

ASTRONICS CORP  
Form DEF 14A  
March 28, 2014

**SCHEDULE 14A**

**(Rule 14a-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT**

**Schedule 14A Information**

**Proxy Statement Pursuant to Section 14(a) of the**

**Securities Exchange Act of 1934**

**(Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under Rule 14a-12

**ASTRONICS CORPORATION**

**(Name of Registrant as Specified In Its Charter)**

Payment of Filing Fee (Check the appropriate box):

No fee required

.. Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11:

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:



**ASTRONICS CORPORATION**

**130 Commerce Way, East Aurora, New York 14052**

Dear Fellow Shareholders:

It is my pleasure to invite you to attend the 2014 Annual Meeting of Shareholders to be held at the Astronics Luminescent Systems Inc. facility located at 4 Lucent Drive, Lebanon, New Hampshire 03766 at 10:00 a.m. Eastern Time on Tuesday, May 13, 2014.

Your vote is important. To be sure your shares are voted at the meeting, even if you are unable to attend in person, please vote as promptly as possible. This will not prevent you from voting your shares in person if you do attend.

This year the Annual Meeting of Shareholders will be held to consider and take action with regard to:

the election of six directors;

the approval of the selection of the Company's auditors; and

a shareholder advisory vote on the compensation of our named executive officers.  
Complete details are included in the accompanying proxy statement.

I look forward to meeting with you and hearing your views on the progress of Astronics.

Kevin T. Keane  
Chairman of the Board

East Aurora, New York

March 28, 2014

**ASTRONICS CORPORATION**

**130 COMMERCE WAY, EAST AURORA, NEW YORK 14052**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**DEAR SHAREHOLDERS:**

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of Astronics Corporation will be held at the Astronics Luminescent Systems Inc. facility located at 4 Lucent Drive, Lebanon, New Hampshire on Tuesday, May 13, 2014 at 10:00 a.m. Eastern Time, to consider and take action on the following:

1. To elect the Board of Directors;
2. To ratify the appointment of Ernst & Young LLP as the independent registered public accounting firm for the Company for the current fiscal year;
3. To conduct a shareholder advisory vote on the compensation of our named executive officers; and
4. To transact such other business as may properly come before the meeting or any adjournment thereof.

The Board of Directors has fixed the close of business on March 24, 2014 as the record date for the determination of shareholders entitled to notice of, and to vote at, the meeting.

It is important that your shares be represented at the Annual Meeting whether or not you plan to attend. Accordingly, we request that you vote at your earliest convenience. Further instructions are contained in the proxy card.

By Order of the Board of Directors

David C. Burney,  
Secretary

East Aurora, New York

Dated: March 28, 2014

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD May 13, 2014:**

The proxy materials and 2013 Annual Report to Shareholders are available at <http://materials.proxyvote.com/046433> or by telephone at 1-800-579-1639.

**PROXY STATEMENT**  
**FOR**  
**ANNUAL MEETING OF SHAREHOLDERS**

**MAY 13, 2014**

This Proxy Statement and the form of proxy are furnished to the shareholders of Astronics Corporation, a New York corporation ( Astronics or the Company ), in connection with the solicitation of proxies by the Board of Directors of the Company for use at the Annual Meeting of Shareholders (the Annual Meeting ) to be held on Tuesday, May 13, 2014 at the Astronics Luminescent Systems Inc. facility, 4 Lucent Drive, Lebanon, New Hampshire 03766 at 10:00 a.m. Eastern Time and at any adjournment thereof, for the purposes set forth in the accompanying Notice of Annual Meeting of Shareholders. In addition to solicitation by mail, to the extent necessary to ensure sufficient representation at the Annual Meeting, solicitations may be made by personal interview, telecommunication by officers and other regular employees of the Company. The cost of this proxy solicitation will be borne by the Company. It is contemplated that the Notice Regarding the Availability of Proxy Materials will be first sent to shareholders on or about April 3, 2014.

If the proxy is properly executed and returned, and the shareholder specifies a choice on the proxy, the shares represented thereby will be voted (or withheld from voting) in accordance with the instructions contained therein. If the proxy is executed and returned but no specification is made, the proxy will be voted (i) FOR the election of each of the nominees for director listed below, (ii) FOR the proposal to ratify the appointment of independent auditors and (iii) FOR the approval of the compensation of our named executive officers as disclosed in the Compensation Discussion and Analysis, the compensation tables and the related disclosure as contained elsewhere in this proxy statement. The Board of Directors of the Company knows of no business that will be presented for consideration at the Annual Meeting other than the matters described in this proxy statement. If any other matters are properly presented at the Annual Meeting, the proxy holders will vote the proxies in accordance with their judgment.

A shareholder may revoke any proxy given pursuant to this solicitation at any time prior to its use, by the shareholder voting in person at the meeting, by submitting a proxy bearing a date subsequent to the date on the proxy to be revoked or by written notice to the Secretary of the Company. A notice of revocation need not be on any specific form.

**RECORD DATE AND VOTING SECURITIES**

The Board of Directors has fixed the close of business on March 24, 2014 as the record date for determining the holders of Astronics Common Stock ( Common Stock ) and Astronics Class B Stock ( Class B Stock ) entitled to notice of and to vote at the Annual Meeting. On March 24, 2014, Astronics Corporation had outstanding and entitled to vote at the meeting a total of 13,909,446 shares of Common Stock and 4,141,660 shares of Class B Stock. Each outstanding share of Common Stock is entitled to one vote and each outstanding share of Class B Stock is entitled to ten votes on all matters to be brought before the meeting. The Common Stock and Class B Stock vote as a single class on all matters presented at the meeting.

In order for business to be conducted, a quorum must be present at the Annual Meeting. A quorum is a majority of the outstanding shares of Common Stock and Class B Stock entitled to vote at the Annual Meeting. Abstentions, broker non-votes and withheld votes will be counted in determining the existence of a quorum at the Annual Meeting.

Directors will be elected by a plurality of the votes cast at the Annual Meeting, meaning the six nominees receiving the most votes will be elected. Votes cast FOR the nominees will count as yes votes; and WITHHOLD votes will be

excluded entirely from the vote and will have no effect. A majority of the votes cast is required to approve the selection of the Company's auditors and the approval of a non-binding, advisory resolution regarding executive compensation. Votes may be cast FOR, AGAINST or ABSTAIN on the approval of these proposals. Abstentions are not counted in the number of votes cast and will have no effect on the results of the vote. Proxy cards that are executed and returned without any designated voting direction will be voted in the manner stated on the proxy card.

Recent changes in regulations have eliminated the ability of a shareholder's bank or broker to vote uninstructed shares in the election of directors and on executive compensation on a discretionary basis. Thus, if a shareholder holds shares in street name and does not instruct his, her or its bank or broker how to vote in the election of directors or the one advisory vote on executive compensation, no votes will be cast on such shareholder's behalf with respect to these matters. If a shareholder holds shares in his, her or its own name and does not vote, no votes will be cast on such shareholder's behalf on any of the items of business at the Annual Meeting. **Therefore, it is particularly important for shareholders holding shares in street name to instruct their brokers as to how they wish to vote their shares.**

The execution of a proxy will not affect a shareholder's right to attend the Annual Meeting and to vote in person. A shareholder who executes a proxy may revoke it at any time before it is exercised by giving written notice to the Secretary, by appearing at the Annual Meeting and so stating, or by submitting another duly executed proxy bearing a later date.

**PROPOSAL 1****ELECTION OF DIRECTORS**

The Shareholders are being asked to elect six directors to the Company's Board of Directors to hold office until the election and qualification of their successors at the next annual meeting of the Company's shareholders. The six directors who are so elected will be all of the directors of the Company. Unless the proxy directs otherwise, the persons named in the form of proxy will vote for the election of the six nominees named below. With the exception of Mr. Gundermann, each of the nominees is independent within the meaning of the NASDAQ Stock Market, LLC director independence standards as currently in effect. If any of the nominees should be unable to serve as a director, or for good reason will not serve, the proxy will be voted in accordance with the best judgment of the person or persons acting under it. It is not anticipated that any of the nominees will be unable to serve.

The following information is provided concerning the nominees for director:

<b>Name of Nominee</b>	<b>Age</b>	<b>Positions and Offices With Astronics</b>	<b>First Elected or Appointed Director</b>
Raymond W. Boushie	74	Director; Compensation, Audit and Nominating/Governance Committees of the Board of Directors	2005
Robert T. Brady	73	Director; Audit and Nominating/Governance Committees of the Board of Directors	1990
John B. Drenning	76	Director; Nominating/Governance Committee of the Board of Directors	1970
Robert J. McKenna	65	Director; Compensation, Audit and Nominating/Governance Committees of the Board of Directors	1996
Kevin T. Keane	81	Chairman of the Board and Director of the Company; Compensation Committee of Board of Directors	1970
Peter J. Gundermann	51	Director, President and Chief Executive Officer of the Company	2001

**Raymond W. Boushie** retired in 2005 as President and CEO at Crane Co.'s Aerospace & Electronics segment, a position he held since 1999. Previously he was President of Crane's Hydro-Aire operation. Mr. Boushie has a B.A. from Colgate University, and has completed graduate work at the University of Michigan and the Wharton School of Finance at the University of Pennsylvania. Mr. Boushie has over 40 years of Aerospace industry experience.

**Robert T. Brady** retired in January 2014 as the Executive Chairman of Moog Inc., a publicly traded company that is a designer and manufacturer of high performance, precision motion and fluid controls and control systems for use in aerospace, defense, industrial and medical markets. Mr. Brady was Chief Executive Officer of Moog Inc. from 1988 to December 1, 2011, Chairman of the Board of Moog Inc. from 1996 until his retirement, and a director of Moog Inc. from 1984 until January 2014. Prior to joining Moog in 1966, Mr. Brady served as an officer in the U.S. Navy. Mr. Brady received his B.S. in Mechanical Engineering from the Massachusetts Institute of Technology and his M.B.A. from Harvard Business School.

**John B. Drenning** is a partner in the Buffalo, New York law firm of Hodgson Russ LLP and has been in the private practice of law since 1964. Mr. Drenning received his law degree from Cornell University.



**Robert J. McKenna** was President and Chief Executive Officer of Wenger Corporation, a manufacturer of facility products for performing arts and education markets from 2001 through his retirement in 2005. From 1994 to 2001, Mr. McKenna was Chairman of the Board, President and Chief Executive Officer of Acme Electric Corporation, a manufacturer of power conversion systems for electronic and electrical systems. Mr. McKenna received a B.S. in Business Management from Western Kentucky University.

**Kevin T. Keane** has been Chairman of the Company since 1974. Mr. Keane was previously the President and Chief Executive Officer of the Company. Mr. Keane began his career with the Company as Executive Vice President in 1970 and remains active in his role as Chairman of the Board of the Company. He holds an A.B. in Economics and an M.B.A. from Harvard University.

**Peter J. Gundermann** has been a director of Astronics since 2001 and has held the position of President and Chief Executive Officer of the Company since 2003. Mr. Gundermann has served as the President of Astronics Aerospace and Defense subsidiaries since 1991 and has been with the Company since 1988. He holds a B.A. in Applied Mathematics and Economics from Brown University and earned an M.B.A. from Duke University.

### Other Directorships

Current directors and/or director nominees of the Company are presently serving, or have served during the preceding five years, on the following boards of directors of other publicly traded companies:

<b>Name of Director</b>	<b>Company</b>
Raymond W. Boushie	Moog Inc. (1)
Robert T. Brady	Moog Inc.(2); M&T Bank Corporation; National Fuel Gas Company, Seneca Foods Corporation(3)
Peter J. Gundermann	Moog Inc.
Kevin T. Keane	MOD-PAC Corp.
Robert J. McKenna	MOD-PAC Corp.(4)

- (1) Effective January 2014, Mr. Boushie no longer serves as a director of Moog, Inc. and did not stand for re-election in accordance with Moog, Inc. s by-laws.
- (2) Effective January 2014, Mr. Brady no longer serves as a director of Moog Inc. and did not stand for re-election in accordance with Moog Inc. s by-laws.
- (3) Effective August 2011, Mr. Brady no longer served as a director of Seneca Foods Corporation and did not stand for re-election in accordance with Seneca Foods Corporation s by-laws.
- (4) Effective September 2013, as a result of a merger transaction, Mr. McKenna no longer served as a director of MOD-PAC Corp.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR EACH OF THE DIRECTOR NOMINEES.**

## CORPORATE GOVERNANCE AND BOARD MATTERS

### Board of Directors Independence

The Board of Directors has determined that each of its current directors, except for Mr. Gundermann, is independent within the meaning of the NASDAQ Stock Market, LLC director independence standards as currently in effect.

### Board of Directors Meetings and Standing Committees

The Board of Directors and its committees meet regularly throughout the year and also hold special meetings and act by written consent from time to time as appropriate. All Directors are expected to attend each meeting of the Board of Directors and the committees on which he serves, and are also invited, but not required, to attend the Annual Meeting. The Board of Directors has three standing committees: an Audit Committee, Compensation Committee, and Nominating/Governance Committee. During the year ended December 31, 2013, the Board of Directors held seven meetings. Each director attended at least 75% of the meetings of the Board of Directors.

The **Audit Committee** consists of Messrs. Brady (Chair), Boushie, and McKenna, each of whom is independent within the meaning of the NASDAQ Stock Market, LLC director independence standards as currently in effect. The Board of Directors has determined that Messrs. Brady, Boushie and McKenna are each an audit committee financial expert as defined under federal securities laws. Information regarding the functions performed by the Committee, its membership, and the number of meetings held during the fiscal year is set forth in the Report of the Audit Committee included in this proxy statement. The Audit Committee held three meetings in 2013. The Audit Committee is governed by a written charter approved by the Board of Directors that is posted on the Investor Relations section of the Company's website at [www.astronics.com](http://www.astronics.com).

The **Compensation Committee** currently consists of Messrs. Boushie (Chair), Keane and McKenna, each of whom is independent within the meaning of the NASDAQ Stock Market, LLC director independence standards as currently in effect. The Compensation Committee is responsible for reviewing and approving compensation levels for the Company's executive officers and reviewing and making recommendations to the Board of Directors with respect to other matters relating to the compensation practices of the Company. In appropriate circumstances, the Compensation Committee considers the recommendations of the Company's Chief Executive Officer, with respect to reviewing and approving compensation levels for other executive officers. The Compensation Committee does not use outside compensation consultants on a regular basis. The Committee may consult broad-based third party survey data to obtain a general understanding of current compensation practices of companies of similar size and industry in which the Company competes for employees. The Compensation Committee held two meetings in 2013. The Compensation Committee is governed by a written charter approved by the Board of Directors.

The **Nominating/Governance Committee** consists of Messrs. McKenna (Chair), Boushie, Brady and Drenning, each of whom is independent within the meaning of the NASDAQ Stock Market, LLC director independence standards as currently in effect. The Nominating/Governance Committee is responsible for evaluating and selecting candidates for the Board of Directors and addressing corporate governance matters on behalf of the Board of Directors. In performing its duties to recommend nominees for the Board of Directors, the Nominating/Governance Committee seeks director candidates with the following qualifications, at minimum: high character and integrity; substantial life or work experience that is of particular relevance to the Company; sufficient time available to devote to his or her duties; and ability and willingness to represent the interests of all shareholders rather than any special interest group. The Nominating/Governance Committee may use third-party search firms to identify Board of Director candidates. It also relies upon recommendations from a wide variety of its contacts, including current executive officers, directors, community leaders and shareholders, as a source for potential candidates. Shareholders wishing to submit or nominate candidates for election to the Board of Directors must supply information in writing regarding the candidate to the Nominating/Governance Committee at the Company's executive offices in East Aurora, New York. This information

should include the candidate's name, biographical data and qualifications. Generally, the Nominating/Governance Committee will conduct a process of making a preliminary assessment of each proposed nominee based upon biographical data and qualifications. This information is evaluated against the criteria described above and the specific needs of the Company at the time. Additional information regarding proposed nominees may be requested. On the basis of the information gathered in this process, the Nominating/Governance Committee determines which nominee to recommend to the Board of Directors. The Nominating/Governance Committee uses the same process for evaluating all nominees, regardless of the source of the recommendation. The Nominating/Governance Committee held one meeting in 2013. The Nominating/Governance Committee is not governed by a written charter but acts pursuant to a resolution adopted by the Board of Directors addressing the nomination process as required by federal securities laws and NASDAQ Stock Market, LLC regulations.

## Executive Sessions of the Board

Non-management directors meet regularly in executive sessions. Non-management directors are all those directors who are not Company employees and includes directors, if any, who are not independent as determined by the Board of Directors. The Company's non-management directors consist of all of its current directors, except Mr. Gundermann. An executive session of the Company's non-management directors is generally held in conjunction with each regularly scheduled Board of Directors meeting. Additional executive sessions may be called at the request of the Board of Directors or the non-management directors.

## Code of Ethics

The Board of Directors has adopted a Code of Business Conduct and Ethics that is applicable to its Chief Executive Officer, Chief Financial Officer as well as all other directors, officers and employees of the Company. This Code of Business Conduct and Ethics is posted on the Investor Information section of the Company's website at [www.astronics.com](http://www.astronics.com). The Company will disclose any amendment to this Code of Business Conduct and Ethics or waiver of a provision of this Code of Business Conduct and Ethics, including the name of any person to whom the waiver was granted, on its website.

## Compensation Committee Interlocks and Insider Participation

Mr. Gundermann serves as a director and as a member of the Executive Compensation Committee of Moog Inc. Mr. Brady, a director of the Company, served as Chairman of the Board of Moog Inc. until his retirement in January 2014. No member of the Compensation Committee was, during 2013, an officer or employee of the Company or any of its subsidiaries.

## Compensation of Directors

The following table sets forth the cash compensation as well as certain other compensation paid to the Company's directors during the year ended December 31, 2013:

Name	Fees Earned or Paid in Cash	Option Awards (3)	Total
Raymond W. Boushie(1)	\$ 25,000	\$ 39,816	\$ 64,816
Robert T. Brady (1)	\$ 25,000	\$ 39,816	\$ 64,816
John B. Drenning (1)	\$ 25,000	\$ 39,816	\$ 64,816
Peter J. Gundermann(2)			
Kevin T. Keane (1)	\$ 30,000	\$ 39,816	\$ 69,816
Robert J. McKenna (1)	\$ 25,000	\$ 39,816	\$ 64,816

- (1) In 2013, each of Messrs. Boushie, Brady, Drenning, Keane and McKenna was awarded options under the 2005 Director Stock Option Plan to purchase 3,000 shares of Common Stock and 600 shares of Class B Stock at an exercise price of \$23.08 per share. These options vested in full on August 22, 2013 and terminate on February 22, 2023. At December 31, 2013, Messrs. Boushie, Brady, Drenning, Keane and McKenna had options to purchase 25,000, 38,000, 38,000, 30,000 and 34,000 shares of Common Stock and 14,429, 26,096, 26,096, 18,916 and 22,508 shares of Class B Stock, respectively. The exercise price is 100% of the fair market value on date of grant.
- (2) Peter J. Gundermann receives no separate compensation as a director of the Company.

- (3) All options issued to directors were issued pursuant to the Company's 2005 Director Stock Option Plan. Options issued under this plan have an exercise price no less than the fair market value of the Common Stock on the date of grant. These options vest six months after date of grant, and generally expire ten years after the date of grant. The total fair value of the award is calculated in accordance with FASB ASC Topic 718. The amounts do not reflect the actual amounts that may be realized by the director. A discussion of the assumptions used in calculating these values is in Note 13 to the audited financial statements in Astronics Corporation Annual Report on Form 10-K for the year ended December 31, 2013.

*Options*

The Company's 1997 and 2005 Director Stock Option Plans authorizes it to grant options to purchase shares of common stock to its directors who are not executive officers or employees. Peter J. Gundermann and David C. Burney comprise the stock option committee that administers the Director Stock Option Plans. Stock option grants generally are made during the 30-day period commencing one week after the issuance of a press release announcing the Company's quarterly or annual results of operations. The Compensation Committee reviews and approves stock option awards to directors based upon a review of competitive compensation data, its assessment of individual performance and retention considerations. In 2013, each of Messrs. Boushie, Brady, Drenning,

Keane and McKenna were awarded options under the Director Stock Option Plans to purchase 3,000 shares of Common Stock and 600 shares of Class B Stock at an exercise price of \$23.08 per share. These options vested in full on August 22, 2013 and terminate on February 22, 2023.

### **Directors and Officers Indemnification Insurance**

The Company has in place Directors and Officers Liability Insurance policies written by the Chubb Group and AIG for a twelve month term expiring July 1, 2014. The twelve month premium was \$261,903. The policies have limits of \$20 million in the aggregate and provide indemnification benefits and the payment of expenses in actions instituted against any director or officer of the Company for claimed liability arising out of their conduct in such capacities.

The Company also has entered into indemnification agreements with its officers and directors. The indemnification agreements provide that the officer or director will be indemnified for expenses, investigative costs and judgments arising from certain threatened, pending or completed legal proceedings.

### **Contacting the Board of Directors**

Although we do not have a formal policy regarding communications with the Board of Directors, shareholders may communicate with the Board of Directors by writing to: Board of Directors, Astronics Corporation, 130 Commerce Way, East Aurora, New York, 14052. Shareholders who would like their submission directed to a particular director may so specify and the communication will be forwarded, as appropriate.

### **Board Composition and Diversity**

The Board of Directors seeks to ensure that it is composed of members whose particular experience, qualifications, attributes and skills, when taken together, will allow the Board of Directors to satisfy its oversight responsibilities effectively. A slate of Directors to be nominated for election at the annual shareholders meeting each year is approved by the Board of Directors. In identifying candidates for Director, the Board of Directors takes into account (1) the comments and recommendations of board members regarding the qualifications and effectiveness of the existing Board of Directors or additional qualifications that may be required when selecting new board members, (2) the requisite expertise and sufficiently diverse backgrounds of the Board of Directors overall membership composition, (3) the independence of outside Directors and other possible conflicts of interest of existing and potential members of the Board of Directors and (4) all other factors it considers appropriate. Although the Company has no policy regarding diversity, the Board of Directors believe that diversity is an important component of a board of directors, including such factors as background, skills, experience and expertise.

When considering whether directors and nominees have the experience, qualifications, attributes and skills, taken as a whole, to enable the Board of Directors to satisfy its oversight responsibilities effectively in light of the Company's business and structure, the Board of Directors focused primarily on the information discussed in each of the Directors individual biographies set forth elsewhere in this proxy statement. In particular, with regard to Mr. McKenna, the Board of Directors considered his strong background in the manufacturing sector, believing that his experience is invaluable in evaluating performance management and other aspects of the Company. With regard to Messrs. Boushie and Brady, the Board of Directors considered their significant experience, expertise and background with regard to the aerospace industry. The Board of Directors also considered the broad perspective brought by Mr. Drenning's experience as an attorney representing companies in many diverse industries. The Board of Directors also considered the many years of experience with the Company represented by Messrs. Keane and Gundermann, the Company's Chairman of the Board and Chief Executive Officer, respectively over thirty five years in the case of Mr. Keane, and over twenty years in the case of Mr. Gundermann.

### **Board Leadership Structure**

The roles of the Company's Chairman of the Board and as Chief Executive Officer have been served by separate individuals since 2003. The Company believes this leadership structure supports its current belief that it is the Chief Executive Officer's responsibility to manage the Company and the Chairman's responsibility to manage the Board.

The Company believes its Chief Executive Officer and Chairman of the Board have an excellent working relationship that has allowed Mr. Gundermann to focus on the challenges that the Company is facing in the current business environment. By separating the roles of the Chairman of the Board and Chief Executive Officer positions, the Company ensures there is no duplication of effort between them. This provides strong leadership for the Company's Board of Directors, while also positioning the Chief Executive Officer as the leader of the Company in the eyes of its customers, employees and other stakeholders.



## Risk Oversight

The Board of Directors oversees an enterprise-wide approach to risk management, designed to support the achievement of organizational objectives, including strategic objectives, to improve long-term organizational performance and enhance shareholder value. A fundamental part of the Company's risk management is not only understanding the risks it faces and what steps management is taking to manage those risks, but also understanding what level of risk is appropriate for the Company. The involvement of the full Board of Directors in setting the Company's business strategy is a key part of its assessment of management's appetite for risk and also a determination of what constitutes an appropriate level of risk for the Company.

While the Board of Directors has the ultimate oversight responsibility for the risk management process, various committees of the Board also have responsibility for risk management. In particular, the Audit Committee focuses on financial risk, including internal controls over financial reporting as well as compliance risk. In addition, in setting compensation, the Compensation Committee strives to create incentives that encourage a level of risk-taking behavior consistent with the Company's business strategy.

## Executive Officers

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

<b>Name and Age of Executive Officer</b>	<b>Positions and Offices with Astronics</b>	<b>Year First Elected Officer</b>
Peter J. Gundermann Age 51	President, Chief Executive Officer and Director of the Company	2001
David C. Burney Age 51	Executive Vice President-Finance, Treasurer, Secretary and Chief Financial Officer of the Company	2003
Mark A. Peabody Age 54	Executive Vice President	2010
James S. Kramer Age 50	Executive Vice President	2010

The principal occupation and employment for all executives listed above for the past five years has been with the Company in their respective current roles.

## REPORT OF AUDIT COMMITTEE

The Audit Committee oversees the Company's financial reporting process on behalf of the Board of Directors. Management has primary responsibility for the financial statements and the reporting process including the systems of internal controls. In fulfilling its oversight responsibilities, the Committee reviewed the audited financial statements in the Annual Report with management and the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements.

The Audit Committee is comprised of the Directors named below, each of whom is independent as defined under Section 10A(m)(3) of the Securities Exchange Act of 1934, as amended (the Exchange Act), and under the NASDAQ Stock Market, LLC listing standards currently in effect. In addition, pursuant to the requirements of Section 407 of the Sarbanes-Oxley Act of 2002, the Board of Directors has determined that each of Messrs. Boushie, Brady and McKenna qualify as an audit committee financial expert.

The Audit Committee operates under a written charter which includes provisions requiring Audit Committee advance approval of all audit and non-audit services to be provided by independent public accountants.

The Audit Committee reviewed and discussed with management and Ernst & Young LLP, the Company's independent registered public accounting firm, the Company's audited consolidated financial statements for the year ended December 31, 2013. In addition, the Audit Committee discussed with the independent registered public accounting firm the matters required to be discussed by the Statement on Auditing Standard No. 61, Communications with Audit Committees, as amended or supplemented.

The Audit Committee has received the written disclosures and the letter from the independent registered public accounting firm required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent public accounting firm's communications with the Audit Committee concerning independence, and the Audit Committee discussed with the independent registered public accounting firm that firm's independence.

Based on the Audit Committee's review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements be included in the Company's Annual Report on Form 10-K, for the year ended December 31, 2013, filed with the Securities and Exchange Commission.

March 21, 2014

Robert T. Brady, Chairman  
Raymond W. Boushie  
Robert J. McKenna

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

The Company's compensation philosophy and program objectives are directed by two primary guiding principles. First, the program is intended to provide levels of compensation sufficient to attract, motivate and retain talented executives. Second, the program is intended to create an alignment of interests between the Company's executives and shareholders such that a portion of each executive's compensation is directly linked to maximizing long-term growth of shareholder value.

The Company's goals are to outperform its industry, in terms of growth, financial performance, and innovation. In support of these goals, the executive compensation program is designed to energize its executive officers to outperform its industry and to reward performance that is directly relevant to the Company's short-term and long-term success. As such, the Company provides both short-term and long-term incentives. The Committee has structured the executive compensation program with three primary underlying components: base salary, annual cash bonus incentives and long-term incentives. The Company's compensation objective is to (i) compensate its executive officers at a base level that is competitive with salaries near the average salaries paid by companies of similar size and nature; (ii) provide the opportunity for its executive officers to earn additional compensation in the form of annual cash bonuses; and (iii) design long-term incentive plans to focus executive efforts on the long-term goals of the Company and to maximize total return to the Company's shareholders, while taking into account the Company's relative performance and strategic goals.

The Compensation Committee utilizes its expertise and knowledge of the markets in which the Company competes for employees in determining compensation policy. In addition, the Committee may consult broad-based third party survey data to obtain a general understanding of current compensation practices of companies of similar size and industry.

#### *Base Salary*

The Compensation Committee approves the salaries paid to the Company's executive officers and as part of its responsibilities reviews these salaries annually. Individual salary changes are based on a combination of factors such as the performance of the executive, salary level relative to the competitive market, level of responsibility, growth of Company operations and experience of the executive. In appropriate circumstances, the Compensation Committee considers the recommendations of the Company's Chief Executive Officer.

#### *Cash Bonus*

The Compensation Committee has the authority to award discretionary annual incentive cash bonuses to the Company's executive officers. Annual incentive bonuses are intended to compensate officers for achieving financial, strategic and operational success. Bonuses are not tied to specific, objective targets such as achieving a particular profit level. The Compensation Committee considers a number of factors in determining bonuses. Factors considered include profitability, sales growth, the performance of the individual in the view of the Compensation Committee, comparisons to external broad-based compensation data provided by a third party for the purpose of obtaining a general understanding of compensation practices of companies of similar size and industry and available information with respect to the aerospace and defense industry. Bonuses are not capped. Bonuses are reviewed and approved by the Compensation Committee. In appropriate circumstances, the Compensation Committee considers the recommendations of the Company's Chief Executive Officer.

#### *Long-Term Incentives*

The Company believes that long-term performance is achieved through an ownership culture that incentivizes its executive officers through the use of stock-based awards. The Company's stock option plans have been established to provide certain of its employees, including its executive officers, with incentives to help align those employees' interests with the long-term interests of the Company's shareholders. The Compensation Committee believes that the use of stock-based awards is an important element of achieving its compensation goals. The Company has not adopted stock ownership guidelines, and, other than the Company's broad-based Employee Stock Purchase Plan, its stock option plans have provided the principal method for its executive officers to acquire equity or equity-linked interests in the Company.

### *Options*

The Company's Stock Option Plan authorizes it to grant options to purchase shares of common stock to its employees. The goal of stock options is to create long-term incentives for key employees to maximize future performance of the Company. The Compensation Committee is the administrator of the Stock Option Plan. Stock option grants generally are made annually or at the commencement of employment. The Compensation Committee reviews and approves stock option awards to executive officers based upon a review of competitive compensation data, its expectation of future individual performance, a review of each executive's existing long-term incentives and retention considerations. Periodic stock option grants are made at the discretion of the Compensation Committee to eligible employees and, in appropriate circumstances, the Compensation Committee considers the recommendations of the Company's Chief Executive Officer. In 2013, the named executive officers were awarded stock options in the amounts indicated in the section entitled "Grants of Plan Based Awards." Stock options granted by the Company have an exercise price equal to the fair market value of the Common Stock on the day of grant, typically straight line vest 20% per annum based upon continued employment over a 5-year period, and generally expire ten years after the date of grant. Incentive stock options also include certain other terms necessary to assure compliance with the Internal Revenue Code of 1986, as amended.

### **Employment Agreements**

Mr. Gundermann serves as our President and Chief Executive Officer under an Employment Benefit Termination Agreement dated December 16, 2003. The agreement was effective as of December 16, 2003 and ends upon Mr. Gundermann's attainment of age 70, unless earlier terminated in accordance with the terms of the agreement. Under this agreement, Mr. Gundermann receives an annual salary and bonuses as determined by the Compensation Committee. He is also eligible to participate in the Company's employee benefit plans and to receive fringe benefits made generally available to our senior management.

In the event Mr. Gundermann's employment is terminated within two years following, or directly or indirectly in connection with or in anticipation of, a change in control of the Company, he will be entitled to receive (i) his salary and fringe benefits through the termination date and an amount equal to the greater of two times his then current annual base salary or two times his average annual base salary for the two years preceding the termination date, (ii) all vested benefits under any Company retirement, profit sharing or supplemental retirement plan in which he participates and (iii) for a period of two years from the termination date, continue to be provided with an automobile or reimbursement of automobile expense. Mr. Gundermann has the option to receive some or all of the foregoing salary and benefits in a lump sum payment. In addition to the benefits set forth above, upon a change in control, Mr. Gundermann will be entitled to (i) exercise all vested or unvested stock options held by him on the termination date within the one year period following the termination date, or in lieu thereof, receive the bargain element of such stock options in cash, (ii) continue to receive, for a period of two years from the termination date, health, life and disability insurance coverage for which he was eligible during his employment with the Company and (iii) receive payment for accrued but unused vacation prorated for the length of his services in the calendar year in which his termination occurs.

Messrs. Burney, Kramer and Peabody serve as officers of the Company under Employment Benefit Termination Agreements. The agreements end upon their attainment of age 70, unless earlier terminated in accordance with the terms of the agreement. Under these agreements, Messrs. Burney, Kramer and Peabody receive an annual salary and bonuses as determined by the Compensation Committee. They are also eligible to participate in the Company's employee benefit plans and to receive fringe benefits made generally available to our senior management.

In the event Messrs. Burney, Kramer and Peabody's employment is terminated within two years following, or directly or indirectly in connection with or in anticipation of a change in control of the Company, each will be entitled to receive (i) his salary and fringe benefits through the termination date and an amount equal to the greater of his then

current annual base salary or his average annual base salary for one year preceding the termination date, (ii) all vested benefits under any Company retirement, profit sharing or supplemental retirement plan in which he participates and (iii) for a period of one year from the termination date, continue to be provided with an automobile or reimbursement of automobile expense if applicable. Messrs. Burney, Kramer and Peabody have the option to receive some or all of the foregoing salary and benefits in a lump sum payment. In addition to the benefits set forth above, upon a change in control, Messrs. Burney, Kramer and Peabody will be entitled to (i) exercise all vested or unvested stock options held by him on the termination date within the one year period following the termination date, or in lieu thereof, receive the bargain element of such stock options in cash, (ii) continue to receive, for a period of one year from the termination date, health, life and disability insurance coverage for which they were eligible during their employment with the Company and (iii) receive payment for accrued but unused vacation prorated for the length of their services in the calendar year in which the termination occurs.

Under the agreements with Mr. Gundermann, Mr. Burney, Mr. Kramer and Mr. Peabody a change in control means and is deemed to have occurred if there is a transfer in one or more transactions, extending over a period of not more than 24 months, of Common Stock of the Company possessing 25% or more of the total combined voting power of all of the Company's Common and Class B shares of Common Stock. A transfer shall be deemed to occur if shares of Common Stock are either transferred or made the subject of options, warrants or similar rights granting a third party the opportunity to acquire ownership or voting control of such Common Stock.

### **Compensation Committee Report**

The Compensation Committee of the Board of Directors (the Committee) determines the compensation of the Chief Executive Officer and other executive officers of the Company. The Committee is composed entirely of directors who are neither executive officers nor employees of the Company. In addition to determining the salary and bonus compensation for the Company's executive officers, the Committee determines the grants under the Company's Stock Option Plan and oversees the administration of other compensation plans and programs.

The Committee has reviewed the Compensation Discussion and Analysis contained elsewhere in this proxy statement and has discussed it with management. In reliance on the reviews and discussions referred to above, the Committee recommended to the Board of Directors (and the Board has approved) that the Compensation Discussion and Analysis be included in this proxy statement and in the Annual Report on Form 10-K for the year ended December 31, 2013 for filing with the Securities and Exchange Commission.

March 21, 2014

Raymond W. Boushie, Chairman  
Kevin T. Keane  
Robert J. McKenna

## Summary Compensation Table

The following table sets forth the cash compensation as well as certain other compensation earned by the Company's Named Executive Officers during the year ended December 31, 2013. Such amounts do not reflect actual cash received by the Named Executive Officers in 2013.

Name and Principal Position	Year	Salary	Bonuses	Option Awards (1)	Change in Pension Value and Non-Qualified Deferred Compensation		All Other Compensation	Total
					Earnings (2)	(3)		
Peter J. Gundermann President and Chief Executive Officer	2013	\$ 430,000	\$ 522,622	\$ 245,099	\$ 474,067 (2)	\$ 54,422 (4)		\$ 1,726,210
	2012	\$ 376,000	\$ 394,649	\$ 208,318	\$ 646,539 (2)	\$ 38,238		\$ 1,663,744
	2011	\$ 365,000	\$ 182,000	\$ 206,510	\$ 504,545 (2)	\$ 42,791		\$ 1,300,846
David C. Burney, Executive Vice President Finance and Chief Financial Officer	2013	\$ 270,000	\$ 261,754	\$ 76,778	\$ 93,093 (2)	\$ 33,532 (5)		\$ 735,157
	2012	\$ 257,000	\$ 210,520	\$ 71,296	\$ 1,339,405 (3)	\$ 36,426		\$ 1,914,647
	2011	\$ 245,000	\$ 123,000	\$ 69,480	\$	\$ 38,121		\$ 475,601
James S. Kramer, Executive Vice President	2013	\$ 242,000	\$ 226,239	\$ 68,805	\$ 121,693 (2)	\$ 15,351 (6)		\$ 674,088
	2012	\$ 230,000	\$ 133,796	\$ 63,498	\$ 1,132,383 (3)	\$ 17,738		\$ 1,577,415
	2011	\$ 215,000	\$ 84,000	\$ 61,760	\$	\$ 23,134		\$ 383,894
Mark A. Peabody, Executive Vice President	2013	\$ 310,000	\$ 329,657	\$ 88,295	\$ 233,235 (2)	\$ 12,750 (7)		\$ 973,937
	2012	\$ 298,000	\$ 314,802	\$ 82,436	\$ 1,062,256 (3)	\$ 12,500		\$ 1,769,994
	2011	\$ 291,746	\$ 210,878	\$ 82,990	\$	\$ 12,250		\$ 597,864

- (1) The amounts reported in the Option Awards reflect the fair value on the grant date of the award. The total fair value of the option award is calculated in accordance with FASB ASC Topic 718. The amounts do not reflect the actual amount that may be realized by the executive officers. A discussion of the assumptions used in calculating these values is in Note 13 to the audited financial statements in the Astronics Corporation Annual Report on Form 10-K for the year ended December 31, 2013.
- (2) Represents the annual increase in the actuarial present value of accumulated benefits under our Supplemental Retirement Plans, not actual payments made to the participant or to an account on his behalf. The actuarial estimate is based on a number of assumptions such as interest rates, retirement age, life expectancy, future wages, assumes each participant will vest in the benefit and that the plan will continue to exist and pay benefits in the future.
- (3) In March 2012 Messrs. Burney, Kramer and Peabody were named by the Board of Directors as participants in a non-qualified, unfunded supplemental executive retirement plan (SERP II). The amounts shown represent the entire actuarial present value of the estimated future pension benefits and not actual payments made to the participant or to an account on their behalf. The actuarial estimate is based on a number of assumptions such as interest rates, retirement age, life expectancy, future wages, assumes each participant will vest in the benefit and that the plan will continue to exist and pay benefits in the future.
- (4) Represents personal use of company plane, automobile, contributions to a medical reimbursement plan, personal financial planning and tax return preparation expense, gross up for income taxes related to benefits of \$15,471 and the contribution to the Company's Profit Sharing/401K Plan made by the Company.



- (5) Represents club fees and dues, automobile allowance, contribution to a medical reimbursement plan, gross up for income taxes related to benefits of \$ 6,021 and the contribution to the Company's Profit Sharing/401K Plan made by the Company.
- (6) Represents club fees and dues, gross up for income taxes related to benefits of \$ 1,126 and the contribution to the Company's Profit Sharing/401K Plan made by the Company.
- (7) Represents the contribution to the Company's Profit Sharing/401K Plan made by the Company.

**Grants of Plan-Based Awards**

The following table sets forth information with respect to plan-based awards granted in 2013 to the executives named in the summary compensation table. All options were granted pursuant to the Company's 2011 Stock Option Plan.

Name	Grant Date (1)	All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards per share	Grant Date Fair Value (3)
Peter J. Gundermann, President and Chief Executive Officer	December 11, 2013	8,300	\$ 51.93	\$ 245,099
David C. Burney, Executive Vice President Finance and Chief Financial Officer	December 11, 2013	2,600	\$ 51.93	\$ 76,778
James S. Kramer, Executive Vice President	December 11, 2013	2,330	\$ 51.93	\$ 68,805
Mark A. Peabody, Executive Vice President	December 11, 2013	2,990	\$ 51.93	\$ 88,295

- (1) The grant date is the date the Compensation Committee of the Board of Directors meets to approve the awards.
- (2) The options vest at the rate of 20% per year commencing on December 11, 2013 and expire ten years after the date of grant.
- (3) Represents the full grant date fair value calculated in accordance with FASB ASC Topic 718. The amounts do not reflect the actual amounts that may be realized by the executive officers. Assumptions used to calculate these amounts are included in Note 13 of the audited financial statements in Form 10-K for the year ended December 31, 2013.

**Outstanding Equity Awards at Fiscal Year-End**

The following table sets forth information with respect to the executives named in the summary compensation table relating to unexercised stock options, stock that has not vested, and equity incentive plan awards outstanding as of December 31, 2013:

Option Awards

Name	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Option Exercise Price	Option Expiration Date
Peter J. Gundermann, President and Chief Executive Officer	17,682		\$ 2.68	December 14, 2014
	29,489		2.68	December 14, 2014
	8,450		3.43	February 18, 2015
	13,562		3.43	February 18, 2015
	13,484		5.18	December 13, 2015

Edgar Filing: ASTRONICS CORP - Form DEF 14A

18,062		5.18	December 13, 2015
9,788		9.15	December 12, 2016
11,202		9.15	December 12, 2016
6,680		20.98	December 19, 2017
5,996		20.98	December 19, 2017
37,440		5.19	December 9, 2018
19,394		5.19	December 9, 2018
29,984	7,496	5.18	December 3, 2019
15,531	3,883	5.18	December 3, 2019
8,820	5,880	14.01	December 2, 2020
4,569	3,047	14.01	December 2, 2020
4,280	6,420	24.81	December 1, 2021
1,626	2,440	24.81	December 1, 2021
3,740	14,960	16.79	November 29, 2022
748	2,992	16.79	November 29, 2022
	8,300	51.93	December 11, 2023

Name	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Option Exercise Price	Option Expiration Date
David C. Burney, Executive Vice President Finance and Chief Financial Officer	9,400		\$ 2.89	February 19, 2014
	8,437		2.89	February 19, 2014
	10,100		2.68	December 14, 2014
	9,064		2.68	December 14, 2014
	8,750		3.43	February 18, 2015
	7,853		3.43	February 18, 2015
	6,900		5.18	December 13, 2015
	6,192		5.18	December 13, 2015
	4,610		9.15	December 12, 2016
	4,138		9.15	December 12, 2016
	2,210		20.98	December 19, 2017
	1,984		20.98	December 19, 2017
	12,690		5.19	December 9, 2018
	6,574		5.19	December 9, 2018
	10,168	2,542	5.18	December 3, 2019
	5,267	1,317	5.18	December 3, 2019
	3,000	2,000	14.01	December 2, 2020
	1,554	1,036	14.01	December 2, 2020
	1,440	2,160	24.81	December 1, 2021
	547	821	24.81	December 1, 2021
1,280	5,120	16.79	November 29, 2022	
256	1,024	16.79	November 29, 2022	
	2,600	51.93	December 11, 2023	
James S. Kramer, Executive Vice President	9,400		\$ 2.89	February 19, 2014
	8,437		2.89	February 19, 2014
	10,400		2.68	December 14, 2014
	9,334		2.68	December 14, 2014
	8,750		3.43	February 18, 2015
	7,852		3.43	February 18, 2015
	6,100		5.18	December 13, 2015
	5,474		5.18	December 13, 2015
	4,030		9.15	December 12, 2016
	3,615		9.15	December 12, 2016
	2,010		20.98	December 19, 2017
	1,802		20.98	December 19, 2017
	11,800		5.19	December 9, 2018
	6,112		5.19	December 9, 2018
	9,400	2,350	5.18	December 3, 2019
	4,870	1,217	5.18	December 3, 2019
	2,610	1,740	14.01	December 2, 2020
	1,352	902	14.01	December 2, 2020
	1,280	1,920	24.81	December 1, 2021
	486	730	24.81	December 1, 2021
1,140	4,560	16.79	November 29, 2022	

Edgar Filing: ASTRONICS CORP - Form DEF 14A

	228	912	16.79	November 29, 2022
		2,330	51.93	December 11, 2023
Mark A. Peabody, Executive Vice President	13,600		\$ 3.43	February 18, 2015
	13,463		3.43	February 18, 2015
	11,200		5.18	December 13, 2015
	10,052		5.18	December 13, 2015
	6,050		9.15	December 12, 2016
	5,430		9.15	December 12, 2016
	2,640		20.98	December 19, 2017
	2,370		20.98	December 19, 2017
	16,880		5.19	December 9, 2018
	8,744		5.19	December 9, 2018
	13,472	3,368	5.18	December 3, 2019
	6,979	1,745	5.18	December 3, 2019
	3,900	2,600	14.01	December 2, 2020
	2,021	1,347	14.01	December 2, 2020
	1,720	2,580	24.81	December 1, 2021
	654	980	24.81	December 1, 2021
	1,480	5,920	16.79	November 29, 2022
	296	1,184	16.79	November 29, 2022
		2,990	51.93	December 11, 2023

## Options Exercises and Stock Vested

The following table sets forth information with respect to the executives named in the summary compensation table relating to the exercise of stock options, stock appreciation rights and similar rights, and the vesting of stock in connection therewith, in 2013:

Name	Option Awards	
	Number of Shares Acquired on Exercise	Value Realized on Exercise
Peter J. Gundermann, President and Chief Executive Officer		\$
David C. Burney, Executive Vice President Finance and Chief Financial Officer	5,898	\$ 95,430
James S. Kramer, Executive Vice President	10,370	\$ 176,601
Mark A. Peabody, Executive Vice President	1,400	\$ 66,654

## Pension Benefits at December 31, 2013:

Name	Plan Name	Number of Years Credited Service	Present Value of Accumulated Benefit	During Fiscal Year
(a)	(b)	(c)	(d)	(e)
Peter J. Gundermann, President and Chief Executive Officer	Astronics Corporation Supplemental Retirement Plan (SERP)	26	\$ 2,603,803	
	SERP-Retiree Medical, Dental and Long-Term Care	26	\$ 65,057	
David C. Burney, Executive Vice President Finance and Chief Financial Officer	Astronics Corporation Supplemental Retirement Plan II (SERP II)	17	\$ 1,432,498	
James S. Kramer, Executive Vice President	Astronics Corporation Supplemental Retirement Plan II (SERP II)	25	\$ 1,254,076	
Mark A. Peabody, Executive Vice President	Astronics Corporation Supplemental Retirement Plan II (SERP II)	8	\$ 1,295,491	

The Company has two non-qualified supplemental retirement defined benefit plans for certain executives. The Company's Supplemental Retirement Plan (SERP) targets a retirement benefit based on 65% of the three-year average compensation. The plan is unfunded and has no assets. SERP benefits are payable only to retirement-eligible participants, i.e., employees designated to participate in the SERP and each of whom, upon termination of employment, has attained age 65 with not less than 10 years of service or at age 60 or later with a combined total of age and years of service equal to 90. As of February 28, 2014 Peter J. Gundermann was the only non-retired participant in the SERP.

Under the terms of the SERP, (i) upon a separation of service due to Involuntary Termination (as described below), a participant with at least 10 years of continuous service with the Company, will receive a supplemental benefit based upon his or her highest consecutive three-year average compensation paid prior to termination of employment and (ii) upon a separation from service due to a termination upon a Change of Control (as described below), a participant with at least 10 years of continuous service with the Company will receive a supplemental benefit determined as follows based on the participant's years of service as of the termination date and using the greater of (A) the highest consecutive three-year average compensation paid prior to the Change of Control, or (B) the average of the highest consecutive three-year average compensation paid prior to termination of employment, in each case subject to adjustment if the payment of the supplemental benefit commences prior to the participant attaining age 65.

The second Company non-qualified supplemental retirement plan was adopted in March 2012 ( SERP II ). The SERP II targets a retirement benefit based on 50% of the three-year average compensation. SERP II is unfunded and has no assets. The SERP II benefits are payable only to retirement-eligible participants, i.e., employees designated to participate in the SERP II and each of whom, upon termination of employment, has attained age 65 with not less than 10 years of service or at age 60 or later with a combined total of age and years of service equal to 90. As of February 28, 2014, David C. Burney, James S. Kramer and Mark A. Peabody were the only participants in the SERP II.

Under the terms of SERP II, (i) upon a separation of service due to Involuntary Termination, a participant with at least 10 years of continuous service with the Company will receive a supplemental benefit based upon his or her highest consecutive three-year

average compensation paid prior to termination of employment and (ii) upon a separation from service due to a termination upon a Change of Control, a participant with at least 10 years of continuous service with the Company will receive a supplemental benefit based on the participant's years of service as of the termination date and using the greater of (A) the average of the highest consecutive three-year compensation paid prior to the Change of Control, or (B) the highest consecutive three-year average compensation paid prior to termination of employment, in each case subject to adjustment if the payment of the supplemental benefit commences prior to the participant attaining age 65.

In addition, the SERP II provides that upon the occurrence of a 409A Change in Control Event (as described below), a participant with at least ten years of consecutive service with the Company will be entitled to a lump sum payment of the present value of his or her supplemental benefit determined as of the date of the 409A Change in Control Event. For a participant who has not yet commenced payment of his or her supplemental benefit, the supplemental benefit will be determined based on the participant's years of service as of the 409A Change in Control Event and using the average of the highest consecutive three-year compensation paid prior to the 409A Change in Control Event, instead of the average for the pay paid prior to retirement. A participant who has already commenced receiving payment of the supplemental benefit at the time of the 409A Change in Control Event will be entitled to a lump sum payment of the present value of the remaining supplemental benefit determined as of the 409A Change in Control Event.

The assumptions used to calculate the benefit obligation for the SERP and SERP II are: discount rate 5.1%, future average compensation increases 5.00%. The present value of the accumulated benefit is an actuarial calculation that assumes that the plan will remain in force and that participants will remain employed by the Company until age 65 with not less than 10 years of service (as defined) or until age 60 or later with a combined total of age and years of service equal to 90.

The assumptions used to calculate the benefit obligation for the SERP-Retiree Medical, Dental and Long-Term Care are: discount rate 5.1%, future average healthcare benefit increases 7.8% for 2014, 6.4% for 2015 then gradually decreasing to 5.1% in 2050. The present value of the accumulated benefit is an actuarial calculation that assumes that the plan will remain in force and that participants will remain employed by the Company until age 65 with not less than 10 years of service (as defined) or until age 60 or later with a combined total of age and years of service equal to 90.

For purposes of the SERP and SERP II, (i) a Change of Control means the transfer, in one or more transactions extending over a period of not more than 24 months, of common stock of the Company possessing 25% or more of the total voting power of all shares of common stock, where a transfer shall be deemed to occur if shares of common stock are either transferred or made the subject of options, warrants, or similar rights granting a third party the opportunity to acquire ownership or voting control of such common stock and (ii) an Involuntary Termination means a termination of a participant's employment relationship with the Company, other than for death, disability, retirement, or cause, (A) by or at the instigation of the Company, or (B) by or at the instigation of the participant where the participant's compensation has been diminished or reduced to a greater extent than any diminution or reduction of the Company's officers generally.

For purposes of the SERP II, a 409A Change in Control Event means the occurrence of one of the following events constituting a change in control event within the meaning of Code Section 409A.

(i) Any one person, or more than one person acting as a group (Group), acquires ownership of stock of the Company that, together with stock previously held by the acquirer, constitutes more than 80% of the total fair market value or total voting power of the Company's stock. If any one person or Group is considered to own more than 80% of the total fair market value or total voting power of the Company's stock, the acquisition of additional stock by the same person or Group does not cause a change in ownership.



(ii) A majority of the members of the Company's Board of Directors is replaced during any 12-month (or shorter) period by directors whose appointment or election is not endorsed by a majority of the members of the Board of the Directors before the date of the appointment or election.

For purposes of illustration, the following tables show the estimated amounts of annual retirement income that would be payable at the present time under various assumptions as to compensation and years of service to employees who participate in the SERP and SERP II. The amounts presented are subject to reduction for Social Security benefits and for profit sharing benefits earned under the Company's Defined Profit Sharing/401k Plan. A discount factor applies for retirement-eligible participants who start to receive benefits before attaining age 65.

**ESTIMATED UNFUNDED SUPPLEMENTAL RETIREMENT PLAN (SERP) TABLE**

Three Year Average Compensation	Years of Service				
	10	15	20	25	30
200,000	\$ 100,000	\$ 110,000	\$ 120,000	\$ 130,000	\$ 130,000
300,000	150,000	165,000	180,000	195,000	195,000
400,000	200,000	220,000	240,000	260,000	260,000
450,000	225,000	247,500	270,000	292,500	292,500
500,000	250,000	275,000	300,000	325,000	325,000
600,000	300,000	330,000	360,000	390,000	390,000
700,000	350,000	385,000	420,000	455,000	455,000

**ESTIMATED UNFUNDED SUPPLEMENTAL RETIREMENT PLAN (SERP II) TABLE**

Three Year Average Compensation	Years of Service				
	10	15	20	25	30
200,000	\$ 70,000	\$ 80,000	\$ 90,000	\$ 100,000	\$ 100,000
300,000	105,000	120,000	135,000	150,000	150,000
400,000	140,000	160,000	180,000	200,000	200,000
450,000	157,500	180,000	202,500	225,000	225,000
500,000	175,000	200,000	225,000	250,000	250,000
600,000	210,000	240,000	270,000	300,000	300,000
700,000	245,000	280,000	315,000	350,000	350,000

**Non-Qualified Deferred Compensation**

The Company does not have any non-qualified defined contribution or other plan that provides for the deferral of compensation.

**Other Potential Post-Employment Payments**

The Company has an Employment Benefit Termination Agreement with Messrs. Gundermann, Burney, Kramer and Peabody.

In the event Mr. Gundermann's employment is terminated within two years following, or directly or indirectly in connection with or in anticipation of, a change in control of the Company, he will be entitled to receive (i) his salary and fringe benefits through the termination date and an amount equal to the greater of two times his then current annual base salary or two times his average annual base salary for the two years preceding the termination date, (ii) all vested benefits under any Company retirement or profit sharing plans in which he participates and (iii) for a period of two years from the termination date, continue to be provided with an automobile or reimbursement of automobile expense and (iv) club membership dues. Mr. Gundermann has the option to receive some or all of the foregoing salary and benefits in a lump sum payment. In addition to the benefits set forth above, upon a change in control, Mr. Gundermann will be entitled to (i) exercise all vested or unvested stock options held by him on the termination date within the one year period following the termination date, or in lieu thereof, receive the bargain element of such stock options in cash, (ii) continue to receive, for a period of two years from the termination date, health, life and disability insurance coverages for which he was eligible during his employment with the Company and (iii) receive payment for accrued but unused vacation prorated for the length of his services in the calendar year in which his termination occurs.

Had Mr. Gundermann been involuntary terminated due to a change in control at December 31, 2013, he would have received salary of \$860,000, club memberships fees of \$12,000, health, life and disability benefits of \$53,402, auto and auto expense reimbursements of \$11,226 and assuming a share price of \$51.00 per share, the intrinsic value of all vested and non-vested options in the amount of \$14,081,128.

In the event Messrs. Burney s, Kramer s and Peabody s employment is terminated within two years following, or directly or indirectly in connection with or in anticipation of, a change in control of the Company, they will be entitled to receive (i) their salary and fringe benefits through the termination date and an amount equal to the greater of their then current annual base salary or their average annual base salary for the two years preceding the termination date, (ii) all vested benefits under any Company retirement, profit sharing or supplemental retirement plan in which they participate and (iii) for a period of one year from the termination date, continue to be provided with an automobile or reimbursement of automobile expense and (iv) club membership dues. They have the option to receive some or all of the foregoing salary and benefits in a lump sum payment. In addition to the benefits set forth above, upon a change in control, they will be entitled to (i) exercise all vested or unvested stock options held by them on the termination date within the one year period following the termination date, or in lieu thereof, receive the bargain element of such stock options in cash, (ii) continue to receive, for a period of one year from the termination date, health, life and disability insurance coverage for which they are eligible during their employment with the Company and (iii) receive payment for accrued but unused vacation prorated for the length of their services in the calendar year in which their termination occurs.

Had Mr. Burney been involuntary terminated due to a change in control at December 31, 2013, he would have received a vested SERP II distribution of \$1,432,498, salary of \$270,000 club memberships fees of \$8,060, health, life and disability benefits of \$ 19,897, auto and auto expense reimbursements of \$6,500 and assuming a share price of \$51.00 per share, the intrinsic value of all vested and non-vested options in the amount of \$6,105,964.

Had Mr. Kramer been involuntary terminated due to a change in control at December 31, 2013, he would have received a vested SERP II distribution of \$1,254,076, salary of \$230,000 club memberships fees of \$5,046, health, life and disability benefits of \$19,601 and assuming a share price of \$51.00 per share, the intrinsic value of all vested and non-vested options in the amount of \$5,797,916.

Had Mr. Peabody been involuntary terminated due to a change in control at December 31, 2013, he would have received salary of \$298,000, health, life and disability benefits of \$28,501 and assuming a share price of \$51.00 per share, the intrinsic value of all vested and non-vested options in the amount of \$6,061,383.

Under their respective Employment Benefit Termination Agreements, each of Messrs. Gundermann, Burney, Kramer and Peabody are entitled to benefits (i) upon death, disability or retirement in accordance with benefits generally provided by the Company to its executives and pursuant to any retirement or supplemental retirement plan in which they participate and (ii) upon a Voluntary Termination of Employment in an amount equal to (A) their respective wages and benefits up to the date of such Voluntary Termination, including a payment in cash for any unused accrued vacation and (B) any vested benefits under any profit sharing plan (but only to the extent that such profit sharing benefit is payable prior to such Voluntary Termination), retirement plan or supplemental retirement plan in which they participate. For purposes of the Employment Benefit Termination Agreements, a Voluntary Termination of Employment means a severance of the employment relationship by or at the instigation of the executive, other than due to a change of control, death, disability or retirement.

In the past, the Company has also paid severance benefits to salaried employees upon termination of employment. The eligibility for such payments and the amount thereof, has been determined by the Company on a case by case basis.

### **Equity Compensation Plan Information**

Edgar Filing: ASTRONICS CORP - Form DEF 14A

The following table sets forth the aggregate information of the Company's equity compensation plans in effect as of December 31, 2013.

Plan Category	Number of Securities to be		Number of Securities
	Issued upon Exercise of Outstanding Options, Warrants and Rights	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	Remaining for Future Issuance under Equity Compensation Plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	1,461,030	\$ 11.31	1,823,706
Equity compensation plans not approved by security holders			
<b>Total</b>	<b>1,461,030</b>	<b>\$ 11.31</b>	<b>1,823,706</b>

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL  
OWNERS AND MANAGEMENT**

The following table sets forth information concerning persons known to the Company to own more than 5% of the outstanding shares of Common Stock or Class B Stock and the number of shares and percentage of each class beneficially owned by each director, each executive officer named in the summary compensation table and by all directors and executive officers as a group as of March 11, 2014 (an asterisk indicates less than 1% beneficial ownership of the class):

Name and Address of Owner (1)	Shares of Common Stock		Shares of Class B Stock	
	Number	Percentage	Number	Percentage
Raymond W. Boushie (2)	21,432	*	7,698	*
Robert T. Brady (3)	42,781	*	84,416	1.8%
David C. Burney (4)	91,621	*	77,447	1.7%
John B. Drenning (5)	110,498	*	257,200	5.6%
Peter J. Gundermann (6)	189,650	1.4%	352,769	7.5%
Robert J. McKenna (7)	46,589	*	9,942	*
Kevin T. Keane (8)	121,692	*	1,250,961	27.1%
James S. Kramer (9)	131,950	*	180,169	3.9%
Mark A. Peabody (10)	90,309	*	73,747	1.6%
BlackRock, Inc. (11) 40 East 52nd Street New York, NY 10022	881,155	7.3%		
Wellington Management Company (12) 280 Congress Street Boston, MA 02210	645,982	5.4%		
All directors and executive officers as a group, (9 persons) (13)	846,522	6.2%	2,294,349	47.4%

- (1) The address for all directors and officers listed is: 130 Commerce Way, East Aurora, New York 14052.
- (2) Includes 17,500 shares of Common Stock and 7,698 shares of Class B Stock subject to options exercisable within 60 days.
- (3) Includes 34,000 shares of Common Stock and 22,506 shares of Class B Stock subject to options exercisable within 60 days.
- (4) Includes 61,148 shares of Common Stock and 43,429 shares of Class B Stock subject to options exercisable within 60 days.
- (5) Includes 34,000 shares of Common Stock and 22,506 shares of Class B Stock subject to options exercisable within 60 days.
- (6)

Includes 140,348 shares of Common Stock and 120,179 shares of Class B Stock subject to options exercisable within 60 days.

- (7) Includes 20,000 shares of Common Stock and 9,942 shares of Class B Stock subject to options exercisable within 60 days and includes 2,545 shares of Common Stock owned by the Robert J. McKenna Revocable Trust.
- (8) Includes 30,000 shares of Common Stock and 18,916 shares of Class B Stock subject to options exercisable within 60 days and includes 58,120 shares of Common Stock and 99,662 shares of Class B Stock owned by Mr. Kevin Keane's spouse for the benefit of Mr. Kevin Keane's spouse, as to which he disclaims beneficial ownership.
- (9) Includes 57,520 shares of Common Stock and 41,125 shares of Class B Stock subject to options exercisable within 60 days and includes 220 shares of Common Stock and 351 shares of Class B Stock owned by Mr. James Kramer's spouse.

- (10) Includes 70,942 shares of Common Stock and 50,009 shares of Class B Stock subject to options exercisable within 60 days.
- (11) The beneficial ownership information is based solely upon Schedule 13G filed with the SEC as of January 28, 2014.
- (12) Wellington Management Company reports having no sole voting power and shared voting power for 458,321 shares of Common Stock. Wellington Management Company claims no sole dispositive power and shared dispositive power for 645,982 shares of Common Stock. The beneficial ownership information is based solely upon Schedule 13G filed with the SEC as of February 14, 2014.
- (13) Includes 465,458 shares of Common Stock and 336,310 shares of Class B Stock subject to options exercisable within 60 days.

**PROPOSAL 2****APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee, with the approval of the Board of Directors, has selected Ernst & Young LLP as the independent registered public accounting firm, to act as auditors of Astronics Corporation for 2014. All services provided on the Company's behalf by Ernst & Young LLP during 2013 and 2012 were approved in advance by the Audit Committee. Representatives of Ernst & Young LLP are expected to attend the Annual Meeting and will have the opportunity to make a statement if they desire and will be available to respond to appropriate questions.

**Audit Fees.** The following table sets forth the fees billed to the Company for the last fiscal year by the Company's independent auditors, Ernst & Young LLP:

	<b>2013</b>	<b>2012</b>
Audit	\$ 785,827	\$ 589,857
Audit-related	\$ 49,237	
Tax	\$ 89,490	
All Other	\$ 178,981	

The Audit Committee has adopted a policy that requires advance approval of all audit, audit-related, tax services, and other services performed by the independent auditor. The policy provides for pre-approval by the Audit Committee of specifically defined audit and non-audit services. Unless the specific service has been previously pre-approved with respect to that year, the Audit Committee must approve the permitted service before the independent auditor is engaged to perform it. The Audit Committee may delegate to an Audit Committee member the authority to approve permitted services provided that the delegated member reports any decisions to the committee at its next scheduled meeting.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE PROPOSAL TO RATIFY THE APPOINTMENT OF ERNST & YOUNG LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2014.**



***PROPOSAL 3***

**SHAREHOLDER ADVISORY VOTE ON THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS**

We are required, pursuant to Section 14A of the Exchange Act, to provide a non-binding stockholder vote on our executive compensation as described in this proxy statement (commonly referred to as "Say-on-Pay").

The advisory vote on executive compensation is a non-binding vote on the compensation of the Company's named executive officers, as described in the Compensation Discussion and Analysis section, the compensation tables, and the accompanying narrative disclosure, set forth in this proxy statement.

We maintain a compensation program that is comprehensive, consisting of base salary, annual incentives, long-term incentives and benefits, in support of our objective of providing superior value to shareholders and customers. Our program is designed to motivate and reward our executives for sustained superior performance through the use of variable compensation tied to short, intermediate and long-term results. Our business success depends on our ability to attract and retain executive talent through competitive compensation opportunities provided by our program.

For the reasons discussed above, the Board of Directors unanimously recommends that shareholders vote in favor of the following resolution:

RESOLVED, that the shareholders hereby APPROVE, on a non-binding, advisory basis, the compensation paid to the Company's named executive officers, as disclosed in the Company's proxy statement prepared in connection with its 2014 Annual Meeting of Shareholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission in the Company's Proxy Statement for the 2014 Annual Meeting of Shareholders (which disclosure includes the Compensation Discussion and Analysis, the executive compensation tables and narrative discussion).

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE APPROVAL OF THE COMPANY'S COMPENSATION OF ITS NAMED EXECUTIVE OFFICERS.**

## **SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

During 2013, all executive officers and directors of the Company timely filed with the Securities Exchange Commission all required reports with respect to beneficial ownership of the Company's securities.

## **CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS AND DIRECTOR INDEPENDENCE**

The Company does not have written policies or procedures relating to the review, approval or ratification of related person transactions. Any such proposed transaction is submitted to the Board of Directors for approval.

John B. Drenning, a Director of the Company, is a partner in the law firm of Hodgson Russ LLP. During 2013, the Company incurred legal fees from Hodgson Russ LLP totaling \$759,274.

## **PROPOSALS OF SHAREHOLDERS FOR 2015 ANNUAL MEETING**

To be considered for inclusion in the proxy materials for the 2015 Annual Meeting of Shareholders, shareholder proposals must be received by the Company no later than November 29, 2014.

If a shareholder wishes to present a proposal at the Company's 2015 Annual Meeting of Shareholders or to nominate one or more directors, and the proposal is not intended to be included in the Company's proxy materials relating to that meeting, such proposal or nomination(s) must comply with the applicable provisions of the Company's by-laws and applicable law. In general, the Company's by-laws provide that with respect to a shareholder nomination for director, written notice must be addressed to the Secretary and be received by the Company no less than 60 nor more than 90 days prior to the first anniversary of the preceding year's annual meeting. For purposes of the Company's 2015 Annual Meeting of Shareholders, such notice must be received not later than March 15, 2015 and not earlier than February 12, 2015. The Company's by-laws set out specific requirements that such written notices must satisfy.

## **OTHER BUSINESS**

The Board of Directors knows of no other matters to be voted upon at the Annual Meeting. If any other matters properly come before the Annual Meeting, it is the intention of the persons named in the proxy to vote on such matters in accordance with their judgment.

The Notice Regarding Availability of Proxy Materials for the Shareholder Meeting to be Held on May 13, 2014 has been mailed to shareholders. Copies of the Annual Report, as well as this Proxy Statement, Proxy Card(s), and Notice of Annual Meeting of Shareholders, are available at <http://materials.proxyvote.com/046433> or by telephone at 1-800-579-1639.

**A COPY OF THE COMPANY'S ANNUAL REPORT ON FORM 10-K, FILED WITH THE SECURITIES AND EXCHANGE COMMISSION, WILL BE FURNISHED WITHOUT CHARGE TO SHAREHOLDERS, BENEFICIALLY OR OF RECORD ON MARCH 24, 2014, ON REQUEST TO SHAREHOLDER RELATIONS, ASTRONICS CORPORATION, 130 COMMERCE WAY, EAST AURORA, NEW YORK 14052. THE ANNUAL REPORT ON FORM 10-K MAY ALSO BE OBTAINED IN THE INVESTOR RELATIONS SECTION OF THE COMPANY'S WEBSITE: WWW.ASTRONICS.COM.**

BY ORDER OF THE BOARD OF DIRECTORS

East Aurora, New York

March 28, 2014

David C. Burney,

Secretary

22

**ASTRONICS CORPORATION**

**130 COMMERCE WAY**

**EAST AURORA, NY 14052**

**ATTN: DAVID BURNEY**

**VOTE BY INTERNET - [www.proxyvote.com](http://www.proxyvote.com)**

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**VOTE BY PHONE - 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

M71045-P48719

KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.**

**ASTRONICS CORPORATION**

	<b>For</b>	<b>For</b>	<b>For</b>
	<b>All</b>	<b>Withhold</b>	<b>All</b>
	<b>All</b>	<b>All</b>	<b>Except</b>

To withhold authority to vote for any individual nominee(s), mark **For All Except** and write the number(s) of the nominee(s) on the line below.

.. .. ..

**The Board of Directors recommends you**

**vote FOR the following:**

1. Election of Directors

**Nominees**

- |                        |                         |
|------------------------|-------------------------|
| 01) Raymond W. Boushie | 04) Peter J. Gundermann |
| 02) Robert T. Brady    | 05) Kevin T. Keane      |



**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:**

The Annual Report on Form 10-K, Notice and Proxy Statement are available at [www.proxyvote.com](http://www.proxyvote.com) and <http://proxy.astronics.com>.

M71046-P48719

**ASTRONICS CORPORATION**

**Annual Meeting of Shareholders**

**May 13, 2014 at 10:00 AM**

**This proxy is solicited by the Board of Directors**

The shareholder(s) hereby appoint(s) Kevin T. Keane and John B. Drenning, or either of them, as proxies, each with the power to appoint (his/her) substitute, and hereby authorizes them to represent and to vote, as designated on the reverse side of this ballot, all of the shares of (Common/Class B) stock of ASTRONICS CORPORATION that the shareholder(s) is/are entitled to vote at the Annual Meeting of shareholder(s) to be held at 10:00 AM, EDT on May 13, 2014, at Astronics Luminescent Systems, Inc., 4 Lucent Drive, Lebanon, NH 03766 and any adjournment or postponement thereof.

**This proxy, when properly executed, will be voted in the manner directed herein. If no such direction is made, this proxy will be voted in accordance with the Board of Directors' recommendations.**

**Address Change/Comments:**

(If you noted any Address Changes and/or Comments above, please mark corresponding box on the reverse side.)

**Continued and to be signed on reverse side**