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

# Form 10-Q

[X] **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the quarterly period ended **October 2, 2004**

or

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

Commission File Number **0-7087**

# ASTRONICS CORPORATION

(Exact name of registrant as specified in its charter)

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

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

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

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

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

Yes [X] No [ ]

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

Yes [ ] No [X]

As of October 2, 2004 7,761,512 shares of common stock were outstanding consisting of 5,898,173 shares of common stock ($.01 par value) and 1,863,339 shares of Class B common stock ($.01 par value).

**PART I - FINANCIAL INFORMATION**

Item 1. Financial Statements

ASTRONICS CORPORATION

**Consolidated Balance Sheet**

October 2, 2004

With Comparative Figures for December 31, 2003

| | (Dollars in Thousands) October 2, 2004 (Unaudited) | December 31, 2003 |
|---|---|---|
| Current Assets: | | |
| Cash | $ 11,383 | $ 11,808 |
| Accounts Receivable | 5,677 | 4,383 |
| Inventories | 6,607 | 5,707 |
| Prepaid Expenses | 1,047 | 1,378 |
| Total Current Assets | 24,714 | 23,276 |
| Property, Plant and Equipment, at cost | 25,063 | 24,335 |
| Less Accumulated Depreciation and Amortization | 10,008 | 9,216 |
| Net Property, Plant and Equipment | 15,055 | 15,119 |
| Deferred Income Taxes | 1,124 | 1,165 |
| Goodwill | 2,518 | 2,444 |
| Other Assets | 3,403 | 3,470 |
| Total Assets | $ 46,814 | $ 45,474 |
| Current Liabilities: | | |
| Current Maturities of Long-term Debt | $ 901 | $ 896 |
| Net Current Liabilities of Discontinued Operations | 494 | 155 |
| Accounts Payable | 2,896 | 1,617 |
| Accrued Payroll and Employee Benefits | 1,340 | 1,278 |
| Other Accrued Expenses | 545 | 563 |
| Total current liabilities | 6,176 | 4,509 |
| Long-term Debt | 12,027 | 12,482 |
| Supplemental Retirement Plan | 4,988 | 4,718 |
| Net Long-term Liabilities of Discontinued Operations | - | 397 |
| Other liabilities | 550 | 428 |
| Common Shareholders' Equity: | | |
| Common Stock, $.01 par value Authorized 20,000,000 shares, issued 6,558,809 in 2004, 6,483,128 in 2003 | 66 | 65 |
| Class B Common Stock, $.01 par value Authorized 5,000,000 shares, issued 1,986,953 in 2004, 2,042,926 in 2003 | 19 | 20 |
| Additional Paid-in Capital | 3,303 | 3,269 |
| Accumulated Other Comprehensive Income | 540 | 365 |
| Retained Earnings | 22,864 | 22,940 |
| | 26,792 | 26,659 |
| Less Treasury Stock: 784,250 shares in 2004 and 2003 | 3,719 | 3,719 |
| Total Shareholders' Equity | 23,073 | 22,940 |
| | $ 46,814 | $ 45,474 |

See notes to financial statements.

ASTRONICS CORPORATION

**Consolidated Statement of Income and Retained Earnings**
Period Ended October 2, 2004
With Comparative Figures for 2003

(Dollars in Thousands)
(Unaudited)

| | Nine-Months Ended | | Three-Months Ended | |
|---|---|---|---|---|
| | October 2, 2004 | September 27, 2003 | October 2, 2004 | September 27, 2003 |
| Net Sales | $ 26,358 | $ 24,855 | $ 8,449 | $ 7,607 |
| Costs and Expenses: | | | | |
| Cost of products sold | 22,241 | 19,935 | 7,469 | 6,505 |
| Selling, general and administrative expenses | 3,895 | 4,381 | 1,363 | 1,488 |
| Interest expenses, net of interest income of $72 in 2004 and $140 in 2003 | 203 | 143 | 61 | 50 |
| Total costs and expenses | 26,339 | 24,459 | 8,893 | 8,043 |
| Income (loss) from Continuing Operations Before Income Taxes | 19 | 396 | (444) | (436) |
| Provision for Income Taxes | 95 | 156 | (85) | (156) |
| Income (loss) from Continuing Operations | (76) | 240 | (359) | (280) |
| Income (loss) from discontinued Operations | - | 312 | - | (17) |
| Net Income (loss) | $ (76) | $ 552 | $ (359) | $ (297) |
| Retained Earnings: | | | | |
| Beginning of period | $ 22,940 | $ 42,831 | | |
| Spin off of MOD-PAC CORP. | - | (21,003) | | |
| End of period | $ 22,864 | $ 22,380 | | |
| Earnings (loss) per share: | | | | |
| Basic Earnings (loss) per share: | | | | |
| Continuing operations | $ (.01) | $ .03 | $ (.05) | $ (.04) |
| Discontinued operations | - | .04 | - | - |
| Net Income (loss) | $ (.01) | $ .07 | $ (.05) | $ (.04) |
| Diluted Earnings (loss) per share: | | | | |
| Continuing operations | $ (.01) | $ .03 | $ (.05) | $ (.04) |
| Discontinued operations | - | .04 | - | - |
| Net Income (loss) | $ (.01) | $ .07 | $ (.05) | $ (.04) |

See notes to financial statements.

ASTRONICS CORPORATION

**Consolidated Statement of Cash Flows**
Nine-Months Ended October 2, 2004
With Comparative Figures for 2003

| | (Dollars in Thousands) (Unaudited) | |
|---|---|---|
| | October 2, 2004 | September 27, 2003 |
| Cash Flows from Operating Activities: | | |
| Income (loss) From Continuing Operations | $ (76) | $ 240 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and Amortization | 995 | 911 |
| Other | 387 | 320 |
| Cash flows from changes in operating assets and liabilities, excluding effects of acquisitions: | | |
| Accounts Receivable | (1,231) | (111) |
| Inventories | (841) | 356 |
| Prepaid Expenses | (13) | (348) |
| Accounts Payable | 1,259 | 307 |
| Income Taxes | 386 | (433) |
| Accrued Expenses | 191 | (289) |
| Net Cash provided by Operating Activities | 1,057 | 953 |
| Cash Flows from Investing Activities: | | |
| Additions to Other Assets | (204) | (147) |
| Capital Expenditures | (682) | (286) |
| Net Cash used in Investing Activities | (886) | (433) |
| Cash Flows from Financing Activities: | | |
| Principal Payments on Long-term Debt and Capital Lease Obligations | (507) | (493) |
| Due from MOD-PAC CORP. | - | 4,751 |
| Proceeds from Issuance of Stock | 4 | 24 |
| Purchase of Treasury Stock | - | (1,104) |
| Net Cash (used in) provided by Financing Activities | (503) | 3,178 |
| Effect of Exchange Rate Change on Cash | (35) | 23 |
| Cash (used in) provided by Continuing Operations | (367) | 3,721 |
| Cash (used in) Discontinued Operations | (58) | (269) |
| Net increase (decrease) in Cash and Cash Equivalents | (425) | 3,452 |
| Cash and Cash Equivalents at Beginning of Period | 11,808 | 7,722 |
| Cash and Cash Equivalents at End of Period | $ 11,383 | $ 11,174 |
| Cash payments for: | | |
| Interest | $ 290 | $ 290 |
| Income taxes | 56 | 1,009 |

See notes to financial statements.

ASTRONICS CORPORATION

**Notes to Financial Statements**

October 2, 2004

1) Basis of Presentation

The accompanying unaudited statements have been prepared in accordance with United States generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments, consisting of normal recurring accruals, considered necessary for a fair presentation have been included. The results of operations for any interim period are not necessarily indicative of results for the full year. Operating results for the nine-month period ended October 2, 2004 are not necessarily indicative of the results that may be expected for the year ended December 31, 2004.

The balance sheet at December 31, 2003 has been derived from the audited financial statements at that date, but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

For further information, refer to the financial statements and footnotes thereto included in Astronics Corporation's (the "Company") 2003 annual report to shareholders.

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

For purposes of pro forma disclosures, the estimated fair value of the Company's stock options at the date of grant is amortized to expense over the options' vesting period. The Company's pro forma information for the 2004 and 2003 first nine-months and third quarters are presented in the table below:

(Dollars in Thousands)
(Unaudited)

| | Nine-Months Ended | | Three-Months Ended | |
|---|---|---|---|---|
| | October 2, 2004 | September 27, 2003 | October 2, 2004 | September 27, 2003 |
| Income (loss) from Continuing Operations as reported | $ (76) | $ 240 | $ (359) | $ (280) |
| Adjustments to record compensation expense for stock option awards under the fair value method of accounting | $ (268) | $ (375) | $ (79) | $ (98) |
| Pro Forma Income (loss) from Continuing Operations | $ (344) | $ (135) | $ (438) | $ (378) |
| Net Income (loss) as reported | $ (76) | $ 552 | $ (359) | $ (297) |
| Adjustments to record compensation expense for stock option awards under the fair value method of accounting | $ (268) | $ (162) | $ (79) | $ (98) |
| Pro Forma Net Income (loss) | $ (344) | $ 390 | $ (438) | $ (395) |
| Pro Forma Basic Earnings (loss) Per Share: | | | | |
| Continuing Operations | $ (.04) | $ (.02) | $ (.06) | $ (.05) |
| Net Income | $ (.04) | $ .05 | $ (.06) | $ (.05) |
| Pro Forma Diluted Earnings (loss) Per Share: | | | | |
| Continuing Operations | $ (.04) | $ (.02) | $ (.06) | $ (.05) |
| Net Income | $ (.04) | $ .05 | $ (.06) | $ (.05) |

2) Discontinued Operations

On September 26, 2002, the Company announced the spin-off of its wholly owned subsidiary MOD-PAC CORP., which operated the Printing and Packaging business segment. That spin-off was completed on March 14, 2003. As such the net assets and equity of MOD-PAC CORP. were removed from the balance sheet of the Company on March 14, 2003 resulting in a reduction of the Company's retained earnings and related net assets of $21.0 million. In December of 2002 the Company announced the discontinuance of the Electroluminescent Lamp Business Group, whose business involved sales of microencapsulated electroluminescent lamps to customers in the consumer electronics industry. The operations of the printing and packaging business segment through the spin-off date of March 14, 2003 and the results of operations of the Electroluminescent Lamp Business Group have been reported as discontinued operations in the financial statements of the Company.

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

(in thousands)

| | October 2, 2004 (Unaudited) | December 31, 2003 |
|---|---|---|
| Finished Goods | $ 655 | $ 501 |
| Work in Progress | 1,077 | 1,166 |
| Raw Material | 4,875 | 4,040 |
| | $ 6,607 | $ 5,707 |

4) Comprehensive Income

Comprehensive income (loss) consists of net income (loss), foreign currency translation adjustments and mark to market adjustments for derivatives. Total comprehensive income (loss) was $(165) and $(247) for the third quarter of 2004 and 2003 respectively and $99 and $1,104 for 2004 and 2003 year to date.

5) Earnings Per Share

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

| | Nine-Months Ended | | Three-Months Ended | |
|---|---|---|---|---|
| (in thousands, except for per share data) | October 2, 2004 | September 27, 2003 | October 2, 2004 | September 27, 2003 |
| Income (loss) from continuing operations | $ (76) | $ 240 | $ (359) | $ (280) |
| Income (loss) from discontinued operations | - | 312 | - | (17) |
| Net Income (loss) | $ (76) | $ 552 | $ (359) | $ (297) |
| Basic earnings (loss) per Share weighted average shares | 7,758 | 7,768 | 7,762 | 7,736 |
| Net effect of dilutive stock options | - | 56 | - | - |
| Diluted earnings per share weighted average shares | 7,758 | 7,824 | 7,762 | 7,736 |
| Basic earnings (loss) per share: | | | | |
| Continuing operations | $ (0.01) | $ 0.03 | $ (0.05) | $ (0.04) |
| Discontinued operation | - | 0.04 | - | - |
| Net Income (loss) | $ (0.01) | $ 0.07 | $ (0.05) | $ (0.04) |
| Diluted earnings (loss) per share: | | | | |
| Continuing operations | $ (0.01) | $ 0.03 | $ (0.05) | $ (0.04) |
| Discontinued operation | - | 0.04 | - | - |
| Net Income (loss) | $ (0.01) | $ 0.07 | $ (0.05) | $ (0.04) |

6) Supplemental Retirement Plan and Related Post Retirement Benefits

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

| | Nine-Months Ended | | Three-Months Ended | |
|---|---|---|---|---|
| (in thousands) | October 2, 2004 | September 27, 2003 | October 2, 2004 | September 27, 2003 |
| Service cost | $ 18 | $ 21 | $ 6 | $ 7 |
| Interest cost | 234 | 263 | 78 | 88 |
| Amortization of prior service cost | 82 | 81 | 27 | 27 |
| Amortization of net actuarial losses | - | 24 | - | 8 |
| | 334 | | | |
| Net periodic cost | $ | $ 389 | $ 111 | $ 130 |

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

| Nine-Months Ended | | Three-Months Ended | |
|---|---|---|---|
| October 2, | September 27, | October 2, | September 27, |

| (in thousands) | 2004 | 2003 | 2004 | 2003 |
|---|---|---|---|---|
| Service cost | $ 3 | $ 3 | $ 1 | $ 1 |
| Interest cost | 13 | 15 | 3 | 5 |
| Amortization of prior service cost | 13 | 13 | 5 | 5 |
| Amortization of net actuarial losses | - | 2 | - | (1) |
| Net periodic cost | $ 29 | $ 33 | $ 9 | $ 10 |

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

*(The following should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations contained in the Company's Form 10-K for the year ended December 31, 2003.)*

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

| | Percent of Net Sales Nine-Months Ended | | Percent of Net Sales Three-Months Ended | |
|---|---|---|---|---|
| | October 2, 2004 | September 27, 2003 | October 2, 2004 | September 27, 2003 |
| Net Sales | 100.0% | 100.0% | 100.0% | 100.0% |
| Cost of products sold | 84.4 | 80.2 | 88.4 | 85.5 |
| Selling, general and administrative and interest expense | 15.5 | 18.2 | 16.9 | 20.2 |
| | 99.9% | 98.4% | 105.3% | 105.7% |
| Income (loss) from Continuing Operations Before Income Taxes | 0.1% | 1.6% | (5.3)% | (5.7)% |

*NET SALES*

Net sales for the third quarter of 2004 increased 11% to $8.4 million compared with $7.6 million for the same period last year. As compared to the 2003 third quarter sales increased to all three of the aerospace markets served. Sales to the business jet market increased $0.4 million or 22% to $2.4 million during the third quarter of 2004. Sales to the business jet market for the third quarter of 2003 totaled $2.0 million. Military sales in the third quarter of 2004 were $4.3 million, up 10.3%, or $0.4 million from $3.9 million in the third quarter of 2003. Sales to the commercial transport market in the third quarter of 2004 were $1.5 million compared with $1.3 million in the third quarter of 2003, an increase of $0.2 million or 15%.

For the nine-month period ended October 2, 2004, Astronics had net sales of $26.4 million, a 6 % increase over the first nine-months of last year. This increase was the result of a $1.5 million increase in business jet market sales to $7.6 million in 2004 from $6.2 million in 2003 and $0.3 million in higher sales to the commercial transport market as compared to the prior year. Sales to the commercial transport market were $5.0 million for the first nine-months in 2004 and $4.7 million for the same period of 2003. These increases more than offset the $0.4 million decline in sales to the military. Excluding $0.7 million in sales for the original U.S. F-16 NVIS program completed in the first half of last year, sales to the military for this year's first nine-months were up $0.3 million.

These increases as compared to 2003 for both the third quarter and year to date are primarily a result of improvements in the overall aerospace market generating increased demand for our products.

*EXPENSES AND MARGINS*

Cost of products sold as a percentage of net sales increased 2.9 percentage points to 88.4% for the third quarter of 2004 compared to 85.5% for the same period last year. The increase is primarily the result of increased engineering and development costs related to new products that are in the design and development stages. These increases are a result of an increase in engineering personnel as well as increased costs for goods and services supplied by vendors such as qualification testing and out sourced design work as compared to last year's third quarter. As compared to last years third quarter the company's spending net of nonrecurring engineering revenue for these efforts increased by approximately $0.4 million to $1.2 million. Excluding the effect of the increased spending on engineering and developmental costs gross margins would have improved slightly as compared with last year. For the first Nine-months cost of products sold as a percentage of net sales increased 4.2 percentage points to 84.4% in 2004 from 80.2% for the same period of 2003. The increase is primarily a result of a $1.3 million increase in net engineering and development spending as compared to the same period last year. We expect this spending to continue into next year as we continue to have opportunities to design new products for next generation aircraft.

Selling, general and administrative and interest cost as a percent of sales was 16.9% for the third quarter of 2004 compared with 20.2% for the same period of 2003. The decrease is primarily attributable to a reduction in personnel related costs as compared with the same period last year and to a lesser extent an overall reduction in general spending activity for the period. During the third quarter of 2004 the Company recorded a charge of $0.15 million to bad debt expense relating to the write down of a note held by the company. The note was entered into in 2001 when the Company sold a former production facility and relocated to its current operation in East Aurora New York. The face value of the note is $0.6 million and is being carried at $0.3 million as of October 2, 2004. The issuer of the note has missed the last three quarterly interest payments and is not in compliance with covenants in the agreement. The Company is actively pursuing collection of the note. Offsetting this charge was the reversal of approximately $0.1 million of accrued variable compensation that had been recorded during the first and second quarters of 2004. Year to date Selling, general and administrative and interest costs as a percent of sales decreased to 15.5% in 2004 compared with 18.2% in 2003. The decrease is primarily attributable to a reduction in personnel related costs as compared with the same period last year and to a lesser extent an overall reduction in general spending activity for the period and an increase in Sales.

*INCOME FROM CONTINUING OPERATIONS BEFORE TAXES*

The Company incurred a loss from continuing operations before taxes for the third quarter of 2004 of $0.44 million or 5.3% of sales compared with a loss of $0.44 million or 5.7% of sales or the same period of 2003. While Sales increased $0.84 million this was offset by the increased engineering and development costs offset partially by the decrease in selling, general and administrative expenses that were previously discussed. On a year-to-date basis income from continuing operations before taxes declined from $0.40 million in 2003 to $0.02 million in 2004. This decrease is also a result of the increased engineering and development costs offset partially by the decrease in selling, general and administrative expenses.

*TAXES*

Our effective income tax rate or benefit recorded as a result of the loss during the third quarter of 2004 was 19.1 % compared to 35.8 % for the same period last year. The increase of the effective rate, or reduced benefit, during this period is a result of the portion of our tax that is based on capital rather than on income representing a greater portion of our income tax expense for the period as well as profits taxed at the state level not being offset by losses incurred in other operations. On a year to date basis our effective rate for 2004 is greater than our pre tax income for the reasons discussed previously. Our effective tax rate for the first nine- months of 2003 was 39.4%.

*EARNINGS PER SHARE FROM CONTINUING OPERATIONS*

Diluted Earnings (loss) per share from continuing operations was $( .05) for the third quarter of 2004 and $(.04) for the third quarter of 2003. Year to date diluted earnings (loss) per share from continuing operations were $(.01) and $.03 for 2004 and 2003 respectively. Changes in the number of shares outstanding did not impact the calculation significantly.

*INCOME FROM DISCONTINUED OPERATIONS*

Income from discontinued operations during the third quarter of 2004 was $ 0 as compared with a loss of $0.02 million for the same period in 2003. The third quarter of 2003 included activities of the discontinued Electroluminescent Lamp Group. Year to date income from discontinued operations was $0 and $0.31 million for 2004 and 2003 respectively. 2003 discontinued operations included activities through March 14, 2003 for it's former subsidiary, MOD-PAC CORP.. MOD-PAC CORP. was spun off effective March 14, 2003. Also included in this period was the activities for the Electroluminescent Lamp Group that wound down it's operations during 2003. No future impact on income is expected from these discontinued operations.

*NET INCOME AND EARNINGS PER SHARE*

Net income (loss) totaled $(0.36) million or $(0.05) per diluted share for the third quarter of 2004 compared to $(0.30) million or $(0.04) per diluted share for the third quarter of 2003. The decreases in net income and earnings per share are primarily a result in the reduction of income from continuing operations and discontinued operations as discussed under those headings. Changes in the number of shares outstanding did not impact the earnings per share calculation significantly. Year to date net income (loss) for 2004 was $(0.08) million or $(0.01) per share compared to 2003 year to date Net income of $.55 million or $0.07 per share.

*LIQUIDITY*

Cash provided by operating activities was $1.1 million during the first nine-months of 2004, as a result of a net loss being offset by depreciation and amortization and changes in working capital components.

The Company's capital expenditures for the first half of 2004 totaled $.68 million. Capital expenditures for the balance of 2004 are expected to be, in the range of $200 thousand to $300 thousand and are expected to be financed from cash on hand and cash flows from operations.

The Company has an $8,000,000 line of credit facility available. As of October 2, 2004 the Company had not borrowed against the line of credit. The line is subject to annual review and is payable on demand. The line of credit, among other requirements, imposes certain financial performance covenants with which the Company maintains compliance.

The Company has a cash balance of slightly over $11 million at October 2, 2004.

The Company believes that cash balances and cash flow from operations will be adequate to meet the Company's operational and capital expenditure requirements for 2004.

| | |
|---|---|
| *BACKLOG* | The Company's backlog at October 2, 2004 was $25.6 million compared with $17.0 million at the end of the third quarter of 2003 and $18.7 million at December 31, 2003. |
| *CONTRACTUAL OBLIGATIONS AND COMMITMENTS* | The Company's contractual obligations and commercial commitments have not changed materially from disclosures in the Company's Form 10-K for the year ended December 31, 2003. |
| *MARKET RISK* | Refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2003 for a complete discussion of the Company's market risk. There have been no material changes in the current year regarding this market risk information. |
| *CRITICAL ACCOUNTING POLICIES* | Refer to the Company's annual report on Form 10-K for the year ended December 31, 2003 for a complete discussion of the Company's critical accounting policies. There have been no material changes in the current year regarding these critical accounting policies. |
| *NEW ACCOUNTING PRONOUNCE-MENTS* | On October 13, 2004, the Financial Accounting Standards Board reached a conclusion on Statement 123R, *Share-Based Payment*. The Statement requires all public companies to measure compensation cost for all share-based payments (including employee stock options) at fair value. The Statement would eliminate the ability to account for share-based compensation transactions using APB Opinion No. 25, *Accounting for Stock Issued to Employees*. The Statement becomes effective for interim or annual periods beginning after June 15, 2005. The Company will be required to apply Statement 123R beginning July 1, 2005. Retroactive application of the requirements of SFAS No. 123 to the beginning of the fiscal year that includes the effective date is permitted but not required. At the present time, the Company has not yet determined which method it will use nor has it determined the financial statement impact. |
| *FORWARD-LOOKING STATEMENTS* | This Quarterly Report contains "forward-looking statements". Such statements involve known and unknown risks, uncertainties and other factors that could cause our actual results to differ materially from the results expressed or implied by such statements, including general economic and business conditions affecting our customers and suppliers, competitors' responses to our products and services, particularly with respect to pricing, the overall market acceptance of such products and services. We use words like "will," "may," "should," "plan," "believe," "expect," "anticipate," "intend," "future" and other similar expressions to identify forward-looking statements. You should not place undue reliance on these forward-looking statements, which speak only as of their respective dates. These forward-looking statements are based on our current expectations and are subject to number of risks and uncertainties. Our actual operating results could differ materially from those predicted in these forward-looking statements, and any other events anticipated in the forward-looking statements may not actually occur. |

Item 3. Quantitative and Qualitative Disclosures About Market Risk

See Market Risk in Item 2, above.

Item 4. Controls and Procedures

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures as of October 2, 2004. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of October 2, 2004. There were no material changes in the Company's internal control over financial reporting during the third quarter of 2004.

## PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

None.

Item 2. Unregistered sales of Equity Securities and Use of Proceeds

( c)The following table summarizes the Company's purchases of it common stock for the quarter ended October 2, 2004.

Period

(a) Total number of shares Purchased

(a) Total number of shares Purchased

(b) Average Price Paid per Share

(c) total number of shares Purchased as part of Publicly Announced Plans or Programs

(d) Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs

| Period | (a) Total number of shares Purchased | (b) Average Price Paid per Share | (c) total number of shares Purchased as part of Publicly Announced Plans or Programs | (d) Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs |
|---|---|---|---|---|
| July 3 - July 31, 2004 | - | - | - | 432,956 |
| August 1 - August 28, 2004 | - | - | - | 432,956 |
| August 29 - October 2, 2004 | - | - | - | 432,956 |
| Total | - | - | - | 432,956 |

Item 3. Defaults Upon Senior Securities.

None.

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

None

Item 5. Other Information.

None.

Item 6. Exhibits

(a) Exhibits

Exhibit 31.1 Section 302 Certification - Chief Executive Officer
Exhibit 31.2 Section 302 Certification - Chief Financial Officer
Exhibit 32. Certification Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

**SIGNATURES**

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

| | |
|---|---|
| | **ASTRONICS CORPORATION** |
| | (Registrant) |
| Date: November 12, 2004 | By: /s/ David C. Burney |
| | David C. Burney<br>Vice President-Finance and Treasurer<br>(Principal Financial Officer) |

**Exhibit 31.1**

## SECTION 302 CERTIFICATION

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

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

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

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

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

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

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

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

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

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

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

Date: November 12, 2004

/s/ Peter J. Gundermann

Peter J. Gundermann

President and Chief Executive Officer

**Exhibit 31.2**

**SECTION 302 CERTIFICATION**

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

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

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

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

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

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

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

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

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

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

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

Date: November 12, 2004

/s/ David C. Burney

David C. Burney
Chief Financial Officer

**Exhibit 32**

## SECTION 906 CERTIFICATION

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

The Quarterly Report on Form 10-Q of the Company for the quarter ended October 2, 2004 (the "Report") fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

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

| | |
|---|---|
| Dated: November 12, 2004 | /s/ Peter J. Gundermann |
| | Peter J. Gundermann<br>Title: Chief Executive Officer |
| Dated: November 12, 2004 | /s/ David C. Burney |
| | David C. Burney<br>Title: Chief Financial Officer |

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