Welcome to the Ducommun 2013 Supplier Conference
February 12, 2013
Introduction and Overview

Rick Placido
Vice President of Strategic Sourcing and Supply Chain Management
Ducommun LaBarge Technologies

Manufactures highly complex, high-performance, custom electronics for customers in diverse markets, including defense, aerospace, industrial, natural resources and medical.

**Business Units**

Defense, Aerospace & Ruggedized Products: Berryville, Huntsville, AR; Joplin, MO; Phoenix, AZ; Tulsa and Tulsa/OFS, OK

Industrial, Medical, Commercial & Engineered Products: Appleton, WI; Houston, TX; Pittsburgh, PA
Interconnect Solutions
Joplin & Berryville

Core Capabilities: Interconnects – Harnesses and Cables
Huntsville, AR

Core Capabilities: Circuit Card Assemblies, Small Chassis Assembly
Phoenix, AZ

Core Capabilities: Interconnects, Machining, System Integration
Tulsa, OK

Core Capabilities: Circuit Card Assemblies, Small Chassis Assembly
Tulsa/Oil Field Services, OK

Core Capabilities: Electronic Assemblies, System Integration
Appleton, WI

Core Capabilities: Circuit Card Assemblies, Small Chassis Assembly
Houston, TX

Core Capabilities: Mechanical Assemblies
Pittsburgh, PA

Core Capabilities: Circuit Card Assemblies, Electro-Mechanical and Mechanical Assemblies
Ducommun AeroStructures

Engineers and manufactures aerospace structural components and subassemblies for domestic and foreign commercial and military aircraft, helicopter and space markets.

Business Units

Coxsackie, NY; El Mirage, Gardena, Monrovia, and Orange, CA; Parsons, KS; Guaymas, Mexico
Coxsackie, NY

Core Capabilities: Titanium and Aluminum Forming and Assembly
Parsons, KS

Core Capabilities: Titanium SPF and Hot Forming
GOREM
Gardena, Orange and El Mirage, CA

Core Capabilities: Stretch and Thermal Forming Assembly / Machining
Core Capabilities: Chem Milling and Sheet Metal Fabrication and Assembly

Core Capabilities: Chem Milling and Vertically Integrated Processes
Monrovia, CA

Core Capabilities: Composite and Metal Bond Structures
Ducommun Miltec, Carson & Thailand

Provides extensive engineering capabilities in defense and aerospace systems.

Business Units

Huntsville, AL; Carson, CA; Iuka and Oxford, MS; Saraburi, Thailand
Carson, CA

Core Capabilities: Engineered Products, Motion Control Devices, Human Machine Interface, RF Products
Saraburi, Thailand

Core Capabilities: RF electrical mechanical components, wire harness assemblies for Boeing 787, machined panels for B737 & other display units
<table>
<thead>
<tr>
<th>AGENDA</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ducommun: Past, Present and Future</td>
<td>Tony Reardon</td>
</tr>
<tr>
<td></td>
<td><em>Chairman, President &amp; CEO</em></td>
</tr>
<tr>
<td>The Ducommun Way</td>
<td>Joel Benkie</td>
</tr>
<tr>
<td></td>
<td><em>Executive Vice President &amp; COO</em></td>
</tr>
<tr>
<td>DCO Business Outlook</td>
<td>Mike Pollack</td>
</tr>
<tr>
<td></td>
<td><em>Vice President Sales &amp; Marketing</em></td>
</tr>
<tr>
<td>Questions and Answers</td>
<td>All</td>
</tr>
<tr>
<td>Break</td>
<td>All</td>
</tr>
<tr>
<td>The Office of Operational Excellence</td>
<td>Jens Hauvn</td>
</tr>
<tr>
<td></td>
<td><em>Vice President Corporate Quality</em></td>
</tr>
<tr>
<td></td>
<td>Rick Placido</td>
</tr>
<tr>
<td>Strategic Sourcing and Commodity</td>
<td>Jon Egen</td>
</tr>
<tr>
<td>Management</td>
<td><em>Director Supply Chain &amp; Commodity Management</em></td>
</tr>
<tr>
<td>Questions, Answers and Summary</td>
<td>All</td>
</tr>
<tr>
<td>Adjourn and Lunch</td>
<td>All</td>
</tr>
</tbody>
</table>
Ducommun: Past, Present & Future

Tony Reardon
Chairman, President and CEO

2013 Supplier Conference
February 12, 2013
Company Overview

- Founded in 1849
- Today, Ducommun is a global leader in manufacturing sophisticated solutions for the aerospace, defense, industrial and natural resources markets
  - Broad capabilities support more advanced, higher value-added Tier 2 systems and assemblies
  - Focused, niche approach capitalizes on growing market demand
  - Long-term relationships with blue-chip customers
- $741 in annual sales (LTM at 9/30/12)
- 22 manufacturing and engineering operations in 13 states, Mexico and Thailand
- 3,400 employees companywide
Ducommun Consists of Two Operating Units

Customer-focused business model that is uniquely organized to fully support our customers’ increasing demand for more advanced integrated systems.
Ducommun AeroStructures (DAS)

Designs, engineers and manufactures large, complex contoured aerostructure components and assemblies

Product Offering

Commercial Aircraft
- Fuselage skin panels & assemblies
- Flight control surface assemblies
- Leading edges

Military Fixed Wing Aircraft
- Fuselage skin panels & assemblies
- Flight control surface assemblies
- Various door panels
- Leading edges
- Engine ducts

Military and Commercial Rotary Wing Aircraft
- Main & tail rotor blade assemblies
- Leading edges
- Firewall exhaust assemblies
- Sub-assemblies
Ducommun LaBarge Technologies (DLT)

Designs, engineers and manufactures high-reliability electronic and electromechanical systems and subsystems

Product Offering

- Turnkey design, engineering, assembly and test
- Cable assemblies, wire harnesses and interconnect systems
- PCB assemblies and microelectronics/hybrid circuits
- Box-build, electromechanical and mechanical systems
- Engineered products
  - Integrated cockpit control assemblies
  - Lighted panels and switch products
  - RF products (MW & mmW)
  - Motors and resolvers
- Systems integration
- Logistics
- After-market support
Ducommun Miltec

Provides highly technical system solutions and engineering support for missile and space applications

Product Offering

Missiles and Space Core Capabilities
- Missiles, satellites, KVs
- Inertial nav systems
- Lasers

Systems Core Capabilities
- Test management and planning
- Range and operations support
- Systems engineering and integration

Research and Technology Core Capabilities
- Basic and applied research in acoustics
- Aviation and UAV sensors
- Cruise missile detection and tracking
Where We’re Located

Primarily US-Based with Access to Low-Cost Domiciles

- Ducommun AeroStructures (DAS)
- Ducommun LaBarge Technologies (DLT)
- Miltec
- Ducommun Headquarters

Thailand
Diversified End Markets and Platforms with Strong Industry Fundamentals

$741 Million LTM Q3 2012 Sales

$642 Million Backlog as of 9/30/12

Annual Expected Growth Rate

<table>
<thead>
<tr>
<th>Market</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Aerospace</td>
<td>8% - 10%</td>
</tr>
<tr>
<td>Defense Technologies</td>
<td>3% - 5%</td>
</tr>
<tr>
<td>Defense Structures</td>
<td>(3%) - 2%</td>
</tr>
<tr>
<td>Natural Resources</td>
<td>3% - 5%</td>
</tr>
<tr>
<td>Industrial</td>
<td>3% - 5%</td>
</tr>
<tr>
<td>Medical &amp; Other</td>
<td>4% - 6%</td>
</tr>
</tbody>
</table>

Weighted Average Growth Rate 3% - 6%
Ducommun’s End Markets Offer Growth Opportunities

(For the 12 months ended 9/30/12)

**Defense Technologies** (31% of Sales)
- Missile systems
- Radar systems
- Aircraft applications
- Shipboard systems
- Rotor blade assemblies

**Defense Structures** (18% of Sales)
- Flight control assemblies
- Rotor blade assemblies
- Fuselage assemblies
- Leading edges
- Engine ducts

**Commercial Aerospace** (27% of Sales)

**Industrial** (9% of Sales)
- Glass container electronic manufacturing systems
- Electronic test equipment
- Semiconductor capital equipment

**Natural Resources** (9% of Sales)
- Oilfield services equipment
- Mine automation systems
- Agricultural control systems

**Medical & Other** (6% of Sales)
- Surgical systems
- Patient monitoring and therapy devices
- Respiratory care devices
- Biodecontamination equipment
Current Business Climate

• **Business environment**
  – Customers are being cautious
  – Industrial, natural resources and medical markets are soft and flat
  – Commercial aerospace market is robust
  – Sequestration is looming for the military market

• **Competition is fierce**
  – Customers have less work to award
  – Price reductions are required
  – Competitors are hungry

• **Our financial health is a competitive advantage**
  – We are managing our business prudently and effectively in this challenging environment
Importance of a Strong Supplier Base

- Critical component in winning new business
- Our customers are demanding improved supplier management programs
- Improved on-time delivery and quality performance
- Improved responsiveness
- Better source alternatives
- Price competitiveness at both bid and buy stages of the supply cycle
- Greater supplier contribution to cost of ownership
Our Vision

VISION
To be our customers’ #1 provider of innovative electronics and structures solutions.
Today’s Lesson

1. This meeting is for you please try to listen and understand DCO’s path forward.

2. Learn about how we penetrate our marketplace.

3. Strive to Understand our strategy.

4. Ask yourself – can your company embrace Ducommun’s new vision?

Are you in?
Introducing The Ducommun Way

Joel Benkie
Executive Vice President and Chief Operating Officer

2013 Supplier Conference
February 12, 2013
THE DUCOMMUN WAY
Honesty • Professionalism • Respect • Trust • Teamwork

VISION

To be our customers’ #1 provider of innovative electronics and structures solutions.

EXECUTION

Organizational Development
- Empowerment
- Authentic leadership
- Talent development
- Continuous learning

Operational Excellence
- Lean enterprise
- Product integrity
- Engineering design & development
- Supply chain management
- Program management

Profitable Growth
- Exceeding customer expectations
- Strategic acquisitions
- Deliver unique value
- Organic growth
- Innovative solutions
- Global business development

RESULTS

- Sustained Financial Performance
  - Increased shareholder value
  - Predictable operating margins over the cycle
  - Excellent asset management
- Preferred Supplier
- Employer of Choice
Execution: Operational Excellence

Operational excellence exists when every employee contributes to how work flows through the organization, from order to the customer, with maximum efficiency. We have many tools to support and improve this flow within Ducommun.
Lean Enterprise, Product Integrity and Supply Chain Management

- Collaborative disciplines that comprise the Office of Operational Excellence (OOE). A natural synergy exists between these three areas and, by working together, they will promote the sharing of knowledge and facilitate faster improvement across Ducommun.

Lean Enterprise

Creating more value for customers while eliminating waste.

Product Integrity

Building products that perform superbly, provide good value and satisfy customers’ expectations in every respect.

Supply Chain Management

Moving materials from their source to the end customer at the lowest possible cost, highest quality, and with the greatest efficiency.

Engineering Design & Development and Program Management

- Value-added services that allow us to develop and manage complete solutions to meet our customers’ needs. As an organization, we have professional engineering and program management resources on hand to help Ducommun be a true manufacturing partner to our customers.

KEY TAKEAWAY:

Operational excellence is not just up to the OOE. One of the most important things you can do is understand the various metrics used to measure your facility’s performance. Learn how your work affects those metrics. Spot problems quickly and bring them to your supervisor’s attention. And, most importantly, prevent defects from getting to the customer.
Results: The Desired Outcome of Our Efforts

The Ducommun Way is an exciting new pathway to our future. It lays out a roadmap for becoming a larger and more capable company. It demonstrates to customers that we are committed to their success. It enables an environment for achieving sustained financial performance. It shows shareholders how we will create more value for their investment. And it creates opportunity for our people.
RESULTS

• Sustained Financial Performance
  - Increased shareholder value
  - Predictable operating margins over the cycle
  - Excellent asset management

• Preferred Supplier
• Employer of Choice
Key Suppliers:

• Are aligned with “The Ducommun Way”
• Are committed to continuous improvement
• Understand we have a shared destiny
• Are actively engaged in our business
• Understand market dynamics
• Change and evolve over time
• Are our partners
Ducommun: Business Outlook

Mike Pollack
Vice President, Sales & Marketing

2013 Supplier Conference
February 12, 2013
THE DUCOMMUN WAY
Honesty • Professionalism • Respect • Trust • Teamwork

VISION
To be our customers’ #1 provider of innovative electronics and structures solutions.

EXECUTION
Operational Excellence
- Lean enterprise
- Product integrity
- Engineering design & development
- Supply chain management

Profitable Growth
- Exceeding customer expectations
- Deliver unique value
- Strategic acquisitions
- Organic growth
- Innovative solutions
- Global business development

Organizational Development
- Empowerment
- Authentic leadership
- Purpose-driven performance
- Talent development
- Continuous learning

RESULTS
- Sustained Financial Performance
  - Increased shareholder value
  - Predictable operating margins over the cycle
- Excellent asset management
- Preferred Supplier
- Employer of Choice
Ducommun, Inc. at a Glance

$741 Million
LTM Q3 2012 Sales

- Defense Technologies: 31%
- Commercial Aerospace: 27%
- Defense Structures: 18%
- Natural Resources: 9%
- Industrial: 9%
- Medical/Other: 6%

Key Customers

- NASA
- Homeland Security
- Boeing
- Raytheon
- Airbus
- United Technologies
- Halliburton
- Schlumberger
A Strategic Partner

• Focused on our customer requirements, we are a profitable, well-managed company, with a solid reputation, well positioned for growth
• We are strengthening Ducommun’s market position as a significant Tier 2 supplier for both structural and electronic assemblies
• We are a full-service provider of manufacturing services for A&D, Industrial, Natural Resources and Medical markets with highly specialized capabilities
• We are strengthening our supply chain to improve our strategic fit, serving a diversified customer base and expanded growth opportunities
• We are continuing to broaden Ducommun’s value-added service offerings including engineering and design, and program management
• A responsible partner focused on helping our customers and suppliers grow!
Ducommun AeroStructures (DAS)

Composite / Metal Bond Assemblies

DAS AeroStructures

Structural Components and Assemblies

Multi-sized Structural Assemblies
DAS Strategic Business Unit

DAS provides design, engineering and manufacturing services to the aerostructures market.

- DAS primarily serves the commercial fixed wing, military fixed wing, and rotorcraft aerostructures market primarily as a Tier 2 or Tier 3 supplier of components and assemblies.
- DAS is positioned in three Centers of Excellence which perform various but potentially complementary solutions.

**Customers**

**Commercial & Military Aerostructure Customers:**
Boeing, Sikorsky, Spirit, Bell, Carson, Alenia, Gulfstream, Embraer, Bombardier

**Centers of Excellence**

- Large Assemblies & Engine Ducts
- Chemical Milling, Processing, Clean & Prime
- Small to Medium Assemblies and Components
- Ti SPF, Hot Break Hot Forming
- Composite and Metal Bond Assemblies

**Products**

- Fuselage Skin Structures
- Leading Edge Skins
- Door Assemblies
- Engine Ducts
- Blade Sheaths
- Heatshields
- Door Surrounds
- Fire-walls
- Hi Temp. Ducts
- Engine Nozzles
- Nacelle Panel Assemblies
- Tail Cones
- Rotor Blades
- Flight Control Surfaces
- Winglets

**DAS Main Customer Base**

- Commercial customers include: Boeing, Spirit AeroSystems, Bombardier, Latecoere, RUAG Aerospace, Bell, Gulfstream, Middle River, Embraer, Airbus, Cessna, MHI, KAL, KAI, etc.
- Military customers include: Boeing, GKN Aerospace, Northrop Grummun, Pratt & Whitney, Sikorsky, Lockheed Martin, Carson Helicopter, etc.

**Niche markets**

- Rotor Blades
- Flight Control surfaces
- Large Skin forming and Subassembly
- Titanium Forming and SPF Assemblies / Firewalls
- Engine Exhaust Systems / Ducts
Ducommun LaBarge Technologies, Inc. (DLT)
DAR provides Electronic Manufacturing Services primarily for the Defense (90+) market with niche jobs supporting Commercial Aerospace, Semiconductor, and Oil & Gas.

DAR’s 3 Centers of Excellence provide Interconnect solutions, PCBs, CCAs, Box build Assemblies, Design, Engineering and Test Services.

Aerospace & Defense Customers:
Raytheon, Sikorsky, Spirit, Bell, BAE Systems, Goodrich, Parker, L3 Communications, Northrop, Lockheed, Kaman, GE Aviation, General Dynamics,

Center of Excellence Capabilities:
CCA>PCB>Hi Box
• System Level Integration
• Box-level assembly
• Complex PCBA
• Full test capabilities
• Multichip modules / hybrids
• Repair & Upgrade
• Deep O&G Hi Temp
• Prototyping
• AS 9100

EMS
• Complex mechanical electronic/HLA
• SMT / Fine pitch SMT
• BGA and CSP assembly
• High-temp 10-zone reflow
• AOI and X-ray
• Repair & Upgrade

DAR Main Customer Base
• Major Primes including Raytheon, Northrop Grumman, Parker, Moog, LMCO, Goodrich, Boeing, BAE Systems, General Dynamics

Niche markets
• Radar Racks
• Jet Engine Cables / Ruggedized molded cables
• Overhead panels / Assemblies
• Launch Systems / Targets / Missiles & Space
• Shipboard harnessing / Torpedoes
• Helicopter cockpit harnessing and electromechanical assemblies
• Power supplies / Avionics boxes
DLT Strategic Business Unit (IMCE)
Industrial / Medical / Commercial / Engineered Products

DLT provides Electronic components and Electro-mechanical assemblies including circuit card assemblies, interconnect devices, and multi-size electronic.

- DLT serves a wide variety of niche EMS market segments with a broad range of capabilities. Specializing in applications requiring High Rate of Change, High Cost of Failure or ruggedized solutions.
- New Business Development efforts targeted towards specific growing sub-markets requiring complex tailored solutions while leveraging DLT manufacturing and value-added products and services.

**Customers**

<table>
<thead>
<tr>
<th>Industrial, Medical, Commercial &amp; Engineered Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers: Boeing, Bell, Schlumberger, Owens-Illinois, DeVilbiss, CareFusion, American Superconductor, Smiths Medical, Joy Mining</td>
</tr>
</tbody>
</table>

**Center of Excellence Capabilities**

<table>
<thead>
<tr>
<th>Engineering Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motors &amp; resolvers</td>
</tr>
<tr>
<td>RF switches &amp; assemblies</td>
</tr>
<tr>
<td>Human-Machine Interface panels &amp; assemblies</td>
</tr>
<tr>
<td>Repair and upgrade</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CCA&gt;PCB&gt;Hi Box</th>
</tr>
</thead>
<tbody>
<tr>
<td>System Level Integration</td>
</tr>
<tr>
<td>Box-level assembly</td>
</tr>
<tr>
<td>Complex PCBA</td>
</tr>
<tr>
<td>Full test capabilities</td>
</tr>
<tr>
<td>Multichip modules / hybrids</td>
</tr>
<tr>
<td>Repair &amp; Upgrade</td>
</tr>
<tr>
<td>Deep O&amp;G Hi Temp</td>
</tr>
<tr>
<td>Prototyping</td>
</tr>
<tr>
<td>AS 9100</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EMS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complex mechanical electronic/HLA</td>
</tr>
<tr>
<td>SMT / Fine pitch SMT</td>
</tr>
<tr>
<td>BGA and CSP assembly</td>
</tr>
<tr>
<td>High-temp 10-zone reflow</td>
</tr>
<tr>
<td>AOI and X-ray</td>
</tr>
<tr>
<td>Repair &amp; Upgrade</td>
</tr>
</tbody>
</table>

**Products**

<table>
<thead>
<tr>
<th>Mines Automation Systems</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural Equip</td>
</tr>
<tr>
<td>Custom micro-electronics</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Patient Monitoring &amp; Therapy Devices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wind turbines</td>
</tr>
<tr>
<td>Glass Manufacturing Equip</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Oil &amp; gas controls</th>
</tr>
</thead>
<tbody>
<tr>
<td>Down hole tools</td>
</tr>
<tr>
<td>Test Equip</td>
</tr>
<tr>
<td>Surgical Systems</td>
</tr>
<tr>
<td>Semiconductor Fabrication Equip</td>
</tr>
</tbody>
</table>

**DLT Main Customer Base**

- Commercial customers including Owens Illinois, Miller, Varian Semiconductor, Tektronix, Eagle Test, Miller Electric, ThermoFisher, AgustaWestland, Spirit Aerosystems
- Niche market customers including Schlumberger & Baker Hughes (natural resources; Smiths & CareFusion [now Natus], Terumo(medical); Trans-Pac (space); John Deere & AG Leader (agriculture)

**Niche markets**

- Bottling Automation Equipment
- Home Health Care Monitoring Devices
- Oil & gas downhole drilling monitoring equipment
Miltec Strategic Business Unit Description

Miltec performs a full range of engineering capabilities with established processes and procedures required to develop aerospace and security systems. Miltec responds to highly technical problems efficiently and with precision.

Miltec primarily provides engineering solutions to a variety of Science & Technology (S&T) / Research Development Test & Evaluation (RDT&E) challenges across the national security industry. Solution offerings include:

- Engineering Design and Test Services
- Product Design & Development

**Customers**

US Government & Prime Item Developers

- SMDC, AMRDEC, MDA, AFRL, OSD, Northrop Grumman, Raytheon, CERDEC

**Center of Excellence / Capabilities**

- Acoustic Sensor Development and Testing
- Signal Processing, Software
- Technology Development
- System Integration
- Design Engineering
- Product Development
- Environmental Testing
- System Integration

**Products & Services**

- Design & System Development
- Surveillance Systems
- Embedded Software
- Test and Evaluation
- Simulation & Analysis
- Launch Systems Support
- Small Satellites
- Missiles
- MINI

**Miltec Main Customer Base**

- Government customers: SMDC, AMRDEC, AFRL, MDA, OSD, CERDEC
- Primes including Northrop Grumman, Jacobs, Parsons, Raytheon, Gulfstream(DAS)
- Pending Niche market customers including Schlumberger (natural resources); Sikorsky (De-Ice Kits); Kearfott,
The Case for Change

“It is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is the most adaptable to change”.

Charles Darwin

• Our Value Propositions are rooted in providing innovative product and service solutions to the markets we serve at industry competitive prices

• Our Supply Chain, Core Competencies, proprietary products and services provide the foundations for our Value Propositions

• Strengthening our Supply Chain is the key to remaining competitive with the innovative solutions that will facilitate growth

• We are developing and driving a dynamic customer focused strategy with your support, insights and inputs to achieve our customer commitments and take us to the next level together
THE DUCOMMUN WAY
Honesty • Professionalism • Respect • Trust • Teamwork

VISION
To be our customers’ #1 provider of innovative electronics and structures solutions.

EXECUTION
- Operational Excellence
  - Lean enterprise
  - Product integrity
  - Engineering design & development
  - Supply chain management
  - Program management
- Organizational Development
  - Empowerment
  - Authentic leadership
  - Purpose-driven performance
  - Talent development
  - Continuous learning

PROFITABLE GROWTH
- Exceeding customer expectations
- Strategic acquisitions
- Deliver unique value
- Organic growth
- Innovative solutions
- Targeted aftermarket
- Global business development

RESULTS
- Sustained Financial Performance
  - Increased shareholder value
  - Predictable operating margins over the cycle
- Excellent asset management
- Preferred Supplier
- Employer of Choice
Ducommun
2013 Supplier Conference

February 12, 2013
Office of Operational Excellence

Jens Hauvn
Vice President, Corporate Quality

Rick Placido
Vice President, Strategic Sourcing and Supply Chain Management

2013 Supplier Conference
February 12, 2013
Office Of Operational Excellence

Purpose

The purpose of the Office of Operational Excellence is to support The Ducommun Way by enabling and aligning all employees in the execution of our operational objectives.

• Create Synergy between key functions.
• Champion operational excellence by engaging employees at all levels in a shared vision of continuous improvement.
• Lead the process of cross business and cross functional measurements and improvements.
• Provide knowledge to leaders and employees regarding the tools and processes available to improve the business.
• Standardize processes and promote best practices to accelerate improvements.
• Facilitate a culture of teamwork and empowerment to improve operational efficiencies and effectiveness.
• Maximize impact of current processes and strategies.
• Provide a framework for future operational strategies.
• Engage external partners using the strategies and tools driven by The Ducommun Way.
Office Of Operational Excellence

**THE DUCOMMUN WAY**

Honesty • Professionalism • Respect • Trust • Teamwork

**VISION**
To be our customers' #1 provider of innovative electronics and structures solutions.

**EXECUTION**
- Lean enterprise
- Product integrity
- Engineering design & development
- Supply chain management
- Program management

**Profitable Growth**
- Exceeding customer expectations
- Strategic acquisitions
- Deliver unique value
- Targeted alternatives
- Innovative solutions
- Organic growth
- Global business development

**RESULTS**
- Sustained Financial Performance
- Increased shareholder value
- Predictable operating margins over the cycle
- Excellent asset management
- Preferred Supplier
- Employer of Choice

**Organizational Development**
- Empowerment
- Authentic leadership
- Purpose-driven performance
- Talent development • Continuous learning
DCO Wide Integration of Product Integrity

- Standard Performance Measurements
- Standardize Business Processes
- Business Maturity Improvement
- Supplier Quality and OTD Improvement
- Supplier Development
- Standard Supplier Assessment Tools
- Improved Supplier Quality and OTD Performance
- Material Cost Reduction
- Improved OH Efficiency and Utilization
- Improved Quality and OTD Performance
- Improved DPU Performance
- Improved Quality and OTD Performance
- Improved Scrap and Material Efficiency

Results

Product Integrity

Quality Management System

Supplier Engagement

QMAT

Results

Results
DCO Wide Integration of Supply Chain Management

Results

- Improved Material Efficiency
- Reduced Costs through Commodity Leveraging and Supplier Agreements
- Strategic Sourcing and Commodity Management
- Long Term Agreements and Strategic Partnerships
- DCO Spend Leverage
- Favorable Payment Terms
- Sales & Operations Planning
- Lead-time Reduction
- Supplier Owned / Managed Inventory
- Obsolescence Management

- Reduction in DSI Including Raw Material
- Increased Supplier Owned Inventory
- Improved Cash

Results

- Consistent high level of Supplier Quality and Delivery
- Engaged Suppliers
- Company Wide Supply Chain Metrics
- Supplier Development
- Supplier On Time Delivery
- Supplier Quality
- Flow Down of Customer Requirements
- Negotiations Training
- APICs Training and Certification
- ERP Systems Training
- Lean / Sigma Principles
- Succession Planning

Results

- Skilled Supply Chain Leaders and Team
- Bench Strength
DCO Wide Integration of Lean Enterprise

- **High-Leverage Projects**
- **Data-Driven Project Selection**
- **Business Needs Alignment**
- **Standard Work**

- **Lean Sigma Principles**
- **Continuous Learning**
- **Developing Leaders**
- **Best Practice Sharing**

- **GDP - Standard Metrics and Reporting**
- **Standard Visual Boards**
- **Linkage to Overall DCO LRP and The Ducommun Way**

- **Value Defined by Customer**
- **Servant Leadership**
- **Lean Transformation**
- **Teamwork**

- **Cost Savings**
- **Overhead Reduction**
- **Increased Competitiveness**

- **Consistent Performance**
- **Linkage and Ownership at All Levels**
- **Tactical and Strategic Focus**

- **Engaged & Empowered Workforce**
- **Employer of Choice**
- **Preferred Supplier**

- **Cross-Business Improvements**
- **Ongoing Cost Improvement**
- **Process-Focused Leaders**

- **Lean Enterprise**
- **Waste Elimination**
- **Training & Development**
- **Visual Factory**
- **Culture Change**

**Results**

- **Data-Driven Project Selection**
- **Business Needs Alignment**
- **Standard Work**

- **Linkage to Overall DCO LRP and The Ducommun Way**

- **Value Defined by Customer**
- **Servant Leadership**
- **Lean Transformation**
- **Teamwork**

- **Cost Savings**
- **Overhead Reduction**
- **Increased Competitiveness**

- **Consistent Performance**
- **Linkage and Ownership at All Levels**
- **Tactical and Strategic Focus**
DCO Wide Integration of Engineering Design & Development

- Optimize Product Design
  - Innovative Solutions
  - Standard Design Practices
  - Stage Gate Methodology
  - Design Reuse
  - Design Cost

- Promote Best Practices
  - Proposal Development
  - Design to Cost
  - Design Reuse
  - Configuration Management
  - Training Programs

- Enhance Project Management
  - Cost Management
  - Schedule Performance
  - Technical Performance

- Heighten Customer Engagement
  - Early Requirement Definition
  - Technical Proposal Response Quality
  - Technical and Functional Alignment

Results
- Improved Cost
- Improved Lead Time
- Improved Win Rate

Results
- Improved Quality and OTD Performance
- Improved Lead Time

Results
- Improved OH Efficiency and Utilization
- Improved Employee Training

Results
- Improved Win Rate
- Improved Quote OTD
# Office Of Operational Excellence

## Goals
- Align OOE with the “Ducommun Way”
- Define and implement standard measurements including processes and appearance
- Create processes that address improvement of tactical and strategic objectives
- Identify and share best practices to drive improvements internally and externally
- Define and implement standard work
- Inform, educate and energize all employees and external partners to continually improve

## Progress to date
- Ducommun Way launched and aligned with OOE
- Developed company wide Goal Deployment Measurement workbook with 3-up charts
- Defined DCO standard measurements and metric boards to drive continual improvement
- Deployed a pilot release of the new DCO standard Quality Management System in Appleton
- Drove standardization in strategic sourcing and inventory improvement measurements and process
- Article on OOE in published Ducommun newsletter to inform and energize employees

## What’s next
- Deploy company wide site metric boards in February
- Identify and drive best practices as identified through standardized measurements
- Implement standard work and common measurements across other functional groups
- Continue company wide rollout of the new Quality Management system and S&OP process
- Drive the Ducommun Way and OOE in a Supplier Conference
- Move forward on engagement of program management and engineering initiatives
## Ducommun Metric Board

<table>
<thead>
<tr>
<th>OPERATIONAL EXCELLENCE</th>
<th>ORGANIZATIONAL DEVELOPMENT</th>
<th>PROFITABLE GROWTH</th>
<th>RESULTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>DAYS SALES OF INVENTORY</td>
<td>PAST DUE BACKLOG PER DAYS OF SALES</td>
<td>QUALITY RATING</td>
<td>SAFETY</td>
</tr>
<tr>
<td>MATERIAL EFFICIENCY</td>
<td>COST REDUCTION</td>
<td>QMAT</td>
<td>EMPLOYEE TRAINING AVERAGE</td>
</tr>
<tr>
<td>SUPPLIER OTD</td>
<td>LEAD TIME</td>
<td>DEFECT PER UNIT</td>
<td>LABOR EFFICIENCY &amp; UTILIZATION</td>
</tr>
<tr>
<td>SUPPLIER QUALITY</td>
<td>MANUFACTURING OVERHEAD</td>
<td>SCRAP</td>
<td>SALES PER EMPLOYEE</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>BOOKINGS</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>SALES</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>GROSS PROFIT</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>OPERATING INCOME</td>
</tr>
</tbody>
</table>

### Key Metrics
- **Operational Excellence:**
  - Days Sales of Inventory
  - Supplier OTD
  - Supplier Quality

- **Organizational Development:**
  - Quality Rating
  - QMAT

- **Profitable Growth:**
  - Safety
  - Employee Training Average
  - On-Time Delivery
  - Labor Efficiency & Utilization

- **Results:**
  - Bookings
  - Sales
  - Gross Profit
  - Operating Income
Days Sales Inventory

- Electronics distributor - multiple site long term agreement - teaming with Ducommun to implement supplier owned and managed inventory using process template at various locations

- Raw material supplier - multiple site long term agreement - supplier owned inventory program stocking to forecast with just in time delivery at various locations

- Hardware supplier - multiple site long term agreement - Kanban program at various locations

- Machine / fabrication supplier build to forecast with time fences

- Suppliers on contract with Ducommun providing negotiated payment terms
Material Efficiency

- PCB and electronic suppliers - multi-site pricing agreements - lowering cost through volume leverage

- Machining / fabrication supplier - long term agreement - identifying cost reductions with Ducommun team using six sigma tools and cross functional team

- Electronic suppliers - multiple site long term agreements and stock to forecast at reduced cost

- Raw material suppliers - preferred pricing based on agreement to purchase requirements as they occur supported by forecast

- OEMs and distribution - interfaced with OEMs and distributors to reduce price and total cost through mutually beneficial agreements
Supplier Quality and Delivery

- Worked with 18 suppliers in 2012 addressing quality and/or delivery improvements as a supplier / Ducommun team using a structured supplier development process

- DCO commitment of resources and supplier commitment with continual engagement

- Teamed to achieve significant improvements
  - Supplier
    o Quality Manager
    o Customer Service
  - DCO
    o Commodity Manager
    o Corporate Supplier Quality Manager
    o Site Quality Manager
    o Site Supply Chain Manager
    o Site Buyer
  - Others as appropriate from DCO or Suppliers

- 2012 process is basis for future proactive supplier cost reduction teamwork
Supplier Engagement

• Our collaboration with our supplier partners drove improvement in 2012 OTD and Quality performance.
  • 3 month rolling average improvement (base line to goal).
    o On-Time Delivery (Lots) 70.1%
    o Quality (Lots) 63.1%
    o Quality (Piece Parts) 135%
  • 12 month rolling average improvement (base line to goal).
    o On-Time Delivery (Lots) 35.6%
    o Quality (Lots) 40.7%
    o Quality (Piece Parts) 120%
• We need to continue to drive OTD and Quality Performance improvement in 2013.
FY2012 Supplier OTD Performance Trend (Lots)

18 Engaged Suppliers
FY2012 OTD 18 Month Trend (Lots)
Monthly, 3mo & 12mo Rolling

- 12mo rolling OTD (lots)
- 3mo Rolling OTD (lots)
- Monthly OTD (lots)
- OTD Goal
- Linear (Monthly OTD (lots))

Improvement:
- 70.1%
- 86.7%
- 95.4%
FY2012 Supplier Quality Performance Trend (Lots)

18 Engaged Suppliers
FY2012 Quality 18 Month Trend (Lots)
Monthly, 3mo & 12mo Rolling

- 12mo Rolling Quality (lots)
- 3mo Rolling Quality (lots)
- Monthly Quality (lots)
- Quality Goal
- Linear (Monthly Quality (lots))

Improvement:
- 63.1%
- 96.8%
FY2012 Supplier Quality Performance Trend (Piece Parts)

18 Engaged Suppliers
FY2012 Quality 18 Month Trend (PPs)
Monthly, 3mo & 12mo Rolling

- 99.7% Improvement
- 99.5%
- 98.9%
- 135% Improvement

12mo Rolling Quality (PPs)
3mo Rolling Quality (PPs)
Monthly Quality (PPs)
Quality Goal
Linear (Monthly Quality (PPs))
2013 Supplier Engagement Process

Engaged Supplier data process:

• Performance “lassie” data package utilizing SQM format is sent to the suppliers each month (1st week of each month).
• Monthly meeting with supplier to review data and actions to improve is held (SQM & CM) (4th week of each month or during a scheduled QBR).
• Additional discussions with supplier are held as needed.
• Work in conjunction with the applicable Supply Chain Commodity Manager, facility Supply Chain and Quality Managers to drive improvement activity with suppliers.
Supplier Engagement Expectations

Expectations of the Supplier Engagement Partner:

Supplier is responsible to provide:

- Data Analysis of monthly performance data.
  - Pivot Table & Charts, Trend charts, Pareto charts, etc.
- Feedback to the appropriate facility to address any inaccurate data.
- Identification and Investigation of top issues.
- 3-up charts, action plans and roadmap to drive improvement activities.
- A presentation on the overall performance status and improvement activities in monthly performance review meetings and Quarterly Business Reviews (QBR).

Expanding to address total cost in 2013
Supplier Development

Expanding teamwork with suppliers demonstrated in supplier engagements to address total cost and cost reduction opportunities:

• First Supplier Development project launched
• Leadership commitment to support at DCO
• Integrated cost reduction concept, all cost drivers:
  • Man, methods, machines and....
• Will result in mutually beneficial cost reductions
• Driven by commodity strategies, supplier strategies and project plans
Compliant Pro Quality Management System - standardizing quality processes across DCO and our supply base

Conflict Minerals Rule - important 2013 work for our supply chain driven by U.S. Securities and Exchange Commission (SEC) requirement
Standardized QMS across DCO in 2013

- Suppliers
- Processes
- Equipment
- Procedures & Regulations
- Our Organization
- Customers
- Employees

THE DUCOMMUN WAY
CompliantPro at-a-Glance

- **Base**
  - Audits & Assessments
  - Document Management
  - Customer Management
  - Equipment Maintenance

- **Add-on**
  - Corrective Action
  - Preventive Action
  - Training & Qualifications
  - Supplier Management
  - SCARs
  - Environmental Health & Safety
  - Engineering Change
  - Nonconforming Materials
  - Engineering Change
  - Nonconforming Materials
  - Risk Management & SOX
  - Equipment Maintenance
  - CalibrationX

---

**CalibrationX Compliant Pro at-a-Glance**

**Base**
- Audits & Assessments
- Document Management
- Customer Management
- Equipment Maintenance

**Add-on**
- Corrective Action
- Preventive Action
- Training & Qualifications
- Supplier Management
- SCARs
- Environmental Health & Safety
- Engineering Change
- Nonconforming Materials
- Risk Management & SOX
- Equipment Maintenance
- CalibrationX
CompliantPro: A Tightly Integrated Platform

Sharing data with other systems within Ducommun...

Our suppliers...

And our Customers.

ERP

PLM

Production Quality

HR
Conflict Minerals Rule

• Rules adopted by the U.S. Securities and Exchange Commission (SEC) on August 22, 2012 with an implementation start date of January 31, 2013 - Part of Dodd Frank Act (Section 1502)

• Intent is to encourage socially responsible behavior by discouraging funding for militant groups in Central Africa

• Conflict Minerals are: minerals originating in the Democratic Republic of Congo (DRC) and 9 adjoining countries (covered countries) include those that when refined or extracted become tantalum, tin, tungsten, or gold (3T &G) , others could be added in future

• Requires SEC registrants to report on their use of “conflict minerals” annually with first report due May 31, 2014 for calendar year 2013

• To ensure compliance Ducommun must request information regarding the use of conflict minerals from it’s suppliers

• Request letter forthcoming - important work for our supply chain requiring diligent effort and responsiveness
Moving forward

• The Office of Operational excellence is an action oriented facilitator of The Ducommun Way for Ducommun and our suppliers

• We are championing operational excellence by engaging employees at all levels in a shared vision of continuous improvement as well as engaging our external partners

• We are promoting standardized processes and best practices to accelerate improvements as well as a culture of teamwork and empowerment to impact operational efficiencies and effectiveness

• We did things differently in 2012 and will continue in 2013

• Suppliers are key to our success, there is opportunity for growth and mutual success

www.Ducommun.com – Supplier Section Live
Commodity Management Maturity

"We can’t solve problems by using the same thinking we used when we created them."

-- Albert Einstein

• The existing supply chain has been an important enabler in addressing the needs of Ducommun’s customers

• The bar is being raised – we need our suppliers, processes and systems to also rise to the next level of maturity

• The commodity management process we are profiling today will give us the added structure and methods to achieve our 2013 goals and objectives in four key areas:
  – Quality
  – Cost
  – Delivery
  – Service
Commodity Management Structure

Supply Chain Leadership

Commodity Management Team

<table>
<thead>
<tr>
<th>Commodity Manager</th>
<th>Site 1</th>
<th>Site 2</th>
<th>Site 3</th>
<th>Site 4</th>
<th>Site 5</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SC Mgr.</td>
<td>SC Mgr.</td>
<td>SC Mgr.</td>
<td>SC Mgr.</td>
<td>SC Mgr.</td>
</tr>
</tbody>
</table>

Subcommodity Teams (Extended Teams)

Roles - Site Reps
a = Procurement
b = Mfg Eng
c = Quality Eng
d = Project Mgr (Opt.)
e = Finance (Opt.)
# Machining/Fabrications/Tooling Team Members

<table>
<thead>
<tr>
<th>Corporate</th>
<th>Bob Brough</th>
<th>Commodity Manager</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carson</td>
<td>Matt Ellis</td>
<td>Materials Manager</td>
</tr>
<tr>
<td>Coxsakie</td>
<td>Brian Honsberger</td>
<td>Supply Chain Manager</td>
</tr>
<tr>
<td>GOREM</td>
<td>Greg Valencia</td>
<td>Materials Manager</td>
</tr>
<tr>
<td>Stafford</td>
<td>Mona Osagie</td>
<td>Supply Chain Manager</td>
</tr>
<tr>
<td>Huntsville</td>
<td>Dan Salley</td>
<td>Supply Chain Manager</td>
</tr>
<tr>
<td>Joplin/Berryville</td>
<td>Pam Burnley</td>
<td>Supply Chain Manager</td>
</tr>
<tr>
<td>Monrovia</td>
<td>Jennifer Smith</td>
<td>Materials Manager</td>
</tr>
<tr>
<td>Phoenix</td>
<td>Joanne Dowe</td>
<td>Supply Chain Manager</td>
</tr>
<tr>
<td>Parsons</td>
<td>Frank Tripplet</td>
<td>Materials Manager</td>
</tr>
<tr>
<td>Pittsburgh</td>
<td>Bill Nolan</td>
<td>Supply Chain Manager</td>
</tr>
<tr>
<td>Tulsa – OFS</td>
<td>Shelli Stegeman</td>
<td>Materials Manager</td>
</tr>
<tr>
<td>Tulsa</td>
<td>Stacy Caviness</td>
<td>Materials Manager</td>
</tr>
<tr>
<td>Appleton</td>
<td>Paula Bilodeau</td>
<td>Buyer/Planner</td>
</tr>
<tr>
<td>Carson</td>
<td>Eli Lawrance</td>
<td>Buyer</td>
</tr>
<tr>
<td>Coxsakie</td>
<td>Greg Migirditch</td>
<td>Commodity Leader</td>
</tr>
<tr>
<td>Coxsakie</td>
<td>John Mazza</td>
<td>Project Engineer</td>
</tr>
<tr>
<td>GOREM</td>
<td>Sherelle Villacorta</td>
<td>Buyer</td>
</tr>
<tr>
<td>GOREM</td>
<td>Steve Hardwick</td>
<td>Director Est., Tooling &amp; NPD</td>
</tr>
<tr>
<td>GOREM</td>
<td>Tony Yzguerra</td>
<td>Tooling &amp; New Product Dev</td>
</tr>
<tr>
<td>Stafford</td>
<td>Cynthia Kugler</td>
<td>Buyer</td>
</tr>
<tr>
<td>Huntsville</td>
<td>Stan Seel</td>
<td>Quality Engineer</td>
</tr>
<tr>
<td>Huntsville</td>
<td>Gerry Zanger</td>
<td>Sr. Buyer</td>
</tr>
<tr>
<td>Joplin/Berryville</td>
<td>Denise Bassett</td>
<td>Sr. Buyer</td>
</tr>
<tr>
<td>Joplin/Berryville</td>
<td>Robert Vickrey</td>
<td>Estimating</td>
</tr>
<tr>
<td>Monrovia</td>
<td>Miguel Ramos</td>
<td>SC Project Manager</td>
</tr>
<tr>
<td>Monrovia</td>
<td>Meri Ghazaryan</td>
<td>SC Project Manager</td>
</tr>
<tr>
<td>Monrovia</td>
<td>Martin Bergner</td>
<td>Estimating</td>
</tr>
<tr>
<td>Phoenix</td>
<td>June Bowman</td>
<td>Sr. Buyer</td>
</tr>
<tr>
<td>Parsons</td>
<td>Charlie Forbes</td>
<td>SC Lead</td>
</tr>
<tr>
<td>Pittsburgh</td>
<td>Steve Boyd</td>
<td>Sr. Buyer</td>
</tr>
<tr>
<td>Tulsa – OFS</td>
<td>Tammy Williams</td>
<td>Buyer</td>
</tr>
<tr>
<td>Tulsa</td>
<td>Jodi Hawkins</td>
<td>Purchasing Supervisor</td>
</tr>
</tbody>
</table>
## Raw Materials Team Members

<table>
<thead>
<tr>
<th>Location</th>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate</td>
<td>Andy Wilkens</td>
<td>Commodity Manager</td>
</tr>
<tr>
<td>Coxsakie</td>
<td>Brian Honsberger</td>
<td>Supply Chain Manager</td>
</tr>
<tr>
<td>Parsons</td>
<td>Frank Triplett</td>
<td>Supply Chain Manager</td>
</tr>
<tr>
<td>Carson</td>
<td>Matt Ellis</td>
<td>Materials Manager</td>
</tr>
<tr>
<td>Monrovia</td>
<td>Jennifer Smith</td>
<td>Materials Manager</td>
</tr>
<tr>
<td>GOREM</td>
<td>Greg Valencia</td>
<td>Materials Manager</td>
</tr>
<tr>
<td>Phoenix</td>
<td>Joanne Dowle</td>
<td>Supply Chain Manager</td>
</tr>
<tr>
<td>Coxsakie</td>
<td>Greg Hudock</td>
<td>Commodity Leader</td>
</tr>
<tr>
<td>Parsons</td>
<td>Charlie Forbes</td>
<td>Purchasing Agent</td>
</tr>
<tr>
<td>Carson</td>
<td>Claire McDonald</td>
<td>Purchasing Supervisor</td>
</tr>
<tr>
<td>Monrovia</td>
<td>Valerie Kennedy</td>
<td>Sr. Buyer/Planner</td>
</tr>
<tr>
<td>GOREM</td>
<td>Carrie Pollard</td>
<td>Buyer</td>
</tr>
<tr>
<td>Phoenix</td>
<td>June Bowman</td>
<td>Sr. Buyer</td>
</tr>
</tbody>
</table>
# Distribution/Actives & Passives Team Members

<table>
<thead>
<tr>
<th>Location</th>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate</td>
<td>Ross Bilodeau</td>
<td>Commodity Manager</td>
</tr>
<tr>
<td>Appleton</td>
<td>Beth Kufahl</td>
<td>Materials Manager</td>
</tr>
<tr>
<td>Pittsburgh</td>
<td>Bill Nolan</td>
<td>Materials Manager</td>
</tr>
<tr>
<td>Tulsa</td>
<td>Stacy Caviness</td>
<td>Materials Manager</td>
</tr>
<tr>
<td>Stafford</td>
<td>Mona Osagie</td>
<td>Materials Manager</td>
</tr>
<tr>
<td>Huntsville</td>
<td>Dan Salley</td>
<td>Supply Chain Manager</td>
</tr>
<tr>
<td>Joplin/Berryville</td>
<td>Pam Burnley</td>
<td>Supply Chain Manager</td>
</tr>
<tr>
<td>Tulsa – OFS</td>
<td>Shelli Stegeman</td>
<td>Materials Manager</td>
</tr>
<tr>
<td>Carson</td>
<td>Matt Ellis</td>
<td>Supply Chain Manager</td>
</tr>
<tr>
<td>Phoenix</td>
<td>Joanne Dowle</td>
<td>Supply Chain Manager</td>
</tr>
<tr>
<td>Appleton</td>
<td>Faith Clements</td>
<td>Buyer</td>
</tr>
<tr>
<td>Pittsburgh</td>
<td>Kathy Koestline</td>
<td>Procurement Supervisor</td>
</tr>
<tr>
<td>Tulsa</td>
<td>Jodi Hawkins</td>
<td>Procurement Supervisor</td>
</tr>
<tr>
<td>Stafford</td>
<td>Cynthia Kugler</td>
<td>Buyer</td>
</tr>
<tr>
<td>Huntsville</td>
<td>Linda Littrell</td>
<td>Senior Buyer</td>
</tr>
<tr>
<td>Huntsville</td>
<td>Christy Jackson</td>
<td>Purchasing Specialist</td>
</tr>
<tr>
<td>Joplin/Berryville</td>
<td>Mark Witten</td>
<td>Purchasing Supervisor</td>
</tr>
<tr>
<td>Tulsa – OFS</td>
<td>Latish Harger</td>
<td>Buyer</td>
</tr>
<tr>
<td>Carson</td>
<td>Debbie Landosky</td>
<td>Sr. Buyer</td>
</tr>
<tr>
<td>Phoenix</td>
<td>Sean Logan</td>
<td>Sr. Buyer</td>
</tr>
</tbody>
</table>
## Electromechanical and Printed Circuit Boards Team Members

<table>
<thead>
<tr>
<th>Location</th>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate</td>
<td>Les Sprecher</td>
<td>Commodity Manager</td>
</tr>
<tr>
<td>Appleton</td>
<td>Beth Kufahl</td>
<td>Materials Manager</td>
</tr>
<tr>
<td>Carson</td>
<td>Matt Ellis</td>
<td>SCM Manager</td>
</tr>
<tr>
<td>Huntsville</td>
<td>Dan Salley</td>
<td>Supply Chain Manager</td>
</tr>
<tr>
<td>Joplin/Berryville</td>
<td>Pam Burnley</td>
<td>SCM Manager</td>
</tr>
<tr>
<td>Parsons</td>
<td>Frank Triplett</td>
<td>SCM Manager</td>
</tr>
<tr>
<td>Phoenix</td>
<td>Joanne Dowle</td>
<td>Supply Chain Manager</td>
</tr>
<tr>
<td>Pittsburgh</td>
<td>Bill Nolan</td>
<td>Materials Manager</td>
</tr>
<tr>
<td>Stafford</td>
<td>Mona Osagie</td>
<td>Materials Manager</td>
</tr>
<tr>
<td>Tulsa</td>
<td>Stacy Caviness</td>
<td>SCM Manager</td>
</tr>
<tr>
<td>Tulsa - OFS</td>
<td>Shelli Stegeman</td>
<td>Materials Manager</td>
</tr>
<tr>
<td>Appleton</td>
<td>Faith Clements</td>
<td>Buyer</td>
</tr>
<tr>
<td>Carson</td>
<td>Debbie Landosky</td>
<td>Senior Buyer</td>
</tr>
<tr>
<td>Huntsville</td>
<td>Christy Jackson</td>
<td>Associate Buyer</td>
</tr>
<tr>
<td>Huntsville</td>
<td>Linda Littrell</td>
<td>Senior Buyer</td>
</tr>
<tr>
<td>Joplin/Berryville</td>
<td>Mark Witten</td>
<td>Purchasing Supervisor</td>
</tr>
<tr>
<td>Parsons</td>
<td>Gidget Shearhart</td>
<td>Purchasing Supervisor</td>
</tr>
<tr>
<td>Phoenix</td>
<td>Maria Hinkle</td>
<td>Buyer</td>
</tr>
<tr>
<td>Pittsburgh</td>
<td>Cathleen Stroh</td>
<td>Senior Buyer</td>
</tr>
<tr>
<td>Pittsburgh</td>
<td>Kathy Koestline</td>
<td>Purchasing Supervisor</td>
</tr>
<tr>
<td>Stafford</td>
<td>Cynthia Kugler</td>
<td>Buyer</td>
</tr>
<tr>
<td>Stafford</td>
<td>Tracy Roberts</td>
<td>Buyer</td>
</tr>
<tr>
<td>Tulsa</td>
<td>Janna Squires</td>
<td>Senior Buyer</td>
</tr>
<tr>
<td>Tulsa</td>
<td>Jodi Hawkins</td>
<td>Purchasing Supervisor</td>
</tr>
<tr>
<td>Tulsa - OFS</td>
<td>LaTisha Harger</td>
<td>Buyer</td>
</tr>
</tbody>
</table>
Connector, and Wire Team Members

<table>
<thead>
<tr>
<th>Location</th>
<th>Name</th>
<th>Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate</td>
<td>Tom Rupert</td>
<td>Commodity Manager</td>
</tr>
<tr>
<td>Appleton</td>
<td>Beth Kufahl</td>
<td>Materials Manager</td>
</tr>
<tr>
<td>Carson</td>
<td>Matt Ellis</td>
<td>SCM Manager</td>
</tr>
<tr>
<td>Huntsville</td>
<td>Dan Salley</td>
<td>Supply Chain Manager</td>
</tr>
<tr>
<td>Joplin/Berryville</td>
<td>Pam Burnley</td>
<td>SCM Manager</td>
</tr>
<tr>
<td>Phoenix</td>
<td>Joanne Dowle</td>
<td>Supply Chain Manager</td>
</tr>
<tr>
<td>Pittsburgh</td>
<td>Bill Nolan</td>
<td>Materials Manager</td>
</tr>
<tr>
<td>Stafford</td>
<td>Mona Osagie</td>
<td>Materials Manager</td>
</tr>
<tr>
<td>Tulsa</td>
<td>Stacy Caviness</td>
<td>SCM Manager</td>
</tr>
<tr>
<td>Tulsa - OFS</td>
<td>Shelli Stegeman</td>
<td>Materials Manager</td>
</tr>
<tr>
<td>Appleton</td>
<td>Julie Jahnke</td>
<td>Senior Buyer</td>
</tr>
<tr>
<td>Carson</td>
<td>Debbie Landosky</td>
<td>Senior Buyer</td>
</tr>
<tr>
<td>Huntsville</td>
<td>Christy Jackson</td>
<td>Associate Buyer</td>
</tr>
<tr>
<td>Joplin/Berryville</td>
<td>Mark Witten</td>
<td>Purchasing Supervisor</td>
</tr>
<tr>
<td>Phoenix</td>
<td>Sean Logan</td>
<td>Senior Buyer</td>
</tr>
<tr>
<td>Pittsburgh</td>
<td>Kathy Koestline</td>
<td>Purchasing Supervisor</td>
</tr>
<tr>
<td>Stafford</td>
<td>Tracy Roberts</td>
<td>Senior Buyer</td>
</tr>
<tr>
<td>Tulsa</td>
<td>Jodi Hawkins</td>
<td>Purchasing Supervisor</td>
</tr>
<tr>
<td>Tulsa OFS</td>
<td>Tammy Williams</td>
<td>Associate Buyer</td>
</tr>
</tbody>
</table>
## Hardware Team Members

<table>
<thead>
<tr>
<th>Location</th>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate</td>
<td>Tom Rupert</td>
<td>Commodity Manager</td>
</tr>
<tr>
<td>Carson</td>
<td>Matt Ellis</td>
<td>Materials Manager</td>
</tr>
<tr>
<td>Coxsakie</td>
<td>Brian Honsberger</td>
<td>Supply Chain Manager</td>
</tr>
<tr>
<td>GOREM</td>
<td>Greg Valencia</td>
<td>Materials Manager</td>
</tr>
<tr>
<td>Stafford</td>
<td>Mona Osagie</td>
<td>Supply Chain Manager</td>
</tr>
<tr>
<td>Huntsville</td>
<td>Dan Salley</td>
<td>Supply Chain Manager</td>
</tr>
<tr>
<td>Monrovia</td>
<td>Jennifer Smith</td>
<td>Materials Manager</td>
</tr>
<tr>
<td>Phoenix</td>
<td>Joanne Dowle</td>
<td>Supply Chain Manager</td>
</tr>
<tr>
<td>Parsons</td>
<td>Frank Tripplet</td>
<td>Materials Manager</td>
</tr>
<tr>
<td>Pittsburgh</td>
<td>Bill Nolan</td>
<td>Supply Chain Manager</td>
</tr>
<tr>
<td>Carson</td>
<td>Ellie Lawrence</td>
<td>Buyer/Planner</td>
</tr>
<tr>
<td>Coxsackie</td>
<td>Greg Hudock</td>
<td>Commodity Leader</td>
</tr>
<tr>
<td>GOREM</td>
<td>Sherelle Villacorta</td>
<td>Procurement Agent</td>
</tr>
<tr>
<td>Stafford</td>
<td>Jared Lesch</td>
<td>Buyer</td>
</tr>
<tr>
<td>Huntsville</td>
<td>Martha Clark</td>
<td>Associate Buyer</td>
</tr>
<tr>
<td>Monrovia</td>
<td>Toni Esparza</td>
<td>Jr. Buyer</td>
</tr>
<tr>
<td>Parsons</td>
<td>Gidget Shearhart</td>
<td>Purchasing Agent</td>
</tr>
<tr>
<td>Phoenix</td>
<td>Maria Hinkle</td>
<td>Senior Buyer</td>
</tr>
<tr>
<td>Pittsburgh</td>
<td>Cathy Sebastian</td>
<td>Buyer</td>
</tr>
<tr>
<td>Pittsburgh</td>
<td>Kathy Koestline</td>
<td>Purchasing Supervisor</td>
</tr>
</tbody>
</table>
2012 Commodity Spend Profile

Annualized Spend

- Raw Materials: 18%
- Machine & Fabrications: 16%
- Actives/Passives/Distribution: 15%
- Indirect: 8%
- Connectors: 8%
- Electromechanical: 7%
- PCB: 5%
- Hardware: 5%
- Special Processing: 4%
- Wire: 3%
- Other - Direct: 3%
- Intercompany: 1%
- Chemicals and Adhesives: 1%
- Capital Equipment: 1%
- MRO: 2%
- Computers & IT: 1%
Commodity Management Process Map

Start

- Gather Supplier Spend Data
- Segment Data by Sub-Commodity
- Identify Sub-Commodity Using Sites & Stakeholders and Form Teams
- Hold Sub-Commodity Strategy Meeting

Conduct RFQ Strategy Session

- Analyze Forecast Requirements
- Gather Site Forecast Requirements
- Create Sub-Commodity Projects and Trackers
- Create Sub-Commodity Part Family and Supplier Segmentation/Strategies

Release RFQ

- Receive Responses and Perform Quote Analysis
- Hold Pre-Negotiation Strategy Session
- Conduct Negotiations
- Perform Negotiation Analysis

Continuous Improvement - First Review

- Agreement Execution
- Agreement Approval
- Site Concurrence

Decision

End
Supplier Relationships Types

• **Discrete**
  – Used to meet day to day open demand for simple to medium complexity components
  – Limited to working on a purchase order to purchase order basis.

• **Customer Directed**
  – A mandatory sole source supplier per customer drawing, specification, or directive.

• **Key Relationships**
  – Has at least one multi-year contract/agreement with Ducommun.
  – More integrated into our supply chain process
  – Supports our materials estimating process for new business
  – Providing a higher level of service for our production schedules.

• **Strategic**
  – Truly acts as an extension of Ducommun.
  – Have a long term agreement, capabilities and capacity to meet long term forecasted requirements.
  – Partner with Ducommun to build to annual forecasts and make investments to support program requirements.
  – Pursue technology innovation, to position themselves as a leader
Commodity Supplier Categories

• **Grow**
  – Actively identify new business opportunities

• **Maintain**
  – Continue current – quote new business if same/similar form-fit-function and only one or no grow suppliers with same capability.

• **Niche**
  – Provides specific product or process to satisfying specific market requirement.

• **Quick Turn / R & D**
  – Rapid-turn-around and small-runs supporting both production and development.

• **Reduce**
  – No new business and limit current business but cannot fully exit

• **Exit**
  – Transition all business from supplier to another supplier or in-house (make/buy)

200 Suppliers Here $100M Opportunity
Commodity Actions & Strategies

• Supplier Development
• Supplier Owned Inventory
• Value Analysis/Value Engineering
• Terms
• Transition
• Globalize
• Rationalize
• Standardize
• Make/Buy
Expectations

• Quality
  – 2013 - >99.5% @ Incoming or POU
  – 2014 - >99.8% @ Incoming or POU

• Cost
  – Double-Digit reduction
  – Year over year improvements
  – Offset Inflation
  – Beat Market Indices

• Delivery
  – 2013 - >99% on-time on-dock to P.O. date
  – 2014 - >99.5% (3 days early, 0 days late)

• Service
  – 25% reduction in inventory
  – 25% increase is VMI
  – 2 Point increase and/or time extension in payment terms
What to Expect from Ducommun

• **Aggressive expectations to support:**
  – Customer expectations
  – Stockholder expectations

• **Core Values**
  – Honesty
  – Professionalism
  – Respect
  – Customer Orientation
  – Continuous Improvement
  – Teamwork

• **Opportunity for new business**
  – New programs
  – Additional Ducommun location
  – Natural business units
  – Part family and/or process consolidation

• **Opportunity to improve margins**
  – Overhead reduction
  – Integrated Cost Reduction
  – Value Analysis/Value Engineering

• **Opportunity to leverage improvements with other customers**
Summary

• This process and approach provides the strategy, structure and the plan to support DCO’s 2013 goals and objectives
• It gives us the tools to truly manage commodities
• It provides a way to leverage our resources across DCO
• Prioritization and execution of 200 + projects will take participation by all of the stake-holders across the supply chain
• It gives a way to meet and exceed our customers expectations across all areas of performance:
  – Quality
  – Cost
  – Delivery
  – Service