Corporation and the Shareholders of DME Corporation dated January 28, 2009, incorporated by reference to the registrant's Form 8-K, Exhibit 10.1, filed January 30, 2009
10.10*	First Amendment of the Astronics Corporation Supplemental Retirement Plan
10.11*	First Amendment of the Employment Termination Benefits Agreement Dated December 30, 2008 between Astronics Corporation and Peter J. Gundermann, President and Chief Executive Officer of Astronics Corporation.
10.12*	First Amendment of the Employment Termination Benefits Agreement Dated December 30, 2008 between Astronics Corporation and David C. Burney, Vice President and Chief Financial Officer of Astronics Corporation
21	Subsidiaries of the Registrant; filed herewith.
23	Consent of Independent Registered Public Accounting Firm; filed herewith.
31.1	Certification of Chief Executive Officer pursuant to Exchange Act Rule 13a-14(a) as adopted pursuant to Section 302 of the Sarbanes- Oxley Act of 2002; filed herewith
31.2	Certification of Chief Financial Officer pursuant to Exchange Act Rule 13a-14(a) as adopted pursuant to Section 302 of the Sarbanes- Oxley Act of 2002; filed herewith
32	Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002; furnished herewith

* identifies a management contract or compensatory plan or arrangement as required by Item 15(a)(3) of Form 10-K.

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SCHEDULE II

Valuation and Qualifying Accounts

Year	Description	Balance at the Beginning of Period	Acquisitions	Charged to Cost and Expense	(Write-Offs) Recoveries	Balance at End of Period
(In thousands)						
2008	Allowance for Doubtful Accounts	$ 514	$ —	$ 898	$ (1,107)	$ 305
	Reserve for Inventory Valuation	4,082	—	8,008	(1,625)	10,465
	Deferred Tax Valuation Allowance	769	—	(35)	(54)	680
2007	Allowance for Doubtful Accounts	314	—	230	(30)	514
	Reserve for Inventory Valuation	4,134	—	517	(569)	4,082
	Allowance for Notes Receivable	590	—	—	(590)	—
	Deferred Tax Valuation Allowance	313	—	456	—	769
2006	Allowance for Doubtful Accounts	365	—	17	(68)	314
	Reserve for Inventory Valuation	4,771	—	121	(758)	4,134
	Allowance for Notes Receivable	590	—	—	—	590
	Deferred Tax Valuation Allowance	297	—	16	—	313
	Program Loss Reserves	830	—	—	(830)	—

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, on March 11, 2009.

Astronics Corporation

By /s/ Peter J. Gundermann	By /s/ David C. Burney
Peter J. GundermannPresident and Chief Executive Officer (Principal Executive Officer)	David C. Burney,Vice President-Finance, Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Raymond W. Boushie Raymond W. Boushie	Director	March 11, 2009
/s/ Robert T. Brady Robert T. Brady	Director	March 11, 2009
/s/ John B. Drenning John B. Drenning	Director	March 11, 2009
/s/ Peter J. Gundermann Peter J. Gundermann	Director	March 11, 2009
/s/ Kevin T. Keane Kevin T. Keane	Director	March 11, 2009
/s/ Robert J. McKenna Robert J. McKenna	Director	March 11, 2009

EXHIBIT 3(a)

ASTRONICS CORPORATION

RESTATED CERTIFICATE OF INCORPORATION, AS AMENDED

RESTATED CERTIFICATE OF INCORPORATION
OF
ASTRONICS CORPORATION

Under §807 of the Business Corporation Law

WE, KEVIN T. KEANE and JOHN B. DRENNING, being respectively the President and Secretary of ASTRONICS CORPORATION, hereby certify:

1. The name of the Corporation is ASTRONICS CORPORATION. The name under which the Corporation was formed is ASTRONICS LUMINESCENT, INC.

2. The Certificate of Incorporation was filed by the Department of State on the 5th day of December 1968.

3. The Certificate of Incorporation is hereby amended pursuant to Section 801 of the Business Corporation Law to effect the following amendments:

(a) To restate the purposes for which the Corporation is formed, as set forth in Paragraph SECOND of the Restated Certificate of Incorporation.

(b) To increase the aggregate number of shares of $.01 par value common stock that the Corporation will have the authority to issue from two million (2,000,000) shares to four million (4,000,000) shares, as set forth in Paragraph FOURTH of the Restated Certificate of Incorporation.

(c) To change the location of the office of the Corporation and the address to which the Secretary of State shall mail a copy of process in any action or proceeding against the Corporation, as set forth in Paragraphs THIRD and FIFTH of the Restated Certificate of Incorporation, respectively.

(d) To insert a new Paragraph SIXTH to require an eighty percent (80%) vote of the shareholders to approve certain mergers, consolidations, sales of assets and certain other transactions; to require the written request of two-thirds (2/3) of the Board of Directors or eighty percent (80%) of the shareholders to call a special meeting of shareholders; and to provide that Paragraph SIXTH of the Restated Certificate of Incorporation cannot be altered, amended or repealed except by an eighty percent (80%) vote of the shareholders.

4. The Certificate of Incorporation, as amended heretofore and as further amended hereby, is restated to read as herein set forth in full:

RESTATED CERTIFICATE OF INCORPORATION
OF
ASTRONICS CORPORATION

FIRST: The name of the Corporation is ASTRONICS CORPORATION.

SECOND: The purpose for which the Corporation is formed is to engage in any lawful act or activity for which corporations may be formed under the Business Corporation Law, but it is not formed to engage in any act or activity requiring the consent or approval of any state official, department, board, agency or other body without such consent or approval first being obtained; including, but not limited, to the following:

(a) To purchase, receive, take by grant, gift, devise, bequest or otherwise, lease or otherwise acquire, own, hold, improve, employ, use and otherwise deal in and with real or personal property or any interest therein, wherever situated.

(b) To sell, convey, lease, exchange, transfer or otherwise dispose of, or mortgage or pledge, or create a security interest in, all or any of its property, or any interest therein, wherever situated.

(c) To purchase, take, receive, subscribe for or otherwise acquire, own, hold, vote, employ, sell, lend, lease, exchange, transfer, or otherwise dispose of, mortgage, pledge, use and otherwise deal in and with, bonds and other obligations, shares, or other securities or interests issued by others, whether engaged in similar or different business, governmental or other activities.

(d) To make contracts, give guarantees to the extent permitted by law and incur liabilities, borrow money at such rates of interest as the Corporation may determine, issue its notes, bonds and other obligations, and secure any of its obligations by mortgage or pledge of all or any of its property or any interest therein, wherever situated.

(e) To purchase, receive, take or otherwise acquire, own, hold, sell, lend, exchange, transfer or otherwise dispose of, pledge, use and otherwise deal in and with its own shares.

(f) To be a promoter, partner, member, associate or manager of other business enterprises or ventures or to the extent permitted in any other jurisdiction to be an incorporator of other corporations of any type or kind, to the extent permitted by law.

(g) To purchase, receive, secure, apply for or otherwise acquire, own, hold, employ, use and otherwise deal in and with by grant, license or otherwise, any right, interest, invention, improvement or process used in connection with or secured under letters patent or copyright of the United States or of any jurisdiction without the United States.

(h) To purchase, receive, take or otherwise acquire, own, hold, improve, employ, use and otherwise deal in the assets, property, rights and good will of any corporation, firm, association or entity, engaged in any business which the Corporation is authorized to engage in.

(i) To have and exercise all powers necessary or convenient to affect any or all of the purposes for which the Corporation is formed.

(j) The foregoing enumeration of purposes and powers shall not be deemed to limit or restrict in any manner the general powers of the Corporation, and the enjoyment and exercise thereof as conferred by the law of the State of New York upon corporations organized under the provisions of the Business Corporation Law.

THIRD: The office of the Corporation is to be located in the Village of Orchard Park, County of Erie and State of New York.

FOURTH: The aggregate number of shares which the Corporation shall have authority to issue is four million (4,000,000) shares, all of which shall be common shares of the par value of One Cent ($.01) per share.

No holder of any share of the Corporation shall, because of his ownership or shares, have a preemptive right or other right to purchase, subscribe for, or take any part of any shares or any part of the notes, debentures, bonds, or other securities convertible into or carrying options or warrants to purchase shares of the Corporation issued, optioned, or sold by it after its incorporation, whether the shares be authorized by the Certificate of Incorporation or be authorized by an Amended Certificate duly filed and in effect at the time of the issuance or sale of such shares or of such notes, debentures, bonds or other securities convertible into or carrying options or warrants to purchase shares of the Corporation. Any part of the shares authorized by the Certificate of Incorporation or by an Amended Certificate duly filed, and any part of the notes, debentures, bonds, or other securities convertible into or carrying options or warrants to purchase shares of the Corporation may at any time be issued, optioned for sale and sold, or disposed of by the Corporation pursuant to resolution of its Board of Directors to such persons and upon such terms and conditions as made, to such Board, seem proper and advisable without first offering to existing shareholders the said shares or the said notes, debentures, bonds, or other securities convertible into or carrying options or warrants to purchase shares of the Corporation, or any part of any thereof.

FIFTH: The Secretary of State is designated as the agent of the Corporation upon whom process in any action or proceeding against it may be served with the State of New York, and the address to which the Secretary of State shall mail a copy of process in any action or proceeding against the Corporation which may be served upon him is c/o Moot & Sprague, 2300 Main Place Tower, Buffalo, New York 14202.

SIXTH: The following provisions are inserted for the regulation and conduct of the business and affairs of the Corporation and are in furtherance of and not in limitation or exclusion of any powers conferred upon it by statute:

(A) The affirmative vote of the holders of not less than 80% of the outstanding shares of the Corporation entitled to vote thereon shall be required

(i) to adopt any agreement for the merger or consolidation of the Corporation or any “subsidiary” (as hereinafter defined) with or into any other “person” (as hereinafter defined) or the merger of any other person into the Corporation or any subsidiary.

(ii) to authorize any sale, lease, exchange, mortgage, pledge or disposition to any other person of all or substantially all of the property and assets of the Corporation or any subsidiary, or any part of such assets having a then fair market value greater than 50% of the then fair market value of the total assets of the Corporation or such subsidiary, or

(iii) to authorize the issuance or transfer by the Corporation or any subsidiary of any voting securities of the Corporation in exchange or payment for the securities or property and assets (including cash) of any other person.

(B) The Provisions of this Paragraph Sixth shall not apply to any transaction described in clauses (i), (ii) or (iii) of Section A of this Paragraph Sixth if

(i) prior to the consummation of such transaction, the Board of Directors of the Corporation shall have adopted a resolution approving the written agreement pursuant to which which such transaction shall thereafter be consummated or a written memorandum of understanding with respect to the terms upon which such transaction shall thereafter be consummated, or

(ii) the Corporation or a subsidiary of the Corporation is, at the time such transaction is agreed to, the beneficial owner of a majority, by vote, of the voting interest in the other party or parties to the transaction.

(C) For purposes of this Paragraph Sixth:

(i) a "security" or "securities" shall include both equity and debt securities;

(ii) any specified person shall be deemed to be the "beneficial owner" or to "beneficially own" any securities (a) as to which such person or any affiliate or associate of such person has the right, along or with others, to direct the manner of exercise of the voting rights of such securities, whether or not such person or any affiliate or associate of such person has any interest in any income or distribution with respect to such securities, or (b) which such specified person or any of its affiliates or associates has the right to acquire pursuant to any agreement or upon exercise of conversion rights, warrants or options, or pursuant to the automatic termination of a trust, discretionary account or similar arrangement, or otherwise, or (c) which are beneficially owned, within the meaning of clause (a) and (b) hereof, by any other person with which such specified person or any of its affiliates or associates has any agreement, arrangement, or relationship or understanding for the purpose of acquiring, holding, voting, or disposing of such securities;

(iii) a "person" is any individual, corporation or other entity;

(iv) an "affiliate" of a specified person is any person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with such specified person;

(v) an "associate" of a specified person is (a) any person of which such specified person is an executive officer, principal, member or partner or is, directly or indirectly, the beneficial owner of 5% or more of any class of equity securities of such person, (b) any person that bears to the specified person the relationship described in sub-clause (a) of this clause (v), (c) any trust or other estate in which such specified person has a substantial beneficial interest or as to which such specified person serves as a trustee or in a similar fiduciary capacity, (d) any relative or spouse of the specified person, or any relative of such spouse, who has the same home (or is a member of the same household) as such specified person, (e) any person which controls or is controlled by such specified person, or (f) any other member or partner in a partnership, limited partnership, joint venture, syndicate or other group of which the specified person is a member or partner and which is acting together with the specified person for the purpose of acquiring, holding or disposing of any interest in the Corporation or a subsidiary of the Corporation:

(vi) a "subsidiary" of a specified person is any person, a majority, by vote, of the voting interest of which is beneficially owned, directly or indirectly, by such specified person.

The Board of Directors of the Corporation shall determine the meaning and applicability of each of the above definitions based on information then known to it, and any determination of the Board of Directors of the Corporation concerning such matters shall be inclusive and binding for all purposes and with respect to all persons.

(D) Special meetings of the shareholders of the Corporation may be called at any time on the written request of two-thirds (2/3) of the directors then serving on the board, or upon the written request of the holders of not less than 80% of the outstanding shares of each class of capital stock of the Corporation entitled to vote generally in the election of directors as of the date on which such request is actually received by the Corporation.

(E) The provisions set forth in Sections A, B, C, D and E of Paragraph Sixth of this Restated Certificate of Incorporation may not be altered, amended or repealed in any respect unless such alteration, amendment or repeal is approved by an affirmative vote of holders of not less than 80% of the outstanding shares of the Corporation entitled to vote thereon.

5. The amendments to the Restated Certificate of Incorporation, as amended, and the restatement thereof were authorized as follows:

(a) as to the amendment specified above in Paragraphs 3.(a) and 3.(b), by a vote of the holders of a majority of all outstanding shares of the Corporation entitled to vote thereon at a meeting duly called and held on May 4, 1984, at which a quorum was present and acting throughout,

(b) as to the changes specified in Paragraph 3.(c), by a unanimous vote of the Board of Directors of the Corporation at a meeting duly called and held on February 16, 1984, at which a quorum was present and acting throughout, and

(c) as to the amendment specified above in Paragraph 3.(d), by a vote of the holders of two-thirds (2/3) of all outstanding shares of the Corporation entitled to vote thereon at a meeting duly called and held on May 4, 1984, at which a quorum was present and acting throughout.

IN WITNESS WHEREOF, we have made and subscribed this Certificate this 4th day of May 1984.

KEVIN T. KEANE, PRESIDENT

JOHN B. DRENNING, SECRETARY

VERIFICATION

STATE OF NEW YORK)
: SS.:
COUNTY OF ERIE)

JOHN B. DRENNING, being duly sworn, deposes and says, that he is one of the persons described in and who executed the foregoing certificate, that he has read the same and knows the contents thereof, and that the statements contained therein are true.

John B. Drenning

Subscribed to before me the
4th day of May, 1984.

CERTIFICATE OF AMENDMENT OF
THE CERTIFICATE OF INCORPORATION OF
ASTRONICS CORPORATION
Under Section 805 of the Business Corporation Law

IT IS HEREBY CERTIFIED THAT:

1. The name of the Corporation is Astronics Corporation. The Corporation was formed under the name Astronics Luminescent, Inc.

2. The Certificate of. Incorporation was filed at the Department of State of the State of New York on the 5th day of December 1968.

3. Paragraph Fourth of the Certificate of Incorporation, setting forth the authorized shares of the Corporation, is hereby amended to read, in its entirety, as follows:

FOURTH: The aggregate number of shares which the Corporation shall have authority to issue is fifteen million (15,000,000) shares, consisting of ten million (10,000,000) shares of Common Stock, Par Value $.01 per share, and five million (5,000,000) shares of Class B Stock, Par Value $.01 per share.

The relative rights, preferences and limitations of each class of capital stock are to be fixed as follows:

A. Dividends

Holders of Common Stock and Class B Stock shall be entitled to receive such dividends and other distributions in cash, stock or property of the Corporation as may be declared thereon by the Board of Directors from time to time out of assets or funds of the Corporation legally available therefore, provided that in the case of cash dividends, no dividend may be paid on the Class B Stock unless an equal or greater dividend is paid concurrently on the Common Stock, and cash dividends may be paid on the Common Stock in excess of dividends paid, or without paying dividends, on the Class B Stock. In the case of dividends or other distributions payable in stock of the Corporation, including share distributions or stock splits or divisions of stock of the Corporation, such distributions, splits or divisions shall be in the same proportion with respect to each class of stock, and the Common Stock and Class B Stock will be treated equally. A dividend or share distribution declared in shares of Common Stock will be distributed pro rata, as Common Stock, to the holders of Common Stock and Class B Stock. A dividend or share distribution declared in shares of Class B Stock will be distributed pro rata, as Class B Stock, to the holders of Common Stock and Class B Stock. In the case of any combination or reclassification of the Common Stock, the shares of Class B Stock shall also be combined or reclassified so that the relationship between the number of shares of Class B Stock and Common Stock outstanding immediately following such combination or reclassification shall be the same as the relationship between the Class B Stock and the Common Stock immediately prior to such combination or reclassification.

B. Voting

(1) At every meeting of the shareholders every holder of Common Stock shall be entitled to one (1) vote in person or by proxy for each share of Common Stock standing in his name on the transfer books of the Corporation and every holder of Class B Stock shall be entitled to ten (10) votes in person or by proxy for each share of Class B Stock standing in his name on the transfer books of the Corporation.

(2) Except in connection with share distributions, stock splits and stock dividends and anti-dilutive adjustments determined by the Board of Directors for options, stock subscriptions and warrants outstanding on the date of record for the share distribution, stock split or stock dividend, the Corporation may not effect the issuance of any shares of Class B Stock unless and until such issuance is authorized by the holders of a majority of the voting power of the shares of Common Stock and of Class B Stock entitled to vote, each voting separately as a class.

(3) No shareholder shall have the right to cumulate votes in the election of directors.

(4) Except as may be otherwise required by law or the Certificate of Incorporation, the holders of Common Stock and Class B stock shall vote together as a single class.

C. Transfer

(1) No person holding shares of Class B Stock of record (hereinafter called a "Class B Holder") may transfer the Class B Stock, except by gift, devise or bequest, by a transfer to the estate of a shareholder upon the death of such shareholder, or by a transfer of shares held in a trust to the grantor of such trust or to any person to whom or for whose benefit the principal of such trust may be distributed; and the Corporation and the transfer agent shall not register the transfer of such shares of Class B Stock, whether by sale, assignment, appointment or otherwise. Any purported transfer of shares of Class B Stock, other than a transfer of the type described above, shall be null and void and of no effect and the purported transfer by a Class B Holder will result in the immediate and automatic conversion of the shares of Class B Stock held by such Class B Holder into shares of Common Stock, on a one (1) share for one (1) share basis. The purported transferee shall have no rights as a shareholder of the Corporation and no other rights against, or with respect to, the Corporation except the right to receive shares of Common Stock upon the immediate and automatic conversion of his shares of Class B Stock into shares of Common Stock. The estate of any deceased shareholder, a transferee upon the distribution of the assets of such an estate, any transferee of the Class B Stock by gift, devise or bequest or a transferee from a trust of which such transferee was the grantor or a principal beneficiary shall hold the transferred shares of Class B Stock subject to the same restrictions on transferability as apply to all Class B Holders under this Paragraph Fourth.

(2) Shares of Class B Stock shall be registered in the name(s) of the beneficial Owner(s) thereof (as hereafter defined) and not in "street" or "nominee" names; provided, however, certificates representing shares of Class B Stock issued as or in connection with a share distribution, stock split or stock dividend on the Corporation's then outstanding Common Stock or Class B Stock may be registered in the same name and manner the certificates representing the shares of Common Stock or Class B Stock with respect to which the shares of Class B Stock are issued. For the purposes of this Section C, the term "beneficial owner(s)" of any shares of Class B Stock shall mean the person or persons who possess the power to dispose, or to direct the disposition of such shares. Any shares of Class B Stock registered in "street" or "nominee" name may be transferred to the beneficial owner of such shares on the record date for such share distribution, stock split or stock dividend, upon proof satisfactory to the Corporation and the transfer agent that such person was in fact the beneficial owner of such shares on the record date for such share distribution, stock split or stock dividend.

(3) Notwithstanding anything to the contrary set forth herein, any Class B Holder may pledge such holder's shares of Class B Stock to a pledgee pursuant to a bona fide pledge of such shares as collateral security for indebtedness due to the pledgee, provided that such shares shall not be transferred to or registered in the name of the pledgee and shall remain subject to the provisions of this Section C. In the event of foreclosure or other similar action by the pledgee, such pledged shares of Class B Stock may not be transferred to the pledgee without first being converted into shares of Common Stock.

(4) For purposes of this Section C.:

(a) Each joint owner of shares of Class B Stock shall be considered a "Class B Holder" of such shares.

(b) A minor for whom shares of Class B Stock are held pursuant to a Uniform Gifts to Minors Act or similar law shall be considered a Class B Holder of such shares.

(c) Unless otherwise specified, the term "person" means both natural persons and legal entities.

(d) Persons participating in a thrift or employee stock purchase plan of the Corporation (or any similar or successor plans) shall be deemed to be the Class B Holders of the shares of Class B Stock allocated to their accounts pursuant to such plans.

(5) Any transfer of share of Class B Stock not permitted hereunder shall result in the conversion of the transferee's shares of Class B Stock into shares of Common Stock, on a one (1) share for one (1) share basis, effective the date on which certificates representing such shares are presented for transfer on the books of the Corporation. The Corporation may, in connection with preparing a list of shareholders entitled to vote at any meeting of shareholders, or as a condition to the transfer or the registration of shares of Class B Stock on the Corporation's books, require the furnishing of such affidavits or other proof as it deems necessary to establish that any person is the beneficial owner of shares of Class B Stock.

D. Conversion Rights

(1) Subject to the terms and conditions of this Section D, each share of Class B Stock shall be convertible at any time or from time to time, at the option of the respective holder thereof, at the office of any transfer agent for Class B Stock, and at such other place or places, if any, as the Board of Directors may designate, or, if the Board of Directors shall fail so to designate, at the principal office of the Corporation (attention of the Secretary of the Corporation), into one (1) fully paid and non-assessable share of Common Stock. Upon conversion, the Corporation shall make no payment or adjustment on account of dividends accrued or in arrears on Class B Stock surrendered for conversion or on account of any dividends on the Common Stock issuable on such conversion. Before any holder of Class B Stock shall be entitled to convert the same into Common Stock, he shall surrender the certificate or certificates for such Class B Stock at the office of said transfer agent (or other place as provided above), which certificate or certificates, if the Corporation shall so request, shall be duly endorsed to the Corporation or in blank or accompanied by proper instruments of transfer to the Corporation (such endorsements or instruments of transfer to be in form satisfactory to the Corporation), and shall give written notice to the Corporation at said office that he elects so to convert said Class B Stock in accordance with the terms of this Section D, and shall state in writing therein the name or names in which he wishes the certificate or certificates for Common Stock to be issued. Subject to the provision of subsection (3) of this Section D, such conversion shall be deemed to have been made as of the date of such surrender of the Class B Stock to be converted; and the person or persons entitled to receive the Common Stock issuable upon conversion of such Class B Stock shall be treated for all purposes as the record holder or holders of such Common Stock on such date.

(2) The issuance of certificates for shares of Common Stock upon conversion of shares of Class B Stock shall be made without charge for any stamp or other similar tax in respect of such issuance. However, if any such certificate is to be issued in a name other than that of the holder of the share or shares of Class B Stock converted, the person or persons requesting the issuance thereof shall pay to the Corporation the amount of any tax which may be payable in respect of any transfer involved in such issuance or shall establish to the satisfaction of the Corporation that such tax has been paid.

(3) The Corporation shall not be required to convert Class B Stock, and no surrender of Class B Stock shall, be effective for that purpose, while the stock transfer books of the Corporation are closed for any purpose; but the surrender of Class B Stock for conversion during any period while such books are so closed shall become effective for conversion immediately upon the reopening of such books, as if the conversion had been made on the date such Class B Stock was surrendered.

(4) The Corporation covenants that it will at all times reserve and keep available, solely for the purpose of issue upon conversion of the outstanding shares of Class B Stock, such number of shares of Common Stock as shall be issuable upon the conversion of all such outstanding shares, provided that nothing contained herein shall be construed to preclude the Corporation from satisfying its obligations in respect of the conversion of the outstanding shares of Class B Stock by delivery of shares of Common Stock which are held in the treasury of the Corporation. The Corporation covenants that all shares of Common Stock which shall be issued upon conversion of the shares of Class B Stock, will, upon issue, be fully paid and non-assessable and not entitled to any preemptive rights. All shares of Class B Stock converted into Common Stock shall be cancelled and restored to the status of authorized but unissued shares of Class B Stock.

(5) At any time when the Board of Directors and the holders of a majority of the outstanding shares of Class B Stock approve the conversion of all of the Class B Stock into Common Stock, then the outstanding shares of Class B Stock shall be converted into shares of Common Stock. In the event of such a conversion, certificates formerly representing outstanding shares of Class B Stock shall thereupon and thereafter be deemed to represent the like number of shares of Common Stock.

E. Liquidation Rights

In the event of any dissolution, liquidation or winding up of the affairs of the Corporation, whether voluntary or involuntary, after payment or provision for payment of the debts and other liabilities of the Corporation, the remaining assets and funds of the Corporation, if any, shall be divided among and paid ratably to the holders of Common Stock and the holders of Class B Stock. A merger or consolidation of the Corporation with or into any other corporation or a sale or conveyance of all or any part of the assets of the Corporation (which shall not in fact result in the liquidation of the Corporation and the distribution of assets to shareholders) shall not be deemed to be a voluntary or involuntary liquidation or dissolution or winding up of the Corporation within the meaning of this Section E.

F. Preemptive Rights

Subject to any conversion rights of any shares of Class B Stock, no holder of stock of the Corporation of any class shall be entitled as of right to subscribe for or receive any part of the authorized stock of the Corporation or any part of any new, additional or increased issues of stock of any class or of any obligations convertible into any class or classes of stock, but the Board of Directors may, without offering any such shares of stock or obligations convertible into stock to shareholders of any class, issue and sell or dispose of the same to such persons and for such consideration permitted by law as it may from time to time in its absolute discretion determine.

4. The foregoing amendment to the Certificate of Incorporation was duly authorized at a meeting of the Board of Directors, followed by approval of a majority of the shareholders entitled to vote thereon at a meeting of shareholders held on April 24, 1987.

IN WITNESS WHEREOF, this Certificate has been subscribed this 30th day of April, 1987, by the undersigned, who affirm that the statements made herein are true under penalties of perjury.

Kevin T. Keane
President and Chief Executive Officer

John B. Drenning
Secretary

<u>CERTIFICATE OF AMENDMENT OF</u>
<u>THIS CERTIFICATE OF INCORPORATION OF</u>
<u>ASTRONICS CORPORATION</u>

Under Section 805 of the Business Corporation Law

IT IS HEREBY CERTIFIED THAT:

1. The name of the Corporation is Astronics Corporation. The Corporation was formed under the name Astronics Luminescent, Inc.

2. The Certificate of Incorporation was filed at the Department of State of the State of New York on the 5th day of December 1968.

3. A new paragraph SEVENTH shall be added to the Restated Certificate of Incorporation to read as-follows:

"SEVENTH: No director of the Corporation shall be personally liable to the Corporation or its shareholders for damages for any breach of his duty as a director; provided, however, that nothing in this paragraph SEVENTH shall eliminate or limit the liability of any director if a judgment or other final adjudication adverse to him establishes that his acts or omissions were in bad faith or involved intentional misconduct or a knowing violation of law or that he personally gained in fact a financial profit or other advantages to which he was not legally entitled or that his acts violated Section 719 of the Business Corporation Law of the State of New York. Notwithstanding the foregoing, nothing in this paragraph SEVENTH shall eliminate or limit the liability of a director for any act or omission occurring prior to the date of the filing of the Certificate of Amendment to the Certificate of Incorporation of the Corporation that includes this paragraph SEVENTH."

4. The foregoing amendment to the Certificate of Incorporation was duly authorized at a meeting of the Board of Directors, followed by approval of a majority of the shareholders entitled to vote thereon at a meeting of shareholders held on April 22, 1988.

IN WITNESS WHEREOF, this Certificate has been subscribed this 16th day of May, 1988, by the undersigned, who affirm that the statements made herein are true under penalties of perjury.

Kevin T. Keane
President and Chief Executive Officer

John B. Drenning
Secretrary

EXHIBIT 3(B)

ASTRONICS CORPORATION

BY-LAWS, AS AMENDED

BY-LAWS
OF
ASTRONICS CORPORATION
As Amended By the Board of Directors
On August 12, 1996

ARTICLE I
MEETING OF SHAREHOLDERS

Sec. 1. ANNUAL MEETING. The annual meeting of Shareholders shall be held not more than 180 days after the end of the fiscal year of the corporation at such date, time and place within or without the State of New York as shall be established by resolution of the Board of Directors.

Sec. 2. SPECIAL MEETING. Special meetings of shareholders may be called by the Board of Directors or the President and shall be called by the President at any time upon the written request of two-thirds (2/3) of the Directors then serving on the Board of Directors, or upon the written request of shareholders owning not less than 80 percent of the outstanding shares of each class of capital stock of the corporation entitled to vote generally in the election of Directors as of the date on which such request is actually received by the corporation. Such request shall state the purpose or purposes of the proposed meeting. Such meetings shall be held at the principal office of the corporation or at such other place within or without the State of New York as the Board of Directors shall designate.

Sec. 3. NOTICE OF MEETING. The Secretary shall serve personally or by mail upon each shareholder entitled to vote thereat a written notice of any meeting, addressed to each such shareholder at his address as it appears on the books of the corporation. Such notice shall state the place, date and hour of such meeting. If the notice is of a special meeting, it shall also state the purpose or purposes for which such meeting is called, and by or at whose direction it is being issued. Notice of any meeting shall be given not less than ten (10) nor more than fifty (50) days prior to such meeting. At any meeting at which all shareholders are present, or of which all shareholders not present have waived in writing the giving of such notice, the notice otherwise required may be dispensed with.

Sec. 4. QUORUM. Except as otherwise provided by the Certificate of Incorporation, the holders of a majority of the shares of the corporation issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall be necessary to and shall constitute a quorum for the transaction of business at all meetings of shareholders, but a lesser number may adjourn the meeting to some future time not more than twenty (20) days later, without notice other than announcement at the meeting, and at any such adjourned meeting at which a quorum is present any business may be transacted that might have been transacted at the meeting as originally noticed.

Sec. 5. VOTING. At all meetings of shareholders, all questions, the manner of deciding which is not specifically regulated by law, by the Certificate of Incorporation or by these By-Laws, shall be determined by vote of a majority of the shares present or represented at such meetings and voting on such questions. Each shareholder of record shall be entitled to one vote for every share of stock standing in his name on the books of the corporation. All voting shall be viva voce, except that any shareholder may request that the vote be by ballot, in which case, each ballot shall state the name of the shareholder voting and the number of shares standing in his name on the books of the corporation, and in addition, if such ballot be cast by proxy, the name of the proxy shall be stated. The casting of all votes of shareholders shall be governed by the provisions of these By-Laws, except as otherwise expressly provided by law.

Sec. 6. VOTING ON MERGERS AND SIMILAR TRANSACTIONS.

(A) The affirmative vote of the holders of not less than 80 percent of the outstanding shares of the corporation entitled to vote thereon shall be required

(i) to adopt any agreement for the merger or consolidation of the corporation or any "subsidiary" (as hereinafter defined) with or into any other "person" (as hereinafter defined) or the merger of any other person into the corporation or any subsidiary.

(ii) To authorize any sale, lease, exchange, mortgage, pledge or disposition to any other person of all or substantially all of the property and assets of the corporation or any subsidiary, or any part of such assets having a then fair market value greater that 50 percent of the then fair market value of the total assets of the corporation or such subsidiary, or

(iii) To authorize the issuance or transfer by the corporation or any subsidiary of any voting securities of the corporation in exchange or payment for the securities or property and assets (including cash) of any other person.

(B) The provisions of this Section 6 shall not apply to any transactions described in clauses (i), (ii) or (iii) of Section A of this Section 6 if:

(i) prior to the consummation of such transaction, the Board of Directors of the corporation shall have adopted a resolution approving the written agreement pursuant to which such transaction shall thereafter be consummated or a written memorandum of understanding with respect to the terms upon which such transaction shall thereafter be consummated, or

(ii) the corporation or a subsidiary of the corporation is, at the time such transaction is agreed to, the beneficial owner of a majority, by vote, of the voting interest in the other party or parties to the transaction.

(C) For purposes of this Section 6

(i) a "security" or "securities" shall include both equity and debt securities;

(ii) any specified person shall be deemed to be the "beneficial owner" or to "beneficially own" any securities (a) as to which such person or any affiliate or associate of such person has the right, along with others, to direct the manner of exercise of the voting rights of such securities, whether or not such person or any affiliate or associate of such person has any interest in any income or distribution with respect to such securities, or (b) which such specified person or any of its affiliates or associates has the right to acquire pursuant to any agreement, or upon exercise of conversion rights, warrants or options, or pursuant to the automatic termination of a trust, discretionary account or similar arrangement, or otherwise, or (c) which are beneficially owned, within the meaning of clause (a) and (b) hereof, by any other person with which such specified person or any of its affiliates or associates has any agreement, arrangement, or relationship or understanding for the purpose of acquiring, holding, voting, or disposing of such securities;

(iii) a "person" is any individual, corporation or other entity;

(iv) an "affiliate" of a specified person is any person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with such specified person;

(v) an "associate" of a specified person is (a) any person of which such specified person is an executive officer, principal, member or partner or is, directly or indirectly, the beneficial owner of 5 percent or more of any class of equity securities of such person, (b) any person that bears to the specified person the relationship described in sub-clause (a) of this clause (v), (c) any trust or other estate in which such specified person has a substantial beneficial interest or as to which such specified person serves as a trustee or in a similar fiduciary capacity, (d) any relative or spouse of the specified person, or any relative of such spouse, who has the same home (or is a member of the same household) as such specified person, (e) any person which controls or is controlled by such specified person, or (f) any other member or partner in a partnership, limited partnership, joint venture, syndicate or other group of which the specified person a member or partner and which is acting together with the specified person for the purpose of acquiring, holding or disposing of any interest in the corporation or a subsidiary of the corporation;

(vi) a "subsidiary" of a specified person is any person, a majority, by vote, of the voting interest of which is beneficially owned, directly or indirectly, by such specified person.

The Board of Directors of the corporation shall determine the meaning and applicability of each of the above definitions based on information then known to it, and any determination by the Board of Directors of the corporation concerning such matters shall be inclusive and binding for all purposes and with respect to all persons.

Sec. 7. ORDER OF BUSINESS. The order of business at all meetings of the shareholders shall be as follows:

1. Roll Call.
2. Proof of notice of meeting or waiver of notice.
3. Reading of minutes of preceding meeting.
4. Reports of Officers.
5. Reports of Committees.
6. Announcement of Inspectors of Election, if applicable.
7. Election of Directors, if applicable.
8. Unfinished business.
9. New business.

Sec. 8. BUSINESS TRANSACTED. At the annual meeting, Directors shall be elected and such other business may be transacted as is properly brought before the meeting. No business, other than that specified in the notice of any special meeting, shall be transacted at such meeting unless all shareholders entitled to notice thereof consent to the transaction of such business.

Sec. 9. PROXIES. Every shareholder having a right to vote at any meeting or to express consent or dissent shall be entitled to authorize another person or persons to vote for him by proxy. No proxy shall be valid unless it shall be in writing and signed by the shareholder or his attorney in fact, and specify the meeting or meetings at which such proxy may be exercised. Unless a proxy shall state that it is irrevocable as permitted by law, it shall be revocable at the pleasure of the person executing it. No proxy shall be valid after the expiration of eleven (11) months from the date thereof.

Sec. 10. CLOSING RECORD BOOKS. Unless otherwise provided by law, by the Certificate of Incorporation, or these By-Laws, the Board of Directors may fix a date not more than fifty (50) days nor less than ten (10) days before the date appointed for any meeting of shareholders or the date fixed for the payment of any dividend or other distribution allowed by law, as the record date for the determination of the shareholders entitled to notice of and to vote at such meeting, or entitled to receive such dividend or other distribution.

If no record date is fixed as provided in this section, then the close of business on the day next preceding the day on which notice of the meeting is mailed, or the close of business on the day on which the resolution is adopted, as the case may be, shall be the record date for determination of shareholders entitled to notice of such meeting, or to receive such distribution.

When any determination is made as provided in this section, such determination shall apply to any adjournment of any meeting except where a new record date is fixed by the Board of Directors for such adjourned meeting.

Sec. 11. ACTION WITHOUT MEETING. Whenever shareholders are required or permitted to take any action by vote, such action may be taken without a meeting, on written consent, setting forth the action so taken, signed by the holders of all outstanding shares entitled to vote thereon. However, this section shall not be construed to alter or modify any provision of law or of the Certificate of Incorporation under which the written consent of the holders of less than all outstanding shares is sufficient for corporate action.

ARTICLE II
DIRECTORS

Sec. 1. NUMBER. The affairs and business of this corporation shall be managed by a Board of Directors composed of not less than three (3) nor more than nine (9) persons, twenty-one years of age, or more, who need not be shareholders, except that when all the shares of the corporation are owned beneficially and of record by less than three shareholders, the number of directors may be less than three, but not less than the number of shareholders. The Board shall include such number of Directors, within the maximum and minimum as set forth above, as shall be determined from time to time by resolution adopted by a vote of a majority of the entire Board. In the event of any such increase in the number of Directors, within such limits, the vacancy or vacancies so resulting shall be filled by a vote of a majority of the Directors then in office.

Sec. 2. HOW ELECTED. The Directors of the corporation shall be elected at the annual meeting of shareholders and the number of persons, corresponding to the number of directors to be elected, who shall receive a plurality of the votes cast, shall be elected Directors of the corporation and shall constitute the Board of Directors.

Sec. 3. TERM OF OFFICE. The term of office of each Director shall be until the next annual meeting of shareholders, and thereafter until his successor has been elected and has qualified.

Sec. 4. DUTIES. The Board of Directors shall have the control and general management of the affairs and business of the corporation. Such Directors shall in all cases act as a Board, regularly convened, and they may, by majority vote, adopt such rules and regulations for the conduct of their meetings and the management of the corporation as they may deem proper, not inconsistent with any provisions of law, the Certificate of Incorporation or these By-Laws.

Sec. 5. DIRECTORS' MEETINGS. Regular meetings of the Board of Directors shall be held immediately following the annual meeting of shareholders, and at such other times as the Board may determine by resolution. Special meetings of the Board may be called by the President at any time and shall be called by the President or the Secretary upon the written request of two directors. Meetings of the Board shall be held at such time and place within or without the State of New York as may be determined by the Board.

Sec. 6. NOTICE OF MEETING. The Secretary shall serve personally or by mail upon each Director a written notice of all meetings of the Board of Directors, other than the regular annual meeting or any regular meeting held in accordance with a resolution establishing such meetings duly adopted by the Board at its regular annual meeting. Such notice shall be addressed to each Director at his address as shown on the records of the Secretary and shall specify the place, date and time of such meeting. Such notice shall be delivered personally or by mail or by telegram, at least three (3) days before the date of such meeting, including the day of mailing. At any meeting at which all Directors are present, or of which all Directors not present have waived in writing the giving of such notice, any notice otherwise required shall be dispensed with and any business may be transacted which could have been transacted if the same were specified in such notice.

Sec. 7. QUORUM. At any meeting of the Board of Directors, a majority of the entire Board shall be necessary to and constitute a quorum for the transaction of business unless otherwise provided by law or by the Certificate of Incorporation; but if a quorum is not present, a lesser number may adjourn the meeting to another time and place not more than ten (10) days later, without notice other than announcement at the meeting. At any such adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the meeting as originally called.

Sec. 8. VOTING. At all meetings of the Board of Directors, each Director shall have one (1) vote irrespective of the number of shares of stock that he may hold. Unless otherwise provided by law or by the Certificate of Incorporation, the act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board.

Sec. 9. VACANCIES. Vacancies in the Board of Directors occurring during terms of office, whether occurring upon removal with or without cause, or otherwise, shall be filled for the remainder of the term by the vote of a majority of the Directors then in office, although less than a quorum.

Sec. 10. REMOVAL OF DIRECTORS. All or any of the Directors may be removed, (a) either with or without cause, at any time by a majority vote of the shareholders entitled to vote for the election of Directors at a special meeting called for that purpose and (b) with cause, by the Board, by majority vote of all Directors then in office.

Sec. 11. COMMITTEES. The Board of Directors, by resolution adopted by a majority of the entire Board, may designate from among its members, one or more committees, each consisting of at least three (3) Directors, each of which, to the extent provided in such resolution, shall have all the authority of the Board. Any such committees shall report to the Board when and as required.

Sec. 12. COMPENSATION. The Board of Directors may determine, from time to time, the amount of compensation plus expenses of attendance, to be allowed Directors, other than officers, for their attendance at any meeting of the Board or of its committees.

Sec. 13. RESIGNATION. Any Director may resign at any time by written notice to the Board, the President or the Secretary. Unless an effective date is specified in such notice, it shall become effective upon receipt by the Board or such officer, and no action on such resignation shall be necessary to make it effective.

Sec. 14. NOMINATIONS FOR THE BOARD. Nominations for the election of Directors may be made by the Board of Directors or a committee designated by the Board of Directors or by a shareholder entitled to vote in the election of Directors. A shareholder entitled to vote in the election of Directors, however; may make such a nomination only if written notice of the shareholder's intent to do so has been given, either by personal delivery or by United States mail, postage prepaid, to the Secretary of the corporation and received by the corporation (a) with respect to an election to be held at an annual meeting of shareholders, not later than sixty (60) nor more than ninety (90) days prior to the first anniversary of the preceding year's annual meeting (or, if the date of the annual meeting is changed by more than twenty (20) days from such anniversary date, within ten (10) days after the date the corporation mails or otherwise give notice of the date of such meeting), and (b) with respect to an election to be held at a special meeting of shareholders called for that purpose, not later than the close of business on the tenth (10th) day following the date on which notice of the special meeting was first mailed to the shareholders of the corporation.

Each shareholder's notice of intent to make a nomination shall set forth: (i) the name(s) and address(es) of the shareholder who intends to make the nomination and of the person or persons to be nominated; (ii) a representation that the shareholder (a) is a holder of record of stock of the corporation entitled to vote at such meeting, (b) will continue to hold such stock through the date on which the meeting is held, and (c) intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (iii) a description of all arrangements or understandings between the shareholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination is to be made by the shareholder; (iv) such other information regarding each nominee proposed by such shareholder as would be required to be included in a proxy statement filed pursuant to Regulation 14A promulgated under Section 14 of the Securities Exchange Act of 1934, as amended, as now in effect or hereafter modified, had the nominee been nominated by the Board of Directors; and (v) consent of each nominee to serve as a director of the corporation if so elected. The corporation may require any proposed nominee to furnish such other information as may reasonably be required by the corporation to determine the qualifications of such person to serve as a director.

No person shall be eligible for election as a director unless nominated (i) by a shareholder in accordance with the foregoing procedure or (ii) by the Board of Directors or a committee designated by the Board of Directors.

Sec. 15. ACTION WITHOUT A MEETING. Any action required or permitted to be taken by the Board of Directors or any committee of the Board of Directors may be taken without a meeting if all members of the Board or the committee consent in writing to the adoption of a resolution authorizing the action. The resolution and the written consents shall be filed with the minutes of the proceedings of the Board or the committee.

Sec. 16. MEETINGS BY CONFERENCE TELEPHONE. Any one or more members of the Board of Directors or any committee of the Board of Directors may participate in a meeting of the Board or of the committee by means of a conference telephone or similar communications equipment allowing all participants to hear each other at the same time. Participation by such means shall constitute presence in person at the meeting.

ARTICLE III
EXECUTIVE COMMITTEE

Sec. 1. APPOINTMENT. The Board of Directors may, by resolution of a majority of the entire Board, designate not less than three (3) nor more than five (5) Directors who shall constitute the Executive Committee. Vacancies in the Executive Committee may be filled by similar resolution at any meeting of the Board.

Sec. 2. DUTIES. The Executive Committee shall advise and aid the officers of the corporation in all matters concerning the corporation's interest and the management of the corporation's business, and when the Board of Directors is not in session the Executive Committee shall have and may exercise all the powers and authority of the Board with reference to the conduct of the business of the corporation, except as such exercise may be restricted by law, or by resolution of the Board.

The Executive Committee, unless otherwise provided by the Board, shall fix the salary or compensation of each officer whether or not such officer be a Director, but shall not determine the compensation of any member of the Executive Committee.

Sec. 3. MEETINGS. Regular meetings of the Executive Committee may be held without call or notice at such times and places as the Executive Committee from time to time may fix in advance. Other meetings of the Executive Committee may be called by any member thereof either by oral, telegraphic or written notice not later than the day prior to the date set for such meeting. Such notice shall, state the date, time and place of the meeting and, if by telegram or in writing, shall be addressed to each member at his address as shown on the records of the Secretary. Upon request by any member, the Secretary shall give the required notice calling the meeting.

Sec. 4. QUORUM. At any meeting of the Executive Committee, three members shall constitute a quorum. Any action of the Executive Committee, to be effective, must be authorized by affirmative vote of a majority of the members thereof present, and in any event, shall, require not less than three affirmative votes.

Sec. 5. MINUTES. The Secretary shall keep the minutes of the meetings of the Executive Committee and cause them to be recorded in a book kept at his office for that purpose. These minutes shall be presented to the Board of Directors from time to time for their information.

ARTICLE IV
OFFICERS

Sec. 1. NUMBER. The officers of the corporation shall be a president, one or more vice presidents (the number of such vice presidents to be determined by the Board of Directors), a secretary and treasurer. The Board may also elect or appoint a Chairman of the Board and shall appoint such other officers, assistant officers, agents and employees as it shall deem necessary, who shall have such authority and shall perform such duties as shall be prescribed by the Board from time to time. Any two or more offices may be held by the same person, except the offices of President and Secretary.

Sec. 2. ELECTION. All officers of the corporation shall be elected annually by the Board of Directors at its meeting held immediately following the annual meeting of shareholders, and shall hold office until the meeting of the Board immediately following the next annual meeting of shareholders. The President shall be elected from the members of the Board.

Sec. 3. DUTIES OF OFFICERS. The duties and powers of the officers of the corporation shall be as follows:

CHAIRMAN OF THE BOARD

The Chairman of the Board, if appointed by the Board of Directors, shall preside at all meetings of shareholders and of the Board, and shall have and perform such other powers and duties as may from time to time be assigned by the Board, including the specified duties of any other officer.

PRESIDENT

The President shall be the Chief Executive Officer of the corporation; in the absence of the Chairman of the Board, or if there be no Chairman, he shall preside at all meetings of shareholders and directors; he shall be <u>ex officio</u> a member of all standing committees, shall have general and active management and control of the Board of Directors, and shall see that all orders and resolutions of the Board are carried into effect.

VICE PRESIDENT

The Vice President, or if there by more than one, the Vice Presidents in order of their seniority or in any other order determined by the Board, shall, in the absence or disability of the President, perform the duties and exercise the powers of President, and shall generally assist the President and perform such other duties as the Board of Directors or the President shall prescribe.

SECRETARY

The Secretary shall attend all meetings of the Board and all meetings of shareholders, and record all votes and the minutes of all proceedings in a book to be kept for that purpose, and shall perform like duties for standing committees when required. He shall give or cause to be given notice of all meetings of shareholders and special meetings of the Board, and shall perform such other duties as may be prescribed by the Board of Directors or President, under whose supervision he shall act. He shall keep in safe custody the seal of the corporation and, when authorized by the Board, affix same to any instrument requiring it, and when so affixed, it shall be attested by his signature or the signature of the Treasurer, or Assistant Secretary or Assistant Treasurer. He shall keep in safe custody the certificate books and shareholder records and such other books and records as the Board may direct, and shall perform all other duties incident to the office of Secretary.

ASSISTANT SECRETARY

The Assistant Secretaries, if any, in order of their seniority or any other order determined by the Board, shall in the absence or disability of the Secretary, perform the duties and exercise the powers of the Secretary; and shall perform such other duties as the Board of Directors or the Secretary shall prescribe.

TREASURER

The Treasurer shall have care and custody of the corporate funds and other valuable effects, including securities, and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation, and shall deposit all moneys and other valuable effects in the name and the credit of the corporation in such depositories as may be designated by the Board. The Treasurer shall disburse funds of the corporation as may be ordered by the Board, taking proper vouchers for such disbursements, and shall render to the President and Directors at the regular meeting of the Board, or whenever they may request it, an account of all his transactions as Treasurer and of the financial condition of the corporation. If required by the Board, the Treasurer shall give the corporation a bond for such term in such sum and with such surety or sureties as shall be satisfactory to the Board for the faithful performance of the duties of his office and for the restoration to the corporation in the case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or or under his control belonging to the corporation.

ASSISTANT TREASURER

The Assistant Treasurers, if any, in order of their seniority or in any other order determined by the Board, shall in the absence or disability of the Treasurer, perform the duties and exercise the power of Treasurer, and shall perform such other duties as the Board of Directors or the Treasurer shall prescribe.

CONTROLLER

The Controller, if any, shall maintain adequate records of all assets, liabilities and transactions of the corporation and shall have adequate audits thereof currently and regularly made. In conjunction with other officers, he shall initiate and enforce measures and procedures whereby the business of the corporation shall be conducted with maximum safety, efficiency and economy. He shall attend all meetings of the Board and shall report to the President or the Board, as the Board of Directors may prescribe. His duties and powers shall extend to all subsidiary corporations and, so far as the President may deem applicable, to all affiliated corporations.

ASSISTANT CONTROLLER

The Assistant Controller, or if there be more than one, the Assistant Controllers in order of their seniority or any other order determined by the Board, shall in the absence or disability of the Controller, perform the duties and exercise the powers of Controller, and shall perform such other duties as the Board of Directors or the Controller shall prescribe.

Sec. 4. BOND. The Treasurer shall, if required by the Board of Directors, give to the corporation such security for the faithful performance of his duties as the Board may direct.

Sec. 5. VACANCIES, HOW FILLED. All vacancies in any office shall be filled by the Board of Directors without undue delay at its next regular meeting or at a meeting specially called for that purpose.

Sec. 6. COMPENSATION OF OFFICERS. The officers shall receive such salary or compensation as may be determined by the Executive Committee, if any, unless otherwise provided by the Board of Directors. If an Executive

Committee is not appointed, the Board shall determine such salary or compensation. The fact that any officer is a director shall not preclude him from receiving a salary or from voting upon any resolution establishing the same.

Sec. 7. REMOVAL OF OFFICERS. The Board of Directors may remove any officer at any time, with or without cause, by a majority vote of the entire Board.

Sec. 8. REPAYMENT OF DISALLOWED COMPENSATION. Any payments made to an officer by way of salary, commission, bonus, interest, rent, or entertainment expense incurred by such officer, which shall be disallowed in whole or in part as a deductible expense of the corporation by the Internal Revenue Service, shall be reimbursed by such officer to the full extent of such disallowance. The Board shall, be responsible for enforcing repayment of each such amount disallowed and, subject to the determination of the Board, proportionate amounts may be withheld from future compensation payments to such officer until amounts repayable have been repaid in full. The Board shall determine whether repayment of any such amounts is to be made over a period of one or more years, but any such repayment shall be made over no longer a period than five years.

ARTICLE V
CORPORATE SEAL

Sec. 1. FORM. The Board of Directors shall adopt a corporate seal which shall be circular in form and shall have inscribed thereon the name of the corporation, the year of its incorporation, the words “Corporate Seal, New York” and such other matters as the Board may consider proper.

ARTICLE VI
SHARE CERTIFICATES

Sec. 1. FORM; SIGNATURE. The certificates for shares of the corporation shall be in such form as the Board of Directors may determine from time to time. Such certificates shall be signed by the President or Vice President and the Secretary or Treasurer and shall be sealed with the seal of the corporation. Such seal may be a facsimile, engraved or printed. Where any such certificate is signed by a transfer agent or registered by a registrar, other than the corporation itself, title signatures of any such President, Vice President, Secretary or Treasurer upon such certificate may be facsimiles, engraved or printed. In case any such officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer and had not ceased to be such at the date of its issue.

Every certificate of stock issued by the corporation shall plainly state upon the face thereof: That the corporation is formed under the laws of the State of New York; the name of the registered holder; the number, kind and class of shares, and the designation of the series, if any, which it represents; and the par value of each share represented by such certificate or a statement that such shares are without par value.

Each series of certificates shall be consecutively numbered. The name of the person owning the shares represented thereby, with the number of such shares and the date of issue, shall be entered on the corporation’s books as well as on the face of such certificate.

Sec. 2. TRANSFERS OF CERTIFICATES. Certificates for shares of the corporation shall be transferable on the books of the corporation, by the holder thereof in person or by his attorney, upon surrender for cancellation of such certificates, and proper evidence of succession, assignment or authority to transfer.

Sec. 3. LOST, STOLEN OR DESTROYED STOCK CERTIFICATES. No certificate for shares of stock of the corporation shall be issued in place of any certificate alleged to have been lost, stolen or destroyed, except upon production of evidence of the loss, theft or destruction, and upon indemnification of the corporation and its agents to the extent and in the manner the Board of Directors may from time to time prescribe.

Sec. 4. REGULATIONS. The Board of Directors shall have the power and authority to make such rules and regulations as it may deem expedient concerning the issue, transfer and registration of certificates for shares of the corporation.

Sec. 5. TRANSFER AGENT AND REGISTRAR. The Board of Directors may appoint one or more transfer agents or transfer clerks and/or one or more registrars of transfers, and may require all stock certificates to bear the signature of a transfer agent or transfer clerk and/or a registrar of transfers. The Board may at any time terminate the appointment of any transfer agent or transfer clerk or any registrar of transfers.

Sec. 6. OWNER OF CERTIFICATE. The holder of record of any certificate for shares of the corporation shall be deemed the holder in fact thereof, and the corporation shall not be bound to recognize any equitable or legal claim to or interest in such certificate on the part of any other persons, whether or not it shall have actual or other notice thereof, except as otherwise expressly provided by law.

ARTICLE VII
DIVIDENDS

Sec. 1. WHEN DECLARED. The Board of Directors may declare dividends in cash, in property, or in the shares of the corporation, from the surplus profits of the corporation whenever, in its opinion, the conditions of the corporation's affairs will render it expedient for such dividends to be declared.

Sec. 2. PAYMENT. The Board of Directors, in declaring any dividend, may determine the shareholders entitled to receive such dividend by fixing a record date for the determination of shareholders and making any such dividend payable only to those persons who are shareholders of record as of such date. The Board may also determine the date when payment of any such dividend is to be made.

ARTICLE VIII
CONTRACTS, BILLS, NOTES, DEPOSITORIES

Sec. 1. BILLS, NOTES, ETC. All bills payable, notes, checks, drafts, warrants or other negotiable instruments shall be made in the name of the corporation, and shall be signed and countersigned by such officer or officers of the corporation as shall be designated by resolution of the Board of Directors. No officer or agent of the corporation, either singly or jointly with others, shall have the power to make any bill payable, note, check, draft or warrant or other negotiable instrument, or endorse the same in the name of the corporation or contract or cause to be contracted any debt or liability in the name or in behalf of the corporation, except as herein expressly prescribed and provided.

Sec. 2. CONTRACTS. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general and continuing or may be confined to specific instances.

Sec. 3. DEPOSITORIES. The Board of Directors shall designate the trust company, or trust companies, bank or banks, in which shall be deposited the money or securities of the corporation.

ARTICLE IX
OFFICES

Sec. 1. PRINCIPAL OFFICE. The principal office of the corporation shall be in the City of Buffalo, County of Erie and State of New York, and the exact address of such office may be determined, and changed, from time to time by resolution of the Board of Directors.

Sec. 2. OTHER OFFICES. The corporation may have such other offices or places of business at such other places within or without the State of New York as the Board of Directors from time to time may determine, or the business of the corporation may require.

ARTICLE X
FISCAL YEAR

Sec. 1. FISCAL YEAR. Unless otherwise fixed by resolution of the Board of Directors, the fiscal year of the corporation shall begin on the 1st day of January and end on the last day of December.

ARTICLE XI
INSPECTORS OF ELECTION

Sec. 1. APPOINTMENT. The Board of Directors, prior to the annual meeting of shareholders in each year, shall appoint one or more inspectors of election to act at such annual meeting and at all other meetings of shareholders held during the ensuing year. In the event of the failure of the Board to make any such appointments, or if any inspector of election shall for any reason fail to attend and act at such meeting, an inspector of election or inspectors of election, as the case may be, may be appointed by the chairman of the meeting at which such inspectors are to act.

ARTICLE XII
AMENDMENTS

Sec. 1. BY SHAREHOLDERS. These By-Laws may be amended, repealed or adopted by the affirmative vote of the holders of a majority of the shares at the time entitled to vote for the election of directors, at any meeting for which the notice of meeting specifies such amendments, alterations, changes or action proposed to be taken with regard to these By-Laws. When so provided in the Certificate of Incorporation, or these By-Laws, the affirmative vote required to effect any such action shall be such vote, greater or lesser than a majority, as may be so provided. The provisions set forth in Article I — Sections 2 and 6 of these By-Laws may not be altered, amended or repealed in any respect unless such alteration, amendment or repeal is approved by an affirmative vote of holders of not less than 80 percent of the outstanding shares of the corporation entitled to vote thereon.

Sec. 2. BY DIRECTORS. These By-Laws may also be amended, repealed or adopted at any regular or special meeting of the Board of Directors, by the affirmative vote of a majority of the entire Board. If any By-Law regulating an impending election of directors is amended, repealed or adopted by the Board, there shall be set forth, in the notice of the next meeting of shareholders for the election of directors, the By-Law so amended, repealed or adopted, together with a concise statement of the changes made. Any By-Law amended, repealed or adopted by the Board may be amended or repealed by the shareholders at any annual meeting, or at any special meeting called for that purpose, by the affirmative vote of the holders of a majority of the shares at the time entitled to vote for the election of directors.

ARTICLE XIII
INDEMNIFICATION

Sec. 1. INDEMNIFICATION. To the extent permitted by law:

(a) The corporation shall indemnify any person made a party to any action or proceeding by or in the right of the corporation to procure a judgment in its favor, by reason of the fact that he, his testator or intestate, is or was a director or officer or employee of the corporation, against the reasonable expenses, including attorneys’ fees, actually and necessarily incurred by him in connection with the defense of such action or proceeding, or in connection with any appeal therein, except in relation to matters as to which such person is adjudged to have breached his duty to the corporation; and

(b) The corporation shall indemnify any person made, or threatened to be made, a party to any action or proceeding other than one by or in the right of the corporation to procure a judgment in its favor, whether civil or criminal, including an action by or in the right of any other corporation of any kind or type, domestic or foreign, which any director or officer or employee of the corporation served in any capacity at the request of the corporation, by reason of the fact that he, his testator or intestate, was a director or officer or employee of the corporation, or served such other corporation in any capacity, against judgments, fines, amounts paid in settlement and reasonable expenses, including attorneys’ fees, actually and necessarily incurred as a result of such action or proceeding, or any appeal therein, if such person acted in the best interest of the corporation, and in criminal actions or proceedings, in addition had no reasonable cause to believe that his conduct was unlawful.

EXHIBIT 10.10

ASTRONICS CORPORATION
First Amendment of the Astronics Corporation Supplemental Retirement Plan

FIRST AMENDMENT
of the
ASTRONICS CORPORATION SUPPLEMENTAL RETIREMENT PLAN

Under the Astronics Corporation Supplemental Retirement Plan (the "Plan"), Astronics Corporation (the "Corporation") reserved the right to amend the Plan. The Corporation wishes to amend the Plan to reflect certain changes to its terms, and to comply with the written plan requirements of the final regulations issued under Internal Revenue Code Section 409A.

The Corporation hereby amends the Plan in the following respects:

1. **Article IV is amended by the addition of the following at the end thereof:**

Notwithstanding any other provision in the Plan to the contrary, benefits will distributable upon a Participant's separation from service with the Company on account of the death, retirement, or other termination of employment determined consistent with the provisions of Section 409A of the Code (a "Separation") and will commence as soon as practicable on or after the later of the Separation or the date the Participant's would attain age 60. If a benefit is payable solely because a Participant who is a "specified employee", within the meaning of Section 409A of the Code, has "separated from service", within the meaning of Section 409A of the Code, no benefits will be paid prior to the date that is six months after the date of separation from service (or, if earlier, the date of death of the Participant). Payments to which a Participant would otherwise be entitled during the first six months following the date of separation from service will be accumulated and paid on the day that is six months after the date of separation from service. For this purpose, a benefit payable will be paid as the amount calculated at the time of separation from service (without adjustment for delay in payment).

Unless otherwise indicated, the effective date of this First Amendment is January 1, 2005. In all other respects, the Plan remains unchanged.

ASTRONICS CORPORATION

January 1, 2005	By: ______________________________
Date	Kevin T. Keane, Chairman of the Board

EXHIBIT 10.11

ASTRONICS CORPORATION
First Amendment of the Employment Termination Benefits Agreement Dated December 30, 2008 between Astronics Corporation and Peter J. Gundermann, President and Chief Executive Officer of Astronics Corporation.

FIRST AMENDMENT
of the
EMPLOYMENT TERMINATION BENEFITS AGREEMENT

THIS AMENDMENT, dated as of December 31, 2008, is between **ASTRONICS CORPORATION** (the “Company”), and **PETER J. GUNDERMANN** (the “Executive”).

<u>**RECITALS**</u>:

A. The Company and the Executive have entered into an Employment Termination Benefits Agreement dated as December 16, 2003 (the “Agreement”).

B. It is intended that the Agreement comply with the provisions of Section 409A of the Code and the regulations and guidance of general applicability issued thereunder (referred to herein as “Section 409A”) so as to not subject the Executive to the payment of additional interest and taxes under Section 409A. In furtherance of this intent, the Agreement shall be interpreted, operated and administered in a manner consistent with these intentions, and to the extent Section 409A would result in the Executive being subject to the payment of additional income taxes or interest under Section 409A, the parties agree to amend the Agreement in order to avoid the application of such taxes and interest. Consistent with this intent, the Company and the Executive desire to amend the Agreement to reflect certain changes to the terms and conditions of the Agreement by entering into this First Amendment to the Agreement (this “Amendment”).

NOW THEREFORE, in consideration of the foregoing, the Company and the Executive agree to amend the Agreement effective as of December 31, 2008 as follows:

1. <u>Termination of Employment</u>. For purposes of Section 6.04 of the Agreement, no Involuntary Termination of Employment, shall be considered to have occurred unless such Involuntary Termination of Employment would also qualifies as a “separation from service” within the meaning of Section 409A.

2. <u>Delayed Payments</u>. Notwithstanding any provision in the Agreement to the contrary, if the Executive is a “specified employee” (within the meaning of Section 409A), to the extent needed to comply with Section 409A, payments due under Section 6.04 of the Agreement which are considered part of a deferred compensation arrangement under Section 409A will be subject to a six (6) month delay such that amounts otherwise payable during the six (6) month period following the Executive’s separation from service shall be accumulated and paid in a lump-sum catch-up payment as of the first day of the seventh month following the Executive’s separation from service (or, if earlier, the date of the Executive’s death).

3. <u>Treatment as Separation Pay</u>. Section 2 of this Amendment will not apply to the extent such payments can be considered to be “separation pay” that is not part of a deferred compensation arrangement under Section 409A. If permitted by Section 409A, payments to the Executive pursuant to Section 6.04 of the Agreement shall be considered first to come from “separation pay.”

4. Timing of Reimbursement Payments. Notwithstanding any provision in Section 6.04 of the Agreement to the contrary, any reimbursement of expenses provided for in this Section 6.04 will be made no later than the last day of the calendar year following the year in which the Executive incurred the expense.

5. The second sentence of Section 6.04 is deleted in its entirety.

Except as specifically amended hereby, the Agreement shall continue in full force and effect as written.

This Amendment may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have duly executed this Amendment as of this 31 day of December, 2008.

COMPANY:

ASTRONICS CORPORATION

By ______________________________
Name:
Title:

EXECUTIVE:

____
Peter J. Gundermann

EXHIBIT 10.12

ASTRONICS CORPORATION
First Amendment of the Employment Termination Benefits Agreement Dated December 30, 2008 between Astronics Corporation and David C. Burney, Vice President and Chief Financial Officer of Astronics Corporation

FIRST AMENDMENT
of the
EMPLOYMENT TERMINATION BENEFITS AGREEMENT

THIS AMENDMENT, dated as of December 31, 2008, is between **ASTRONICS CORPORATION** (the "Company"), and **DAVID C. BURNEY** (the "Executive").

RECITALS:

A. The Company and the Executive have entered into an Employment Termination Benefits Agreement dated as December 16, 2003 (the "Agreement").

B. It is intended that the Agreement comply with the provisions of Section 409A of the Code and the regulations and guidance of general applicability issued thereunder (referred to herein as "Section 409A") so as to not subject the Executive to the payment of additional interest and taxes under Section 409A. In furtherance of this intent, the Agreement shall be interpreted, operated and administered in a manner consistent with these intentions, and to the extent Section 409A would result in the Executive being subject to the payment of additional income taxes or interest under Section 409A, the parties agree to amend the Agreement in order to avoid the application of such taxes and interest. Consistent with this intent, the Company and the Executive desire to amend the Agreement to reflect certain changes to the terms and conditions of the Agreement by entering into this First Amendment to the Agreement (this "Amendment").

NOW THEREFORE, in consideration of the foregoing, the Company and the Executive agree to amend the Agreement effective as of December 31, 2008 as follows:

1. Termination of Employment. For purposes of Section 6.04 of the Agreement, no Involuntary Termination of Employment, shall be considered to have occurred unless such Involuntary Termination of Employment would also qualifies as a "separation from service" within the meaning of Section 409A.

2. Delayed Payments. Notwithstanding any provision in the Agreement to the contrary, if the Executive is a "specified employee" (within the meaning of Section 409A), to the extent needed to comply with Section 409A, payments due under Section 6.04 of the Agreement which are considered part of a deferred compensation arrangement under Section 409A will be subject to a six (6) month delay such that amounts otherwise payable during the six (6) month period following the Executive's separation from service shall be accumulated and paid in a lump-sum catch-up payment as of the first day of the seventh month following the Executive's separation from service (or, if earlier, the date of the Executive's death).

3. Treatment as Separation Pay. Section 2 of this Amendment will not apply to the extent such payments can be considered to be "separation pay" that is not part of a deferred compensation arrangement under Section 409A. If permitted by Section 409A, payments to the Executive pursuant to Section 6.04 of the Agreement shall be considered first to come from "separation pay."

4. Timing of Reimbursement Payments. Notwithstanding any provision in Section 6.04 of the Agreement to the contrary, any reimbursement of expenses provided for in this Section 6.04 will be made no later than the last day of the calendar year following the year in which the Executive incurred the expense.

5. The second sentence of Section 6.04 is deleted in its entirety.

Except as specifically amended hereby, the Agreement shall continue in full force and effect as written.

This Amendment may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have duly executed this Amendment as of this 31 day of December, 2008.

COMPANY:

ASTRONICS CORPORATION

By ______________________________

Name:

Title:

EXECUTIVE:

____

David C. Burney

EXHIBIT 21

ASTRONICS CORPORATION

SUBSIDIARIES OF THE REGISTRANT

Subsidiary	Ownership Percentage	State (Province), Country of Incorporation
Luminescent Systems, Inc.	100%	New York, USA
Astronics Advanced Electronic Systems Corp.	100%	Washington, USA
Luminescent Systems Canada, Inc.	100%	Quebec, Canada
Astronics Air, LLC	100%	New York, USA
LSI — Europe B.V.B.A.	100%	Brussels, Belgium
DME Corporation	100%	Florida, USA

EXHIBIT 23

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 333-139292) pertaining to the Employee Stock Purchase Plan of Astronics Corporation, the Registration Statement (Form S-8 No. 333-127137) pertaining to the Astronics Corporation 2005 Director Stock Option Plan, and the Registration Statement (Form S-8 No. 333-143564) pertaining to the Astronics Corporation 2001 Stock Option Plan of our reports dated March 4, 2009, with respect to the consolidated financial statements and schedule of Astronics Corporation and the effectiveness of internal control over financial reporting of Astronics Corporation included in this Annual Report (Form 10-K) for the year ended December 31, 2008.

/s/ Ernst & Young LLP

Buffalo, New York
March 9, 2009

Exhibit 31.1

Certification of Chief Executive Officer pursuant to Exchange Act rule 13a-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

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

1. I have reviewed this annual report on Form 10-K of the Astronics Corporation;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;
4. The registrant's other certifying officer 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. 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 (the registrant's fourth fiscal quarter in the case of an annual report) 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 officer 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 registrant's board of directors (or persons performing equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; 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: March 11, 2009

/s/ Peter J. Gundermann
Peter J. Gundermann
Chief Executive Officer

Exhibit 31.2

Certification of Chief Financial Officer pursuant to Exchange Act rule 13a-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

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

1. I have reviewed this annual report on Form 10-K of the Astronics Corporation;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;
4. The registrant's other certifying officer 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. 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 (the registrant's fourth fiscal quarter in the case of an annual report) 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 officer 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 registrant's board of directors (or persons performing equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; 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: March 11, 2009

/s/ David C. Burney

David C. Burney
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

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officers of Astronics Corporation (the "Company") hereby certify that:

The Company's Annual Report on Form 10-K for the year ended December 31, 2008 fully complies with the requirements of section 13(a) or 15(d) of the Securities and Exchange Act of 1934 and the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 11, 2009

/s/ Peter J. Gundermann
Peter J. Gundermann
Title: Chief Executive Officer

Dated: March 11, 2009

/s/ David C. Burney
David C. Burney
Title: Chief Financial Officer

This certification shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liability of that section. This certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent specifically incorporated by the Company into such filing.