

ASTRONICS CORP
Form DEF 14A
April 22, 2016

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 Pursuant §240.14a-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 (set forth the amount on which the filing fee is calculated and state how it was determined):

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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 2016 Annual Meeting of Shareholders to be held at Astronics Armstrong Aerospace, Inc. located at 1437 Harmony Ct., Itasca, IL 60143 at 10 a.m. Central Time on Wednesday, June 1, 2016.

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

the approval of an amendment to our Restated Certificate of Incorporation, as amended, to increase the number of authorized shares of Class B Stock.

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

April 22, 2016

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 Astronics Armstrong Aerospace, Inc. located at 1437 Harmony Ct., Itasca, IL 60143 at 10 a.m. Central Time on Wednesday, June 1, 2016, 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 approve an amendment to our Restated Certificate of Incorporation, as amended, to increase the number of authorized shares of Class B Stock; 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 Friday, April 15, 2016 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: April 22, 2016

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD JUNE 1, 2016:

The proxy materials and 2015 Annual Report to Shareholders are available at <http://materials.proxyvote.com/046433> or may be requested by telephone at 1-800-579-1639.

PROXY STATEMENT
FOR
ANNUAL MEETING OF SHAREHOLDERS

JUNE 1, 2016

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 Wednesday, June 1, 2016, at Astronics Armstrong Aerospace, Inc. located at 1437 Harmony Ct., Itasca, IL 60143 at 10 a.m. Central 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 22, 2016.

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 proposal to approve an amendment to our Restated Certificate of Incorporation, as amended, to increase the number of authorized shares of Class B Stock. 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 Friday, April 15, 2016 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 April 15, 2016, Astronics Corporation had outstanding and entitled to vote at the meeting a total of 19,446,682 shares of Common Stock and 6,075,668 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. The amendment to our Restated Certificate of Incorporation, as amended, to increase the authorized shares of Class B Stock requires the approval by a vote of the majority of our outstanding shares. Votes may be cast FOR, AGAINST or ABSTAIN on the approval of this proposal. 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.

Changes in regulations have eliminated the ability of a shareholder's bank or broker to vote uninstructed shares in the election of directors 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, 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:

Name of Nominee	Age	Positions and Offices With Astronics	First Elected or Appointed Director
Raymond W. Boushie	76	Director; Compensation, Audit and Nominating/Governance Committees of the Board of Directors	2005
Robert T. Brady	75	Director; Audit, Compensation and Nominating/Governance Committees of the Board of Directors	1990
John B. Drenning	79	Director; Nominating/Governance Committee of the Board of Directors	1970
Robert J. McKenna	67	Director; Compensation, Audit and Nominating/Governance Committees of the Board of Directors	1996
Kevin T. Keane	83	Chairman of the Board and Director	1970
Peter J. Gundermann	53	Director, President and Chief Executive Officer of the Company	2001

Raymond W. Boushie retired in 2005 as President and Chief Executive Officer 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 is the former Chief Executive Officer and Chairman of the Board 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 in January 2014, 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:

Name of Director	Company
Raymond W. Boushie	Moog Inc. (1)
Robert T. Brady	Moog Inc. (2); M&T Bank Corporation; National Fuel Gas Company (3); Seneca Foods Corporation (4)
Peter J. Gundermann	Moog Inc.
Kevin T. Keane	MOD-PAC Corp. (5)
Robert J. McKenna	MOD-PAC Corp. (5)(6)

- (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 March 2014, Mr. Brady no longer serves as a director of National Fuel Gas Company and did not stand for re-election in accordance with the provisions of National Fuel Gas Company s Corporate Governance Guidelines on Director Age.
- (4) Effective August 2011, Mr. Brady no longer serves as a director of Seneca Foods Corporation and did not stand for re-election in accordance with Seneca Foods Corporation s by-laws.
- (5) Effective September 2013, MOD-PAC Corp. is no longer a publicly traded company.
- (6) Effective September 2013, as a result of a merger transaction, Mr. McKenna no longer serves 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, 2015, the Board of Directors held six 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 five meetings in 2015. The Audit Committee is governed by a written charter approved by the Board of Directors that is posted on the Investors section of the Company's website at www.astronics.com.

The **Compensation Committee** currently consists of Messrs. Boushie (Chair), Brady 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 meeting in 2015. The Compensation Committee is governed by a written charter approved by the Board of Directors that is posted on the Investors section of the Company's website at www.astronics.com.

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 2015. 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 Investors' section of the Company's website at 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, and currently serves on the Nomination, Compensation and Governance Committee of M&T Bank Corporation. No member of the Compensation Committee was, during 2015, 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, 2015:

Name	Fees Earned or Paid in Cash	Option Awards (3)	Total
Raymond W. Boushie (1)	\$ 40,000	\$ 68,700	\$ 108,700
Robert T. Brady (1)	\$ 40,000	\$ 68,700	\$ 108,700
John B. Drenning (1)	\$ 40,000	\$ 68,700	\$ 108,700
Peter J. Gundermann (2)			
Kevin T. Keane (1)	\$ 45,000	\$ 68,700	\$ 113,700
Robert J. McKenna (1)	\$ 40,000	\$ 68,700	\$ 108,700