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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): November 4, 2013

ASTRONICS CORPORATION

(Exact name of registrant as specified in its charter)

New York
(State or Other Jurisdiction
of Incorporation)

0-7087
(Commission
File Number)

16-0959303
(I.R.S. Employer
Identification No.)

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

14052
(Zip Code)

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

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement.

On November 4, 2013, Astronics Corporation (the “Company”) entered into a sale agreement and a guarantee agreement (“Agreements”) to acquire PGA Electronic s.a. (“PGA”) for approximately \$28.5 million. The purchase price will be paid 60% in cash and 40% in Astronics common stock. The deal is expected to close before year end, subject to customary closing conditions.

The foregoing description of the Agreements do not purport to be complete and are qualified in their entirety by the Agreements attached as Exhibits 10.1 and 10.2 to this Current Report on Form 8-K and incorporated herein by reference. The Company issued a press release on November 4, 2013 regarding the execution of the Agreements, a copy of which is attached as Exhibit 99.1 to this Current Report on Form 8-K.

The Agreements have been included to provide investors with information regarding its terms. They are not intended to provide any other factual information about the Company, PGA or the Sellers. The Agreements contains representations and warranties that the Sellers, on the one hand, and the Company, on the other hand, made to each other. The assertions embodied in those representations and warranties are qualified by information in confidential disclosure schedules that the parties have exchanged in connection with signing the Agreements. The disclosure schedules contain information that modifies, qualifies and creates exceptions to the representations and warranties set forth in the Agreements. Accordingly, investors should not rely on the representations and warranties as characterizations of the actual state of facts at the time they were made or otherwise.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
10.1	Sale Agreement Relating to PGA Electronic dated November 4, 2013
10.2	Guarantee Agreement Relating to PGA Electronic dated November 4, 2013
99.1	Press Release of Astronics Corporation dated November 4, 2013

SIGNATURE

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

Astronics Corporation

Dated: November 4, 2013

By: /s/ David C. Burney

Name: David C. Burney
Vice President and Chief Financial
Officer

EXHIBIT INDEX

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SALE AGREEMENT

RELATING TO PGA ELECTRONIC

4 November 2013

SUBJECT TO CONDITIONS PRECEDENT

BETWEEN THE UNDERSIGNED:

1. **Mr Jean-François PIAULET**, born on 2 December 1952 in Châteauroux (36), residing at 28, Rue Romain Rolland – 36130 Déols.
2. **Mr Daniel PIAULET**, born on 17 May 1947 in Déols (36), residing at 304 Avenue De La Châtre – 36000 Châteauroux.
3. **Mr Pascal MOULIN**, born on 18 June 1962 in Châteauroux (36), residing at 3, Route de Lizeray – 36100 Saint Valentin.
4. **Mr Laurent GROUSSIN**, born on 23 June 1962 in Valençay (36), residing at 6, Allée du Bois Doré—36330 Le Poinçonnet.

Referred to collectively as the “**Transferors**” or individually as a “**Transferor**”,

ON THE ONE HAND,

AND:

5. **Astronics Corporation**, a company incorporated under the United States laws, whose registered office is at 130 Commerce Way – East Aurora, NY—14052-2191, USA and represented by Mr. David Burney,

Hereinafter the “**Transferee**”

ON THE OTHER HAND,

The Transferors and the Transferee are referred to collectively as the “**Parties**” and individually as a “**Party**”.

PREAMBLE:

- A. PGA ELECTRONIC s.a. is a public limited company with a board of directors with a share capital of 1,000,000 Euros, whose registered office is at Avenue Jean Monnet Z.I. la Malterie 36130 MONTIERCHAUME, registered on Châteauroux Corporate & Trade Register under number 350 534 939 (the “**Company**” or “**PGA**”). The Company is an aeronautical equipment manufacturer in the field of motion, lighting and IFEC/CMS systems dedicated to the cabin (the “**Activity of the Company**”).
- B. The Company share capital is divided into five thousand six hundred (5,600) shares (referred to hereinafter together as the “**Shares**” or individually as a “**Share**”) allocated as indicated in Schedule B. The Transferors own directly 100% less two Shares of the share capital and voting rights of the Company on a fully diluted basis.
- C. The Transferors have instituted a competitive sale process. In the context of this process and following a certain number of exchanges, the Transferee made a declaration of interest. The Transferee is a leading provider of advanced technologies for the global aerospace and defense industries and, as such, is a professional of the same sector of activity of the Company (the “**Activity of the Transferee**”, collectively with the Activity of the Company, the “**Activities**”).

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- D. Prior to signing the Contract, the Transferee and its advisors have had access to a physical data room containing information and documents (the “**Data Room**”), listed in *Schedule D* hereto, have had meetings with main managers of the Company, and visited the site. They have obtained written responses to the questions asked in the context of their due diligence (the “**Q&A**”), have had access to the premises of PGA and have had discussions and meetings with the accounting and financial department of PGA. The Data Room and the Q&A have been copied onto a series of CD-Rom of which (x) one copy has been provided to the Transferee, (y) one copy has been retained by the Transferors’ Agent, and (z) one copy has been delivered jointly by the Transferors’ Agent and the Transferee to the notarial office of Mr. Michelez, located at 128 boulevard de Courcelles – Paris (17ème).
- E. In the context of the purchase offer selection process, the Transferee set out in a letter dated 5 June 2013 (as modified in an email dated 3 July 2013 and by the letter granting exclusivity of negotiation dated 3 July 2013) the terms of its final offer for its purchase of the Transferors’ Shares in accordance with the terms and conditions stated therein.
- F. Prior to signature of this Contract, the Company’s works council was informed and consulted on 4 November 2013 about the project to sell control of the Company.
- G. In these circumstances, the Transferors plan to sell all of their Shares. The Transferee approached the Transferors with a view to concluding the purchase of all the Shares of the Company owned by the Transferors at the date hereof and to be owned by the Transferors at the Completion Date and which represent, and shall represent at the Completion Date, 100% less the Minority Shareholders Shares of the share capital and of the voting rights of the Company on a fully diluted basis (the “**Transferred Shares**”). At the end of the above-mentioned procedures, the Parties agreed to commit in accordance with the terms and conditions of this contract, in particular the conditions precedent, featured below (the “**Contract**”).

PURSUANT TO THE PREAMBLE, TERMS OF AGREEMENT ARE AS FOLLOWS

Introductory article—Definitions

For the purposes of this Contract, terms starting with a capital letter, whether in the plural or singular, shall have the meaning stated below.

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| “ Accounting Principles ” | meaning defined in the Guarantee agreement. |
| “ Actual Net Debt ” | means the actual Net Debt at the latest day of the month prior to the Completion Date as agreed between the Transferors’ Agent and the Transferee or determined by the Independent Expert, as per the Final Closing Statement of Debt defined in accordance with article 2.2. |
| “ AstStocks ” | meaning indicated in article 2.1 (c) (ii). |

“Company”	meaning indicated in paragraph (A) of the preamble.
“Completion Date”	means the date on which the transfer of full ownership of the Transferred Shares will be completed in accordance with article 5.
“Conditions precedent”	means the conditions precedent mentioned in article 3.1.
“Contract”	means this contract, including its preamble and schedules thereto.
“Data Room”	meaning indicated in paragraph (D) of the preamble.
“Estimated Net Debt”	meaning the Net Debt by close of business on the latest day of the month prior to the Completion Date as estimated by the Transferee.
“Governmental Authority”	meaning defined in the Guarantee agreement.
“Guarantee agreement”	meaning indicated in article 5.3.
“Net Debt”	meaning assigned to such term in <u>Schedule E</u> .
“Party”	meaning defined at the beginning of this Contract.
“Payment Stocks”	meaning indicated in article 2.1 (c) (ii).
“Price”	meaning indicated in article 2.1.
“Reference Accounts”	meaning defined in the Guarantee agreement.
“Related Parties”	means in relation to a person, the person or entity in which this person, directly or indirectly has an interest; “interest” means with respect to a person (i) direct or indirect ownership of 5% or more of the share capital, economic rights or voting securities of such person, and/or (ii) the right to appoint, or cause the appointment of, any members of the board of directors (or similar governing body), and/or (iii) the spouse, children and parents (including brothers, sisters, ancestor or lineal descendants) of such person.
“Share”	meaning indicated in paragraph (B) of the preamble.
“Significant Contract”	means the following contracts, the “contracts” means any contract, agreement, obligation, promise, commitment or other undertaking: <ul style="list-style-type: none"> • each partnership, consortium or joint venture agreement or other contracts of the same nature entered into by the Company; • each contract or other instrument evidencing or pertaining to the lending of money by the Company as well as each guarantee, indemnity, suretyship or other contract pursuant to which the Company guarantees or otherwise provides security for any obligation of any other person;

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- each contract providing for the sale of any assets by the Company other than in the ordinary course of business or for the grant by Company of any options or preferential rights to purchase any assets (other than inventory);
 - each commitment or other contract with a governmental authority;
 - each contract limiting or restraining the Company from engaging or competing in any lines of business with any person or in any area or territory;
 - each other contract involving expenditures or receipts by the Company in excess of €100,000 for the purchases and €500,000 for the sales in the aggregate (including for the avoidance of doubt any lease agreements, sale, purchase or supply contracts).

“Taxes”

meaning defined in the Guarantee agreement.

“Third Party Rights”

means any security interest, easement, lien, surety, pledge, option, restriction, preferential right, “*usufruit*” or other real or personal right (*droit réel ou personnel*) or any other third party right whatsoever encumbering directly or indirectly any Share or material assets or restricting any attribute of ownership of, as well as any option (or other commitment to sell), right of first refusal, pre-emption right, restriction on voting or receipt of income.

“Transferee”

meaning defined at the beginning of this Contract.

**“Transferee Material Adverse Change” or
“Transferee Material Adverse Effect”**

means any event, fact, matter, change or occurrence, as the date of this Contract, which, individually or in the aggregate with other such event, fact, matter, change of occurrence, is or could reasonably be expected to be materially adverse to the business, results, profits, financial condition, assets, properties, liabilities, operations or prospects of Astronics Corporation with an impact on the income from Operations of Astronics Corporation which would be in excess of EUR 1,000,000.

“Transferor”

meaning defined at the beginning of this Contract.

“Transferors’ Agent”

means Mr Jean-François PIAULET, hereby appointed by the Transferors and who accepts this appointment, as agent to give and receive all notices and other documents, to give all consents, to receive service of process, to handle, dispute, settle or otherwise deal with any and all claims against the Transferee under this Contract, and more generally, to exercise the rights and fulfil all obligations of the Transferors on their behalf under this Contract. Any decision of the Transferors’ Agent shall bind the Transferors who shall be timely informed of any of its action and specifically within five (5) days for any matters relating to the payment of any portion of the Price to be received by the Transferors.

The Transferors' Agent may at any time notify the Transferee and the other Transferors that it does not wish to continue to act as agent for all or part of the Transferors, in which case the Transferors shall appoint a successor Transferors' Agent and provide the details thereof to the Transferee no later than thirty (30) days after the delivery to the Transferee of such notice; provided however, that any notice made by the Transferee shall be deemed correctly made if made to the former Transferor's Agent in accordance with article 9 until such time as the Transferee shall have actually received the notice with the details of the successor Transferors' Agent.

**“Transferor Material Adverse Change” or
“Transferor Material Adverse Effect”**

means any event, fact, matter, change or occurrence, as the date of this Contract, which, individually or in the aggregate with other such event, fact, matter, change of occurrence, is or could reasonably be expected to be materially adverse to the business, results, profits, financial condition, assets, properties, liabilities, operations or prospects of the Company with an impact on the operating profit (*résultat d'exploitation*) of the Company which would be in excess of EUR 250,000.

“Transferred Shares”

meaning indicated in paragraph (G) of the preamble.

“ValATRO”

meaning indicated in article 2.1 (c) (ii).

“Working Day”

means any day other than a Saturday, Sunday or legal holiday in Paris, France or New York, U.S.A. or other day on which commercial banking institutions in Paris, France or New York, U.S.A. are required to close.

The expressions « including », « to include » and « in particular » shall be deemed to be followed by the terms « but not restricted to ». The expressions « in this contract », « hereinafter » and similar expressions refer to this Contract overall rather than a specific term thereof. Unless express mention to the contrary in this Contract, all contracts, documents or regulations defined or mentioned in this Contract refer to this Contract or document or this regulation as amended, modified or supplemented, including by waiver or agreement and, as far as all regulations are concerned, by a later regulation.

Article 1 - Purpose

1.1 Sale of the Transferred Shares

- (a) The Transferors undertake to sell and deliver to the Transferee, and the Transferee undertakes to purchase, on the Completion Date, in accordance with the terms and conditions, in particular conditions precedent, of the Contract, all but not less than all of the Transferred Shares, which shall represent 100% less two Shares of the total number of issued and outstanding securities in the Company.

It is understood that on Completion Date the Company will not have issued any tradable securities granting direct or indirect access to its capital.

- (b) On the Completion Date, the Transferred Shares shall be sold to the Transferee by the Transferors, who shall be the owners, on said date, of the Transferred Shares free from all pledge, pre-emptive right and any other Third Party Rights whatsoever, in exchange for payment in full by the Transferee of the Price of the Transferred Shares resulting from article 2 below.

1.2 Ownership—Title

Upon the terms and subject to the conditions set forth in this Contract, the Transferee shall become owner of the Transferred Shares together with all rights and benefits now and thereafter attaching hereto and shall acquire full title (*pleine et entière propriété*) thereof on the Completion Date. At such point in time, the Transferee shall be purely and simply subrogated in the rights and obligations of the Transferors attached to the Transferred Shares and shall be entitled to receive all pay-outs of dividends and other distributions which may occur as from the Completion Date and in respect of the current fiscal year. For the avoidance of doubt, it is specified that since August 31, 2012, the Company has paid to its current shareholders (including the Transferors) (i) a dividend of an amount of EUR 201,600 which has been declared by the shareholders' meeting of the Company dated February 14, 2013 and paid on February 15, 2013 and (ii) a dividend of an amount of EUR 2,000,040 which has been declared by the shareholders' meeting of the Company dated August 30, 2013 and paid on the same date.

1.3 Substitution

Astronics Corporation shall be replaced for the purchase of the Transferred Shares from the Transferors by a wholly-owned subsidiary to be incorporated in France as a *société par actions simplifiée*. For such purpose, Astronics Corporation will take all reasonable steps to have this French subsidiary duly incorporated by November 29, 2013 at the latest. For the avoidance of doubt, Astronics Corporation will remain jointly and severally liable with its subsidiary thus substituted, for the perfect fulfilment by said subsidiary of all of the Transferee's obligations stipulated herein, in particular payment of the Price. The Transferee's obligations stipulated below shall then apply to the subsidiary thus substituted as if it had been the original Contract signatory. In any case and whoever is the third party thus substituted, the Payment Stocks shall be ordinary shares of Astronics Corporation common stock, listed on NASDAQ National Market System under the symbol "ATRO".

1.4 Minority Shareholders

All Company minority shareholders mean shareholders other than the Transferors identified in Schedule 1.4 (the "**Minority Shareholders**"). The two shares owned by each Minority Shareholder are also featured in Schedule 1.4 (the "**Minority Shareholder Shares**").

Article 2 - Price - Payment

2.1 Sale price of the Transferred Shares

- (a) Amount of the Price. The sale of the Transferred Shares shall take place in exchange for payment by the Transferee of the total, all-inclusive, final price of
- twenty-one million four hundred twenty-five thousand euros (EUR 21,425,000) (the "Enterprise Value"),
 - *minus*, the amount of the Actual Net Debt, if such amount is positive,
 - *plus*, the amount of the Actual Net Debt, if such amount is negative.
- in each case as finally determined in accordance with article 2.1(e) and 2.2 (the "**Price**").

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- (b) **Transferors' Statement.** No later than five (5) Working Days prior to the Completion Date, the Transferors' Agent (on behalf of the Transferors) shall deliver to the Transferee a statement (the "**Transferors' Statement**") prepared in good faith based upon the financial information available to the Transferors, after due and careful inquiry, setting out:
- (i) **an estimated amount of the Net Debt (the "*Estimated Net Debt*") with reasonably detailed information and calculations in respect thereof; and**
 - (ii) **an amount (the "*Estimated Price*"), equal to:**
 - the Enterprise Value,
 - *minus*, the Estimated Net Debt if such amount is positive,
 - *plus*, the Estimated Net Debt if such amount is negative.
- (c) **Closing Payment.** On the Completion Date, the Transferee shall pay the Estimated Price as set out in the Transferors' Statement as follows:
- (i) **thirteen million euros (EUR 13,000,000) in cash by wire transfer to the Transferors, according to the allocation set forth in Schedule B, to the Transferors' bank accounts designated by the Transferors' Agent, at the latest three (3) Working Days before the Completion Date, it being specified that an amount of one million euros (EUR 1,000,000) shall be retained by the Transferee pending final determination of the Net Adjustment Amount pursuant to article 2.2 (the "*Retained Portion of the Price*"). The Retained Portion of the Price shall be paid by the Transferee to the Transferors at the time and conditions set forth in article 2.3 and, on the Completion Date, the Transferee shall provide a first demand bank guarantee in order to secure the Transferors regarding the payment of the Retained Portion of the Price, it being specified that such bank guarantee shall be issued by a bank of first rank having a subsidiary or an establishment in France and under terms and conditions usually used in France.; and**
 - (ii) **for the fraction of Estimated Price in excess of EUR 13,000,000 (the "*Non Cash Fraction of Estimated Price*"), according to the allocation set forth in Schedule B, by shares of Astronics Corporation common stock listed on the NASDAQ National MarketSystem, under the symbol "ATRO" (hereinafter the "*AstStocks*"), it being specified that the total number of AstStocks to be granted to the Transferors as payment of the Non Cash Fraction of Estimated Price shall be determined as follows (the "*Payment Stocks*):**
$$\frac{[\text{Estimated Price} - \text{EUR } 13,000,000]}{[\text{Average value in Euros of the stock quote of 1 AstStock at closing of the Nasdaq Stock Market reduced by 5\% for each trading day over the last 30 trading days prior to the fifth trading day before the Completion Date (the "ValATRO")]}]$$

it being specified that for the purpose of determining the ValATRO in Euro, the average value in US Dollars of the stock quote of 1 AstStock at closing of the Nasdaq Stock Market reduced by 5% for each trading day over the last 30 trading days prior to the fifth trading day before the Completion Date shall be converted in Euro on the basis of the average US Dollar / Euro conversion rate over the last 30 trading days prior to the fifth trading day before the Completion Date as published by the Bank of France (*Banque de France*). For the avoidance of doubt, the payment of the Non Cash Fraction of Estimated Price in shares of AstStocks in lieu of cash is being made for the convenience of the Transferee and has been structured as a delivery of shares to be made as an alternative mechanism of payment for the Transferred Shares. The delivery of the Transferred Shares by the Transferors shall in no way constitute a payment in kind (*apport de titres*).

As from the date hereof and until the Completion Date, in the event Astronics Corporation performs prior to Closing any transaction or declaration of any dividend or distribution, stock split, reverse stock split, stock dividend, reorganization, reclassification, merger, combination, recapitalization, or other like change or any other transaction with respect to or affecting the financial rights attached to shares of AstStocks (i.e. for more than 1% of financial impact) (an “*AstStocks Dilution Event*”), and including any stock repurchase or redemption effected on a substantially pro rata basis or in which the majority of Astronics Corporation’s stockholders participate, prior to the Closing which materially affects the number of shares of Payment Stock the Transferors should equitably receive, such number of shares of Payment Stock shall be equitably adjusted to the extent necessary to provide the Transferors the same economic effect as contemplated by this Contract prior to such transaction or declaration.

The Transferee shall notify the Transferors’ Agent upon deciding or announcing any AstStocks Dilution Event to be performed or decided no later than the Completion Date. In case the Parties do not reach agreement on the necessary equitable adjustment prior to the Completion Date, the matters in dispute shall be referred to the Independent Expert mutatis mutandis according to the provisions of Article 2.2 hereunder and Closing shall be extended to the remittance of the Independent Expert final report solving this dispute.

For the avoidance of doubt, with respect to the stock distribution to be distributed on October 24, 2013 in which each Astronics Corporation shareholder received one share of Astronics Class B Stock for every five shares of Astronics Common Stock and Class B Stock held by such shareholder on October 10, 2013, the share price of AstStocks to be used to calculate the Payment Stocks for periods up to the ex-dividend date for such stock distribution should be adjusted down by 20% to reflect the dilution on the price of AstStocks attributable to such stock distribution.

Notwithstanding the above, if, in application of the above formula, the number of AstStocks to be delivered to any of the Transferors in accordance with the allocation set forth in Schedule B, results in a fractional number, the number of AstStocks to be delivered to such Transferor shall be rounded off in the integer of number of AstStocks immediately lower and the remainder shall be paid in cash to this Transferor by the Transferee on the Completion Date.

(d) Description of the Payment Stock mechanism

Notwithstanding the provisions of article 2.1(c), if, as at Completion Date, the number of AstStocks to be delivered to Mr. Jean-François Piaulet pursuant to article 2.1(c) above would exceed 0.95% of the total number of issued securities or voting rights of Astronics Corporation, the Transferee undertakes to reduce the number of AstStocks to be delivered to Mr. Jean-François Piaulet to a number of AstStocks which will not exceed 0.95% of the share capital or voting rights of Astronics Corporation, the remainder being paid in cash by wire transfer to Mr Jean-François Piaulet's bank account on Completion Date by the Transferee.

As a result of the above, on the Completion Date, the Payment Stocks shall be transferred as follows to the Transferors, according to the allocation set forth in Schedule B.

- (e) Post-Closing Adjustment. Subsequent to the Completion Date, the Estimated Price shall be:
- (i) **reduced, on a Euro for Euro basis, by the amount, if any, by which the Actual Net Debt exceeds the Estimated Net Debt;**
or
 - (ii) **increased, on a Euro for Euro basis, by the amount, if any, by which the Estimated Net Debt exceeds the Actual Net Debt.**

2.2 Closing Financial Statements, Closing Statement of Debts; Computation of Net Adjustment Amount.

- (a) Within forty five (45) Working Days after the Completion Date, the Transferee shall procure that the Company prepare (i) closing financial statements of the Company as at close of business on the latest day of the month prior to the Completion Date by applying the same accounting principles and a format/mapping of accounts consistent with those used in the preparation of the relevant financial statement of the preceding financial year (the "**Closing Financial Statements**") and (ii) a computation of the Net Debt in the format as required in Schedule E (the "**Closing Statement of Debt**") at the same date than the Closing Financial Statements. The Transferors hereby undertake to cooperate and provide the Transferee with all assistance and information required for such purpose upon being requested to do so by the Transferee. As soon as reasonably practicable, and in any event by no later than fifteen (15) Working Days after the Closing Financial Statements and the Closing Statement of Debt have been made available to the Transferee, the Transferee shall deliver to the Transferors' Agent a copy of the Closing Financial Statements, Closing Statement of Debt and a statement (the "**Transferee's Statement**") signed by an authorized representative of the Transferee, setting forth in reasonable detail a computation of the net amount of the adjustments required by article 2.1(e) above (the "**Net Adjustment Amount**") based on the information set forth in the Closing Financial Statements and the Closing Statement of Debt. As from the date of the delivery of the Transferee's Statement, the Transferee shall, subject to reasonable notice, make available to the Transferors' Agent and its advisors the books and records relating to the Company reasonably required in connection with their review of the Closing Financial Statements, Closing Statement of Debt and the Transferee's Statement.

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- (b) Within twenty (20) Working Days of receipt by the Transferors' Agent of the Transferee's Statement, the Transferors' Agent may give written notice (the "**Transferors' Disagreement Notice**") to the Transferee stating that it disagrees with the Transferee's Statement together with the reasons for such disagreement in reasonable detail. If the Transferors' Agent has not delivered a Transferors' Disagreement Notice within such twenty (20) Working Days period, the Transferee's Statement shall be final and binding on the Parties for all purposes. If the Transferors' Agent and the Transferee do not reach agreement (a) within twenty (20) Working Days after the Transferee's receipt of the Transferors' Disagreement Notice or (b) as at Completion Date at the latest about an AstStocks Dilution Event, the matters in dispute shall be referred to the Independent Expert, as defined below, at the request of either of the Transferors' Agent and the Transferee, it being specified that, notwithstanding that dispute, that fraction of the Net Adjustment Amount (if any) which will not be in dispute will then be immediately paid. No matters other than those listed in the Transferee's Statement and in the Transferors' Disagreement Notice shall be within the terms of reference of the Independent Expert. The Independent Expert shall be a firm of statutory auditors of international standing appointed jointly by the Transferors' Agent and the Transferee, within ten (10) Working Days as from the corresponding request, or, if failing to reach an agreement within this time-period, by order of the President of the Paris Commercial Court ruling in the format of emergency proceedings (*procédure de référé*) at the request of any of the Parties and without possible appeal.
- (c) Except to the extent that the Transferee and the Transferors agree otherwise, the Independent Expert shall determine its own procedures, and interpret and apply the definitions set out in Schedule E and the other directives and principles set out in this article 2.2 and related Schedules. The Independent Expert shall also (i) give the Transferee and the Transferors' Agent an opportunity to make written and oral representations to it; (ii) require that the Transferee and the Transferors' Agent supply each other with a copy of any written submission to the Independent Expert at the same time as such submission is made to the Independent Expert, (iii) permit each of the Transferee and the Transferors' Agent to be present while oral submissions are being made by the other and, more generally, (iv) at all times respect the principle of "*contradictoire*".
- (d) The Independent Expert shall deliver to the Transferors' Agent and to the Transferee, within a period of twenty (20) Working Days after the date of its appointment, a final report which shall indicate its determination of the Price and the Net Adjustment Amount. Such final report shall explicitly state (i), if the amount of the Estimated Price exceeds the Price (as thus determined), that the Transferors shall pay to the Transferee the Net Adjustment Amount or (ii), if the Price (as thus determined) exceeds the amount of the Estimated Price, that the Transferee shall pay to the Transferors the Net Adjustment Amount. The Independent Expert shall act as a "*tiers arbitre mandataire*" in accordance with article 1592 of the French Civil Code and its determination of any matter falling within its jurisdiction shall be final and binding on the Parties save in the event of manifest error (*erreur grossière*).
- (e) The fees, costs and expenses of the Independent Expert (as well as those of any experts consulted by the Independent Expert) will be borne equally between the Transferors and the Transferee (the fees to be borne by the Transferors being allocated pro rata to their respective amount of Transferred Shares).
- (f) For the purposes hereof, the "**Final Closing Statement of Debt**" shall be:

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- (i) **the Closing Statement of Debt, if the Transferors' Agent shall not have delivered a Transferors' Disagreement Notice in accordance with subsection (b) above, or**
 - (ii) **if the Transferors' Agent shall have delivered a Transferors' Disagreement Notice in accordance with subsection (b) above, either (A) the definitive Closing Statement of Debt as agreed by the Transferor's Agent and the Transferee pursuant to subsection (c) above, or (B) in the absence of an agreement between the Transferor's Agent and the Transferee, the Closing Statement of Debt read in light of the final report delivered by the Independent Expert pursuant to the subsection (d) above.**

2.3 Payment of Net Adjustment Amount and Retained Portion of the Purchase Price.

- (a) If the amount of the Estimated Price exceeds the amount of the Price (as determined pursuant to articles 2.1 and 2.2), the Transferors shall pay, pro rata to their respective number of Transferred Shares, to the Transferee, the amount equal to the excess of (x) the Estimated Price, over (y) the Price.
- (b) If an amount shall be payable by the Transferors to the Transferee pursuant to the foregoing subsection (a), it shall first be satisfied out of the Retained Portion of the Price, and for any remaining balance (i.e. if the Net Adjustment Amount is superior to the Retained Portion of the Price) in accordance with the subsections (d) and (e).
- (c) If the amount of the Price (as determined pursuant to articles 2.1 and 2.2) exceeds the amount of the Estimated Price, the Transferee shall pay to the Transferors the amount equal to the excess of (x) the Price over (y) the Estimated Price. In such case, the Transferee shall pay in cash to the Transferors the Retained Portion of the Price defined in article 2.1 (c) *plus* any remaining balance in accordance with subsection (d) and (e).
- (d) Any amounts payable pursuant to this article 2.3 shall be paid within five (5) Working Days of the definitive determination of the Net Adjustment Amount by electronic funds transfer of cash to a bank account of the recipient designated in writing by the recipient at least three (3) Working Days prior to the date of payment. Any delay shall give right to interest at a yearly rate of 5%.
- (e) The allocation among the Transferors of any payments made to or by the Transferors pursuant to this article 2.3 shall be made in accordance with the allocation as set forth in *Schedule B*, it being specified that the Transferee shall not be liable nor assume any responsibility in relation to such allocation. The obligations of the Transferors to make payment pursuant to this article 2,3 shall be several and not joint.

2.4 Specific guarantee of the Transferee.

As from Completion Date and subject to the provisions of this article 2.4, the Transferee shall indemnify and hold the Transferors harmless against any tax liabilities, costs and expenses actually suffered and/or paid by them resulting exclusively from any operation concerning the Astronics Corporation's share capital during the year following the Completion Date and having for consequences that stake in Astronics Corporation received by any of the Transferors at completion of the transaction contemplated herein represents more than 1% of the share capital or voting rights of Astronics Corporation, and therefore placing such Transferor in breach of the conditions required to benefit from the tax regime provided under article 150 OD ter IV of the French *Code general des impôts*.

For the avoidance of doubt, it is specified that the above indemnification undertaking from the Transferee shall only be applicable if the crossing by a Transferor of the threshold of 1% of the share capital or voting rights of Astronics Corporation is a direct and exclusive consequence of such operation over the share capital of Astronics Corporation during the year following the Completion Date.

The Transferee acknowledges that this undertaking is material and of essence for the Transferors, who would not have accepted the Payments Stocks without guarantee regarding the above.

ARTICLES 3 – CONDITIONS PRECEDENT

3.1 The Transferors' obligation to sell the Transferred Shares and the Transferee's obligation to purchase the latter are subordinate to prior fulfilment of the following conditions precedent ("*Conditions precedent*"):

- (i) Prior agreement of the Transferee by the Company in accordance with the terms of the articles of association.
- (ii) Each of the representations and warranties made by the Transferors and the Transferee under this Contract and the Guarantee agreement shall have been accurate in all respects as of the date of this Contract and must be accurate in all respects as of the Completion Date as if made on the Completion Date, subject to the update of the schedules of the Guarantee agreement as set forth in article 4.4.
- (iii) The covenants, obligations, undertakings that the Parties are required to perform or to comply with pursuant to this Contract at or prior to Completion Date shall have been duly performed and complied with in all material respects.
- (iv) No change, situation, development or other event having a Transferor Material Adverse Effect or Transferee Material Adverse Effect shall have occurred.
- (v) Meetings (held physically or by conference call(s) in the most practical way for the Transferee and the Transferors' Agent) organized and managed by the Transferors' Agent with the three following customers: SOGERMA, Thompson and PAC, such meetings and discussions being schedule to take place before November 29, 2013.

For the avoidance of doubt, the purpose of these meetings will be exclusively to introduce the Transferee and to enable identifying whether major issue comes up, such as these customers indicate their will to materially and adversely change their business relationship with the Company, which will constitute a Transferor Material Adverse Effect.

3.2 Obligations of the Parties with respect to fulfillment of the conditions precedent

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- (i) The Parties undertake to do their best efforts to ensure that the condition precedents stipulated in article 3.1 is met at their earliest convenience from the Contract signature date.
 - (ii) In the event that one of the Parties is aware of any facts or circumstances of such a nature as to compromise or jeopardise the fulfilment of one or more conditions precedent, it undertakes to inform the other Parties thereof at its earliest convenience in order to plan the necessary remedial measures to implement.

3.3 Certification of fulfilment of conditions precedent

Certification of fulfilment of the above-mentioned conditions shall take place at the initiative of the most diligent Party which shall notify the other Party thereof.

The conditions must be fulfilled by 29 November 2013 at the latest.

On failure to fulfil any of the conditions before the above-mentioned date, the Contract shall be considered null and void and each Party shall be entitled to regain its full and complete liberty without any indemnity by either party, without prejudice nevertheless to all compensation in the event that non-fulfilment of a condition precedent should result from a wilful misconduct by one Party with its commitments under the Contract. In this instance the Contract shall be null and void, subject to the confidentiality obligations.

ARTICLE 4 — OTHER CONDITIONS WHICH APPLY PRIOR TO THE COMPLETION DATE

4.1 Temporary management of the Company

The Transferors shall procure that between the date of this Contract and the Completion Date, the Company is managed in a responsible manner, in the context of normal, prudent management and in compliance with current management practices (in the ordinary course of business). In particular, the Transferors undertake that, in the Company and prior to the Completion Date, none of the following operations, decisions or actions shall be taken or performed without the prior consent of the Transferee, which may not delay or refuse its consent without legitimate reason:

- (a) investment of an amount individually or when aggregated with other investments based on substantially the same facts and circumstances in excess of 100,000 Euros,*
- (b) acquisition or sale of any interest in any business or entity, or form or make any investment in any entity,*
- (c) acquisition or disposal of any assets (other than in the ordinary course of business consistent with past practice),*
- (d) commitment to a new financing operation or contract any off-balance sheet commitments exceeding 100,000 Euros in the aggregate,*
- (e) granting of performance, surety bonds or guarantee to third parties, incur or guarantee any additional indebtedness or issue any notes, bonds or other debt securities, grant any option, warrant or right to acquire any such debt securities or issue any security convertible into or exchangeable for any such debt securities or repurchase or prepay any indebtedness or enter into any arrangement having the economic effect of any of the foregoing,*
- (f) increase of remunerations or other benefits payable to employees or company officers, other than imposed by currently valid law or by existing contract or company agreement disclosed to the Transferee or in the ordinary course of business consistent with past practices,*
- (g) conclusion of any contract which could trigger the liability or a payment obligation by the Company for an amount exceeding 100,000 Euros; amendment or termination of any Significant Contract,*
- (h) change in business activity, legal structure, articles of association, company capital or in the accounting and Tax methods, principles or practices except insofar as may be required by law;*

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- (i) *delay the payment of any trade payables or accelerate the payment of any trade receivables, other than in the ordinary course of its business operations consistent with past practice;*
 - (j) *launch of all new business activities or interruption of all existing business activities,*
 - (k) *materially altering their employment contracts, firing or recruitment of personnel, unless (i) on fixed term contracts in the legally provided cases, or (ii) to replace a sick or resigning employee and if the gross annual remuneration of the employee recruited in replacement does not exceed 70,000 Euros, or (iii) in the normal context of the Company's business activities,*
 - (l) *withdrawal of funds from any bank account for a use other than strictly necessitated by the Company's normal, current operation,*
 - (m) *declare or pay-out of dividends (in any form whatsoever, including interim dividends) or other distributions, sharing, dissolving or reduction of capital,*
 - (n) *payment of any management or other fees or amount to the Transferors or any their respective Related Parties,*
 - (o) *legal operation such as merger, demerger, partial contribution of assets, dissolving or liquidation,*
 - (p) *transfer or amortisation of any Shares (it being stipulated, where necessary, that said obligation shall not prevent the Transferors from purchasing any Shares currently owned by a company officer or shareholder or minority shareholder with a view to their sale to the Transferee on the Completion Date),*
 - (q) *create any Third Party Right on (x) Shares or other securities or (y) on any assets, except, in respect of (y), in the ordinary course of business consistent with past practice,*
 - (r) *issue (or promise to issue or award to any third party) tradable securities, of any kind (including for the avoidance of doubt, any securities convertible into, or any rights, warrants or options to acquire any shares, voting securities or convertible securities) or otherwise make any changes to its capital stock,*
 - (s) *pay, discharge, settle or satisfy any material claims, liabilities or obligations or any disputes for payments in excess of 100,000 Euros other than payment, discharge, settlement or satisfaction in the ordinary course of business consistent with past practice,*
 - (t) *enter into, amend, waive the benefits of or terminate any contract with the Transferors or any of their respective Related Parties,*
 - (u) *taking any action, or omitting to take any action, which action or omission would result in a breach of any of the representations and warranties made by the Transferors in this Contract, or*
 - (v) *authorizing, or committing, resolving or agreeing to take any of the foregoing actions.*

The Transferee acknowledges that it has been duly informed that the company ACTEURS SA, a public limited company with registered capital of 107,200 Euros, whose registered office is at rue Isaac Newton – 18000 Bourges, registered on Bourges Corporate and trade register under number 400 617 361, is under the legal process of amicable liquidation (*liquidation amiable*) since June 25, 2013 and that the company REGITEC SARL, a limited liability company with registered capital of 16,000 Euros, whose registered office is at rue Isaac Newton – 18000 Bourges, registered on Bourges Corporate and trade register under number 402 947 337 I is under the process of judicial liquidation (*liquidation judiciaire*) since November 27, 2012. In this context, the Company shall not be bound by any outstanding obligations nor any liabilities arising in, or which could result from, the context of these liquidations, given that the Company nor the Transferors are not the legal representatives of ACTEURS SA nor REGITEC SARL. The Parties hereby agree and undertake that no agreement relating to definitive liquidation of ACTEURS SA or REGITEC SARL will be entered into without the prior consent of the Transferee.

4.2 Access and Information

The Transferors undertake to inform the Transferee of all above-mentioned new, significant facts or events, brought to their attention, relating to the Company or the Activity of the Company, arising between the Contract date and the Completion Date or brought to the Transferors' attention during this period.

In addition, during the period from the date of this Contract until the Completion Date, upon the reasonable written request of the Transferee, the Transferors shall arrange for the Transferee and its representatives to be in position to contact Mr Jean-François Piaulet, the Deputy General Manager (*Directeur Général Délégué*) or the Chief Financial Officer (*Directeur Financier*) of the Company during normal business hours in order to have a reasonable access to the books and records of the Company and be informed of its business activity, provided that such contact is requested with a two (2) Working Days prior notice and shall not interfere with the normal business and operations of the Company. It is specified for the avoidance of doubt that the Transferors cannot unreasonably refused to grant such access.

4.3 Exclusivity

Between the Contract date and the Completion Date, the Transferors undertake not to conduct, directly or via an intermediary, any negotiation with anyone whatsoever concerning or relating to, directly or indirectly, all or part of the Shares or assets of the Company to a third party.

4.4 Guarantee agreement update

Between the Contract date and the Completion Date, the Parties undertake to update the schedules to the Guarantee agreement of which a draft is attached as Schedule 5.3. The Transferors shall be entitled to update the declarations and guarantees for all events occurring between the date of this Contract and the Completion Date subject to having duly informed the Transferee thereof, unless (i) the event object of the update constitutes an infringement of the commitments of the interim period in article 4.1, (ii) such supplement or amendment (A) arises from any matters known by any of the Transferors on the date hereof or (B) reflects matters which, individually or in the aggregate, are likely to result in a loss, damage, prejudice or any other kind of liabilities, costs or expenses for the Company or the Transferee exceeding 100,000 Euros.

4.5 Significant contracts

Significant Contracts containing an *intuitu personae* clause requiring the co-contracting party's consent or a change of control clause are listed in *Schedule 4.5*. The Transferors shall do their best efforts to ensure the continuation of these Significant Contracts.

ARTICLE 5 — COMPLETION DATE

The Parties shall transfer ownership of the Transferred Shares to the Transferee in exchange for payment by said latter of the Price according to article 2, on 4 December 2013 at 9.a.m. at the offices of HOGAN LOVELLS LLP, 17 avenue Matignon in Paris (France), unless the Parties reach express agreement on another date or location (the "**Completion Date**"), if all of the conditions precedent mentioned in article 3 are fulfilled by 29 November 2013 at the latest and if this Contract has not been terminated in accordance with this Contract.

On the Completion Date, each of the Transferors, shall transfer all of their Shares to the Transferee and the Transferee shall pay the Price to the Transferors in accordance with article 2 (the "**Closing**").

The Parties agree that the Price shall be allocated among the Transferors, under the sole responsibility of the Transferors and further agree that in any case the Transferee shall have no liability for the allocation of the Price among the Transferors.

Thus, on the Completion Date, the Parties to this Contract shall be required to complete or ensure that the following documents are completed:

- Prior agreement of the new shareholder and the appointment of the new company officers;

Furthermore, each Party shall be required to provide the other with the following documents, on said same date, it being specified that all matters at the Closing will be considered to take place simultaneously, and no delivery of any document required to be completed at or in connection with the Closing will be deemed complete until all transactions and deliveries of documents required by this Agreement to be completed at or in connection with the Closing are completed.

5.1 Documents to be provided by the Transferors

- (a) Originals of share transfer orders duly signed by the Transferors, bearing the Completion Date, certifying transfer of full ownership of and title to all of the Transferred Shares to the Transferee free and clear of any Third Party Right;
- (b) Original minutes of the Board of Directors of the Company (i) confirming Mr. Jean-François Piaulet in his current position of President and General Manager for a four months period as from the Completion Date without changes in the management, (ii) deciding a subsequent second four months period during which the scope of liabilities of Mr. Fabrice Berthelot will be extended, and Mr. Fabrice Berthelot will be entitled to directly report to the Transferee and (iii) deciding a third four months period where Mr. Jean-François Piaulet commits to give his resignation letter as General Manager only and remaining President of the Board, without executive position. It is specified for the avoidance of doubt that any resignation shall be rendered without costs to the Company that no claims or monies would be owed by the Company to such person in such capacity in connection with such resignations;
- (c) Original resignation letters of Marc Piaulet, Daniel Piaulet and Gérard Robin of their respective duties as Directors (*Administrateurs*) of the Company taking effect on the Completion Date and including statements to the effect that such resignation is rendered without costs to the Company and no claims or monies are owed by the Company to such person in such capacity (excluding, for the avoidance of doubt, the sums due by the Company to Mr. Marc Piaulet and Mr. Marc Moulin as employees);
- (d) The following documents, which shall be up to date in respect of all operations performed through to the Completion Date inclusive:
 - (i) registers of share transfer orders and individual shareholder's accounts for the Company;
 - (ii) registers containing minutes of the decisions of the shareholders meeting since its creation; registers or attendance sheets associated therewith;
- (e) A certified copy of the minutes of the Company board of directors approving the Transferee as shareholder, in accordance with the terms of its articles of association.
- (f) CERFA N°2759 DGI forms associated with the sale of their Shares, duly signed by each of the Transferors for the Transferred Shares it is selling;
- (g) A certified copy of the minutes of the Works council meeting whose purpose is the operation object of this Contract, it being stipulated that the Works council has already been informed and consulted on the Contract date.
- (h) An original of a certificate duly signed by each Transferor whereby each Transferor confirms that (i) apart from the settlement agreements entered into with Mr Pascal Moulin and Mr Laurent Groussin relating to the termination of their respective employment contracts, it has no longer any relationship with the Company and any and all contracts entered into between any Transferor or its respective Related Parties with the Company has been terminated as of the Completion Date and that (ii) the Company no longer owes any sums to the Transferors or their respective Related Parties (apart from the employment contracts of Mr. Marc Piaulet and Mr. Marc Moulin).
- (i) A certified copy of the shareholders' meeting relating to ACTEURS SA winding-up.
- (j) A closing certificate, in the form set out in *schedule 5.1*, duly signed by the Transferors as Guarantors under the Guarantee agreement reiterating the representations and warranties contained in this Contract as well as in the Guarantee agreement as at the Completion Date, up-dated according to article 4.4.

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- (k) An original copy of all relevant and satisfactory documents confirming that the Transferors obtained all required consents from the co-contracting parties of any contracts entered into by the Company and providing for early termination in the event of change of control.
 - (l) A bank guarantee (*caution*) granted by a first rank French credit institution for an amount equal to 10% of the Estimated Price, in substantially the form attached hereto as schedule 5.1(l) (the “**Indemnity Bank Guarantee**”) duly signed by the bank and the Transferors. The terms and conditions of the Indemnity Bank Guarantee shall be reasonably satisfactory for the Transferee.
 - (m) The Guarantee agreement duly signed by the Transferors.
 - (n) Confirmation that the DADS2 for fiscal year 2012 form has been duly and properly filled on 1st October 2013.
 - (o) Original minutes of the Board of Directors of the Company approving (“*arrêtant*”) the Reference Accounts.

5.2 Documents to be provided by the Transferee

At the Completion Date, the Transferee shall pay the Estimated Price, in accordance with article 2.1 (c) and (d).

At the Completion Date, the Transferee shall (i) issue and deliver to the Transferors documents evidencing the transfer of ownership of the shares in Astronics Corporation to be transferred to the Transferors in accordance with article 2.1(c)(ii) and 2.1 (d) including share certificates made out to each of the Transferors and (ii) provide the Transferors with the first demand bank guarantee related to the payment of the Retained Portion of the Price set forth in article 2.1(c)(i) and (iii) provide the Transferors a closing certificate, in the form set out in schedule 5.2, duly signed by the Transferee as reiterating the declarations made under Article 6.2 of the Contract contained in the Contract as at the Completion Date.

5.3 Documents to be signed & exchanged between the Parties

By the Completion Date at the latest, the Parties shall sign and provide each other with originals of the following documents: the guarantee agreement, in accordance with the terms featured in Schedule 5.3, plus associated schedules (the “**Guarantee agreement**”) and the Indemnity Bank Guarantee.

ARTICLE 6 — DECLARATIONS OF THE PARTIES

6.1 Transferors’ declarations

- (a) The Transferors have the necessary powers to conclude and sign the Contract, perform the operations therein and fulfil their obligations under the Contract, in particular regarding their respective matrimonial property regimes where applicable.
- (b) The Contract has been validly concluded and signed by the Transferors and constitutes a legally valid obligation, which may be enforced against said Transferors in accordance with the terms therein, without restriction or reservation.
- (c) The heirs and other beneficiaries of the Transferors, even minors or legally incapable, shall be jointly and severally liable with their respective Transferor(s), for the fulfilment of all obligations resulting from the Contract, the Transferee being already dispensed from serving the notice stipulated in article 877 of the Civil code.
- (d) By reason of its business or financial experience, each Transferor is capable of evaluating the risks and merits of an investment in Astronics Corporation and of protecting its own interests in connection with this investment.

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- (e) Each Transferor has acquired securities in Astronics Corporation for investment purposes for its own account only and not with a view to or for sale in connection with any distribution of all or any part of such interest.
 - (f) Each Transferor acknowledges that its interest in Astronics Corporation has not been registered under the Securities Act, or under any applicable blue sky laws in reliance, in part, upon its representations, warranties, and agreements herein.
 - (g) Each Transferor understands that its securities in Astronics Corporation are “restricted securities” under the Securities Act in that such securities will be acquired from the Transferee in a transaction not involving a public offering, and that its securities in Astronics Corporation may be resold without registration under the Securities Act, or pursuant to an exemption therefrom.
 - (h) It represents, warrants, and agrees that the Transferee and the Transferors are under no obligation to register or qualify their respective interests in Astronics Corporation under the Securities Act or under any state securities law, or to assist it in complying with any exemption from registration and qualification.
 - (i) Without limiting the representations set forth above, and without limiting anything contained elsewhere in this Contract, none of the Transferors will make any disposition of all or any part of its interest in Astronics Corporation which will result in violation by it or by the Transferee of the Securities Act or any other applicable securities laws. Without limiting the foregoing, each Transferor agrees not to make any disposition of all or any part of its securities in Astronics Corporation unless and until it has notified the Transferee of the proposed disposition and obtained from the Transferee a written confirmation that such disposition will not require registration of any securities under the Securities Act or the consent of or a permit from appropriate authorities under any applicable state securities laws.
 - (j) The Transferors acknowledge that their interests in Astronics Corporation involve a substantial degree of risk of loss of its entire investment, and understand and take full cognizance of the risks related to the acquisition of such interests.
 - (k) Each Transferor has received and reviewed this Contract and the other information provided by the Transferee it considers necessary or appropriate for deciding whether to invest in Astronics Corporation.
 - (m) None of the Transferors have seen, received, been presented with, or been solicited by any leaflet, public promotional meeting, article or any other form of advertising or general solicitation with respect to the sale of securities in Astronics Corporation.

6.2 Transferee’s declarations

- (a) Astronics Corporation is a stock company duly organized and validly existing and in good standing under the laws of New York State.
 - (i) The authorized capital stock of Astronics Corporation consists of 40,000,000 ordinary shares of AstStock, of which 11,495,436 shares were issued and outstanding as of the close of business on October 31, 2013 and 10,000,000 Class B shares of AstStock, of which 5,984,657 shares were issued and outstanding as of the close of business on October 31, 2013. The Class B shares and the ordinary shares carry identical rights and vote as a single class in shareholder’s meeting, except that Class B Shares carry 10 voting rights per shares and ordinary shares carry one voting right per share. All of the shares of AstStock (A) have been duly authorized and validly issued, (B) are fully paid and non-assessable, and (C) were issued in compliance with all applicable security laws concerning the issuance of securities.
 - (ii) The Payment Stocks are not subject to any voting trust agreement or other contract, agreement or arrangement restricting or otherwise relating to the voting, dividend rights or disposition of such equity interests other than the Contract.

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- (b) The Transferee has the necessary powers to conclude and sign the Contract, perform the operations and fulfil the obligations for which it is responsible under the Contract. The Transferee has made all acts required to be made under the Transferee's corporate documents (i.e. by-laws, rules of procedure for the boards of directors and any similar corporate documents) and applicable law to enter into the Contract and perform its obligations hereunder. No consent from any shareholder, creditor or any other Person, or notification to or registration with any court of law or administrative body is required in connection with the execution and performance of the Contract, except as set out in the Contract.
- (c) Astronics Corporation has filed or furnished, as applicable, on a timely basis all reports, schedules, forms, statements and other documents required to be filed by it under the Exchange Act or any successor statute, and the rules and regulations promulgated thereunder, including pursuant to Section 13(a) or 15(d) thereof, since December 31, 2011. Each such report complied, or if not yet filed or furnished, will comply, in all material respects with the applicable requirements of the Exchange Act, the Securities Act and the Sarbanes-Oxley Act, and any rules and regulations promulgated thereunder. As of their respective dates, such reports did not, and any such reports filed with or furnished to the SEC subsequent to the date hereof will not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances in which they were made, not misleading.
- (d) None of Astronics Corporation, its affiliates (as defined in Rule 501(b) of Regulation D under the Securities Act, an "Affiliate") or any person acting on its or their behalf has directly, or through any agent, (A) sold, offered for sale, solicited offers to buy or otherwise negotiated in respect of, any security (as defined in the Securities Act) which is or will be integrated with the transfer of the AstStocks in a manner that would require registration of the AstStocks under the Securities Act or (B) engaged in any form of general solicitation or general advertising (as those terms are used in Regulation D) or directed selling efforts (within the meaning of Regulation S) in connection with the offering or sale of the AstStocks, or in any manner involving a public offering within the meaning of Section 4(2) of the Securities Act.
- (e) It is not necessary in connection with the offer, sale and delivery of the AstStocks in the manner contemplated by this Contract to register the AstStocks under the Securities Act; none of Astronics Corporation, its Affiliates or any person acting on its or their behalf has performed or shall perform transactions to offer, sell, or deliver securities that would result in an obligation to register the AstStocks under the Securities Act.
- (f) Neither Astronics Corporation nor any of its subsidiaries has taken, directly or indirectly, any action intended to constitute, or having the effect of constituting, or which would have constituted or could constitute, a stabilization or a manipulation of the price of any security of Astronics Corporation to facilitate the sale or resale of the AstStocks.
- (g) Except for the stock distribution performed on October 24, 2013 in which each Astronics Corporation shareholder received one share of Astronics Class B Stock for every five shares of Astronics common stock and Class B Stock held by such shareholder on October 10, 2013, since December 31, 2012 and through the date hereof, Astronics Corporation has not made any declaration, setting aside or payment of any dividend or other distribution with respect to any shares of AstStocks or any repurchase or other acquisition by Astronics Corporation of any outstanding shares of AstStocks.
- (h) The Payment Stocks are duly authorized and will be validly issued, fully paid and will not be subject to any option, call, preemptive, subscription or similar rights under any provision of applicable law, the organizational documents of Astronics Corporation or any of its subsidiaries, except otherwise provided herein.
- (i) The Contract has been validly concluded and signed by the Transferee and constitutes a legally valid obligation, enforceable against the Transferee in accordance with the terms therein, without restriction or reservation.
- (j) Contract signature and fulfilment plus the enforcement of the operations and commitments mentioned therein do not contravene any legal, regulatory or statutory provisions, or administrative, judicial or arbitral decisions, applicable to the Transferee, nor any terms of any contracts concluded by the Transferee or any binding obligation upon the Transferee.
- () The Payment Stocks shall be delivered to the Transferors indirectly by the Transferee on the Completion Date, who shall be the owner, on said date, of the Payment Stocks free from all pledge, pre-emptive right and any other Third Party Rights whatsoever, in payment for the sale of Transferred Shares.

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- (l) Upon the terms and subject to the conditions set forth in this Contract, the Transferors will as from the Completion Date, become, in accordance with the allocation mentioned in *Schedule B*, the owners of the Payment Stocks together with all rights and benefits attached thereto, and will acquire full title (*pleine et entière propriété*) thereof. At this point in time, the Transferors shall, in respect of the Payment Stocks they will have received be entitled to receive all pay-outs of dividends and other distributions which may occur as from the Completion Date and of every rights attached to the full ownership of such AstStocks.

ARTICLE 7 — POST-COMPLETION COVENANTS

- 7.1 No claims against the Company.** After the Completion Date, the Transferors shall not, and shall procure that none of their Related Parties, assert any claim against the Company based on their capacity as a former direct or indirect shareholders of Company.
- 7.2 Non-Solicitation of Employees.** For period of three (3) years after the Completion Date, the Transferors shall not, and shall procure that none of their respective Related Parties, offer, solicit or induce to enter into, any written or oral arrangement, agreement or understanding regarding employment or retention as a consultant with any individual who is, on the date hereof, a director, officer, or key technical employee of the Company.
- 7.3 Non-Compete**
- a. **For a period of three (3) years after the Completion Date, and unless authorized in writing by the Transferee, the Transferors shall not, and shall procure that none of their respective Related Parties:**
- i. **participate or engage, directly or indirectly, for itself or on behalf of or in conjunction with any person, whether as agent, shareholder, partner, joint venture, investor or otherwise, in any activities, competing with, related to or incidental to the business of the Company and the Transferee within territories where they carry out their Activities;**
- ii. **whether for its own account or for the account of any other person, directly or indirectly, solicit, endeavour to entice away from the Company or otherwise directly interfere with the relationship of the Company with any third party who is an important customer, distributor or a supplier of the Company.**
- b. **The Transferors shall not, and shall procure that none of their respective Related Parties, disclose or use for any purpose any confidential or proprietary information concerning the Company or their businesses, operations, properties or assets, except (i) to the extent required by applicable law; (ii) to its professional advisers under circumstances of confidentiality; or (iii) to the extent that such information is at the date hereof or hereafter becomes public knowledge otherwise than through improper disclosure by any person.**

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- c. The Parties acknowledge that the foregoing restrictions are reasonable in scope, are necessary for the Company's business and goodwill and form an essential part of the consideration for which the Transferee is willing to enter into the Contract. If any provision of this article 7.3 shall be adjudicated to be invalid, ineffective or unenforceable, the remaining provisions shall not be affected thereby. The invalid, ineffective or unenforceable provision shall, without further action by the Parties, be amended automatically to effect the original purposes and intent of the invalid, ineffective or unenforceable provision; provided, however, that any such amendment shall apply only with respect to the operation of such provision in the particular jurisdiction with respect to which such adjudication is made. Without limiting the generality of the foregoing, if any provision of this article 7.3 is invalid in part, it shall be curtailed, as to scope, time and location, to the minimum extent required for its validity in the jurisdiction in which such provision is challenged, and shall be binding and enforceable with respect to the Transferors as so curtailed.
- d. Without intending to limit the remedies available to the Transferee, each Transferor agrees for itself and on behalf of its Related Parties that a breach of any covenant contained in this article 7.3 may cause a material irreparable harm and that a monetary remedy for a breach thereof may be inadequate and impracticable. Each Transferor further agrees that the Company or the Transferee shall be entitled to obtain temporary and permanent injunctive relief without the necessity of proving actual damages or posting any bond. In the event of such a breach or threat of breach, each Transferor agrees on its behalf and on behalf of its Related Parties that the Transferee shall be entitled to such injunctive relief, including temporary restraining orders, preliminary injunctions and permanent injunctions as a court of competent jurisdiction shall determine.
- e. Without prejudice to the above non-compete agreement regarding Mr Jean-François Piaulet, it is specified that (i) his son, Mr Marc Piaulet, is employed by the Company as Commercial and Marketing Manager (*Directeur Commercial et Marketing*) and bound by a specific non-compete agreement according to his employment contract, and that (ii) his daughter, Mrs Estelle Piaulet has an activity of consulting in human resources matters for companies having business in aeronautic. For the avoidance of doubt, it is specified that Mr. Jean-François Piaulet will not in any circumstances help or support his son or daughter having an adverse effect, whether direct or indirect, on the above non-compete agreement, but will not be personally liable for any act occurred without his support.

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- f. **By exception to the non-compete provision provided under article 7.3(a), for a period of two (2) years, Laurent Groussin shall not carry out any activity or perform any action which would compete the Activity of the Company. For the avoidance of doubt, Mr Laurent Groussin is bound by the any and all other provisions of this article 7 in their other aspects. However, the Transferee hereby acknowledges that Mr Laurent Groussin will carry out an activity of consulting (on his own or through a privately owned company) in the area of global seat safety and definition of specifications of seats (which may concern partially seat motion and actuation issues but which shall exclude for the avoidance of doubt, the consulting in the sole area of seat motion and actuation) to the benefit of seat manufacturers and /or airlines (other than Thompson, Precilec (Zodiac Actuation System) and any of their respective related companies).**

7.3 Transferee's covenants

Astronics Corporation covenants to file on a timely basis all required reports under Section 13(a) or 15(d) under the Exchange Act, other than Form 8-K reports, and submit electronically and post on its corporate Web site every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T. Each such report will comply in all material respects with the applicable requirements of the Exchange Act, the Securities Act and the Sarbanes-Oxley Act, and any rules and regulations promulgated thereunder. As of their respective dates, such reports will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances in which they were made, not misleading. Astronics Corporation further undertakes to promptly and at its own expense take such reasonable steps as may be necessary or appropriate to permit the disposal of the AstStocks in U.S. market transactions, including without limitation to remove or cause to be removed any restrictive legends relating to the AstStocks from the relevant share certificates or the Astronics Corporation share registry, as applicable upon the expiry of the applicable holding period under Rule 144(d) under the Securities Act.

ARTICLE 8 — INDIVISIBILITY OF COMMITMENTS

- 8.1 Each of the Contract terms shall determine the respective commitments of the Parties, which are legally bound thereto. Deeds which reiterate, observe or detail the terms of agreement contained in the Contract shall be subordinate to the terms of the latter. No prior drafts of this Contract and no words or phrases from any such prior drafts shall be admissible into evidence in any dispute involving this Contract.
- 8.2 The Parties shall be required to enforce and comply with (and ensure that the company that they control enforces and complies with) each of the Contract terms, in particular sign (or have signed) all necessary deeds reiterating, observing or detailing the latter.

ARTICLE 9 — NOTIFICATIONS

All notices and other communications required or permitted to be given or made pursuant to this Contract shall be in writing and shall be: (x) delivered by hand against an acknowledgement of delivery dated and signed by the recipient; (y) sent by an overnight courier service of recognized international standing (all charges paid); or (z) sent by facsimile transmission and confirmed by registered mail (postage prepaid, return receipt requested) (*lettre recommandée avec demande d'avis de réception*) posted no later than the following Working Day (with any such facsimile transmission to be deemed received at the time indicated on the corresponding activity report, a copy of which shall be included in the confirmation by mail) (provided that any notice or communication which is received after 6 p.m. (local time in the place of receipt) on a Working Day or on any day which is not a Working Day shall be deemed received only at 9 a.m. (local time in the place of receipt) on the next Working Day) to the relevant party at its address set forth below:

If to the Transferors, to:

Mr. Jean-François Piaulet
28, Rue Romain Rolland
36130 Déols

Attention: Mr. Jean-François Piaulet
(jeanfrancois.piaulet@orange.fr)

with a copy to:

ARISTEA
29, rue de Marignan
75008 Paris

Attention: Mrs Anne-Sophie Bastard de Crisnay
(asb@aristea.fr)
Mr. Arnaud Meunier du Houssoy
(amh@aristea.fr)

If to the Transferee, to:

Astronics Corporation
130 Commerce Way
East Aurora, NY - 14052-2191
USA

Attention: Mr. Peter Gundermann
(Peter.Gundermann@astronics.com)

with a copy to:

Astronics Corporation
130 Commerce Way
East Aurora, NY - 14052-2191
USA

Attention: Mr. David Burney
(david.burney@astronics.com)

with a copy to:

Hogan Lovells (Paris) LLP
17, avenue Matignon
75008 Paris

Attention: Mr. Jean-Marc Franceschi
(jean-marc.franceschi@hoganlovells.com)

or to such other persons or at such other addresses as hereafter may be furnished by either party by like notice to the other. Any such notice or other communication shall be effective only upon actual receipt thereof by its intended recipient.

ARTICLE 10 — MISCELLANEOUS TERMS

- 10.1 The Contract, including the schedules thereto, expresses all of the contractual obligations of the Parties and replaces and/or cancels all prior verbal or written communication(s), proposition(s), commitment(s) between the Parties relating to the subject matter of this Contract. The Contract may only be amended by a written document signed by the Parties.
- 10.2 The Contract and the operations stipulated therein are strictly confidential, in particular terms pertaining to the Price and its financing, subject to (i) the option for the Parties to disclose said document to their advisers bound by professional secrecy and banks for the financing necessary for fulfilment of the Contract purpose, (ii) legal or administrative necessity to assert its rights or Contract performance and (iii) all other imperative rules. Consequently, outside this scope, the Parties undertake not to inform the public or publish any communiqué concerning the Contract, content of the latter, or the operations mentioned therein, or authorise any of their respective employees, advisers or agents to publish such communiqués, without prior written consent from the other Parties.
- In particular, the Parties undertake to dialogue as of the Completion Date in order to agree on common communication, in particular by communiqué, to commercial and financial partners, as well as Company employees.
- 10.3 In the event that any of the terms of this Contract are declared null or void in any way and for any reason whatsoever, the Parties undertake to dialogue to remedy the cause of the observed nullity in such a manner that, barring impossibility, the Contract shall remain valid without discontinuity with the same economic effect.
- The Contract schedules are an integral part of this Contract. In the event of contradiction between the terms of the Contract and the appended schedules, the Contract terms shall be overriding.
- 10.4 The Transferors may not under any circumstances transfer any of their rights or any of their obligations under the Contract without prior, written consent from the Transferee. The Transferors are acting jointly and severally for the transfer of the Transferred Shares, but not for the representations and warranties granted under the Guarantee agreement.
- The Contract shall benefit the Transferee, plus all other physical persons or legal entities that it wishes to joinder, or replace it or delegate it rights to, throughout the Contract term of validity.
- 10.5 The rights and obligations of the Transferors under the Contract shall benefit their heirs, beneficiaries and successors and are legally binding for them.

ARTICLE 11 — SETTLEMENT OF DISPUTES

- 11.1 The Contract is governed by French law.
- 11.2 All disputes arising between the Parties pertaining to Contract interpretation or performance shall, on failure to reach an out-of-court agreement within thirty (30) days of certification of the dispute, be referred to the jurisdiction of Paris Commercial Court.
- 11.3 The Parties agree that the binding version shall be the English version and that the French version is solely for information purposes.

ARTICLE 12 — COSTS, DISBURSEMENTS & FEES

Each Party shall pay the fees of its own advisors incurred for the preparation, drafting or performance of the Contract and subsequent documents, with the exception of registration fees due for the purchase of the Transferred Shares from the Transferors which shall be paid by the Transferee as well as fees and costs regarding Payment Stocks.

ARTICLE 13 — ADDRESS FOR SERVICE

For the purposes of Contract fulfilment, the Parties appoint address for service of notice at their respective registered offices mentioned at the beginning of this contract.

oOo

Executed in **Paris**, on 4 November 2013, in five (5) original copies signed by the Parties.

The Transferee

Represented by

The Transferors:

Mr Jean-François PIAULET

Mr Daniel PIAULET

Mr Pascal MOULIN

Mr Laurent GROUSSIN

GUARANTEE AGREEMENT

RELATING TO PGA ELECTRONIC

4 NOVEMBER 2013

GUARANTEE AGREEMENT

BETWEEN THE UNDERSIGNED:

6. **Mr Jean-François PIAULET**, born on 2 December 1952 in Châteauroux (36), residing at 28, Rue Romain Rolland – 36130 Déols.
7. **Mr Daniel PIAULET**, born on 17 May 1947 in Déols (36), residing at 304 Avenue de La Châtre – 36000 Châteauroux.
8. **Mr Pascal MOULIN**, born on 18 June 1962 in Châteauroux (36), residing at 3, Route de Lizeray – 36100 Saint Valentin.
9. **Mr Laurent GROUSSIN**, born on 23 June 1962 in Valençay (36), residing at 6, Allée du Bois Doré—36330 Le Poinçonnet.

Referred to collectively hereinafter as the “**Guarantors**”, it being specified that the Guarantors are not acting jointly and severally for all the obligations provided hereafter,

ON THE ONE HAND,

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10. **ASTRONICS CORPORATION**, a company incorporated under the United States laws, whose registered office is at 130 Commerce Way – East Aurora, NY—14052-2191, USA and represented by Mr. David Burney,

Hereinafter “the **Beneficiary**”,

ON THE OTHER HAND,

The Guarantors and the Beneficiary are referred to collectively as the “**Parties**” and individually as a “**Party**”.

PREAMBLE

- A. PGA ELECTRONIC SA, is a public limited company with a board of directors with registered capital of 1,000,000 Euros, whose head office is situated at Avenue Jean Monnet Z.I. la Malterie 36130 MONTIERCHAUME, registered on Châteauroux Corporate & Trade Register under number 350 534 939 (the “**Company**” or “**PGA**”). The Company share capital is divided into five thousand six hundred (5,600) shares, representing 100% of the share capital and voting rights of the Company on a fully diluted basis (the “**Shares**”).
- B. The Guarantors have executed a sale agreement dated 4 November 2013 (the “**Contract**”), with the Beneficiary, for the transfer, according to the terms of said Contract, of all the Transferred Shares in PGA representing 100%, less two shares, of its share capital and voting rights on a fully diluted basis and identified in more detail below.

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- C. In accordance with the terms of the Contract, the Guarantors will on the Completion Date, transfer subject to certain conditions precedent, to the Beneficiary, the Transferred Shares in PGA in accordance with the details appended in schedule C-1. As provided under article 1.3 of the Contract, the Beneficiary may be replaced by a French wholly-owned subsidiary of Astronics Corporation to be incorporated prior to the Completion Date. The Beneficiary's rights and obligations stipulated herein shall then apply to the subsidiary thus substituted as it had been the original Guarantee agreement signatory.
- D. The Contract stipulated that on the date hereof as well as on Completion Date, the Guarantors shall grant and reiterate for the benefit of the Beneficiary, a guarantee commitment in accordance with the terms featured in the schedule to the Contract.
- E. Consequently, in virtue of this Guarantee Agreement the Guarantors, on the date of this contract as well as on the Completion Date, make the Declarations presented in Article I below and grant to the Beneficiary the guarantees presented in Article II.
- F. Unless otherwise stipulated, terms in this agreement starting with a capital letter shall have the meaning attributed to them in the Contract.
- G. The Guarantors do not consent to any guarantee, express or tacit, other than the declarations and guarantees set forth in this Guarantee Agreement.

PURSUANT TO THE PREAMBLE, TERMS OF AGREEMENT ARE AS FOLLOWS

Introductory article – Definitions & scope of declarations

1. Definitions

For the purposes of the Guarantee Agreement, terms starting with a capital letter, whether in the plural or singular, shall have the meaning stated below.

“Affiliate”

means when used with reference to the Beneficiary, any person that directly or indirectly controls or is controlled by the Beneficiary or is under common control with the Beneficiary; for such purposes, the term “control” shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through ownership of voting securities, by contract or otherwise.

“Beneficiary”	meaning stated at the beginning of this Guarantee Agreement.
“Communicated Information”	meaning stated in point 2 of this Article.
“Company”	meaning stated in paragraph A of the Preamble.
“Contract”	meaning stated in paragraph B of the Preamble.
“Claim”	meaning stated in Article II.B.
“Declarations”	meaning stated in point 2 of this Article, i.e. the declarations made in Article I.
“Governmental Authority”	means any international, European, national, foreign, state, regional, departmental, municipal or local body with executive, legislative, judicial, regulatory, or administrative authority including any ministry, department, agency, office, organization or other subdivision thereof and any Person having received delegated authority from any of the above, as well as any judicial authority of competent jurisdiction.
“Guarantee Agreement”	means this guarantee contract, including its preamble and its schedules thereto.
“Guarantees”	meaning stated in point 2 of this Article, i.e. the guarantees granted in Article II.
“Guarantor”	meaning stated at the beginning of this Guarantee Agreement.
“Guarantors’ Agent”	<p>means Mr. Jean-François PIAULET, hereby appointed by the Guarantors and who accepts this appointment, as agent to give and receive all notices and other documents, to give all consents, to receive service of process, to handle, dispute, settle or otherwise deal with any and all claims from and against the Beneficiary under this Guarantee Agreement, and more generally, to exercise the rights and fulfil all obligations of the Guarantors on their behalf under this Guarantee Agreement. Any decision of the Guarantors’ Agent shall bind the Guarantors, who shall be informed (i) of any of its action within five (5) Working Days and (ii) for any matters relating to the Guarantee Agreement within five (5) Working Days from the knowledge of a Claim or a Notice.</p> <p>The Guarantors’ Agent may at any time notify the Beneficiary and the other Guarantors that it does not wish to continue to act as agent for all or part of the Guarantors, in which case the Guarantors shall appoint a successor Guarantors’ Agent and provide the details thereof to the Beneficiary no later than thirty (30) days after the delivery to the Beneficiary of such notice; provided however, that any notice made by the Beneficiary shall be deemed correctly made if made to the former Guarantors’ Agent in accordance with article II.G.1 until such time as the Beneficiary shall have actually received the notice with the details of the successor Guarantors’ Agent.</p>

“Guarantors’ knowledge”	refers to matters of which either (i) any of the Guarantors or Mr Fabrice Berthelot (as Deputy General Manager – Directeur Général Délégué – of the Company) has knowledge, or (ii) any of the Guarantors could be reasonably expected to have knowledge or notice on the date of the Guarantee Agreement as well as on the Completion Date.
“Insolvency Proceeding”	means any safeguard, bankruptcy or insolvency proceeding (<i>procédure collective</i>) or any Proceeding for the prevention or resolution of business difficulties (<i>procédure d’alerte, de règlement amiable, d’administration judiciaire ou de suspension provisoire des poursuites</i>), including in relation to the Company (i) the making of an order, the presentation of a petition or resolution for winding up or the appointment of a provisional liquidator; (ii) the appointment of a legal administrator over any of its business or assets; (iii) any voluntary arrangement or compromise with the Company’s creditors; or (iv) the Company being unable to pay its debts as and when they fall due for payment (<i>état de cessation des paiements</i>).
“Key Employee”	means the employees of PGA which are listed under Schedule 2.17(b), i.e. Mr Berthelot, Mrs Rimbart, Mr Marc Piaulet and Mr Demeyer.
“Person”	means a natural person, Entity, or Governmental Authority.
“Party”	meaning stated at the beginning of this Guarantee Agreement.
“Preamble”	means the preamble to the Guarantee Agreement which is an integral part of the Guarantee Agreement.
“Proceeding”	means any litigation, arbitration, dispute or other legal proceeding commenced, brought, conducted or head by or before any governmental authority, court, tribunal or arbitrator.
“Reference Accounts”	meaning stated in Article 2.9 (a), i.e. the financial statements of the Company for the fiscal year closed on 31 August 2013 (comprising a balance sheet and income statement).
“Reference Accounts Date”	means 31 August 2013.
“Schedules”	means the schedules appended to this Guarantee Agreement which are an integral part of the Guarantee Agreement.
“Specific Labor Issues”	means the alleged infringements to French Labor law as set out in the audit performed by the French Labor Inspection in February 2012, namely: <ul style="list-style-type: none"> • 132 infringements of the maximum weekly working time concerning 30 employees; • 3 infringements of 2 employees’ weekly break time; • 1,351 infringements of the daily working time concerning 85 employees; • 18 infringements for non-compliance with the daily break (11 hours) concerning 12 employees; and • the unauthorized resort to 113 subcontractors.

“Tax” means without limitation any tax, levy, tariff, duty, impost, assessment, deficiency, fee or other charge of any kind levied by any Governmental Authority, whether payable directly or by withholding, including without limitations any income, value added, registration, franchise, stamp, capital, property, sales, customs, professional, payroll, employment, social security or gains tax or charge (including any health, unemployment, housing, family allowances, pension or retirement contributions or similar payroll-related charges, taxes or assessments), together with any interest, penalties, fines, additions to tax or additional amounts with respect thereto, imposed by or due to any Governmental Authority or payable pursuant to any tax-sharing agreement or any other contract relating to the sharing or payment of any such tax, levy, tariff, duty, assessment, deficiency, fee or other charge..

“Transferred Shares” meaning stated in paragraph B of the Preamble of the Contract.

The expressions « including », « to include » and « in particular » shall be deemed to be followed by the terms « but not restricted to ». The expressions « in this contract », « hereinafter » and similar expressions refer to this Guarantee Agreement overall rather than a specific term thereof. Unless express mention to the contrary in this contract, all contracts, documents or regulations defined or mentioned in this Guarantee Agreement refer to this contract or document or this regulation as amended, modified or supplemented, including by waiver or agreement and, as far as all regulations are concerned, by a later regulation.

2. Scope of the Declarations

The Beneficiary has had access to information and documents relative to the Company as per the copies in *Schedule L.2*, during the Data Room and during subsequent exchanges: (i) answers to Data Room questions asked by the Beneficiary and its advisors as well as to questions asked during their due diligence in the premises of the Company and (ii) answers to questions asked during meetings with the directors and main managers of the Company and during different site visits organized for the financial, tax, accounting and environmental Beneficiary’s advisors. They have obtained written responses to questions asked in the context of their due diligence (the “*Q&A*”), have had access to the premises of PGA and, have had discussions and meetings with the accounting and financial department of PGA. The information and documents communicated in the Data Room and the Q&A to the Beneficiary have been copied onto a series of CD-Rom of which (x) one copy has been provided to the Beneficiary, (y) one copy has been retained by the Guarantors’ Agent, and (z) one copy has been delivered jointly by the Beneficiary and the Guarantors’ Agent to the notarial office of Mr Michelez, located at 128 boulevard de Courcelles – Paris (17ème) and are referred to together below as the “*Communicated Information*”.

The Beneficiary acknowledges that it has duly acquainted itself with the Communicated Information, in particular with assistance from its advisors, and that it is duly acquainted with the Company’s business activity and its legislative and regulatory environment. The Beneficiary has accepted to enter into the Contract in consideration of the Communicated Information and of the terms and conditions of the Guarantee Agreement and of the Contract. The Guarantors acknowledge that the Beneficiary has been provided with all the reasonable information which would have been necessary and appropriate for any purchaser to enter into the Contract and this Guarantee Agreement, and no material information was voluntarily retained by the Guarantors which would render the Data Room or the Q&A misleading.

Each Guarantor acknowledges that it has no knowledge of any breach or inaccuracy of any of its respective representations and warranties made under the Guarantee Agreement. The Beneficiary acknowledges that as at the date hereof it has no knowledge of any breach or inaccuracy of any of the Guarantors' representations and warranties made under the Guarantee Agreement other than the Specific Labor Issues, for which it however remains enable to make a Claim under this Guarantee Agreement if a third party Claim is notified to the Company or the Beneficiary in this respect.

On the basis of the aforementioned, the Guarantors hereby, in virtue of this contract, on the date of this contract as well as on the Completion Date (unless it is expressly stated that the declaration in question is made on another date), make the Declarations presented in Article I below (the "**Declarations**") and grant to the Beneficiary the guarantees presented in Article II (the "**Guarantees**"), exclusively in relation to the transfer of the Transferred Shares. The Beneficiary acknowledges that (i) said Declarations and Guarantees have been freely negotiated with the Guarantors and (ii) that they are the sole declarations and guarantees in relation to the transfer of the Transferred Shares to the exclusion of all other expressed or tacit declarations and guarantees of the Guarantors.

ARTICLE I — DECLARATIONS

1. Transferred Shares-transfer to the Beneficiary

- 1.1 The Guarantors, each acting on its own behalf, declare that the Transferred Shares are not encumbered by any pledge, contractual right of reversion, Third Party Right, option, preference or pre-emption right, dispute or claim of any kind whatsoever, which has not been duly extinguished or released prior to this contract. As at the date hereof they belong either in full ownership, or bare ownership, or usufruct, to their holder identified in *Schedule C-1*, it being agreed however that all the Transferred Shares will be fully owned by the Guarantors on Completion Date and that full ownership and good and valid title to all the Transferred Shares free and clear of any Third Party Rights will be transferred by the Guarantors to the Beneficiary on Completion Date.
- 1.2 The transfer of the Transferred Shares to the Beneficiary according to the terms of the Contract does not contradict any legal, statutory or contractual obligations of the Company or Guarantors. Except as provided under the Contract or under the Guarantee Agreement, neither the Guarantors nor the Company is or will be required to obtain any governmental authorization or any consent from any person in connection with the Guarantors' entering into this contract, the Guarantors' performance of their obligations hereunder or the consummation of any of the transactions contemplated under the Contract.
- 1.3 There are no Shares with double voting rights and no restriction has been imposed in respect of the voting right of the Transferred Shares, in particular under article L.225-125 of the Code of commerce; moreover there are no share issues or any voting right restrictions in the process of implementation.

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- 1.4 The share capital of the Company amounts to one million (1,000,000) Euros divided into 5,600 shares all of which are duly authorized and validly issued and fully paid. The Shares are the only issued or outstanding securities interest in the share capital of the Company and there are no bonds, convertible bonds, conversion rights of any kind or decisions to create any kind of shares whatsoever or any other securities or any agreement giving access to the share capital or voting rights of the Company in existence in the Company. Since August 31, 2012, the Company has not declared or paid any dividend and any dividends declared prior to such date has been fully paid, except (i) a dividend of an amount of 201,600 Euros which has been declared by the shareholders' meeting of the Company dated February 14, 2013 and paid on February 15, 2013 and (ii) a dividend of an amount of two millions and forty (2,000,040) Euros, which has been declared by the shareholders' meeting of the Company dated August 30, 2013 and paid on the same date.
- 1.5 The Company has not issued any cash vouchers or investment certificates.
- 1.6 The prior operations and conditions presented in the Contract, specifically applicable to the Transferors have been fulfilled in accordance with applicable rules in such a manner that the transfer of the Transferred Shares to the Beneficiary has been validly performed.
- 1.7 Each of the Guarantors has all power and capacity to enter into this Guarantee Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby. This contract has been duly signed by each of the Guarantors and constitutes a legal, valid and binding obligation of the Guarantors, enforceable against it in accordance with its terms.

2. PGA

2.1 Company incorporation & operation

- (a) PGA has been incorporated in a regular manner. The version of its articles of association available at the Registry complies with applicable legislation. The company registration certificate from the Châteauroux Corporate and Trade Register appended in *Schedule 2.1 (a)* is up to date.
- (b) PGA operates the establishments mentioned in *Schedule 2.1 (b)*. It does not have any other establishments or branches.
- (c) The Company is not subject to any Insolvency Proceedings or to any claim or declaration made with a view to, or decision providing for, its dissolution, liquidation or winding-up.

2.2 General obligations

- (a) Registers of share movements, shareholder accounts or share transfer documents, plus registers of minutes of PGA decisions have been managed in a regular manner, are up to date and comply with applicable regulations.

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- (b) PGA's accounts and ledgers are a true, accurate reflection of the company's business activities, reported therein as required by law.

2.3 Claims, disputes & differences

- (a) Subject to the content of Schedule 2.3, PGA over the last two (2) years ending on the date of this Guarantee Agreement has not been involved in any Proceeding which is material to the operation of PGA's business and there is no outstanding judgment or Proceeding against PGA which is material to the operation of PGA's business, given that a Proceeding having an adverse effect exceeding EUR 50,000 is deemed to be material for the meaning of this Section.
- (b) Subject to the content of Schedule 2.3, PGA is not currently the object of any claim or Proceedings, judicial or arbitral, nor any investigations conducted by any Governmental Authority and to the Guarantors' knowledge no such claims, Proceedings or investigations are threatened. There are no events of this kind in existence, nor judicial, administrative or arbitration decisions against it whose effects have not been sufficiently provisioned in the Reference Accounts to cover all liabilities, damages and costs to PGA.

2.4 Payments & other obligations

- (a) PGA is not in an infringing situation with respect to its payments or fulfilment of any of its legal obligations.
- (b) PGA has not requested any payment deadline deferment and has not received any claims for payment default.
- (c) Except as disclosed under Schedule 2.4(c), the Company (i) has not agreed or is not obligated to make any future investment or payment related to any investment in, contribution, sale or acquisition of any entity or assets, nor any investment in or capital contribution to any entity, (ii) has never been and is not a shareholder, participant, director, manager (including as a "de facto" manager) or member of any entity (including any corporation, partnership, any other legal entity or *société en participation*) or has never had any involvement in any commercial group or commercial structure in respect of which it could have any liability.

2.5 Tax declarations

- (a) PGA is in a regular situation with respect to all Tax legislations and regulations applicable to it or associated with its business activities.
- PGA has filed or caused to be filed with the appropriate Governmental Authority all Tax declarations prescribed by all applicable laws in a timely manner. All such Tax declarations are correct, precise, exhaustive and accurate in all material respect and correctly reflect PGA's Tax liabilities and are not subject to any dispute.
 - PGA has duly and thoroughly prepared and kept in the required way any document which has to be kept and put upon request at the disposal of any Governmental Authority.

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- All Taxes required to be paid by PGA for any period up to 31 August 2013 have either been fully paid or are fully provisioned in the Reference Accounts in accordance with the Accounting Principles. As of the Completion Date, all Taxes required to have been paid by PGA that have become due and payable (*dues et exigibles*) during the period from 1 September 2013 up to the Completion Date will have been paid at due time or fully reserved.
- (b) PGA has not obtained or booked any receivable for any payment or refund for any Tax, which is likely to be partially or wholly undue or challengeable.
 - (c) PGA does not qualify as a predominantly real estate company within the meaning of article 716, I-2° of the French Tax code at Completion Date or at any time during the year preceding the Completion Date.
 - (d) All transactions between the Company and Related Parties have been entered into on an arms-length basis on terms no less favourable to the Company than would be available from an unaffiliated, and in its corporate interest and (ii) are duly supporting by appropriated documentation.
 - (e) PGA has not benefited from any Tax advantage or favourable Tax regime in exchange for existing undertakings or obligations by which it is still bound. PGA has neither benefitted from any Tax measures liable to be jeopardised by the transfer of the Transferred Shares to the Beneficiary or by the transfer or conveyance at a later date of the Transferred Shares or elements of PGA's assets, in particular in the context of operations involving merger, contribution in kind, partial contribution of assets, demerger, creation, etc.
 - (f) No inspections by any Governmental Authority have resulted in a Tax adjustment for PGA which has not (i) already been paid or (ii) sufficiently provisioned in the Reference Accounts. There is currently no Tax audit, investigations, disputes, inspections or Proceedings in progress carried out by any Governmental Authority for the adjustment or collection of any Tax payable by PGA and no request for such actions has been notified to PGA by any such Governmental Authorities.
 - (g) PGA has not benefitted from any undue Tax advantages.

2.6 Subsidiaries & equity holdings

PGA does not own any subsidiaries or equity holdings other than those listed and described in Schedule 2.6 and has not agreed to acquire any other interest in, merge or consolidate with any other entity. None of said equity holdings has the effect of conferring on the Company direct or indirect control, sole or joint, or in concert with others, vis-à-vis any another entity, as per the definition of the term control ("*contrôle*") in article L.233-3 of the Code of commerce.

2.7 Bonds & Guarantees

- (a) The Guarantors have not granted any guarantee, bond ("*aval*", "*cautions*" ou "*lettres de confort*") or surety with respect to the performance of PGA's contractual obligations.
- (b) With the exception of the bonds and guarantees listed in Schedule 2.7 (b), PGA has not granted any guarantee, bond ("*aval*", "*cautions*" ou "*lettres de confort*") or any surety in respect of the performance of obligations of third parties, in particular, but not restricted to, all past or present shareholders, directors or members of staff or any other off-balance sheet items exceeding individually or in the aggregate fifty thousand (50,000) Euros or any other liabilities which were not be fully reflected or provisioned in the Reference Accounts.

2.8 Effects of the transfer with respect to third parties

- (a) Neither the transfer of the Transferred Shares to the Beneficiary nor the operations to be performed under the terms of the Contract will have the direct effect of modifying PGA's contractual obligations vis-à-vis third parties or of giving any person the right to declare default to any such contracts concluded by PGA, nor result in the violation of any provisions of, or in the termination of contracts concluded by PGA with third parties (in particular due to change of control), subject to the terms of article 2.8 (b).
- (b) The Company is not party to any contracts containing a clause providing for early contract termination in the event of change of control, direct or indirect, in its capital or management with the exception of the contracts featured in Schedule 2.8 (b) (i), for which, according to the Contract, the Guarantors confirm they did their best efforts to request and obtain the co-contracting party's authorisation prior to the Completion Date in liaison with the Beneficiary, except to the contracts identified in Schedule 2.8 (b) (ii), for which, the co-contracting party's authorisation is to be obtained after the Completion Date by the Beneficiary.

2.9 Company accounts

- (a) PGA's company accounts (balance sheet, income statement and schedules) for the financial year ending 31 August 2013, as closed (the "**2013 Accounts**"), are appended in Schedule 2.9 (a). The 2013 Accounts constitute the Reference Accounts (the "**Reference Accounts**") for the purposes of this Guarantee Agreement.
- (b) The Reference Accounts have been prepared in accordance with the accounting rules, principles and methods applicable in France and in compliance with the principle of continuity of application, from one financial year to the next (i.e. the Reference Accounts have been prepared in compliance with the procedures, policies and methods consistently applied by the Company in the preparation of its annual financial statements for the last three fiscal years, unless otherwise specifically provided in the accounts). They are complete and accurate and give a true and faithful view of the assets and liabilities and financial situation, as well as the results of operations (*sont réguliers et sincères et donnent une image fidèle du patrimoine, de la situation financière, ainsi que du résultat*) of the Company as of such date and for the period then ended.
- (c) The list of PGA's off-balance sheet commitments exceeding twenty thousand (20,000) Euros on the date of this contract, appended in Schedule 2.9 (c), is accurate and true.

2.10 Management of PGA since Reference Accounts Date

- (a) Since the Reference Accounts Date, except as otherwise set forth in Schedule 2.10, PGA (i) has carried on its business in the ordinary and usual course of business (*bon père de famille*), (ii) has not experienced any changes in its financial or commercial situation and (iii) has not taken or performed any action or made (whether or not subject to conditions) an agreement or undertaken an obligation to do any of the actions referred to under article 4.1 of the Contract that would have required the consent of the Beneficiary if such action were to have been taken during the period between the date hereof and the Closing Date other than resulting from normal, standard operation (i.e. occurring in the ordinary course of business and in consistency with past practices).

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- (b) The Company has not granted any representations or warranties and is not bound by any outstanding obligations nor any liabilities arising in, or which could result from its minority shareholding, in the context of the liquidations of (i) ACTEURS SA, a public limited company with registered capital of 107,200 Euros, whose registered office is at rue Isaac Newton – 18000 Bourges, registered on Bourges Corporate and trade register under number 400 617 361 and (ii) REGITEC SARL, a limited liability company with registered capital of 16,000 Euros, whose registered office is at rue Isaac Newton – 18000 Bourges, registered on Bourges Corporate and trade register under number 402 947 337.
 - (c) During this same period, there has been no change in the accounting methods and practices followed by PGA and no change in the depreciation and write-off rules or in the rates practiced.
 - (d) Since the Reference Accounts Date, PGA's business activities have not experienced any Material Adverse Change.
 - (e) There are no agreements in existence in the Company for current account waiver with a better fortunes clause.

2.11 Contracts

- (a) Significant Contracts concluded by PGA are listed in Schedule 2.11 (a) and the Communicated Information contains a copy of each Significant Contract. Parties under each Significant Contract are, and have been, in compliance with all the terms and requirements of each Significant Contract and PGA has not given nor received from any person any notice regarding any violation or breach of any Significant Contract unless otherwise specified in Schedule 2.11 (a).
- (b) There are no exclusive or specific quantity supply commitments in existence with one or more suppliers or with one or more clients, with the exception of the contracts listed in Schedule 2.11 (b).
- (c) All Significant Contracts are in full force and effect, valid and enforceable, and PGA is not a party to a contract which was entered into other than in the ordinary course of the business or according to market practice or other than by way of a bargain at arm's lengths.
- (d) No licence, franchise, sales representation agency or exclusive distribution contracts have been granted to the Company or awarded by it, other than those listed in Schedule 2.11 (b).
- (e) The leasing contracts concluded by PGA are listed in Schedule 2.11 (e). PGA has abided by the terms of said contract to date, without restriction or reservation.

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- (f) The loan contracts awarded to PGA to date are listed in Schedule 2.20 (b). PGA has abided by the terms of said contracts to date, without restriction or reservation.
 - (g) To the Guarantors' knowledge, no contract to which PGA is party have been contested by a third party or PGA, and the parties to said contracts have abided by the terms and conditions thereof to date. No party with whom PGA has entered into a Significant Contract as at the date of this Guarantee Agreement has given notice of its intention to terminate, or has sought to repudiate or to renegotiate such Significant Contract or has indicated that it will not renew such Significant Contract.

2.12 Products & Services

- (a) To the Guarantors' knowledge, all products manufactured and sold by PGA comply with all applicable laws, contractual commitments and quality and safety standards and are free from apparent or hidden defects. The same applies to the services delivered by PGA.
- (b) To the Guarantors' knowledge, PGA has not received any claims or Proceedings from its clients or distributors indicating that its services or products have been affected by any alleged defects, and, to the Guarantors' knowledge, the Company has not been threatened with any such claims or Proceedings in the twelve (12) months preceding the date of this contract. In addition, there are no pending or threatened claims with respect to any product warranties given or accepted by PGA, with the exception of those stated in Schedule 2.12 (b).
- (c) To the Guarantors' knowledge, no accident, happening or other event has occurred which is reasonably likely to result in a claim or Proceeding against PGA or a loss by PGA and which was caused or allegedly caused by a product manufactured by PGA. In addition, there has not been any PGA's manufactured product recall, rework or post-sale warning conducted by PGA over the last two years exceeding individually one hundred thousand (100,000) Euros or in the aggregate two hundred and fifty thousand (250,000) Euros.
- (d) PGA has not granted any guarantees to its clients and distributors, for the products and services that it distributes or sells, other than those required by French legislation and regulations or its applicable contractual terms communicated in the context of the Communicated Information.

2.13 Insurance

- (a) PGA is insured in a sufficient manner against the risks to which it, its personnel and its property are exposed.
- (b) PGA has taken out insurance policies for operating loss, theft, fire, civil liability and miscellaneous risks.
- (c) Insurance policies subscribed by PGA are in full force, have not been terminated and PGA is up to date with the payment of all premiums and has complied with its obligations under said policies, in particular PGA has timely and duly notified the occurrence of all events or facts which could give rise to an indemnification under such insurance policies and more generally have undertaken all actions necessary for their indemnification under such insurance policies.

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- (d) No losses have arisen which have not been fully covered by the insurance companies under PGA's insurance policies. Similarly, no claim actions were pending on the date of signature of this contract, or, to the Guarantors' knowledge, which have been the object of written threat in the past twelve (12) months preceding the date of this contract, in respect of said insurance policies.

2.14 Authorisations

The authorisations and homologations necessary for PGA to manage its business activities, in particular the certifications, authorisations and declarations required, have been obtained and are valid and have been communicated to the Beneficiary in the context of the Communicated Information. To the Guarantors' knowledge, no event has occurred that may result in the termination or revocation of such certifications, authorisations and homologations and none will expire within a 24-month of the date hereof.

Neither the entering into of the Contract, nor the performance by the Transferors of their obligations under the Contract, nor the consummation of the transaction contemplated under the Contract, does or will directly or indirectly result in the violation of, or give any authority the right to revoke or modify any certification, authorization or homologation benefiting to PGA.

To the Guarantor's knowledge, PGA has not received any notice regarding any potential revocation of any certifications, authorisations and declarations necessary for the business.

2.15 Operation

- (a) All leases, subleases, or other deeds of possession held by PGA are mentioned in Schedule 2.15 (a). Said leases, subleases or other deeds of possession are governed by the French Code of Commerce and (i) the landlord may not bring the lease, sub-lease or other title to an end before the expiry of the contractual term, (ii) there is no current breach of the lease, sublease or other title which might entitle the landlord to forfeit the lease or to refuse to renew the lease without the payment of an eviction indemnity and (iii) there is no rent review that should have taken place by the date hereof or is due to take place within the six month period starting on the date hereof but is yet to be implemented. PGA has not concluded any short term leases or leases less than 2 years. It has not received any termination without offer of renewal or rent cap lifting demand notices.
- (b) Schedule 2.15(b) sets forth a true, accurate and complete list of all real properties (including all "terrains", "immeubles" and "constructions") which PGA owns, or has an option or obligation to purchase. PGA has good and valid title to all real properties shown in such Schedule.
- (c) To the Guarantors' knowledge, all real properties owned, leased, subleased or used by PGA have conformed to all applicable laws and are in good operating condition and repair and none of such real properties is subject to any Third Party Right (including any right of a third party to the use or occupancy of such property or any portion thereof) or to the Guarantors' knowledge, to a risk of expropriation or other Proceeding.

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- (d) To the Guarantors' knowledge, PGA's business, operation and activities (including, but not restricted to storage, manufacture, use and supply of products and services by it) have not had the consequence of infringing the rights of third parties (including to industrial and property rights).
 - (e) PGA owns all of its stocks. Stocks and raw materials exist in sufficient quantity and are of fair marketable quality. They can be used and sold in the normal course of business.
 - (f) PGA does not own any industrial or intellectual property rights other than those featured in Schedule 2.15 (f). PGA is the exclusive, valid owner of all industrial or intellectual property rights featured in Schedule 2.15(f) that it uses in the context of its business activities, without any charge, restriction, or reservation. To the Guarantors' knowledge, PGA does not infringe any third party right regarding industrial and intellectual property rights that it uses without being the proprietary in the context of its business activities
 - (g) PGA is operated in an autonomous manner. There are no contracts or relations binding PGA to the Guarantors, and PGA's operation may continue in an autonomous manner from this day, with no specific compensation due on account of the acquisition of the Transferred Shares.

2.16 Health, safety & environment

- (a) To the Guarantors' knowledge, PGA is to date in compliance with applicable legislation and regulations on health, safety and working conditions plus environmental protection and, in particular, where applicable, legislation on classified installations, waste (solid, liquid or gaseous), water and various nuisances.
- (b) To the Guarantors' knowledge, PGA has never incurred any liability with respect to any party as a result of pollution resulting from its activities.

2.17 Employees & labor relations

- (a) An up-to-date list of PGA employees stating family name, first name, date of joining the company, job title and total remuneration of each employee is featured in Schedule 2.17 (a). This list (and information provided in it) is accurate and complete as of the date hereof.
- (b) None of the Key Employees has indicated in writing its intent to terminate his employment a result of the transactions contemplated in the Contract.
- (c) Employment contracts applicable in PGA are compliant with all applicable legislation, regulations and collective bargaining agreements, and are not the object of any counter-letter or separate commitment. They do not feature any specifically exorbitant characteristics in respect of common law or the collective bargaining agreement applicable to the Company.

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- (d) The company officers appointed to date, incumbent after the date of this contract do not benefit from any employment contract (valid or merely suspended) in parallel to exercising their company officer mandates.
 - (e) The retirement and welfare schemes enjoyed by PGA employees do not feature any exorbitant / common law collective or individual advantages.
 - (f) The profit-sharing or stock-option agreements concluded with employees (or representatives of the latter) and company agreements are appended in Schedule 2.17 (f).
 - (g) PGA is, and has been for the last three years (subject to the Specific Labor Issues and the matters disclosed in the relevant Schedules of the Guarantee Agreement), in compliance with all applicable legislations and regulations relating to employment, employment practices and terms and conditions of employment and to personnel representation (in particular in terms of appointment, election and operation). The personnel representative institutions in place in PGA are described in Schedule 2.17 (g).
 - (h) There are no disputes, differences, individual or collective, or written claims on the part of any PGA employees currently in progress.
 - (i) There is no labor strike, material slowdown or material work stoppage or lockout presently occurring or, to the Guarantors' knowledge, threatened against or affecting PGA, and since the Reference Accounts Date, PGA has not experienced any labor strike, material slow down or material work stoppage, lockout or other collective labor action by or with respect to any of its employees.
 - (j) No inspections by social security agencies have never given rise, for PGA, to any adjustments which have not, on the date of this contract, already been paid or fully provisioned. Details of inspections by the work inspectorate can be found in Schedule 2.17 (j). There is currently no audit, investigations, disputes, inspections in progress carried out by the social security authorities and no request for such actions has been notified to PGA by any such authorities other than disclosed in Schedule 2.17 (j).

2.18 Ownership of assets

- (a) PGA validly owns, or uses in accordance with valid agreements which shall not expire within the next 2 years as from the Completion Date, all movable, tangible and intangible assets which are reasonably necessary to enable it to conduct its business and operations in the manner in which such business and operations have been conducted. It is free to dispose thereof as it deems fit. Said assets are in a good state of repair and maintenance, fit for the purpose for which they were intended. To the Guarantors' knowledge, they are compliant with all applicable legislation and regulations.
- (b) None of the tangible movable assets, equipment, installations or fittings used by PGA, with a reported value in the balance sheet, in the context of running its business activities, maintained regularly in an appropriate manner, is the object of any damage report and repair action, with the exception of depreciation prescribed by accounting and tax regulations, and, to the Guarantors' knowledge, does not feature any defects or faults which would necessitate the performance of repair works other than those resulting from standard wear and tear.

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- (c) None of said tangible movable assets, equipment, installations or fittings, leased or owned by PGA, under the terms of a leasing or hire purchase contract have been repossessed by their owner and PGA is not in an irregular situation with respect to such contracts in a manner which would enable the owner of said assets to repossess the latter.
 - (d) The *fonds de commerce* owned by PGA are not encumbered by any Third Party Right.

2.19 Bank accounts & facilities

- (a) PGA has opened the bank accounts indicated in Schedule 2.19 (a). This schedule also states which persons are authorised to perform movements on said accounts in accordance with the terms stipulated in said schedule.
- (b) PGA has not taken out or entered into any loans, instruments, borrowings, factoring or overdraft agreement or short term loan bank facilities other than those indicated in Schedule 2.19 (b) (the “Existing Financing Documents”). The amount of the outstanding indebtedness (including interests) under each of such Existing Financing Documents as of the date hereof is set forth under this Schedule 2.19 (b). None of said Existing Financing Documents is liable to jeopardised, the object to penalties or rendered due in virtue of the transfer of the Transferred Shares by the Transferors to the Beneficiary.

2.20 Compliance with law

- (a) PGA has complied and has been in full compliance with law and regulation related to bribes or corruption as defined in the French criminal code (*Code Pénal*), regardless of where the bribe or corruption is committed, by way of payments made by employee or officer to the benefit of any person, firm or company including central or local government officials or employees or Governmental Authority. In addition, to the Guarantors’ knowledge, PGA has complied and is in compliance with pricing regulations and legislation, consumer protection legislation and regulations and with any other legislation and regulations directly relating to its business.
- (b) No event has occurred or circumstance exists that (with or without notice or lapse of time, or both) would imply an impact on operating result of the Company exceeding two hundred and fifty thousand (250,000) Euros and that (i) may constitute or result in a violation by PGA of, or the failure on the part of PGA to comply with, any applicable law or regulation; or (ii) may give rise to the obligation on the part of PGA to undertake, or to bear all or any portion of the costs of, any remedial action;
- (c) PGA has not received any notice or other communication which is still pending from any governmental authority or any other person regarding: (i) any actual, alleged, possible or potential violation of, or failure to comply with, any applicable laws or regulations; or (ii) any actual, alleged, possible or potential obligation on the part of any of PGA to undertake, or to bear all or any portion of the costs of, any remedial action.

2.21 Accuracy of Information.

To the Guarantors' knowledge, none of the Declarations or statements contained in this Guarantee Agreement, or in any certificate or document delivered by the Guarantors pursuant to this Guarantee Agreement, contains, or will at the time of its delivery contain, any untrue statement of a material fact or omits, or will at the time of its delivery omit, to state any material fact necessary in order to make any of such representations, warranties or statements not misleading.

ARTICLE II — GUARANTEES

A. Purpose

Each Guarantor undertakes to compensate the Beneficiary, without acting jointly and severally, in proportion to the Price of the Shares it has actually received, in the form of a price reduction, for any actual direct damage suffered or incurred by the Beneficiary or PGA resulting from any inaccuracies or infringements of the above Declarations.

If the benefit of this guarantee is invoked by the Beneficiary and if it is determined, according to the following terms, that application of its terms should result in payment of an indemnity by the Guarantors, the latter undertake to pay the sum thus due, in accordance with the compensation table appended in Schedule II-A. For the avoidance of doubt, in any case a Guarantor could not be liable for a payment due by another Guarantor pursuant to the Guarantee Agreement, considering the absence of joint and several liabilities.

All compensation defined in this article is understood to be net of Tax.

B. Terms

Each Guarantor shall solely be bound by a claim filed by the Beneficiary under this article (the "**Claim**") in accordance with the following terms:

1. Term

- (a) The Beneficiary must send written notification to the Guarantors' Agent, describing the Claim in detail, indicating its amount, estimated by the Beneficiary (if such an estimate is possible). On threat of foreclosure of the right to compensation, said notification must be made in any case before:
 - (i) the end of a thirty (30) days period following the expiration date of the statute of limitation applicable to the object of the Claim, if the latter is related to Tax; or
 - (ii) 31 March 2015, if the Claim is not related to Tax, in which case the following deadline shall apply.

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- (b) If at any time prior to the relevant expiration date specified in subsection (a) above, a Claim is delivered in accordance with the terms of this Guarantee Agreement, the corresponding claim shall survive until such time as it is fully and finally resolved. It shall not be a condition to a Guarantors' obligation to repay a portion of the Price to or to indemnify the other party that the damages upon which a Claim is or would be based actually be realized or incurred prior to the dates specified in subsection (a) above.

2. Limits

(a) *De minimis*

The individual amount of each Claim may only be taken into account if it exceeds ten thousand (10,000) Euros per Claim, on the understanding nevertheless that if several claims have the same object or the same cause, they shall be taken in account for their cumulated amount.

(b) *Threshold*

The Guarantors shall only be liable for a Claim if the cumulated amount of the sums actually due by the Guarantors for all Claims exceeds two hundred thousand (200,000) Euros (the "**Aggregate Threshold Amount**"), it being stipulated that, said sum constitutes a threshold; consequently, if the cumulated amount of the Claims exceeds said amount, the Guarantors shall also be required to pay the amount of the Claims corresponding to the part up to the Aggregate Threshold Amount.

(c) *Upper limit*

The cumulated total amount that the Guarantors shall be required to pay under this Guarantee Agreement, excluding any amounts due by the Guarantors as a result of the Specific Labor Issues, shall be limited to 20% of the total Price of the Transferred Shares, said upper limit being assessed individually for each Guarantor.

Any amounts due by the Guarantors as a result of the Specific Labor Issues shall be limited to 5% of the total Price of the Transferred Shares, it being specified that any claim based upon these Specific Labor Issues shall not come in deduction of the limit of the above subsection.

(d) *Deemed single claim*

For the purposes of subsections (a) and (b) above:

- (i) in the event of a series of claims based on the same or a related set of facts, events or circumstances, such series of claims shall be treated as a single claim and the aggregate total of the damages resulting from such series of claims shall be used to determine whether *de minimis* threshold has been exceeded,
- (ii) in the event of a Tax Proceeding, all items subject thereto shall be deemed collectively to constitute a single claim.

(e) *Exceptions*

The provisions of subsections (a) to (c) above shall not apply to any claim based upon any breach of the Declarations set forth in sections I.1.1, it being specified that any other Declaration made by the Transferors remain subject to the above subsections (a) to (c).

For the avoidance of doubt, it is specified that Declarations set forth in sections I.1.1 are made by each Guarantor on an individual basis so that any damage suffered or incurred by the Beneficiary or PGA resulting from any inaccuracies or infringements of such Declarations will be compensated by the Guarantor responsible for such default up to the amount of the incurred damage.

3. Exemption & reductions

- (a) Without prejudice to the right of the Beneficiary to make a Claim in connection with the Specific Labor Issues, no Claim may be filed against the Guarantors under this article if it is founded on an element which has been fairly revealed in the relevant schedules of the Guarantee Agreement with respect to the concerned Declarations under this Guarantee Agreement with sufficient details as to enable a purchaser to identify the nature and scope of the matter disclosed, or if it is fairly revealed in the Reference Accounts and is the object of a specific provision in said Accounts. The Beneficiary acknowledges that as at the date hereof it has no knowledge of any breach or inaccuracy of any of the Guarantors' Declarations made under the Guarantee Agreement, other than the Specific Labor Issues, which would enable him to make a Claim. However, for the avoidance of doubt, no information relating to the Company of which the Beneficiary has knowledge (actual or constructive) other than by reason of it being disclosed in this Guarantee Agreement or in its Schedules shall prejudice any claim which the Beneficiary shall be entitled to bring or shall operate to reduce any amount recoverable by the Beneficiary under this Guarantee Agreement.
- (b) In particular no Claim may be filed against the Guarantors in virtue of a Tax declaration if:
- (i) the Claim amount is directly aggravated due to abstention or lateness on the part of the Company, after the Completion Date, in particular for the purposes of making a notification, deposit, payment, claim, or any other formality, for the amount corresponding to such aggravation;
 - (ii) said Claim results (x) from a tax or social security adjustment, resulting in a simple transfer of profit, income or expense from one financial year to another or (y) an adjustment concerning value added tax which is not translated by a definitive charge, except, in each case, in respect of the indemnities, penalties, interest and financial charges potentially resulting from said adjustments.
- (c) All sums actually recovered by the Company and paid to the latter in respect of a given Claim, in particular in virtue of an insurance policy or a compensation agreement or a third party guarantee, net of any costs directly incurred by the Beneficiary or the Company in obtaining or collecting such indemnification or recovery (including any increase or adjustments in insurance premium for a maximum of an one year period of increase or adjustments), shall reduce the amount of the Claim.

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- (d) A Claim may only give rise to compensation by the Guarantors if the corresponding damage has actually been experienced by the Company. If a Claim is founded on a liability which is only latent, no compensation shall be due until said liability is due and payable.
- (e) In the event that the Company is entitled to recover from a third party (e.g. an insurance company) any sum associated with or the object of a Claim, the Beneficiary shall implement or ensure that the Company implements all necessary measures which can reasonably be implemented for the purposes of recovering said sum, and as soon as said sum has been actually recovered (and even if said sum is recovered after the duration of the above-mentioned guarantee), the Beneficiary shall pay or ensure that the Company pays the Guarantors the sum thus recovered, net of any costs directly incurred by the Beneficiary or the Company in obtaining or collecting such indemnification or recovery (including reasonable legal fees), if the latter has already been paid by the Guarantors under this article (and in the event that the consequence of said recovery is that the amount for which the Guarantors are liable in respect of the Claim concerned falls below the limits stipulated in article 2 above, the Beneficiary shall be obliged to reimburse the Guarantors for the entire said sum paid relative to said Claim(s)).
- (f) For the purpose of calculating the amounts due by the Guarantors in virtue of a Claim, save as set out herein, if and to the extent any loss represented by a Claim is an actual Tax deductible item or relates to an actual Tax deductible reserve, then the resulting benefit to the Company shall be taken into account when calculating the amount of the Claim.
- (g) The same deed, act or event may only be used as grounds for a Beneficiary Claim on one occasion.
- (h) No Claim may be filed against the Guarantors if exclusively related to, or resulting from, an act, omission or operation performed, from the Completion Date by the Beneficiary, the Company or their respective directors, employees or agents.
- (i) No Claim may be filed against the Guarantors on grounds of legislation, regulation or practice which is non-applicable on the Completion Date, including in the case of legislation or regulations which take effect retrospectively.
- (j) Any breaches of the Declarations and Guarantees hereunder shall be indemnified in accordance with this article II.
- (k) No compensation shall be due by the Guarantors to the Beneficiary if the Damage for which compensation is requested is exclusively caused by a change in accounting principles and methods after the Completion Date.
- (l) The Guarantors shall not be liable for any compensation obligation for any Claim for damage whose operative event used as grounds for filing said Claim consists in or results from amendment, after the Completion Date, of the Company's insurance cover which has the effect of reducing or excluding all damage from the scope of said cover.
- (m) If the Company or the Beneficiary have failed to implement every reasonable means at their disposal to reduce damage used as grounds for Claims under the Guarantee and if they have failed to notify the Guarantors of the Claim within the deadline, the compensation due by the Guarantors to the Beneficiary shall be reduced by the amount resulting from such failure.

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- (q) Declarations and Guarantees by the Guarantors relative to the Company assets solely concern the existence of the latter and their due reporting in the accounts in compliance with applicable accounting principles, to the exclusion of all guarantees in respect of the value of the Company's assets.
 - (r) No Claim may be filed against the Guarantors if exclusively related to, or resulting from, an act, event or operation which had been taken into account for the purpose of computation of the Net Debt, in particular if evidenced in the Final Closing Financial Statements.
 - (s) Only losses, costs, expenses, fees, penalties including legal fees directly incurred by the Beneficiary or the Company will be indemnified by the Guarantors. The Guarantors have no obligation to indemnify any indirect or consequential losses such as loss of profits.

Under no circumstances may the same Claim give rise to any second compensation for the same deed, act or event, even if said deed, act or event is covered by more than one Declaration or Guarantee in the Guarantee Agreement.

C. IMPLEMENTATION

1. Notification of Guarantors

For the purposes of correct application of this article II, the Beneficiary is obliged to notify the Guarantors in writing, in accordance with the formalities and deadlines stipulated below in 2. (a), providing a reasonable detailed account of all deeds, events or other circumstances brought to its attention (it being specified for the purposes of this article, that the Beneficiary's knowledge shall be presumed when the deed or event in question has been notified in writing to the attention of the Chief Financial Officer (*Directeur financier*) and/or the Deputy General Manager (*Directeur Général Délégué*) of the Beneficiary or the Company), which falls within the scope of application of this article II (i.e. which give rise, or could give rise to, damages for which the Guarantors would be liable to the Beneficiary under this Guarantee Agreement).

Consequently, the Beneficiary shall provide notification within thirty (30) days after (i) actual discovery by the Beneficiary and/or Company of the deed, event or circumstance granting entitlement to compensation under this contract or (ii) receipt of actual notice of the third party claim. This deadline shall be reduced to fifteen (15) days in the event of third party Claim in case of emergency or Tax Proceeding.

For avoidance of all doubt, failure to comply with the terms of Claim formalities and deadlines shall have no consequences on the ability of the Beneficiary to make a claim under this Guarantee Agreement, and shall not relieve the Guarantors of any liability that it may have to the Beneficiary, except to the extent that such failure has caused the damages for which the Beneficiary is obligated to the Guarantors to exceed the amount that such damages would have been had the Beneficiary given timely notice, in which event the damages for which the Guarantors are liable to the Beneficiary shall be reduced by the amount of any such excess.

2. Claims emanating from third parties

If a Claim or a risk of Claim emanating from a third party against the Company (in particular all tax or other inspection notifications) is notified in writing to the Beneficiary after the Completion Date and said Claim or said risk of Claim is very likely to grant the Beneficiary the right to file a Claim against the Guarantors:

- (a) the Beneficiary shall notify the Guarantors of said claim within thirty (30) days after receipt of actual notice of the third party claim, said deadline being reduced to fifteen (15) days in case of emergency or Tax Proceedings;

The Guarantors shall enjoy the same deadline as the one applicable to the direct Claim, said deadline being reduced to seven (7) Working Days in case of emergency or Tax Proceedings, to inform the Beneficiary of acceptance or rejection of a Claim, it being stipulated that all tacit acceptance is expressly excluded, failure to respond to the Claim being tantamount to a rejection.

If the Guarantors rejects the third party Claim and disputes its liability to the Beneficiary in respect of the relevant third party Claim, the Beneficiary shall have the right to initiate proceedings against the Guarantors in accordance with article II.H.

In case the Guarantors reject the third party Claim, the Beneficiary shall, or shall cause the Company to, conduct the defence of such third party claim in good faith using all reasonable means and defences available to it or the Company (having due regard to the interests of the Company). The Guarantors shall have the right, if it so notifies the Beneficiary, to be consulted in respect of such third party claim and to participate at its own expense and with counsel of its choice in the defence thereof by the Beneficiary (or in the case of a third party claim against the Company, by the Company).

Notwithstanding the above, in case of a third party Claim based on a Tax issue or arising from Governmental Authority (in particular all tax, social or other inspection notifications, such as but not limited to the Specific Labor Issues), it is expressly specified that the Guarantors shall have the right to direct the proceedings if they express the desire to do so within fifteen (15) days (or seven (7) Working Days in case of emergency), said request may not nevertheless be interpreted as tantamount to acceptance of said third party Claim. The Guarantors and their advisors shall then have a reasonable access to the premises of the Company, to its books and records, to the extent useful to the Claim, in order to properly manage the proceedings. For the avoidance of doubt, the Guarantors shall keep due regards to the interests of the Company, inform on a regular basis the Beneficiary, promptly answer to any reasonable request of the Beneficiary and consult the latter on the choice in the defence.

In case of a third party Claim based on a commercial issue (which includes clients or suppliers), the Beneficiary and the Company shall keep the right to direct the proceedings under the conditions set forth in the Contract, subject to the below provisions, in particular the subsection (d).

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- (b) the Beneficiary shall, at any point in time, allow reasonable access to the Guarantors and their advisors to files to the extent reasonably useful to the Claim; in particular, the Beneficiary shall provide the Guarantors, and ensure that the Company concerned provides the Guarantors, with all documents and information that the Guarantors may reasonably request relative to the Claim in question. The Guarantors will not, and shall require that their professional advisors do not, use (except in connection with such Claim and the defence of any related Claim) or disclose to any third party other than its professional advisors any information obtained pursuant to this subsection.

The Beneficiary shall ensure that the Guarantors are informed of each important stage of the proceedings and in the strategic choices relative to the defence; the Beneficiary shall ensure that the Company takes into account all arguments and pleas and in general co-operates with the Guarantors and, where applicable, the legal adviser appointed by the Guarantors. In case of conduct of the proceedings by the Guarantors, this shall apply *mutatis mutandis* as the Beneficiary shall be informed of any stage.

- (c) the Beneficiary undertakes not to reach a settlement, acquiesce to any payment, transaction or desist from any law or any trial; it shall ensure that the Company abstains from reaching a settlement, acquiescing or desisting in the same way, without prior written consent from the Guarantors, which may not be refused without legitimate reason. In such connection, if the Beneficiary (or the Company) shall receive from a third party or if the Beneficiary shall propose to make to a third party an offer to compromise or settle such third party claim (a "**Settlement Offer**"), the Beneficiary shall notify the Guarantors of such Settlement Offer with reasonable promptness following receipt thereof from the third party and reasonably in advance of responding thereto, or reasonably in advance of making such Settlement Offer, and shall provide with such notice access to all related supporting documentation reasonably required to enable the Guarantors to assess the relative merits of the Settlement Offer. At the request of either of the Parties, the Parties will consult in good faith with respect to any such Settlement Offer. The Guarantors shall then determine in the exercise of its business judgment whether or not to consent to the Settlement Offer, but shall not unreasonably withhold or delay any such consent (with such consent being deemed given if the Guarantors have not responded in writing within fifteen (15) days of its receipt of a request for consent). The Beneficiary shall not be obligated to accept a Settlement Offer which the Guarantors are willing to accept, except when the sole relief provided therein is monetary damages, provided however that, in such a case, the obligation of the Beneficiary to accept a Settlement Offer shall be subject to the prior payment by the Guarantors to the Beneficiary of (x) all amounts to be due by the Beneficiary to the third party pursuant to such Settlement Offer as well as (y) any actual damage suffered by the Beneficiary or the Company directly and exclusively in connection with the third party Claim concerned. If a Settlement Offer is received (for the sole relief provided is monetary damages), which the Guarantors, but not the Beneficiary, are willing to accept, the Beneficiary may elect to continue the defence of the third party claim at its own expense, in which case the liability of the Guarantors shall be limited to the lesser of: (x) damages calculated as if the third party claim were settled in accordance with the proposed Settlement Offer, and (y) the damages actually suffered by the Beneficiary taking into account the final resolution of the third party claim.

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- (d) In the event of conflict between the advisor of the Guarantors and that of the Beneficiary on the choice of proceedings, arguments and pleas, the reasonable arguments, pleas or other objections made by the Guarantors shall have as its consequence that the Guarantors shall not be responsible for any damage caused to the Company resulting from such third party claim to the extent that the Guarantors can demonstrate that such damages could have been avoided or limited had the arguments or objections of the Guarantors been followed. In particular, if the Beneficiary intends to enter into a negotiation or amicable procedure with a third party (such as client or a supplier) instead of following the arguments of the Guarantors, their responsibility will be accordingly avoided or limited.

3. Direct Claims

In the event of a direct Claim from the Beneficiary to receive a repayment of a portion of the Price from or to be indemnified by the Guarantors hereunder which does not involve a third party Claim, the Guarantors shall have fifteen (15) Working days following its receipt of the relevant Claim notice (the “*Direct Claim Review Period*”) to make such investigation of the corresponding claim as it considers necessary or desirable. During the Direct Claim Review Period, the Guarantors and their advisors shall be granted a reasonable access to the Company’s books, records and accounting material pertaining to such Claim and more generally to all information of the Company concerning the assessment of the risk and the precise nature of the Claim, to the extent reasonably useful to the Claim. Such access cannot be withheld.

On or before the expiry of the Direct Claim Review Period, the Guarantors shall either (i) agree with the Beneficiary, upon the validity and amount of such Claim (then the Guarantors shall pay to the Beneficiary, before expiration of a thirty (30) days period following the date of notification sent by the Beneficiary in accordance with article C.1, the full agreed amount of such Claim) or (ii) fail to agree upon the validity or the amount of the direct Claim, (then the Beneficiary shall have the right to initiate legal proceedings against the Guarantors in accordance with article II.H above).

D. Payment

All sums due by the Guarantors to the Beneficiary under the terms of this article shall be paid in accordance with the following dates and terms: (i) in the event of agreement between the Parties, within thirty (30) Working days of notification sent by the Beneficiary to the Guarantors in accordance with article C.1 above, or (ii) in the event of disagreement between the Parties, on the date on which the Beneficiary’s Claim is acknowledged to be valid and founded by a provisionally enforceable decision of a competent court, or settled definitively in the form of a settlement, or (iii) in the event of a third party Claim, within thirty (30) days of the date on which the Company have disbursed or shall disburse any kind of sum directly related to said third party Claim and in respect of the enforcement of an enforceable administrative, judicial or arbitration decision (including any direct and reasonable costs and other reasonable expenses incurred in connection with such third party claim, e.g. attorneys’ fees which should be in line with the amount of the related matter).

E. Undertakings relating to the Specific Labor Issues

Each Guarantor undertakes to compensate the Beneficiary in proportion to the Price of the Shares it has actually received, for any damages suffered or incurred by PGA as a result of the Specific Labor Issues. Such damages shall be notified to the Guarantors pursuant to the provisions set out in Section 3 above.

F. Transfer of rights & obligations

No rights or obligations resulting from this guarantee may be transferred by one party to a third party without the express consent of the other party, other than by means of a merger, demerger or change of control of the Beneficiary. Notwithstanding the foregoing, the Beneficiary shall have the unrestricted right to assign any of its rights and to delegate all or any part of its obligations hereunder to any Affiliate.

G. Miscellaneous terms

1. Notifications

All notices and other communications required or permitted to be given or made pursuant to this Contract shall be in writing and shall be: (x) delivered by hand against an acknowledgement of delivery dated and signed by the recipient; (y) sent by an overnight courier service of recognized international standing (all charges paid); or (z) sent by facsimile transmission and confirmed by registered mail (postage prepaid, return receipt requested) (*lettre recommandée avec demande d'avis de réception*) posted no later than the following Working Day (with any such facsimile transmission to be deemed received at the time indicated on the corresponding activity report, a copy of which shall be included in the confirmation by mail) (provided that any notice or communication which is received after 6 p.m. (local time in the place of receipt) on a Working Day or on any day which is not a Working Day shall be deemed received only at 9 a.m. (local time in the place of receipt) on the next Working Day) to the relevant party at its address set forth below:

If to the Guarantors, to: Mr. Jean-François Piaulet
28, Rue Romain Rolland
36130 Déols
Attention:
Mr. Jean-François Piaulet
(jeanfrancois.piaulet@orange.fr)

with a copy to:
ARISTEA
29, rue de Marignan
75008 Paris

Attention: Mrs Anne-Sophie Bastard de Crisnay

(asb@aristea.fr)

Mr. Arnaud Meunier du Houssoy

(amh@aristea.fr)

If to the Beneficiary, to:

Astronics Corporation

130 Commerce Way

East Aurora, NY—14052-2191

USA

Attention: Mr. Peter Gundermann

(Peter.Gundermann@astronics.com)

with a copy to:

Astronics Corporation

130 Commerce Way

East Aurora, NY—14052-2191

USA

Attention: Mr. David Burney

(david.burney@astronics.com)

with a copy to:

Hogan Lovells (Paris) LLP

17, avenue Matignon

75008 Paris

Attention: Mr. Jean-Marc Franceschi

(jean-marc.franceschi@hoganlovells.com)

or to such other persons or at such other addresses as hereafter may be furnished by either party by like notice to the other. Any such notice or other communication shall be effective only upon actual receipt thereof by its intended recipient.

2. Invalidity of one clause

In the event that any of the terms of this guarantee are declared null and void in any way and for any reason whatsoever, the parties undertake to co-operate to remedy the observed cause of invalidity in such a manner that, unless impossible, this guarantee agreement shall remain valid with no discontinuity with the same economic effect.

4. Confidentiality

This guarantee agreement and schedules thereto are strictly confidential, subject to (i) obligations associated with imperative rules relative to notification of employees, (ii) the possibility for the parties to disclose this document to their advisors and to the banks, (iii) obligations relative to imperative rules on fair competition, or (iv) all other imperative rules. Outside this scope, the parties undertake, consequently, not to inform the public or publish any communiqué concerning this agreement, its content, or the operations mentioned therein, or authorise any of their respective employees, advisors or agents to publish such a communiqué, without prior written consent from the other parties.

5. Disclosures

For purposes of this Guarantee Agreement, each statement or other item of information made or furnished by the Guarantors in the schedules to the Guarantee Agreement shall be deemed to be a Declaration made by the Guarantors in this agreement. In the event of any inconsistency between the statements in the body of this Guarantee Agreement and those in the schedules (other than an exception expressly set forth as such in the schedules with respect to a specifically identified Declaration), the statements in the body of this Guarantee Agreement will control. In no event shall a mere listing (or inclusion of a copy) in the schedules to the Guarantee Agreement of a document or other item be deemed adequate to disclose an exception to a Declaration made herein, unless the Declaration has to do with the existence of the document or other item itself. True, accurate and complete copies of all documents referred to under the Declarations have been attached to the Guarantee Agreement.

H. Settlement of disputes

1. This agreement is governed by French law.
2. Any disputes arising between the parties relative to contract interpretation or performance shall, on failure to reach an out-of-court agreement within thirty (30) days of certification of the dispute, be subject to the jurisdiction of Paris Commercial Court.
3. The Parties expressly agree that the binding version shall be the English version and that the French version is solely for information purposes, it being specified that the content of the Schedules is in French language but shall be considered as fairly revealed even if not translated in English.

I. COSTS & FEES

Each party shall pay the costs and fees of its own advisors incurred for the preparation, drafting or enforcement of this agreement or subsequent documents thereto.

J. ADDRESS FOR SERVICE

For the purposes of contract performance, the parties appoint address for service at their respective registered offices mentioned at the beginning of this contract.

K. SCHEDULES

<u>Schedule C-1:</u>	Company equity capital identification & allocation.
<u>Schedule L.2:</u>	Communicated Information.
<u>Schedule 2.1 (a):</u>	Up to date Company registration certificate.
<u>Schedule 2.1 (b)</u>	Establishments operated by the Company.
<u>Schedule 2.3</u>	Disputes & Claims.
<u>Schedule 2.4 (c)</u>	Obligations to make investment & list of partnership
<u>Schedule 2.6</u>	Equity holdings in companies.
<u>Schedule 2.7 (b)</u>	Bonds, sureties & guarantees.
<u>Schedule 2.8 (b) (i)</u>	Contracts subject to prior approval in the event of change of control.
<u>Schedule 2.8 (b) (ii)</u>	Contracts subject to further information in the event of change of control.
<u>Schedule 2.9 (a):</u>	Company Reference Accounts.
<u>Schedule 2.9 (c):</u>	List of Company off-balance sheet commitments.
<u>Schedule 2.10</u>	List of events out of the ordinary course of business.
<u>Schedule 2.11 (a):</u>	List of Significant Contracts.
<u>Schedule 2.11 (b):</u>	List of exclusive supply contracts.
<u>Schedule 2.11 (e):</u>	List of Company leasing contracts.
<u>Schedule 2.12 (b):</u>	List of product & service claims over the last 12 months.
<u>Schedule 2.15 (a):</u>	List of leases or other deeds relating to possession of the Company's sites.
<u>Schedule 2.15 (b):</u>	List of real properties owned by the Company.
<u>Schedule 2.15 (f):</u>	Company industrial property rights.
<u>Schedule 2.17 (a):</u>	List of Company employees on the Completion Date featuring name, date of joining the Company, job title and total remuneration, identifying any bonuses and benefits.
<u>Schedule 2.17 (b):</u>	List of Key Employees.
<u>Schedule 2.17 (f):</u>	Copy of the collective bargaining agreements.
<u>Schedule 2.17 (g):</u>	Description of Company personnel representative institutions.
<u>Schedule 2.17 (j):</u>	Details of any work inspectorate inspections.
<u>Schedule 2.19 (a):</u>	List of Company bank accounts and persons authorised to perform movements.
<u>Schedule 2.19 (b):</u>	List of Company loan contracts, overdrafts and short term loan bank facilities and balances of current accounts opened in bank books.
<u>Schedule II-A:</u>	Compensation table.

Concluded in Paris, on 4 November 2013, in five (5) original copies signed by the parties, bound using the “*Assemblact*” process, signed and initialled by the parties on the first and last pages only.

The Beneficiary

Represented by Mr. David Burney

The Guarantors:

Mr Jean-François PIAULET

Mr Daniel PIAULET

Mr Pascal MOULIN

Mr Laurent GROUSSIN

**NEWS
RELEASE**

Astronics Corporation - 130 Commerce Way - East Aurora, NY - 14052-2164

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Email: dpawlowski@keiadvisors.com

FOR IMMEDIATE RELEASE

Astronics Announces Acquisition of PGA Electronics

- *Leading manufacturer of seat motion and lighting systems for business and first class aircraft seats*
- *Europe's leading manufacturer of in-flight entertainment and cabin management systems for VVIP aircraft*

EAST AURORA, NY, November 4, 2013 – Astronics Corporation (NASDAQ: ATRO), a leading provider of advanced technologies for the global aerospace and defense industries, announced today that it has entered into a definitive agreement to acquire PGA Electronic (“PGA”) for approximately \$28.5 million. The purchase price will be paid 60% in cash and 40% in Astronics stock. The deal is expected to close before year end, subject to customary closing conditions.

PGA Electronic, located in Châteauroux, France, designs and manufactures seat motion and lighting systems primarily for business and first class aircraft seats and is Europe’s leading provider of in-flight entertainment/communication systems as well as cabin management systems for private VVIP aircraft. Its customers are primarily aircraft seat manufacturers and corporate jet completion centers. Approximately 91% of PGA’s sales are in Europe. For its fiscal year 2013, which ended August 31, 2013, PGA had sales of approximately \$44 million. The business generates margins similar to those of Astronics.

Peter J. Gundermann, CEO of Astronics, commented, “The addition of PGA to Astronics deepens our reach into the European aircraft market while extending our lighting and power technologies. The acquisition complements well our other lighting, cabin electronics and communication capabilities.”

PGA was established in 1989 and currently has about 190 employees. Its products can be found on the full range of commercial transport aircraft programs and on many large private and government jets around the world.

ABOUT ASTRONICS CORPORATION

Astronics Corporation is a leader in advanced, high performance lighting, electrical power and automated test systems for the global aerospace and defense industries. 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. Astronics Corporation, and its wholly-owned subsidiaries, Astronics Advanced Electronic Systems Corp., Ballard Technology, Inc., DME Corporation, Luminescent Systems Inc., Max-Viz, Inc., AeroSat and PECO, Inc., have a reputation for high-quality designs, exceptional responsiveness, strong brand recognition and best-in-class manufacturing practices. The Company routinely posts news and other important information on its Web site at www.astronics.com.

For more information on Astronics and its products, visit its Web site at: www.Astronics.com.

Safe Harbor Statement

This news release contains forward-looking statements as defined by the Securities Exchange Act of 1934. One can identify these forward-looking statements by the use of the words "expect," "anticipate," "plan," "may," "will," "estimate" or other similar expressions. Because such statements apply to future events, they are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated by the statements. Important factors that could cause actual results to differ materially include the state of the aerospace and defense industries, the success of acquisitions, market acceptance of newly developed products, internal production capabilities, the timing of orders received, the status of customer certification processes, the demand for and market acceptance of new or existing aircraft which contain the Company's products, customer preferences, and other factors which are described in filings by Astronics with the Securities and Exchange Commission. The Company assumes no obligation to update forward-looking information in this news release whether to reflect changed assumptions, the occurrence of unanticipated events or changes in future operating results, financial conditions or prospects, or otherwise.

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