



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



Joplin, MO



Berryville, AR

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**

GOREM



Orange



**Core Capabilities: Chem Milling
and Sheet Metal Fabrication
and Assembly**

El Mirage



**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



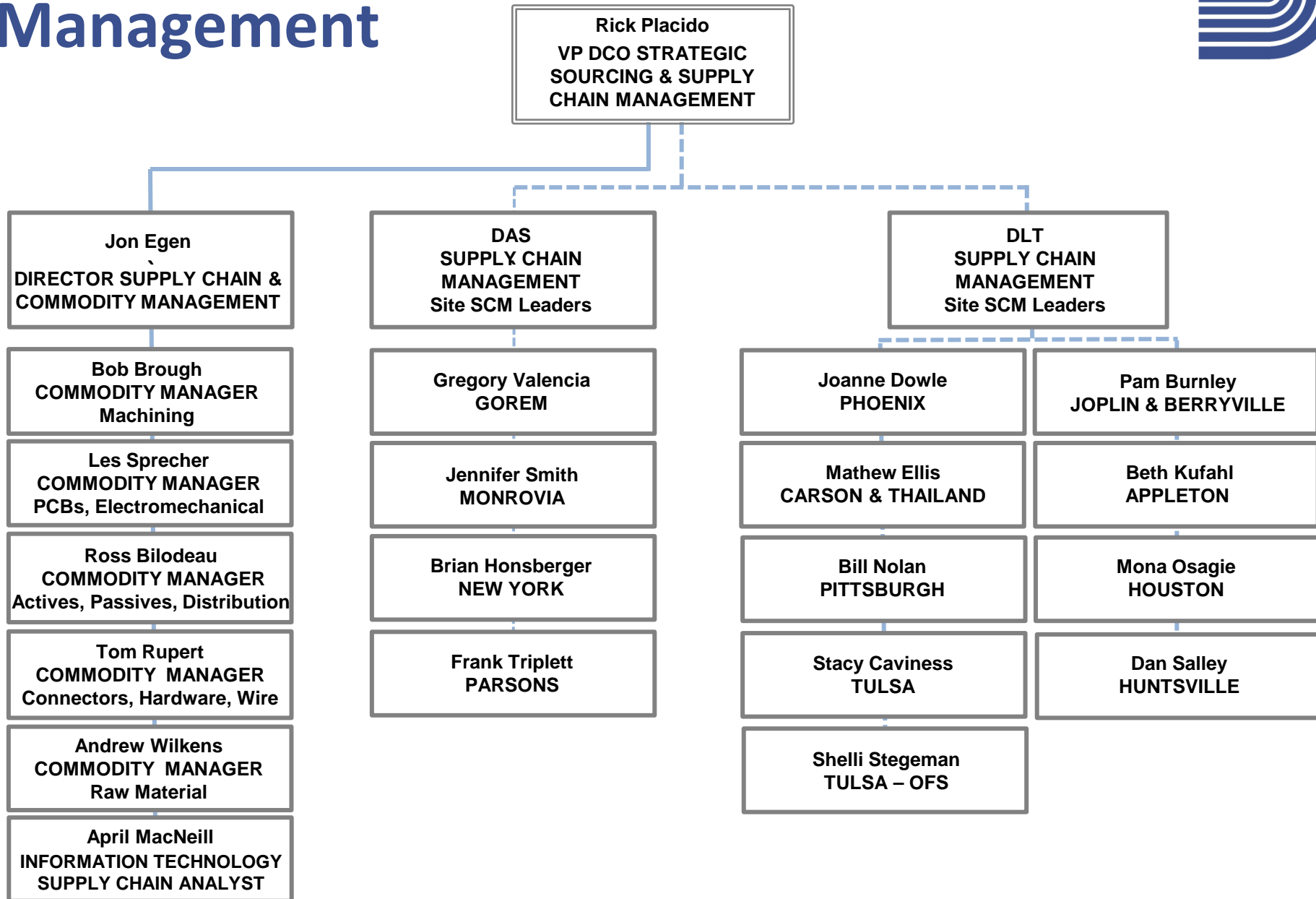
**Core Capabilities: Engineered Products, Motion Control Devices,
Human Machine Interface, RF Products**

Saraburi, Thailand



Core Capabilities: RF electrical mechanical components, wire harness assemblies for Boeing 787, machined panels for B737 & other display units

Supply Chain Management





AGENDA

Ducommun: Past, Present and Future	Tony Reardon <i>Chairman, President & CEO</i>
The Ducommun Way	Joel Benkie <i>Executive Vice President & COO</i>
DCO Business Outlook	Mike Pollack <i>Vice President Sales & Marketing</i>
Questions and Answers	All
Break	All
The Office of Operational Excellence	Jens Hauvn <i>Vice President Corporate Quality</i> Rick Placido
Strategic Sourcing and Commodity Management	Jon Egen <i>Director Supply Chain & Commodity Management</i>
Questions, Answers and Summary	All
Adjourn and Lunch	All



Ducommun: Past, Present & Future

Tony Reardon
Chairman, President and CEO

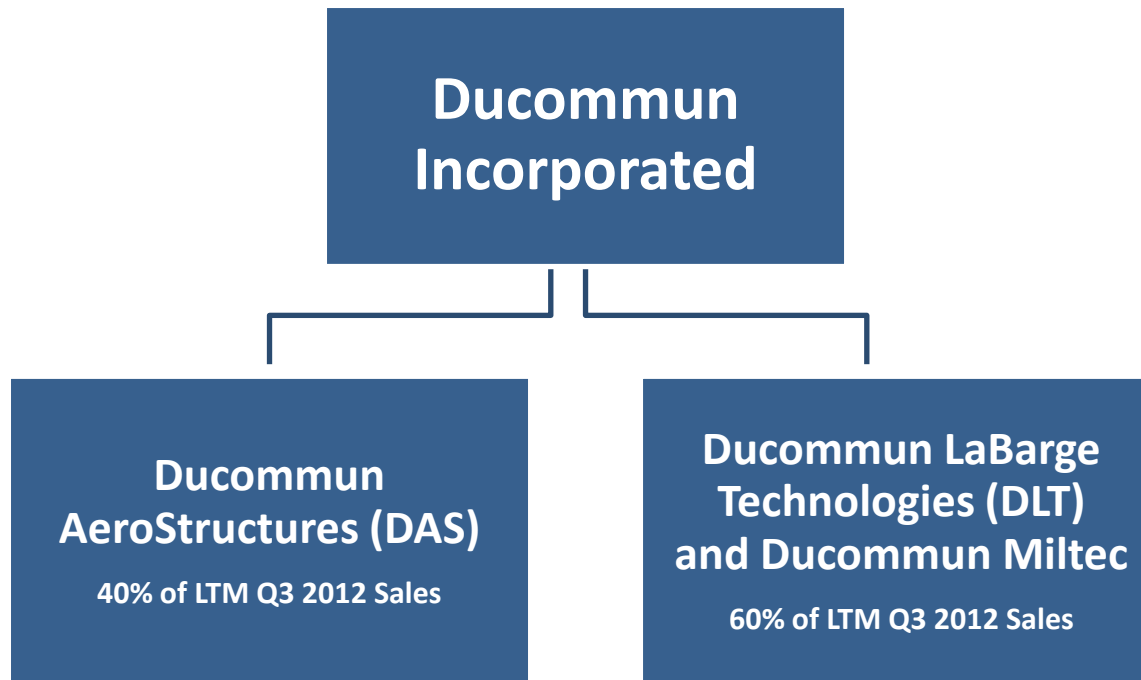
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Company Overview



- 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

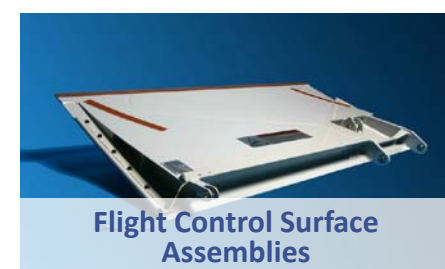
- Fuselage skin panels & assemblies
- Flight control surface assemblies
- Leading edges

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



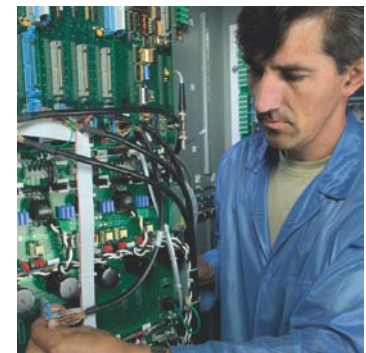
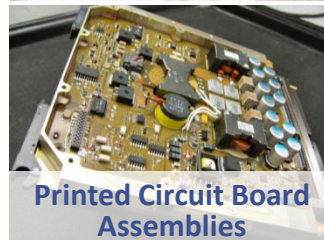
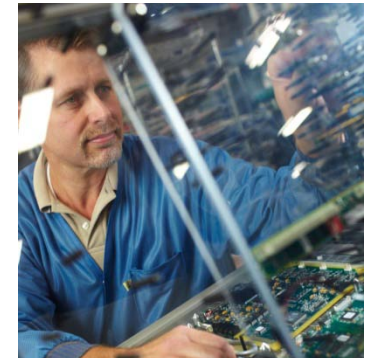
Ducommun LaBarge Technologies (DLT)



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



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

Product Offering

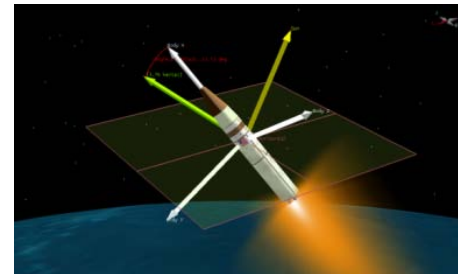
Missiles and Space Core Capabilities

- Missiles, satellites, KVs
- Inertial nav systems
- Lasers



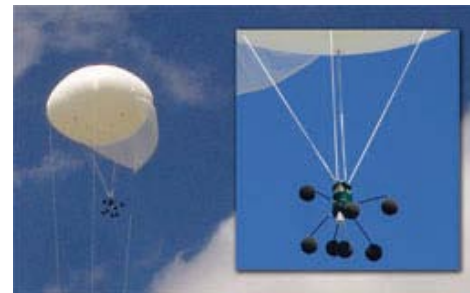
Systems Core Capabilities

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

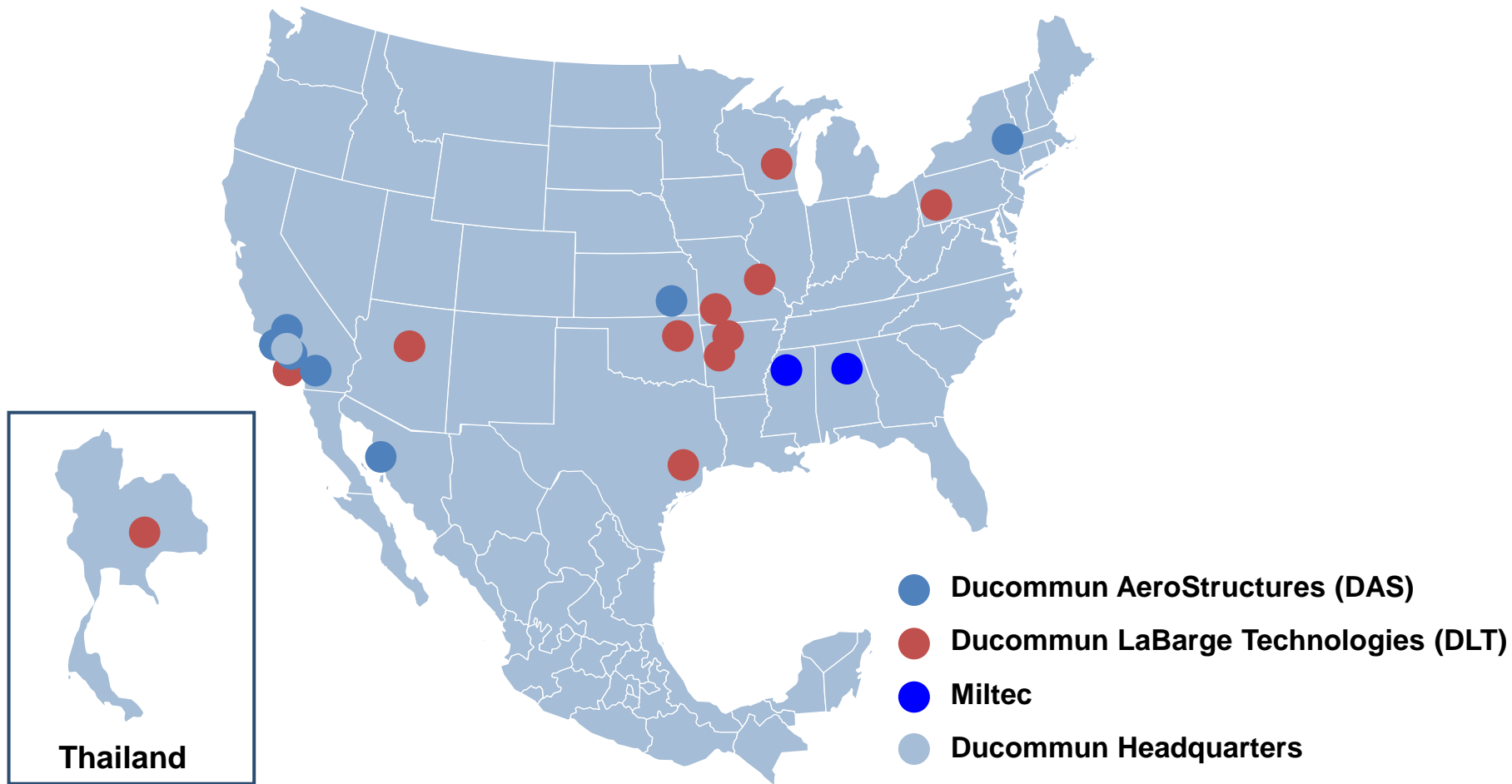


Research and Technology Core Capabilities

- Basic and applied research in acoustics
- Aviation and UAV sensors
- Cruise missile detection and tracking



Where We're Located

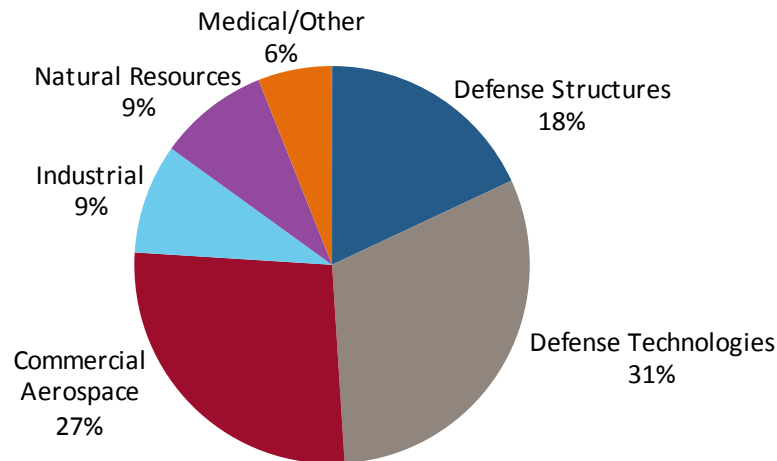


Primarily US-Based with Access to Low-Cost Domiciles

Diversified End Markets and Platforms with Strong Industry Fundamentals



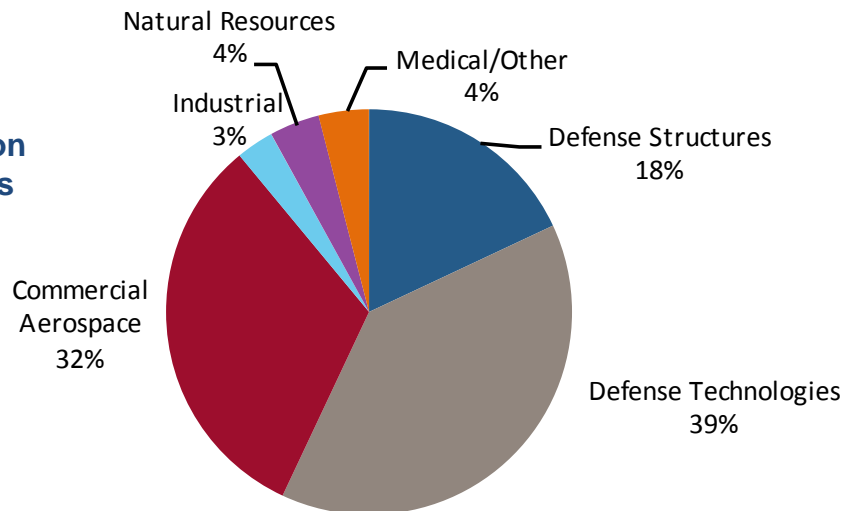
\$741 Million
LTM Q3 2012
Sales



Commercial Aerospace
Defense Technologies
Defense Structures
Natural Resources
Industrial
Medical & Other
Weighted Average Growth Rate

Annual Expected Growth Rate
8% - 10%
3% - 5%
(3%) - 2%
3% - 5%
3% - 5%
4% - 6%
3% - 6%

\$642 Million
Backlog as
of 9/30/12



Ducommun's End Markets Offer Growth Opportunities



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

Defense Technologies

(31% of Sales)

Defense Structures

(18% of Sales)



- Missile systems
- Radar systems
- Aircraft applications
- Shipboard systems
- Rotor blade assemblies

Commercial Aerospace

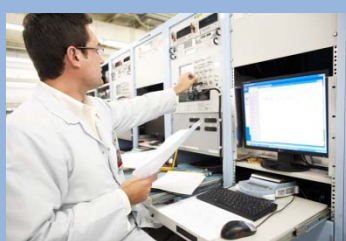
(27% of Sales)



- Flight control assemblies
- Rotor blade assemblies
- Fuselage assemblies
- Leading edges
- Engine ducts

Industrial

(9% of Sales)



- Glass container electronic manufacturing systems
- Electronic test equipment
- Semiconductor capital equipment

Natural Resources

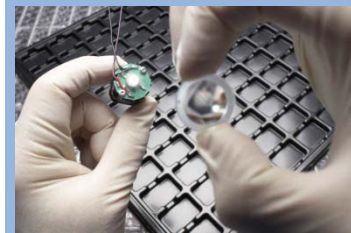
(9% of Sales)



- 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.

THE DUCOMMUNWAY 

Honesty • Professionalism • Respect • Trust • Teamwork



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?

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Introducing The Ducommun Way

Joel Benkie

Executive Vice President and Chief Operating Officer

2013 Supplier Conference

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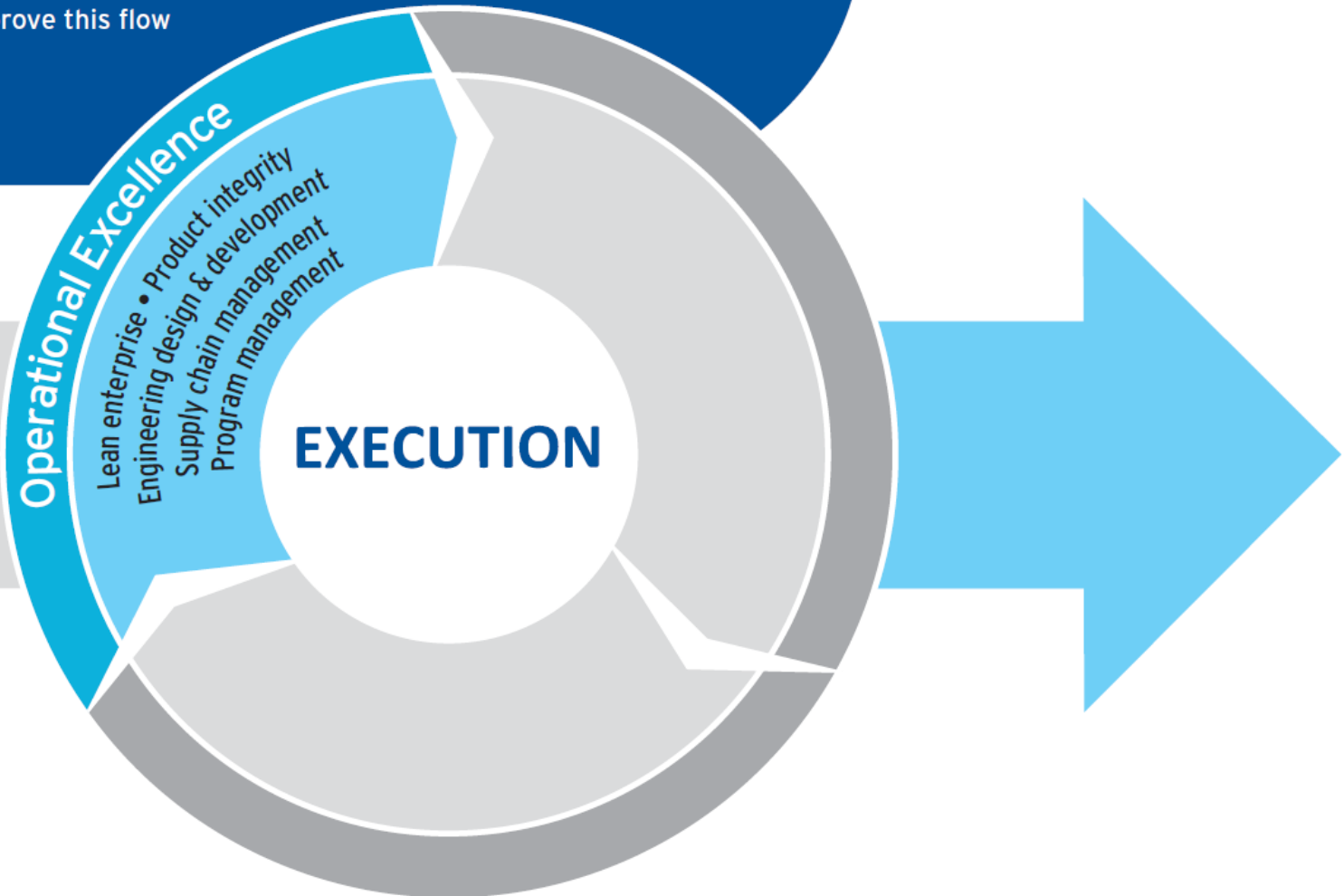
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Execution: Operational Excellence

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.

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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

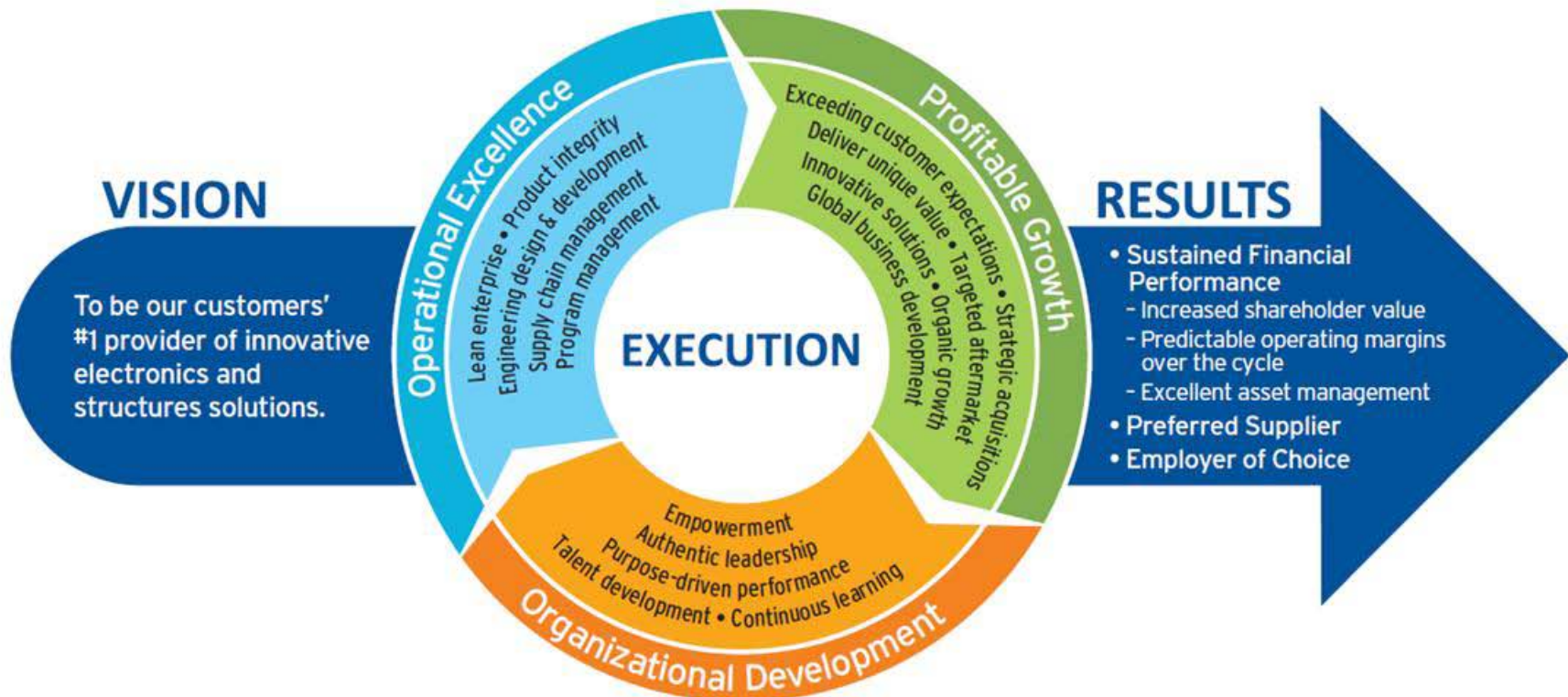
Mike Pollack

Vice President, Sales & Marketing

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THE DUCOMMUN WAY

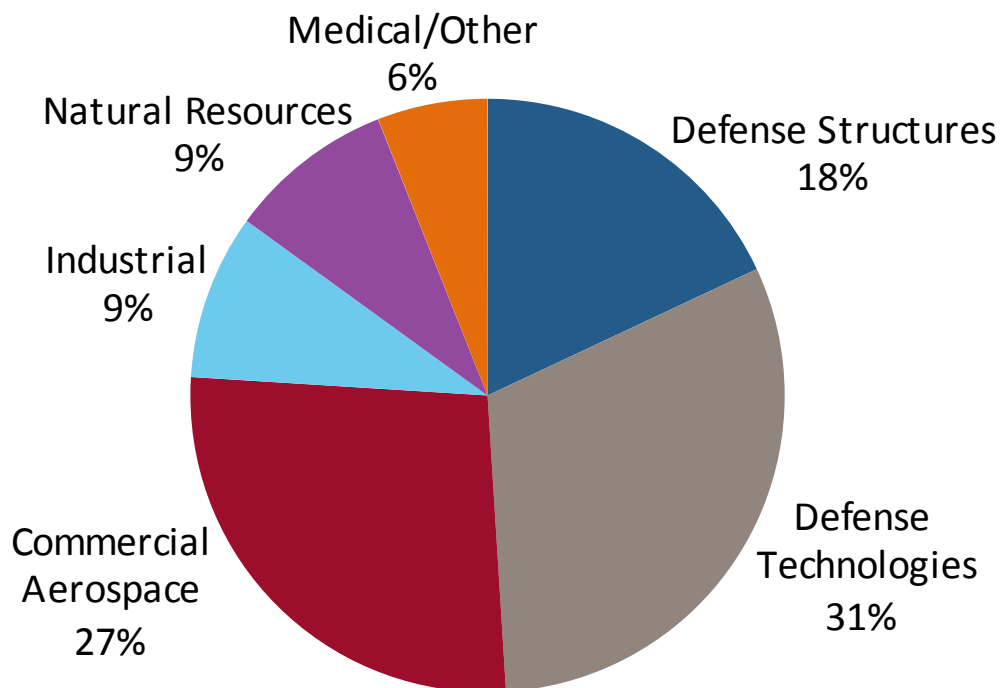
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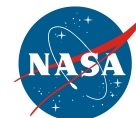
Ducommun, Inc. at a Glance



\$741 Million
LTM Q3 2012 Sales



Key Customers



Raytheon



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



Structural Components and Assemblies

DAS
AeroStructures



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
- Doorsurrounds
- Fire-walls
- Hi Temp. Ducts
- Engine Nozzles
- Nacelle Panel Assemblies
- Tail Cones
- Rotor Blades
- Flight Control Surfaces
- Winglets

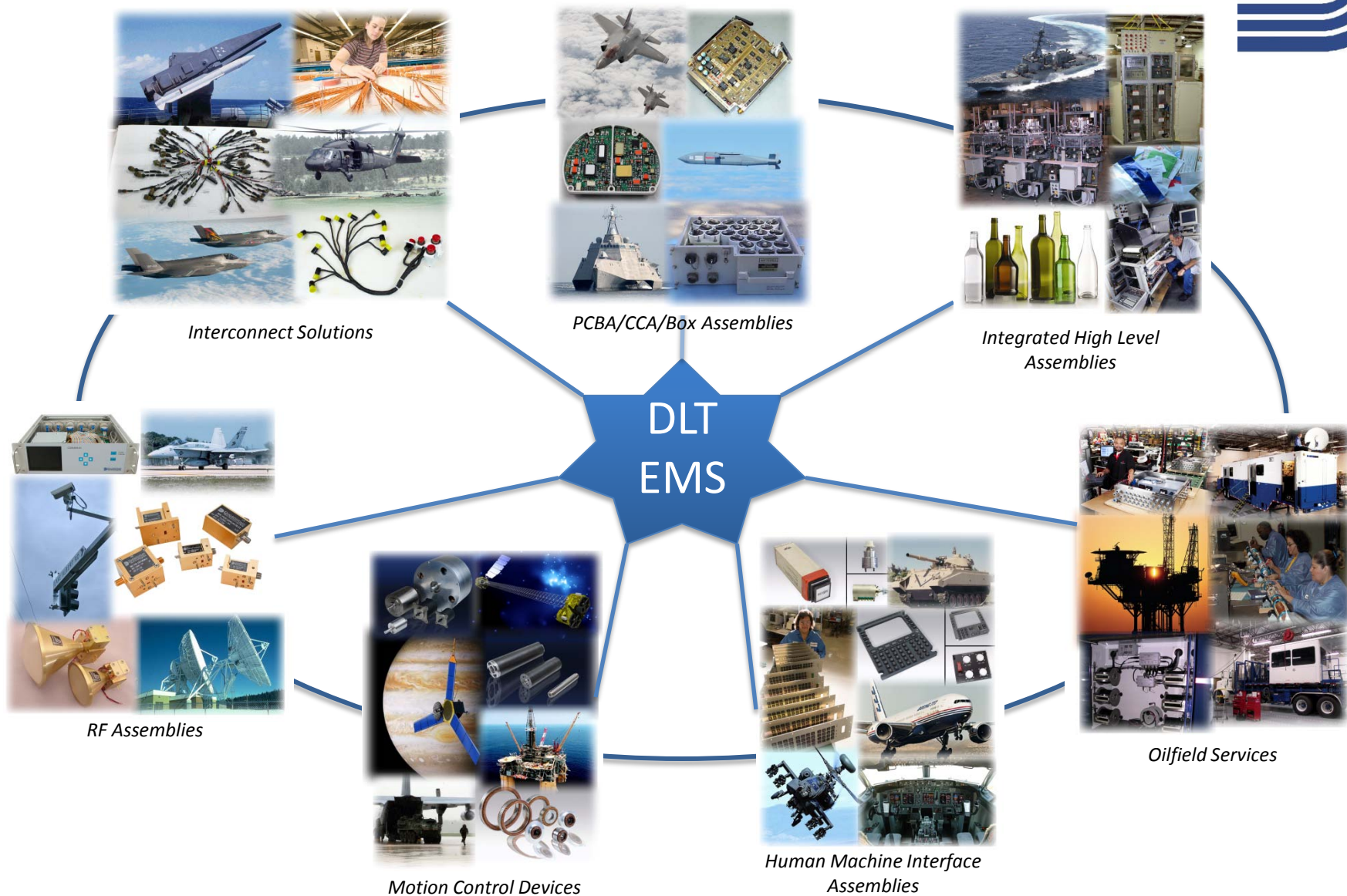
DAS Main Customer Base

- 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 Grumman, 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)



DLT Strategic Business Unit (DAR)

Defense / Aerospace / Ruggedized Products



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

- 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

Customers	Aerospace & Defense Customers: Raytheon, Sikorsky, Spirit, Bell, BAE Systems, Goodrich, Parker, L3 Communications, Northrop, Lockheed, Kaman, GE Aviation, General Dynamics,		
Center of Excellence Capabilities	<u>Interconnect Solutions</u> <ul style="list-style-type: none">• Complex cable & harnesses• Molded cables• High-temp• High-pressure• High-flexibility• High-frequency• Flexible printed circuits• Fiber optic	<u>CCA>PCB>Hi Box</u> <ul style="list-style-type: none">• System Level Integration• Box-level assembly• Complex PCBA• Full test capabilities• Multichip modules / hybrids• Repair & Upgrade• Deep O&G Hi Temp• Prototyping• AS 9100	<u>EMS</u> <ul style="list-style-type: none">• Complex mechanical electronic/HLA• SMT / Fine pitch SMT• BGA and CSP assembly• High-temp 10-zone reflow• AOI and X-ray• Repair & Upgrade
Products	<ul style="list-style-type: none">• Circuit Card Assemblies• Backplane Assemblies• Avionics Systems• Inboard/ Outboard Antennas	<ul style="list-style-type: none">• Missile & Weapon Systems Harnesses• Engine Cables• Oilfield Service Vehicles• Radar Systems• Power Supplies	<ul style="list-style-type: none">• Satellite Cables• Servo Amplifiers• Space Launch• Power Distribution Panels• Launch Systems• Radar Racks



DLT 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	Industrial, Medical, Commercial & Engineered Products Customers: Boeing, Bell, Schlumberger, Owens-Illinois, DeVilbiss, CareFusion, American Superconductor, Smiths Medical, Joy Mining		
Center of Excellence Capabilities	Engineered Products <ul style="list-style-type: none"> • Motors & resolvers • RF switches & assemblies • Human-Machine Interface panels & assemblies • Repair and upgrade 	CCA>PCB>Hi Box <ul style="list-style-type: none"> • 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 <ul style="list-style-type: none"> • Complex mechanical electronic/HLA • SMT / Fine pitch SMT • BGA and CSP assembly • High-temp 10-zone reflow • AOI and X-ray • Repair & Upgrade
Products	<ul style="list-style-type: none"> • Mine Automation Systems • Agricultural Equip • Custom micro-electronics 	<ul style="list-style-type: none"> • Patient Monitoring & Therapy Devices • Wind turbines • Glass Manufacturing Equip 	<ul style="list-style-type: none"> • Oil & gas controls • Down hole tools • Test Equip • Surgical Systems • Semiconductor Fabrication Equip



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)

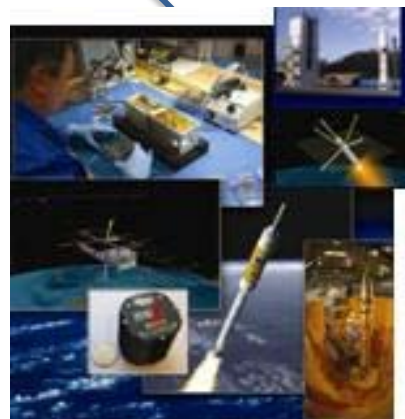
Niche markets

- Bottling Automation Equipment
- Home Health Care Monitoring Devices
- Oil & gas downhole drilling monitoring equipment

Ducommun Miltec Corporation (Miltec)



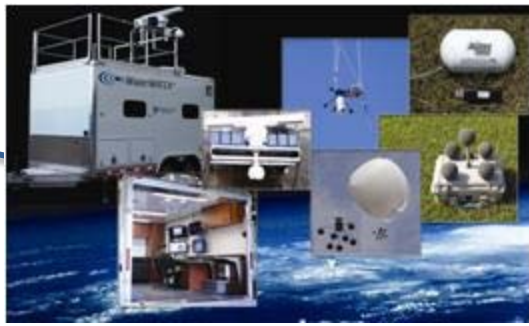
Aviation



Space



Security & Surveillance



Missiles & Weapon Systems



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	<ul style="list-style-type: none">• Acoustic Sensor Development and Testing• Signal Processing, Software	<ul style="list-style-type: none">• Technology Development• System Integration• Design Engineering• Product Development	<ul style="list-style-type: none">• Environmental Testing• System Integration
Products & Services	<ul style="list-style-type: none">• Design & System Development• Surveillance Systems	<ul style="list-style-type: none">• Embedded Software• Test and Evaluation• Simulation & Analysis	<ul style="list-style-type: none">• 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



THE DUCOMMUNWAY



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Office of Operational Excellence

Jens Hauvn

Vice President, Corporate Quality

Rick Placido

**Vice President, Strategic Sourcing and
Supply Chain Management**

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Office Of Operational Excellence



Supply
Chain Impact

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.

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

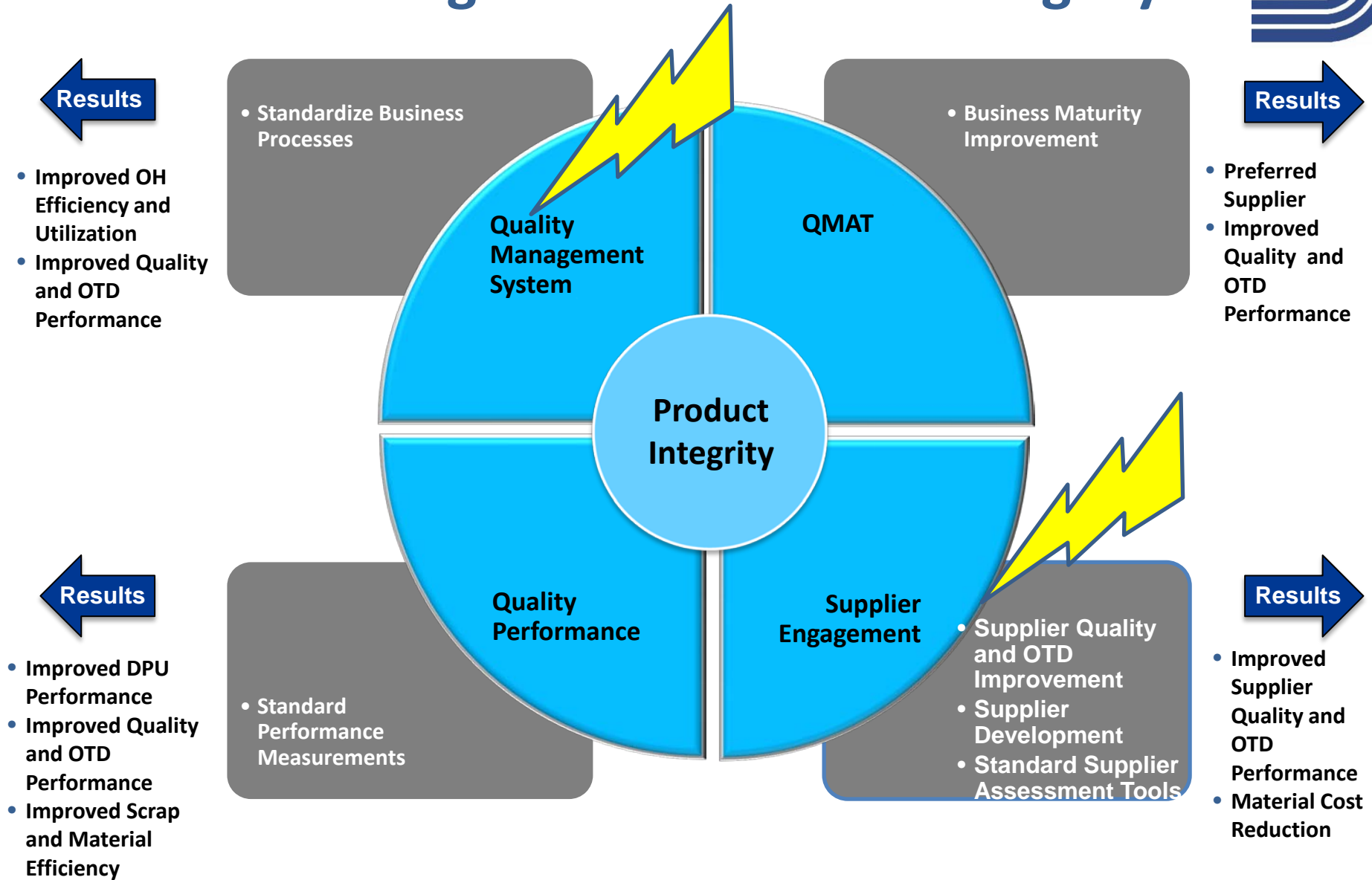


THE DUCOMMUNWAY

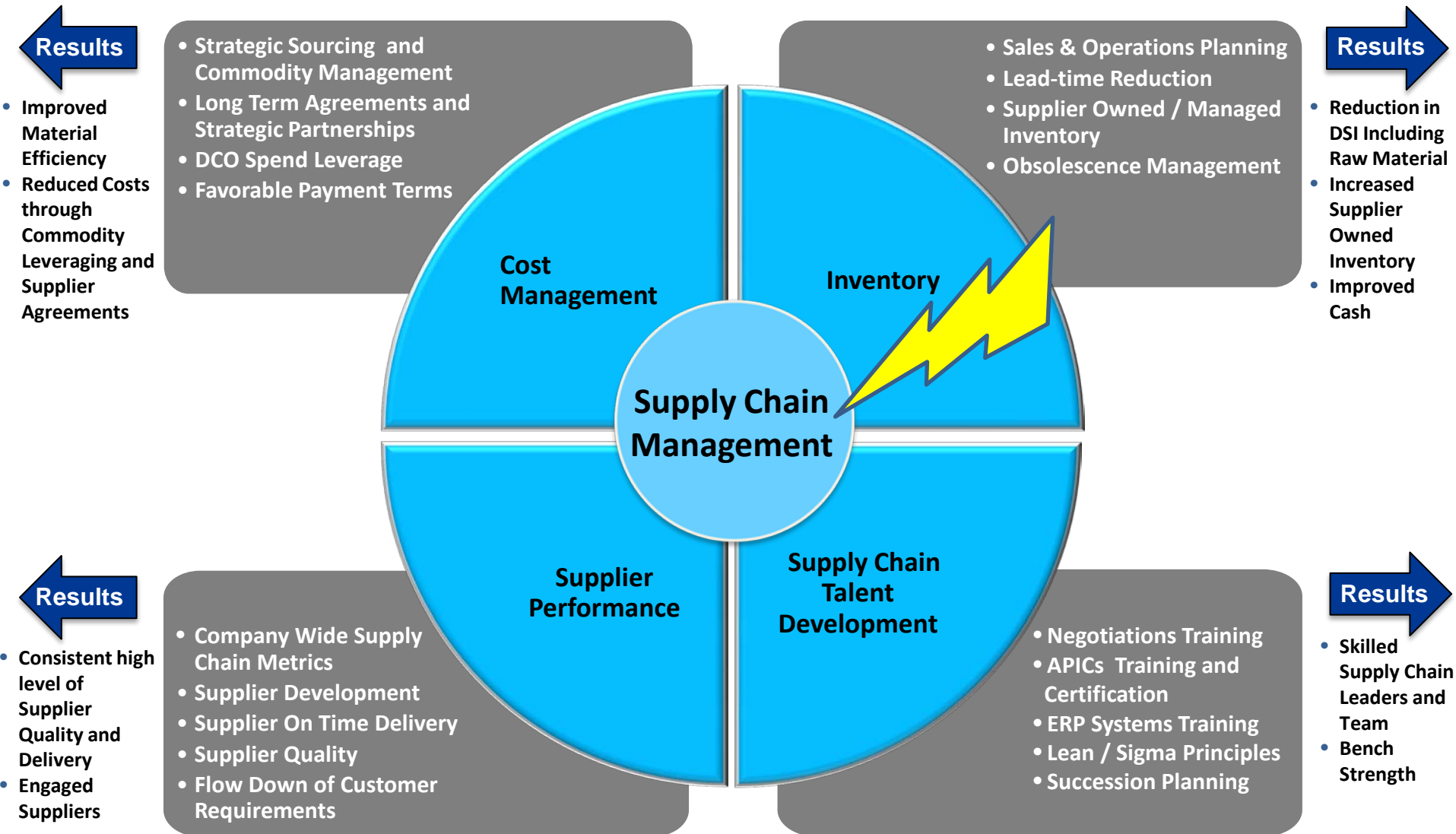
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DCO Wide Integration of Product Integrity



DCO Wide Integration of Supply Chain Management



DCO Wide Integration of Lean Enterprise



- Cost Savings
- Overhead Reduction
- Increased Competitiveness

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

Waste Elimination

Training & Development

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



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



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

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

Visual Factory

Culture Change

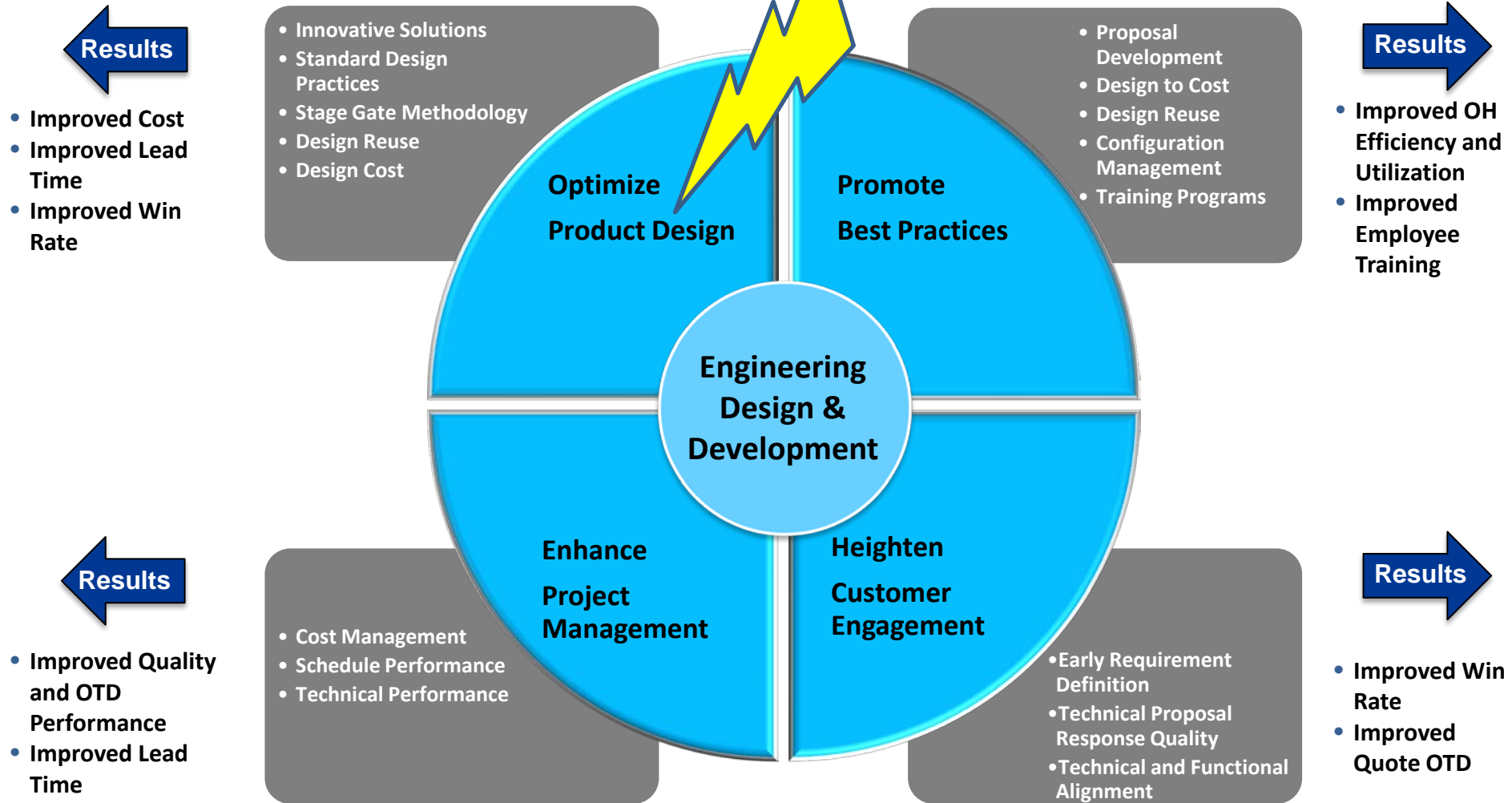
- Value Defined by Customer
- Servant Leadership
- Lean Transformation
- Teamwork



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

Lean Enterprise

DCO Wide Integration of Engineering, Design & Development

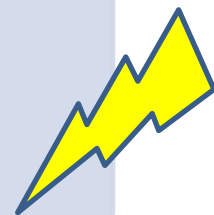


Office Of Operational Excellence



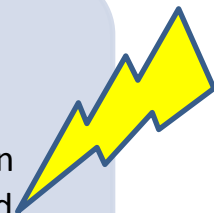
Goals

- 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



THE DUCOMMUN WAY 

Honesty • Professionalism • Respect • Trust • Teamwork

DUCOMMUN		SITE NAME	KEY PERFORMANCE METRICS		
                                         		 SITE STATISTICS 	SITE GOAL DEPLOYMENT MATRIX	MONTHLY BOWLING CHART (page 1 of 2)	MONTHLY FINANCIAL SCORECARD (page 1 of 2)
		 PICTURES OF PRODUCTS MADE AT SITE 	GOAL DEPLOYMENT PROCESS FLOW	MONTHLY BOWLING CHART (page 2 of 2)	MONTHLY FINANCIAL SCORECARD (page 2 of 2)
		 PICTURES OF PRODUCTS MADE AT SITE 			
		 PICTURES OF PRODUCTS MADE AT SITE 			
		 PICTURES OF PRODUCTS MADE AT SITE 			

Ducommun Metric Board



THE DUCOMMUNWAY

Honesty • Professionalism • Respect • Trust • Teamwork

OPERATIONAL EXCELLENCE

ORGANIZATIONAL DEVELOPMENT

PROFITABLE GROWTH

RESULTS

DAYS SALES
OF INVENTORY

PAST DUE
BACKLOG PER
DAYS OF SALES

QUALITY
RATING

SAFETY

BOOKINGS

SALES

MATERIAL
EFFICIENCY

COST
REDUCTION

QMAT

EMPLOYEE
TRAINING
AVERAGE

ON-TIME
DELIVERY

GROSS
PROFIT

SUPPLIER
OTD

LEAD TIME

DEFECT PER
UNIT

LABOR EFFICIENCY
& UTILIZATION

WIN
RATE

OPERATING
INCOME

SUPPLIER
QUALITY

MANUFACTURING
OVERHEAD

SCRAP

SALES PER
EMPLOYEE

QUOTE OTD

CFFO/
AR PAST DUE



Site Supply Chain Metric Board

THE DUCOMMUNWAY 

Honesty • Professionalism • Respect • Trust • Teamwork

SUPPLY CHAIN MANAGEMENT

DAYS OF RAW
MATERIAL

DOLLARS
RECEIVED
SUPPLIER
AGREEMENTS

TOP AND
BOTTOM
QUALITY
SUPPLIERS

TOP AND
BOTTOM
DELIVERY
SUPPLIERS

DOLLARS
RECEIVED
SUPPLIER OWNED
OR MANAGED
INVENTORY

ANNUAL
DOLLARS SAVED
COMMODITY
PROJECTS

SUPPLIER
DEVELOPMENT
ENGAGEMENTS
QUALITY
DELIVERY
COST

DOLLARS
RECEIVED
NEGOTIATED
PAYMENT TERMS



Days Sales Inventory

DAYS OF RAW
MATERIAL

DOLLARS
RECEIVED
SUPPLIER OWNED
OR MANAGED
INVENTORY

DOLLARS
RECEIVED
NEGOTIATED
PAYMENT TERMS

- 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

Examples



Material Efficiency

DOLLARS
RECEIVED
SUPPLIER
AGREEMENTS

ANNUAL
DOLLARS SAVED
COMMODITY
PROJECTS

- 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

Examples



Supplier Quality and Delivery

TOP AND
BOTTOM
QUALITY
SUPPLIERS

SUPPLIER
ENGAGEMENTS
QUALITY,
DELIVERY
OR COST

TOP AND
BOTTOM
DELIVERY
SUPPLIERS

SUPPLIER
ENGAGEMENTS
QUALITY,
DELIVERY
OR COST

- 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
 - Quality Manager
 - Customer Service
 - DCO
 - Commodity Manager
 - Corporate Supplier Quality Manager
 - Site Quality Manager
 - Site Supply Chain Manager
 - Site Buyer
 - Others as appropriate from DCO or Suppliers
- 2012 process is basis for future proactive supplier cost reduction teamwork

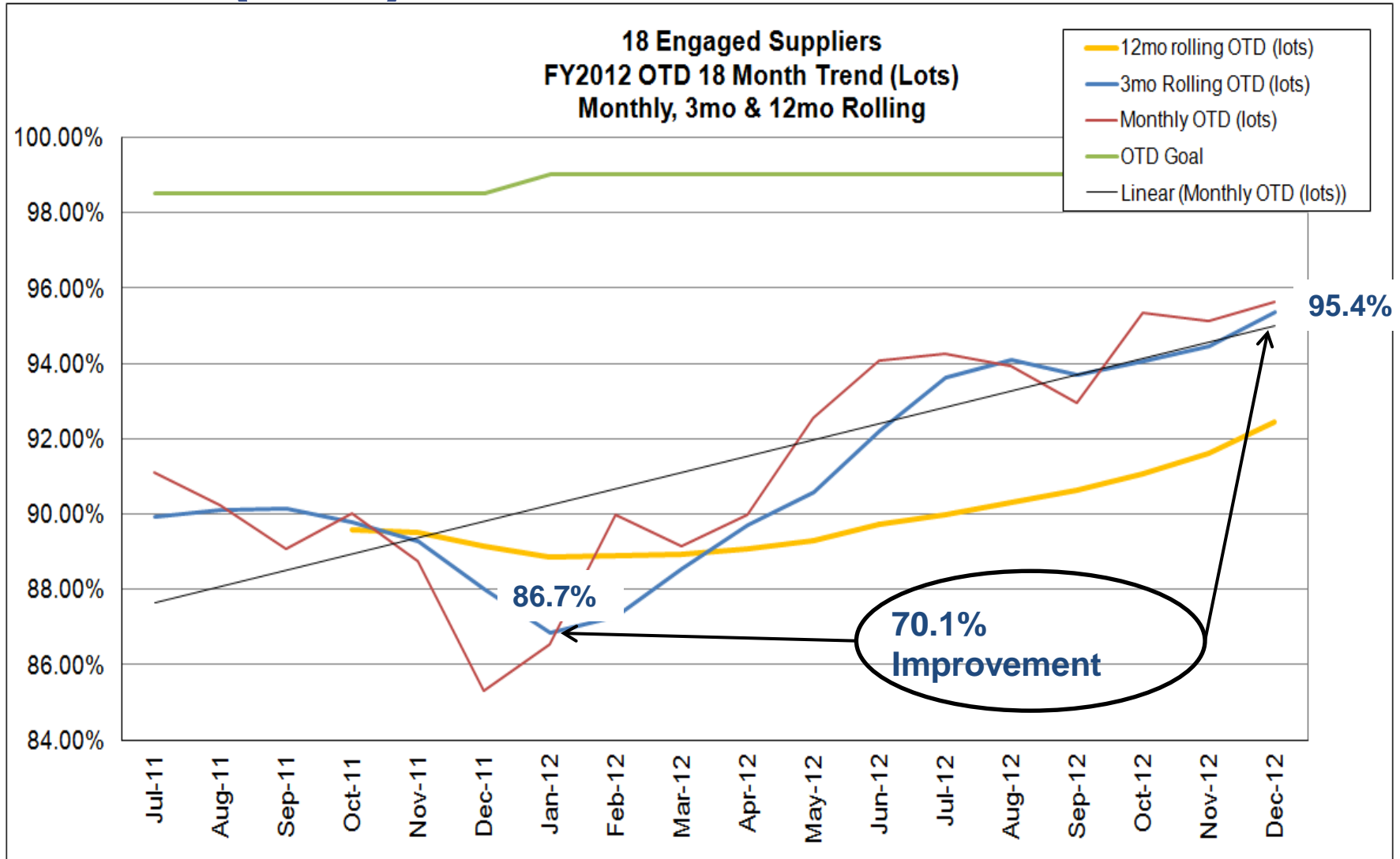
Examples



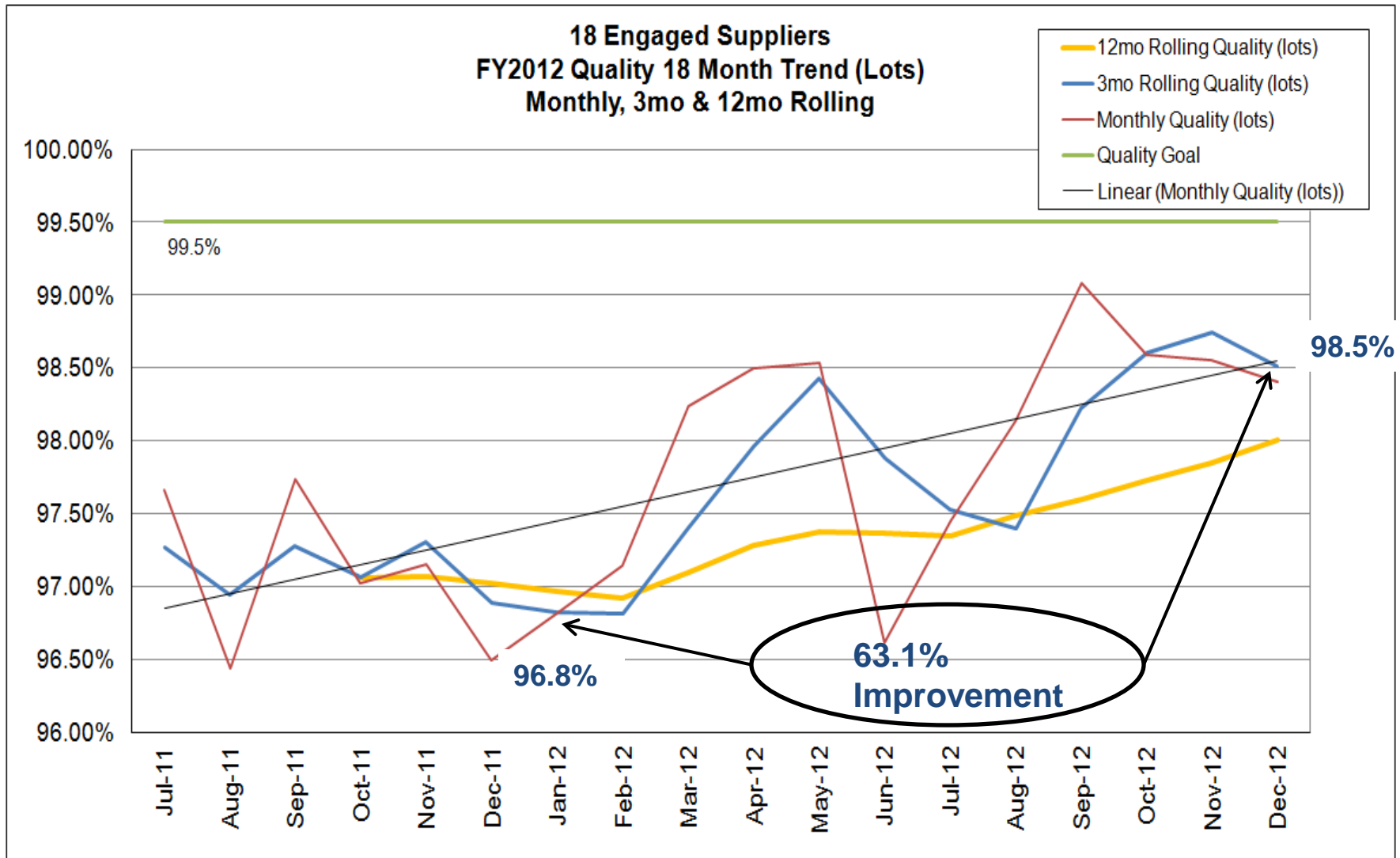
Supplier Engagement

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

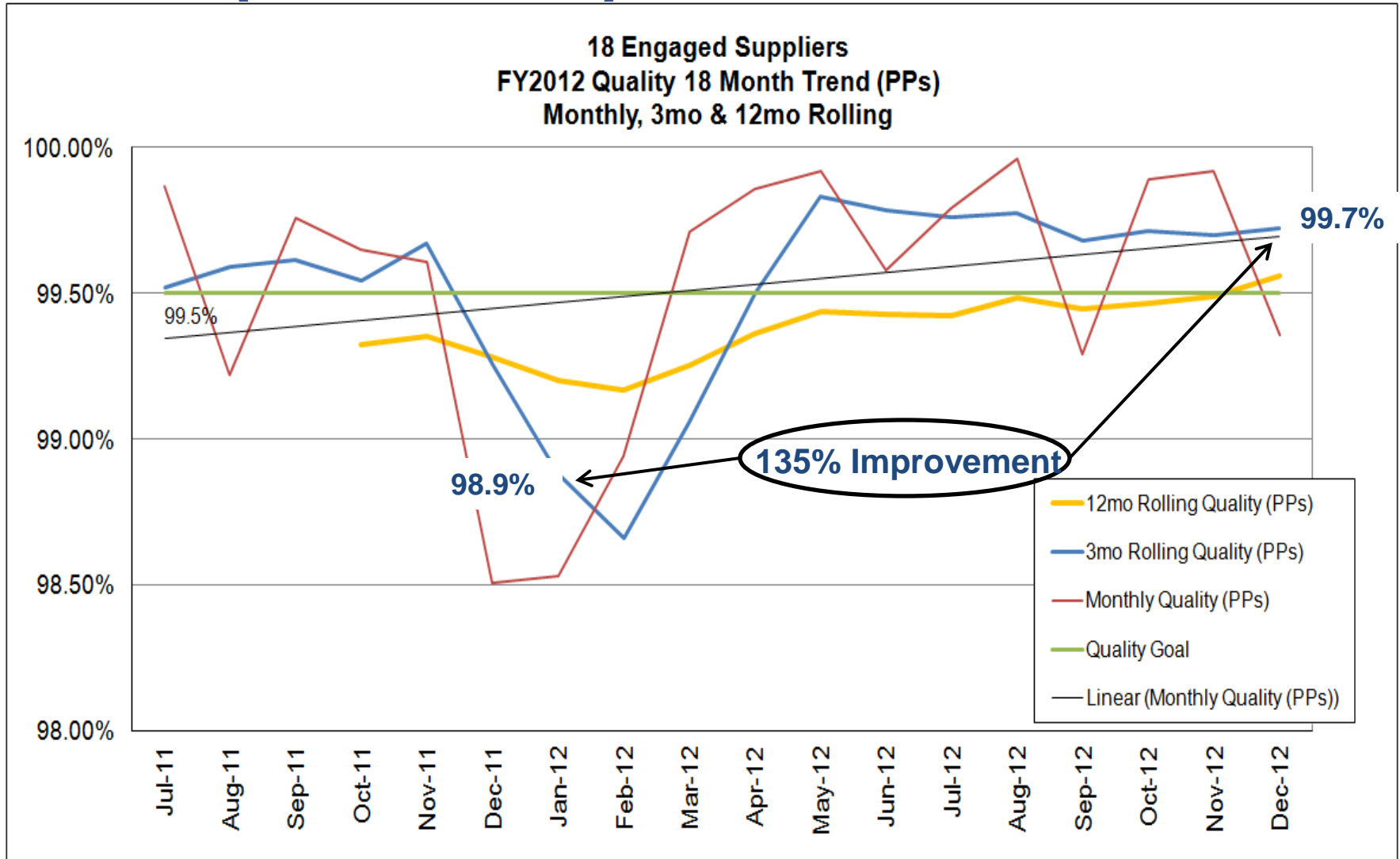
FY2012 Supplier OTD Performance Trend (Lots)



FY2012 Supplier Quality Performance Trend (Lots)



FY2012 Supplier Quality Performance Trend (Piece Parts)



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**

Additional Supply Chain Topics of Interest



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



CompliantPro at-a-Glance



Base



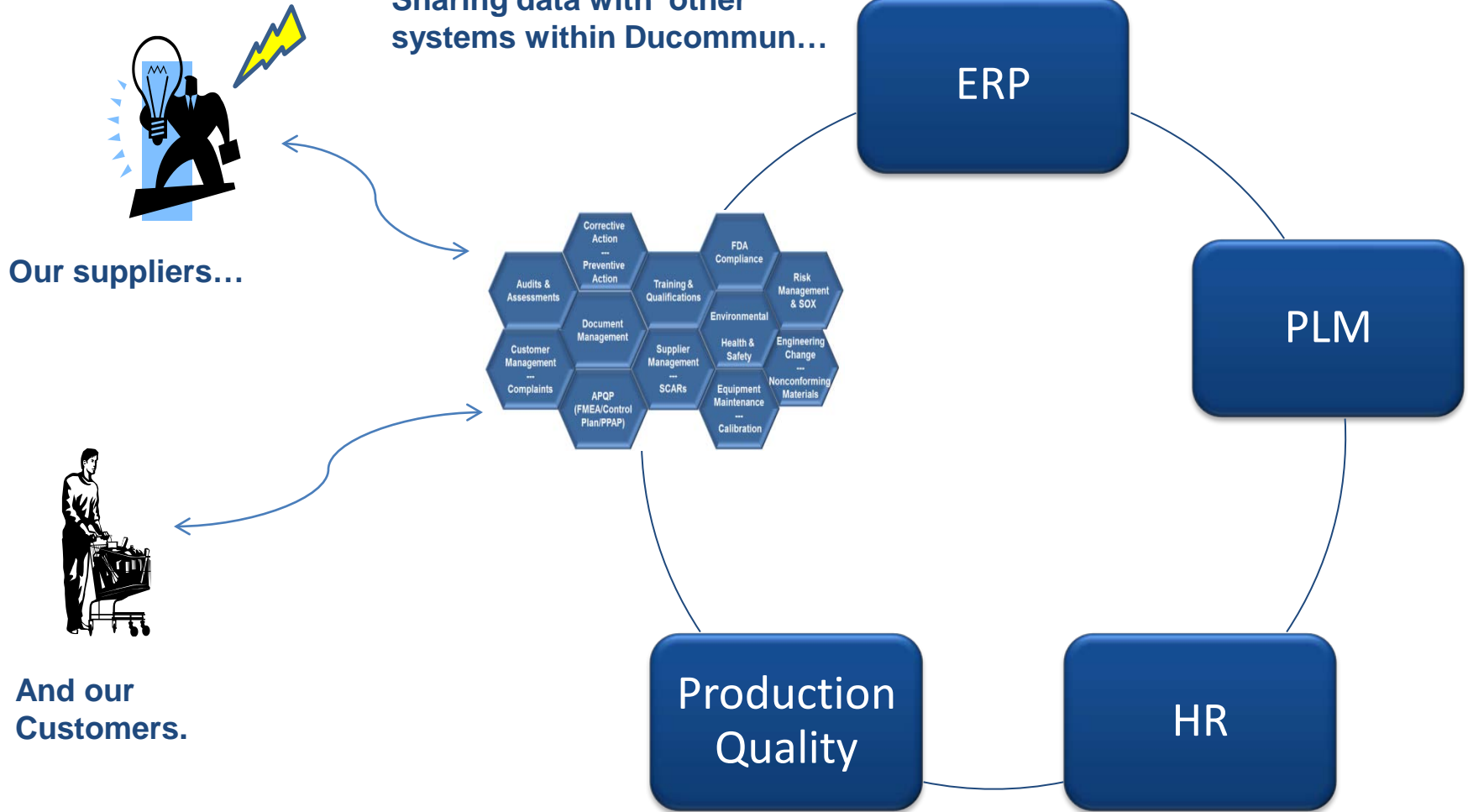
Add-on



CompliantPro: A Tightly Integrated Platform



Sharing data with other systems within Ducommun...



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



Summary

- 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 Strategy Process

Jon Egen

**Director of Supply Chain &
Commodity Management**

**2013 Supplier Conference
February 12, 2013**

Commodity Management Maturity

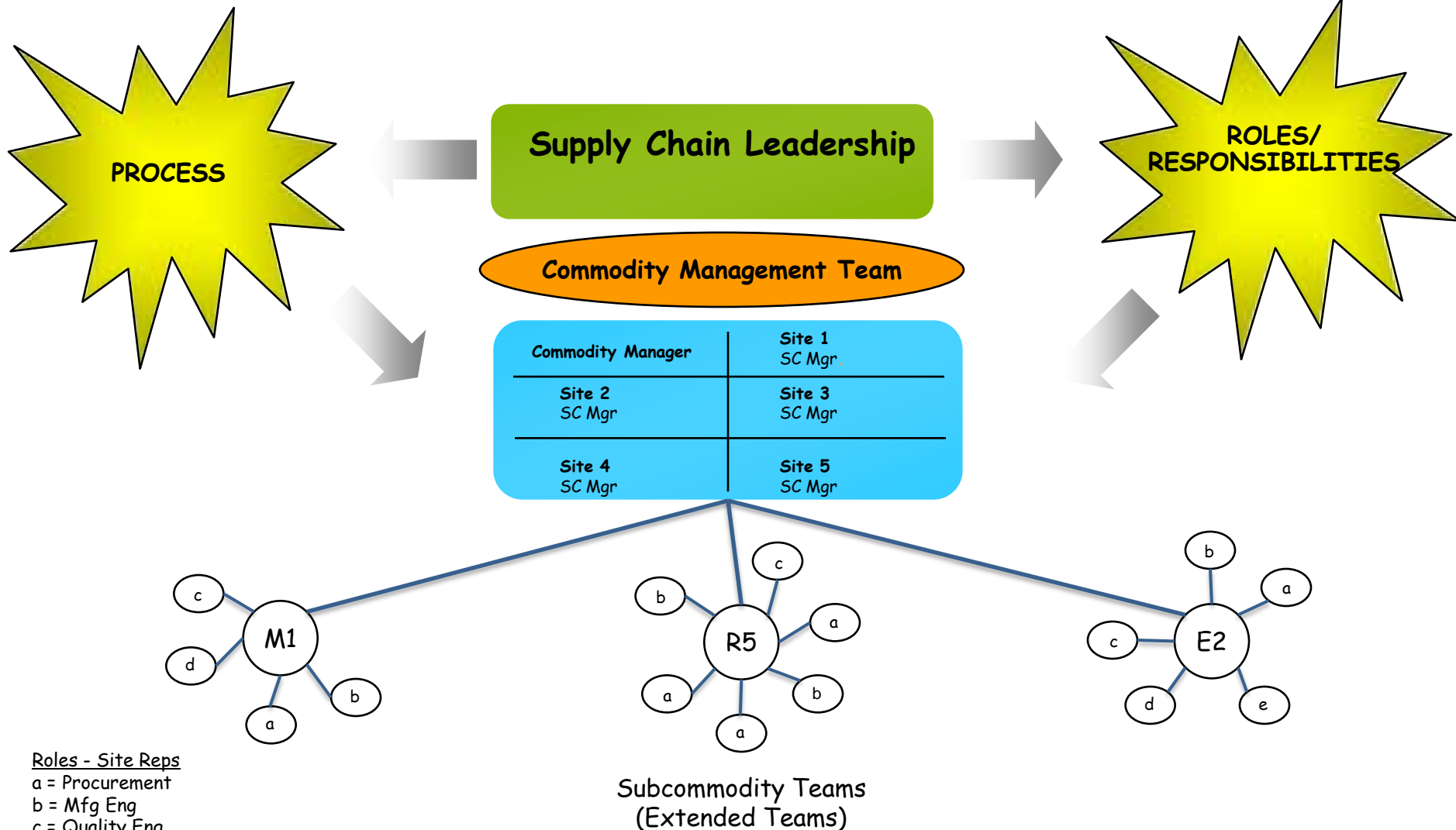


"We can't solve problems by using the same thinking we used when we created them."

-- 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



Roles - Site Reps

- a = Procurement
- b = Mfg Eng
- c = Quality Eng
- d = Project Mgr (Opt.)
- e = Finance (Opt.)

Machining/Fabrications/Tooling

Team Members



Corporate	Bob Brough	Commodity Manager
Carson	Matt Ellis	Materials Manager
Coxsackie	Brian Honsberger	Supply Chain Manager
GOREM	Greg Valencia	Materials Manager
Stafford	Mona Osagie	Supply Chain Manager
Huntsville	Dan Salley	Supply Chain Manager
Joplin/Berryville	Pam Burnley	Supply Chain Manager
Monrovia	Jennifer Smith	Materials Manager
Phoenix	Joanne Dowle	Supply Chain Manager
Parsons	Frank Triplet	Materials Manager
Pittsburgh	Bill Nolan	Supply Chain Manager
Tulsa – OFS	Shelli Stegeman	Materials Manager
Tulsa	Stacy Caviness	Materials Manager

Appleton	Paula Bilodeau	Buyer/Planner
Carson	Eli Lawrance	Buyer
Coxsackie	Greg Migirditch	Commodity Leader
Coxsackie	John Mazza	Project Engineer
GOREM	Sherelle Villacorta	Buyer
GOREM	Steve Hardwick	Director Est., Tooling & NPD
GOREM	Tony Yzguerra	Tooling & New Product Dev
Stafford	Cynthia Kugler	Buyer
Huntsville	Stan Seel	Quality Engineer
Huntsville	Gerry Zanger	Sr. Buyer
Joplin/Berryville	Denise Bassett	Sr. Buyer
Joplin/Berryville	Robert Vickrey	Estimating
Monrovia	Miguel Ramos	SC Project Manager
Monrovia	Meri Ghazaryan	SC Project Manager
Monrovia	Martin Bergner	Estimating
Phoenix	June Bowman	Sr. Buyer
Parsons	Charlie Forbes	SC Lead
Pittsburgh	Steve Boyd	Sr. Buyer
Tulsa – OFS	Tammy Williams	Buyer
Tulsa	Jodi Hawkins	Purchasing Supervisor



Raw Materials Team Members

Corporate	Andy Wilkens	Commodity Manager
Coxsackie	Brian Honsberger	Supply Chain Manager
Parsons	Frank Triplett	Supply Chain Manager
Carson	Matt Ellis	Materials Manager
Monrovia	Jennifer Smith	Materials Manager
GOREM	Greg Valencia	Materials Manager
Phoenix	Joanne Dowle	Supply Chain Manager

Coxsackie	Greg Hudock	Commodity Leader
Parsons	Charlie Forbes	Purchasing Agent
Carson	Claire McDonald	Purchasing Supervisor
Monrovia	Valerie Kennedy	Sr. Buyer/Planner
GOREM	Carrie Pollard	Buyer
Phoenix	June Bowman	Sr. Buyer

Distribution/Actives & Passives Team Members



Corporate	Ross Bilodeau	Commodity Manager
Appleton	Beth Kufahl	Materials Manager
Pittsburgh	Bill Nolan	Materials Manager
Tulsa	Stacy Caviness	Materials Manager
Stafford	Mona Osagie	Materials Manager
Huntsville	Dan Salley	Supply Chain Manager
Joplin/Berryville	Pam Burnley	Supply Chain Manager
Tulsa – OFS	Shelli Stegeman	Materials Manager
Carson	Matt Ellis	Supply Chain Manager
Phoenix	Joanne Dowle	Supply Chain Manager

Appleton	Faith Clements	Buyer
Pittsburgh	Kathy Koestline	Procurement Supervisor
Tulsa	Jodi Hawkins	Procurement Supervisor
Stafford	Cynthia Kugler	Buyer
Huntsville	Linda Littrell	Senior Buyer
Huntsville	Christy Jackson	Purchasing Specialist
Joplin/Berryville	Mark Witten	Purchasing Supervisor
Tulsa – OFS	Latish Harger	Buyer
Carson	Debbie Landosky	Sr. Buyer
Phoenix	Sean Logan	Sr. Buyer

Electromechanical and Printed Circuit Boards Team Members



Corporate	Les Sprecher	Commodity Manager
Appleton	Beth Kufahl	Materials Manager
Carson	Matt Ellis	SCM Manager
Huntsville	Dan Salley	Supply Chain Manager
Joplin/Berryville	Pam Burnley	SCM Manager
Parsons	Frank Triplett	SCM Manager
Phoenix	Joanne Dowle	Supply Chain Manager
Pittsburgh	Bill Nolan	Materials Manager
Stafford	Mona Osagie	Materials Manager
Tulsa	Stacy Caviness	SCM Manager
Tulsa - OFS	Shelli Stegeman	Materials Manager

Appleton	Faith Clements	Buyer
Carson	Debbie Landosky	Senior Buyer
Huntsville	Christy Jackson	Associate Buyer
Huntsville	Linda Littrell	Senior Buyer
Joplin/Berryville	Mark Witten	Purchasing Supervisor
Parsons	Gidget Shearhart	Purchasing Agent
Phoenix	Maria Hinkle	Buyer
Pittsburgh	Cathleen Stroh	Senior Buyer
Pittsburgh	Kathy Koestline	Purchasing Supervisor
Stafford	Cynthia Kugler	Buyer
Stafford	Tracy Roberts	Buyer
Tulsa	Janna Squires	Senior Buyer
Tulsa	Jodi Hawkins	Purchasing Supervisor
Tulsa - OFS	LaTisha Harger	Buyer

Connector, and Wire Team Members



Corporate	Tom Rupert	Commodity Manager
Appleton	Beth Kufahl	Materials Manager
Carson	Matt Ellis	SCM Manager
Huntsville	Dan Salley	Supply Chain Manager
Joplin/Berryville	Pam Burnley	SCM Manager
Phoenix	Joanne Dowle	Supply Chain Manager
Pittsburgh	Bill Nolan	Materials Manager
Stafford	Mona Osagie	Materials Manager
Tulsa	Stacy Caviness	SCM Manager
Tulsa - OFS	Shelli Stegeman	Materials Manager

Appleton	Julie Jahnke	Senior Buyer
Carson	Debbie Landosky	Senior Buyer
Huntsville	Christy Jackson	Associate Buyer
Joplin/Berryville	Mark Witten	Purchasing Supervisor
Phoenix	Sean Logan	Senior Buyer
Pittsburgh	Kathy Koestline	Purchasing Supervisor
Stafford	Tracy Roberts	Senior Buyer
Tulsa	Jodi Hawkins	Purchasing Supervisor
Tulsa OFS	Tammy Williams	Associate Buyer

Hardware Team Members

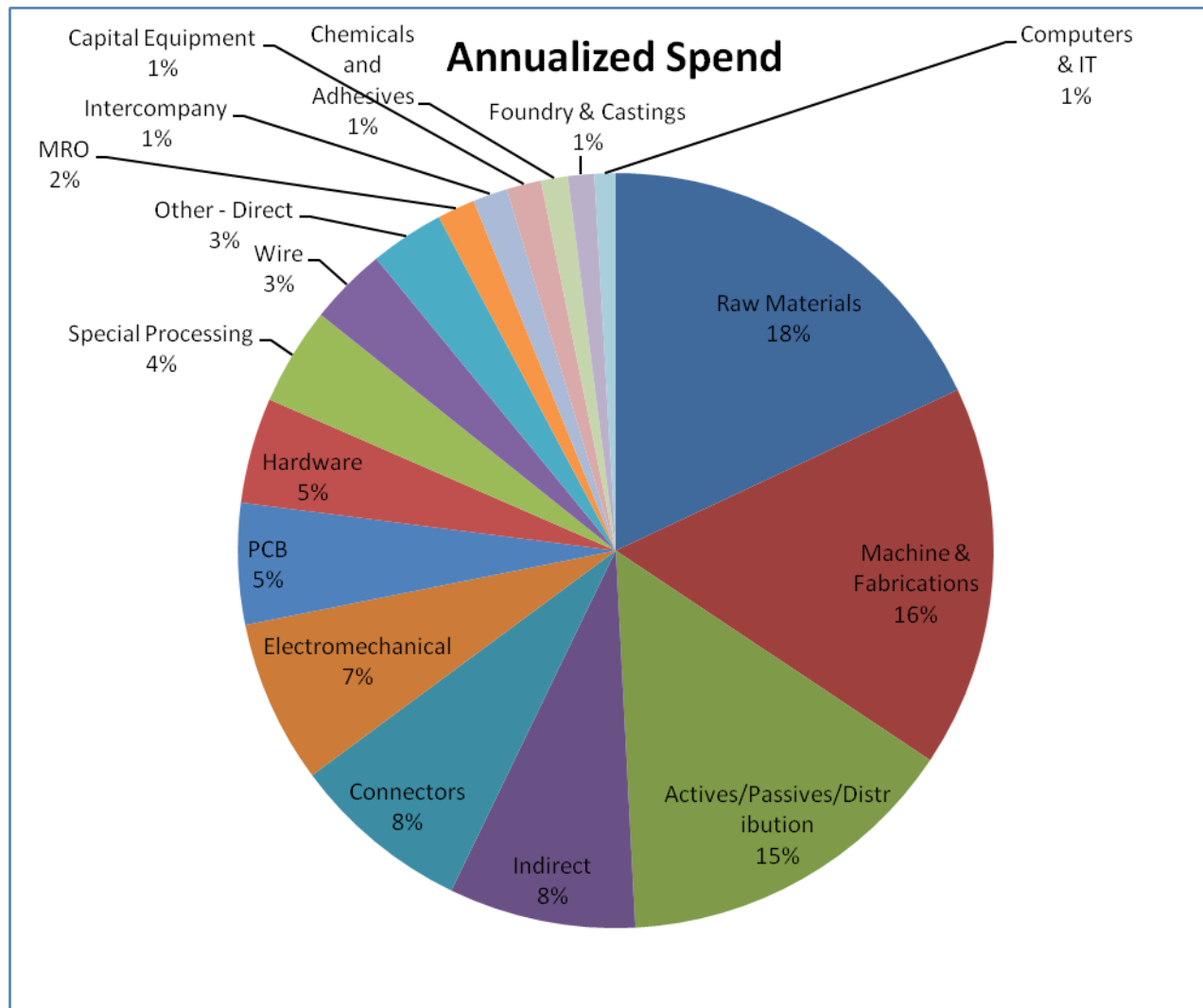


Corporate	Tom Rupert	Commodity Manager
Carson	Matt Ellis	Materials Manager
Coxsackie	Brian Honsberger	Supply Chain Manager
GOREM	Greg Valencia	Materials Manager
Stafford	Mona Osagie	Supply Chain Manager
Huntsville	Dan Salley	Supply Chain Manager
Monrovia	Jennifer Smith	Materials Manager
Phoenix	Joanne Dowle	Supply Chain Manager
Parsons	Frank Triplet	Materials Manager
Pittsburgh	Bill Nolan	Supply Chain Manager

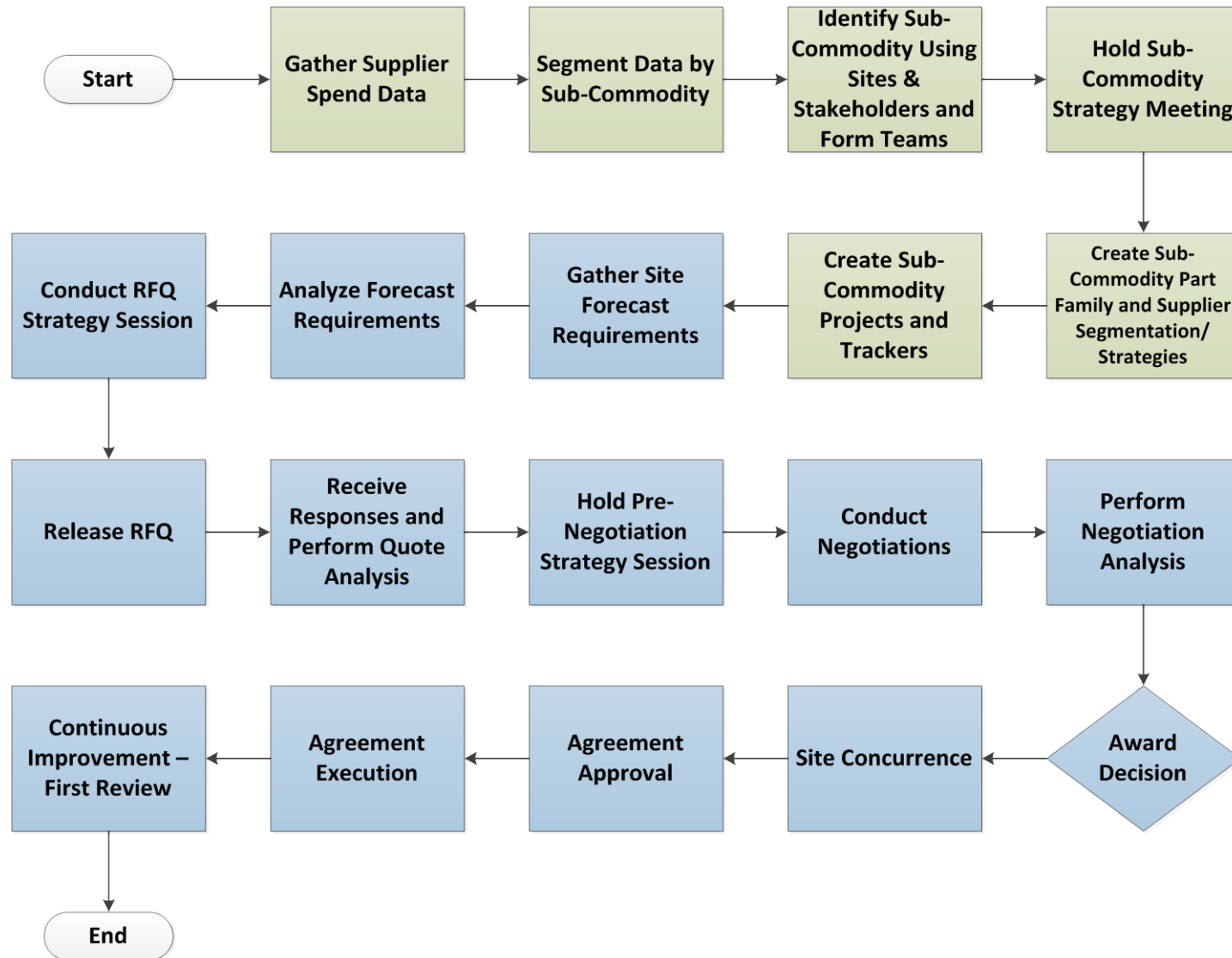
Carson	Ellie Lawrence	Buyer/Planner
Coxsackie	Greg Hudock	Commodity Leader
GOREM	Sherelle Villacorta	Procurement Agent
Stafford	Jared Lesch	Buyer
Huntsville	Martha Clark	Associate Buyer
Monrovia	Toni Esparza	Jr. Buyer
Parsons	Gidget Shearhart	Purchasing Agent
Phoenix	Maria Hinkle	Senior Buyer
Pittsburgh	Cathy Sebastian	Buyer
Pittsburgh	Kathy Koestline	Purchasing Supervisor



2012 Commodity Spend Profile



Commodity Management Process Map



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 in 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

THE DUCOMMUNWAY



Ducommun 2013 Supplier Conference

February 12, 2013