

ATRO

ANNUAL REPORT 2004

ASTRONICS
CORPORATION

Astronics

Company Profile and Strategy

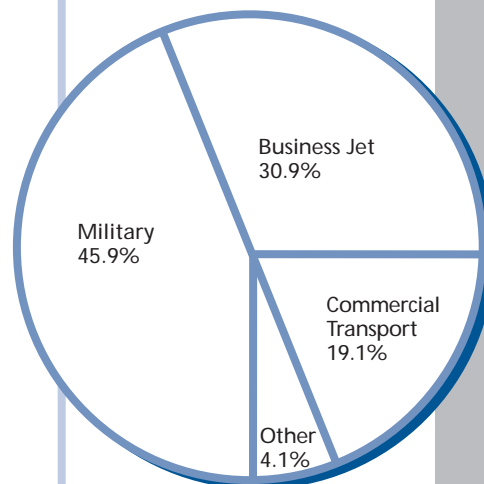
Astronics Corporation is a leader in advanced, high performance lighting, electrical power generation, control and distribution systems for the global aerospace industry. Over the last 10 years, we evolved from a lighting components supplier to a principal designer and manufacturer of cabin, cockpit and external lighting systems for aircraft. Through our recent acquisition in February 2005, we expanded our capabilities to include electrical power generation, distribution and control systems for airframes. We are unique in our ability to address the lighting and electrical power system needs of an aircraft for the three major aircraft markets: the military, commercial transport and business jet markets. Astronics customers include major aircraft manufacturers, airline operators, aerospace system suppliers, and the armed forces of the free world.

Astronics' strategy for growth is to continue to develop or acquire the necessary technology to logically expand our products and capabilities in order to continue increasing our product content on a growing base of new and existing aircraft platforms. We will capitalize on our reputation for high quality designs, exceptional responsiveness, strong brand recognition and best-in-class manufacturing practices to continue to grow our market share.

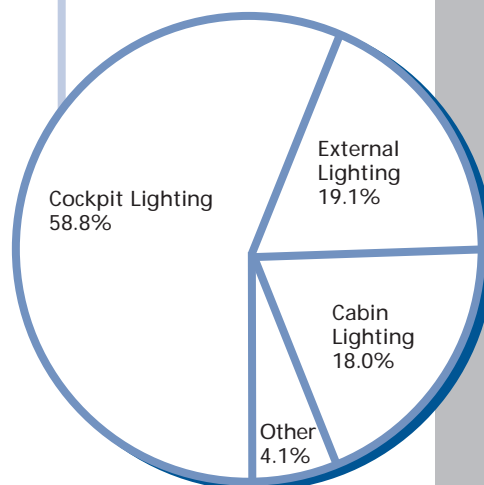
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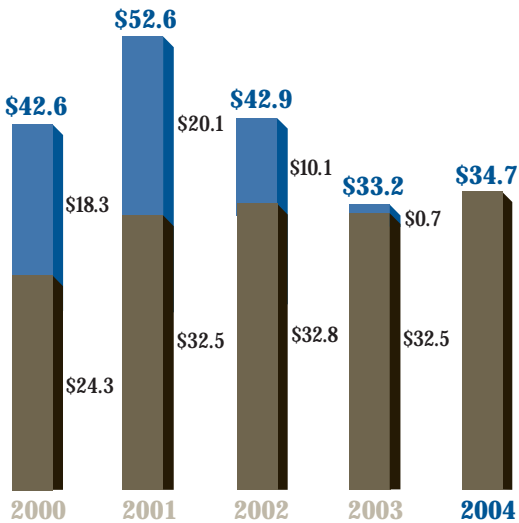
2004 Markets



2004 Products

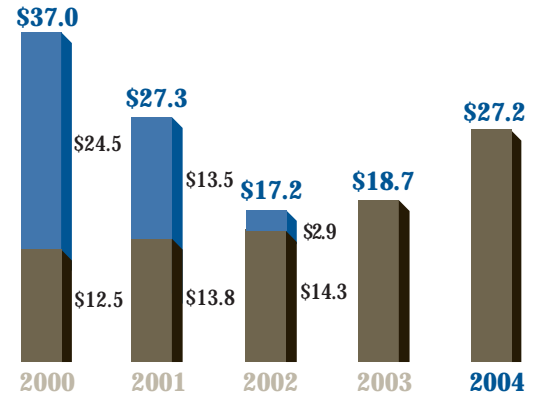


\$34.7 Million in Sales



Sales (in millions)

Original F-16 NVIS Program Sales Core Sales



Backlog (in millions)

Seven-Year Performance Highlights

(in thousands)	2004	2003	2002	2001	2000	1999	1998
Performance (continuing operations)							
Sales	\$ 34,696	\$ 33,182	\$ 42,940	\$ 52,591	\$ 42,569	\$ 24,827	\$ 23,498
Net Income (Loss) from Continuing Operations	(734)	782	4,047	5,821	3,500	2,410	2,426
Diluted Earnings (Loss) Per Share	\$ (0.09)	\$ 0.10	\$ 0.49	\$ 0.70	\$ 0.43	\$ 0.30	\$ 0.30
Weighted Average Shares Outstanding - Diluted	7,766	7,815	8,208	8,346	8,221	8,172	8,155
Year End Financial Position (continuing operations)							
Total Assets	\$ 45,236	\$ 45,474	\$ 46,607	\$ 45,579	\$ 39,147	\$ 33,407	\$ 19,445
Long Term Debt	11,154	12,482	13,110	15,529	17,746	15,947	11,319
Shareholders' Equity	22,660	22,940	22,550	15,177	10,429	6,818	4,250
Book Value Per Share	\$ 2.91	\$ 2.96	\$ 2.87	\$ 1.88	\$ 1.32	\$ 0.87	\$ 0.56
Other Year End Data (continuing operations)							
Depreciation and Amortization	\$ 1,273	\$ 1,212	\$ 1,269	\$ 1,441	\$ 1,310	\$ 934	\$ 754
Capital Expenditures	\$ 1,136	\$ 420	\$ 397	\$ 838	\$ 2,665	\$ 9,650	\$ 3,814
Shares Outstanding	7,800	7,742	7,870	8,085	7,884	7,803	7,658
Number of Employees	424	369	412	437	441	305	305

Dear Fellow Shareholders

2004 was a year of significant investment for Astronics Corporation. As such, it tested our endurance and stretched our capabilities. At the same time, we made tremendous progress with our many development programs. As the year drew to a close, we became more convinced than ever that we are on the right track, and that our efforts will begin to pay off in the near future, starting in 2005.

In 2004, sales were \$34.7 million, a 4.6% increase over 2003. As a result of the significant investments in development projects, we had a net loss of \$0.09 per share in 2004 compared with earnings from continuing operations of \$0.10 per share in 2003. Bookings were strong, however. Our backlog at the end of the year was \$27.2 million, up 45% from the beginning of the year.

INVESTMENT IN ENGINEERING AND DEVELOPMENT PROJECTS

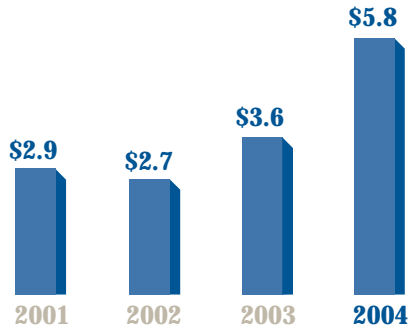
The major dynamic affecting our performance in 2004 was the continued build-up of our engineering capabilities and resources. We spent \$5.8 million in engineering and development (E&D) expenses in 2004, a \$2.2 million, or



Peter J. Gundermann, President and CEO

61%, increase over 2003. Just two years earlier in 2002, our E&D expenses were less than half the 2004 total of \$2.7 million. Our 2004 E&D expenses were equivalent to approximately \$.46 per share after tax.

The \$5.8 million was clearly a large investment, but one that we feel was well-justified by the many new business opportunities we have won over the last few years. We have taken advantage of our broadening capabilities, new lighting technologies, and the increased preference of aircraft manufacturers for system suppliers to win an impressive array of new business.



Engineering & Development (in millions)

Our major development programs which in 2004 included projects for the Airbus A380 commercial transport, the Lockheed F-35 Joint Strike Fighter, the Bell-Boeing V-22 Tilt-Rotor, the Eclipse 500, Cessna Mustang, and Raytheon Hawker Horizon business jets.

We believe that these programs, and others which are also in progress, will have a significant effect on our future. The industry expects that these aircraft platforms will be strong sellers in their respective markets. Our high expectations for the future are driven by the fact that our product content on these new platforms is much higher than our historical standard by an order of five times. This increased content should provide for stronger revenue flow as the new platforms are certified and move into production.

ACQUISITION OF ASTRONICS AES

During the second half of 2004, we spent a considerable amount of effort working towards our acquisition of Astronics Advanced Electronic Systems. The transaction closed in early February 2005. The acquisition was the result of long-term discussions with General Dynamics, the seller, that had been developing over a number of years.

Astronics AES was an excellent fit with the profile we use for evaluating acquisition candidates. Its capabilities and customer lists are complementary to ours. It has an established and stable management structure and solid sales, design and manufacturing expertise. Their company culture is very similar to ours, which should ease the challenge of establishing good communications and trust.

The recent past and expectations for the near future at AES are very similar to our own. AES has made significant investments in new technologies and products in recent years, and these investments have clouded their financial results. At the same time, these investments are key to AES' expectations of the future, and we believe that the business is poised to experience strong growth.

We believe that AES will prove to be an important contributor to our growth, which we expect will become apparent as 2005 progresses. As we approach the end of this year, AES should build very solid momentum, laying the groundwork for an even stronger 2006.



Total Assets (in millions)



Book Value (dollars per share)

RAYMOND W. BOUSHIE JOINS OUR BOARD OF DIRECTORS

Ray Boushie was appointed to the Board of Directors in January 2005. Ray brings a great depth of knowledge and experience from his many years in the aerospace industry. Most recently, he was President and CEO of Crane Aerospace and Electronics, a position from which he retired in early 2005. His extensive experience will enhance the talent and capabilities of our Board, and we are pleased to have him join us. With the addition of Ray, our Board is now comprised of six directors, four of which are independent.

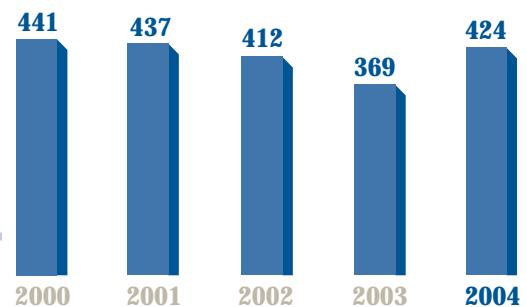
All in all, we expect that 2005 will be an exciting year, one which will see strong revenue growth and a return to profitability for Astronics.

Sincerely,

Peter J. Gundermann
President and CEO
March 11, 2005

2005 EXPECTATIONS

We entered 2005 with strong momentum, and the AES acquisition has accelerated it even more. This momentum will be increasingly apparent as we move through the year. Including AES' backlog at the time of the acquisition, our backlog going into 2005 was \$73.0, a record high. We expect consolidated revenue of around \$70 million in 2005, with about \$30 million in sales in the first half and \$40 million in sales in the latter half of the year. This higher shipping volume will certainly help cover the engineering and development costs we have seen recently, which we expect will stabilize at current levels.



Number of Employees

Expanding our Playing Field

In February 2005, we acquired from General Dynamics a business unit which we have renamed Astronics Advanced Electronic Systems Corp., or Astronics AES. The business, which is located in Redmond, Washington, was owned by General Dynamics for four years and was founded in 1958. Since its inception, AES has maintained a very strong focus on providing power systems to the aerospace and defense market. Throughout its history, it has been recognized in the market for quality and innovation.

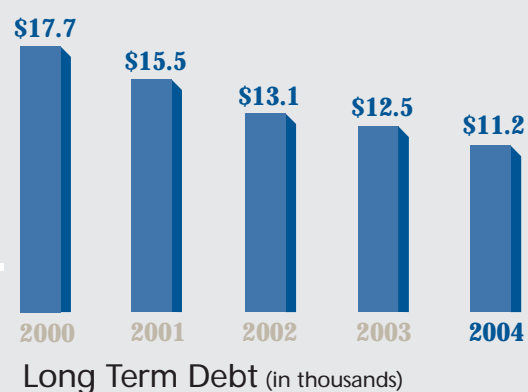
AES specializes as a system supplier of intelligent electrical power generation, distribution, and control systems for aircraft. It supplies comprehensive electrical systems to aircraft manufacturers, and cabin electronic systems for passenger entertainment to airlines. AES has also developed and delivered cockpit lighting control systems for commercial and military aircraft. These capabilities represent an extension of those Astronics already possessed, thereby logically expanding our product lines and increasing the amount of product we can offer to our customers.

AES products can be found throughout the entire aerospace industry. Key customers include Boeing, Airbus, Eclipse Aviation, Lockheed, Williams International, Panasonic America Corporation, Gulfstream, Quantas, Singapore Airlines, Cathay Pacific, Virgin Atlantic, and

over 70 other airlines. The company serves the global industry with sales in North America, South America, Europe, and Asia. Current major development programs include the electrical distribution system for the Eclipse 500 business jet, the power conditioning unit for the Tactical Tomahawk™ cruise missile and cabin electrical distribution systems for new generation in-flight entertainment systems.

We paid \$13 million at the closing of the acquisition and have an additional obligation for up to \$4 million depending on AES 2005 revenues. At closing, AES had a backlog of \$46 million. We expect the company to achieve revenue of approximately \$28 million in 2005 and to be accretive to earnings.

As a result of a series of significant programs which the company has been developing over the past few years, we believe it is poised for solid growth. Two projects that are very near term include the following:

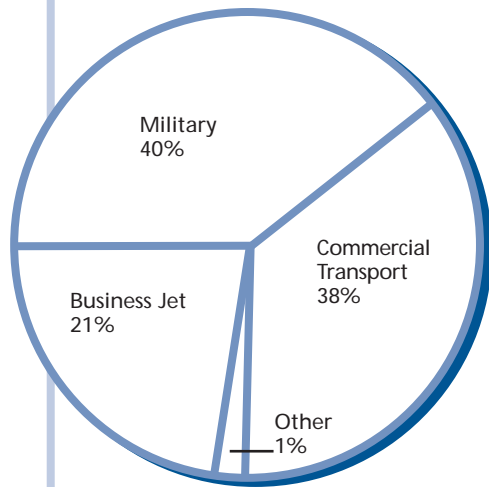


The Tactical Tomahawk™ Cruise Missile Project: The Tactical Tomahawk™, the next generation land attack cruise missile, is a major development and production win that AES has been involved with for almost five years. This program is currently in low level production and is expected to move to full scale production as early as July of this year. AES has developed the missile's power converter for Williams International, who is supplying the power plant for Raytheon Corporation. The converter conditions power generated by the turbine engine to create electrical power for the electronics that control the missile.

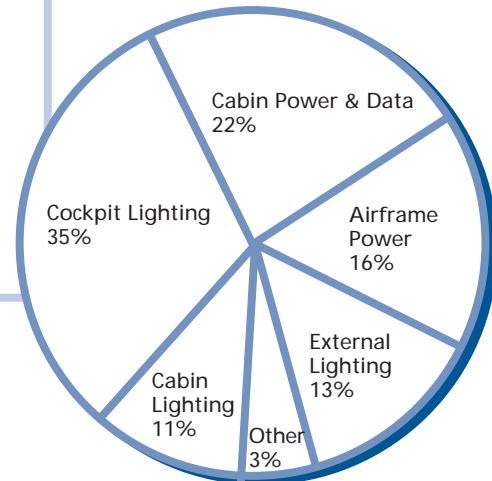
In-Seat Power for Commercial and Business Aircraft (EMPOWER®): AES has developed a major breakthrough for in-seat power supplies by combining the power source for the in-flight entertainment and information systems with the in-seat power supply for passengers to support computers and other electronic devices. The new product provides many benefits for airlines including smaller size, reduced weight and more efficient power usage. Each of these features result in reduced costs. AES is the leader in this design and has received initial orders from Panasonic America Corporation, a major in-flight entertainment systems supplier.

Combined, the Tactical Tomahawk™ and EMPOWER® seat power module account for approximately \$32 million of AES' backlog.

Astronics' Estimated 2005 Markets



Astronics' Estimated 2005 Products



Officers

Astronics Corporation

Peter J. Gundermann
President and
Chief Executive Officer

David C. Burney
Vice President, Treasurer, Secretary
and Chief Financial Officer

Luminescent Systems, Inc.

Frank G. Johns, III
Vice President

James S. Kramer
Vice President

Richard C. Miller
Vice President

Astronics Advanced Electronic Systems Corp.

Mark A. Peabody
Executive Vice President

Diana J. Suzuki
Vice President

Board of Directors

Raymond W. Boushie
President and CEO, retired
Crane Aerospace and Electronics
Committees: Audit, Compensation,
Nominating/Governance

Robert T. Brady
Chairman of the Board, President and
Chief Executive Officer
Moog, Inc.
Committees: Audit*, Compensation,
Nominating/Governance

John B. Drenning
Partner
Hodgson Russ LLP
Committees: Compensation*,
Nominating/Governance

Peter J. Gundermann
President and Chief Executive Officer
Astronics Corporation

Kevin T. Keane
Chairman of the Board
Astronics Corporation

Robert J. McKenna
President and Chief Executive Officer
Wenger Corporation
Committees: Audit, Compensation,
Nominating/Governance

* Committee Chair

Shareholder Information

Stock Exchange Listing

NASDAQ NM: ATRO

Annual Meeting

Astronics Corporation's 2005 annual meeting of shareholders will be held on April 28, 2005, at 10:00 am at 130 Commerce Way, East Aurora, New York.

Investor Relations

Investors, stock brokers, security analysts and others seeking information about Astronics Corporation should contact:

David Burney, Chief Financial Officer,
716-805-1599
or email at invest@astronics.com.

Additional information is available on our website at: www.astronics.com.

Corporate Headquarters

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716-805-1599

E-mail: invest@astronics.com
Website: www.astronics.com

Companies of Astronics

Astronics Advanced Electronic Systems Corp.
Redmond, Washington
Luminescent Systems, Inc.
East Aurora, New York
Lebanon, New Hampshire
Luminescent Systems Canada, Inc.
Dorval, Quebec, Canada
Luminescent Systems Europe B.V. B. A.
Brussels, Belgium

Transfer Agent

For services such as change of address, replacement of lost certificates, and changes in registered ownership, or for inquiries as to your account, contact:

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Website: www.amstock.com

Attorneys

Hodgson Russ LLP
Buffalo, New York

Independent Auditors

Ernst & Young LLP
Buffalo, New York

