UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 1995

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM ________ TO ________

COMMISSION FILE NO. 0-1222

DUCOMMUN INCORPORATED
(Exact name of registrant as specified in its charter)

Delaware	95-0693330
State or other jurisdiction of incorporation or organization	(I.R.S. Employer Identification No.)
23301 South Wilmington Avenue, Carson, California	90745
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (310) 513-7200

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $.01 par value	American Stock Exchange Pacific Stock Exchange
7-3/4% Convertible Subordinated Debentures Due 2011	American Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

Common Stock
(Title of class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES X NO .

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

The aggregate market value of the voting stock held by non-affiliates of the registrant was approximately $35 million as of January 31, 1996.

The number of shares of common stock outstanding on January 31, 1996 was 5,121,115.

Documents Incorporated by Reference: (a) Annual Report to Shareholders (the "1995 Annual Report") for the year ended December 31, 1995, incorporated partially in Part I and Part II hereof (see Exhibit 13.0), and (b) Proxy Statement for the 1996 Annual Meeting of Shareholders (the "1996 Proxy Statement"), incorporated partially in Part III hereof.

PART I

ITEM 1. BUSINESS

During 1995, Ducommun Incorporated ("Ducommun"), through its subsidiaries (collectively, the "Company"), manufactured components and assemblies principally for domestic and foreign commercial and military aircraft and space programs. Domestic commercial aircraft programs include the Boeing 737, 747, 757, 767 and 777 and the McDonnell Douglas MD-11 and MD-80/90. Foreign commercial aircraft programs include the Airbus Industrie A330 and A340, de Havilland Dash 8, and the Canadair Regional Jet. Major military aircraft programs include the McDonnell Douglas C-17, F-15 and F-18, Lockheed Martin F-16 and C-130, Northrop Grumman F-18, various Sikorsky, Bell and Boeing helicopter programs, and advanced development programs. The Company is a subcontractor to Lockheed Martin on the Space Shuttle external tank and a supplier of components for the Space Shuttle Orbitor. The Company manufactures components for Atlas/Centaur, Delta and Titan expendable launch vehicles and various telecommunications satellites. Through its 3dbm, Inc. ("3dbm") subsidiary, the Company also sells products for the wireless communications industry.

In December 1994, the Company acquired all of the capital stock of Brice Manufacturing Company, Inc. ("Brice") and acquired substantially all of the assets and assumed certain liabilities of Dynatech Microwave Technology, Inc. ("DMT"). In January 1995, the Company acquired all of the capital stock of 3dbm.

Aerochem

Ducommun's subsidiary, Aerochem, Inc. ("Aerochem"), is a major supplier of close tolerance chemical milling services for the aerospace and aircraft industries. Chemical milling removes material in specific patterns to reduce weight in areas where full material thickness is not required. This sophisticated etching process enables Aerochem to produce lightweight, high-strength designs that would be impractical to produce by conventional means. Jet engine components, wing leading edges and fuselage skins are examples of products that require chemical milling.

Aerochem offers production-scale chemical milling on aluminum, titanium, steel, nickel-base and super alloys. Aerochem also specializes in very large and complex parts up to 50 feet long. Management believes that Aerochem is the largest independent supplier of chemical milling services in the United States. Many of the parts chemically milled by Aerochem are formed and machined by AHF-Ducommun Incorporated.

AHF-Ducommun

AHF-Ducommun Incorporated ("AHF"), another Ducommun subsidiary, supplies aircraft and aerospace prime contractors with engineering, manufacturing and testing of complex components using stretch forming and thermal forming processes and computer-controlled machining. Stretch forming is a process for manufacturing large complex structural shapes primarily from aluminum sheet metal extrusions. AHF has some of the largest and most sophisticated stretch forming presses in the United States. Thermal forming is a metal working process conducted at high temperature for manufacturing close tolerance titanium components. AHF designs and manufactures the tooling required for the production of parts in both forming processes. Certain components manufactured by AHF are machined with precision milling equipment designed and constructed by AHF. AHF also employs computer-aided design/manufacturing systems with three 5-axis gantry profile milling machines and a 5-axis numerically-controlled router to provide computer-controlled machining and inspection of complex parts up to 82 feet long.

AHF has an integrated operation offering a broad range of capabilities. From the design specifications of a customer, AHF is able to engineer, manufacture, test and deliver the desired finished components. This process depends on the skillful execution of several complex subtasks, including the design and construction of special equipment. Management believes that the ability of AHF to provide a full range of integrated capabilities represents a competitive advantage.

Jay-El Products

Ducommun's Jay-El Products, Inc. ("Jay-El Products") subsidiary develops, designs and manufactures illuminated switches, switch assemblies and keyboard panels used in many military aircraft, helicopter, commercial aircraft and spacecraft programs, as well as ground support equipment and naval vessels. Jay-El Products manufactures switches and panels where high reliability is a prerequisite. Keyboard panels are lighted, feature push button switches and are available with sunlight readable displays. Some of the keyboard panels and illuminated switches manufactured by Jay-El Products for military applications are night vision goggle-compatible.

As a result of the acquisition of DMT in December 1994, Jay-El Products develops, designs and manufactures microwave switches, filters and other components used principally on commercial and military aircraft. DMT also has developed several new products that apply its existing microwave technology to nonaerospace markets, including the wireless communications field.

Jay-El Products sells most of its products pursuant to fixed price contracts, either directly or as a subcontractor under United States government defense contracts.

Brice Manufacturing

In December 1994, Ducommun acquired the capital stock of Brice Manufacturing Company, Inc. ("Brice"). Brice is an after-market supplier of aircraft seating products to many of the world's largest commercial airlines. Products supplied by Brice include plastic and metal seat parts, overhauled and refurbished seats, components for installation of in-flight entertainment equipment, and other cabin interior components for commercial aircraft. Management believes that Brice is the largest company in the United States supplying airline seating and other cabin interior components exclusively for the after-market.

3dbm

In January 1995, Ducommun acquired the capital stock of 3dbm. 3dbm develops, designs and manufactures high-power expanders, repeaters, bi-directional amplifiers, microcells and other wireless communication hardware used in cellular telephone networks. 3dbm also designs and manufactures on a limited basis microwave components and subsystems for both military and commercial customers.

Defense and Space Programs

A major portion of sales is derived from United States government defense programs and space programs. Approximately 36 percent of 1995 sales were related to defense programs and approximately 9 percent of 1995 sales were related to space programs. These programs could be adversely affected by reductions in defense spending and other government budgetary pressures which would result in reductions, delays or stretch-outs of existing and future programs. In addition, the Company's contracts covering defense and space programs are subject to termination at the convenience of the customer (as well as for default). In the event of termination for convenience, the customer generally is required to pay the costs incurred by the Company and certain other fees through the date of termination.

Any substantial delay or suspension of production for the Space Shuttle program would have a significant impact on the results of operations for the Company.

Commercial Programs

Approximately 55 percent of 1995 sales were related to commercial aircraft programs, and nonaerospace commercial applications. The Company's commercial sales depend substantially on aircraft manufacturers' production rates, which in turn depend upon deliveries of new aircraft. Deliveries of new aircraft by aircraft manufacturers are dependent on the financial capacity of the airlines and leasing companies to purchase the aircraft. Sales of commercial aircraft could be affected as a result of changes in new aircraft orders, or the cancellation or deferral by airlines of purchases of ordered aircraft.

Major Customers

The Company had substantial sales to Lockheed Martin, Northrop Grumman, McDonnell Douglas, and Boeing. During 1995, sales to

Lockheed Martin were $8,163,000, or 8.9% of total sales; sales to Northrop Grumman were $9,623,000, or 10.5% of total sales; sales to McDonnell Douglas were $9,516,000, or 10.4% of total sales, and sales to Boeing were $5,215,000 or 5.7% of total sales. Sales to Lockheed Martin are primarily for the Space Shuttle program. Sales to Northrop Grumman, McDonnell Douglas and Boeing are diversified over a number of different commercial and military programs.

Competition

The Company competes with various companies, some of which are substantially larger and have greater financial, technical and personnel resources. The Company's ability to compete depends on the quality of goods and services, competitive pricing and the ability to solve specific customer problems.

Backlog

At December 31, 1995, backlog believed to be firm was approximately $92,600,000, including $26,000,000 for space-related business, compared to $84,800,000 at December 31, 1994. Approximately $40,000,000 of total backlog is expected to be delivered during 1996.

Environmental Matters

Aerochem uses various acid and alkaline solutions in the chemical milling process, resulting in potential environmental hazards. Despite existing waste recovery systems and continuing capital expenditures for waste reduction and management, at least for the immediate future, Aerochem will remain dependent on the availability and cost of remote hazardous waste disposal sites or other alternative methods of disposal.

The Aerochem facility located in El Mirage, California has been directed by California environmental agencies to investigate and take corrective action for groundwater contamination. Based upon currently available information, the Company has established a provision for the cost of such investigation and corrective action.

Aerochem has been notified by the United States Environmental Protection Agency ("EPA") that Aerochem and other generators of hazardous waste disposed at the Casmalia Resources Hazardous Waste Facility in California (the "Casmalia Site"), an inactive hazardous waste treatment, storage and disposal facility, may be responsible for certain costs associated with the cleanup and closure of the Casmalia Site. Aerochem contributed less than 1/4 of 1% of the total waste disposed at the Casmalia Site, and many other substantially larger companies and governmental entities are involved at the Casmalia Site. The Company has established a provision, based on currently available information, for Aerochem's share of the estimated cost of cleanup and closure of the Casmalia Site.

Ducommun's other subsidiaries are also subject to environmental laws and regulations. However, the quantities of hazardous materials handled, hazardous wastes generated and air emissions released by these subsidiaries are relatively small.

The Company anticipates that capital expenditures will continue to be required for the foreseeable future to upgrade and maintain its environmental compliance efforts. The Company does not expect to spend a material amount on capital expenditures for environmental compliance during 1996.

In the normal course of business, Ducommun and its subsidiaries are defendants in certain other litigation, claims and inquiries, including matters relating to environmental laws. In addition, the Company makes various commitments and incurs contingent liabilities. While it is not feasible to predict the outcome of these matters, the Company does not presently expect that any sum it may be required to pay in connection with these matters would have a material adverse effect on its consolidated financial position or results of operations.

Employees

At December 31, 1995, the Company employed 808 persons.

Business Segment Information

The Company operates in only one business segment.

Information About Foreign and Domestic Operations and Export Sales

In 1995, 1994 and 1993, foreign sales to manufacturers world-wide were $23,497,000, $11,515,000 and $8,672,000, respectively.

The amounts of revenue, profitability and identifiable assets attributable to foreign operations are not material when compared with the revenue, profitability and identifiable assets attributed to Unites States domestic operations during 1995, 1994 and 1993. Canada is the only country in which the Company had sales of 5% or more of total sales, with sales of $4,518,000, $5,944,000 and $3,445,000 in 1995, 1994 and 1993, respectively.

ITEM 2. PROPERTIES

The Company occupies approximately 20 facilities with a total area of over 748,000 square feet, including both owned and leased properties. At December 31, 1995, facilities which were in excess of 60,000 square feet each were occupied as follows:

Location	Company	Square Feet	Expiration of Lease
El Mirage, California	Aerochem	74,300	Owned
Orange, California	Aerochem	76,200	Owned
Carson, California	AHF-Ducommun	130,400	1996-01
Carson, California	AHF-Ducommun	108,000	Owned
Carson, California	Jay-El Products	117,000	1997

The Company's facilities are, for the most part, fully utilized, although excess capacity exists from time to time based on product mix and demand. Management believes that these properties are in good condition and suitable for their present use.

Although the Company maintains standard property casualty insurance covering its properties, the Company does not carry any earthquake insurance because of the cost of such insurance. All of the Company's properties are located in Southern California, an area subject to frequent and sometimes severe earthquake activity.

3. LEGAL PROCEEDINGS

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED SECURITY HOLDER MATTERS

The information under the caption "Quarterly Common Stock Price Information" on page 9 of the 1995 Annual Report is incorporated herein by reference. No dividends were paid during 1994 or 1995 (see Exhibit 13.0).

ITEM 6. SELECTED FINANCIAL DATA

The information under the caption "Selected Financial Data" appearing on page 9 of the 1995 Annual Report is incorporated herein by reference (see Exhibit 13.0).

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing on pages 10 through 13 of the 1995 Annual Report is incorporated herein by reference (see Exhibit 13.0).

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements and supplementary data under the captions "Consolidated Statements of Income," "Consolidated Balance Sheets," "Consolidated Statements of Cash Flows," "Consolidated Statements of Changes in Shareholders' Equity," and "Notes to Consolidated Financial Statements," together with the report thereon of Price Waterhouse LLP dated February 20, 1996, appearing on pages 14 through 25 of the 1995 Annual Report are incorporated herein by reference (see Exhibit 13.0).

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Directors of the Registrant

The information under the caption "Election of Directors" in the 1996 Proxy Statement is incorporated herein by reference.

Executive Officers of the Registrant

The following table sets forth the names and ages of all executive officers of the Company (including subsidiary Presidents), all positions and offices held with the Company, their terms of office and brief accounts of business experience during the past five years:

Name (Age)	Positions & Offices Held with Company (Year Elected)	Other Business Experience (Past Five Years)
Norman A. Barkeley (66)	Chairman of the Board (1989) and Chief Executive Officer (1988)	-
Joseph C. Berenato (49)	President (1996), Chief Operating Officer (1995), and Chief Financial Officer (1991)	Executive Vice President (1995) of the Company; previously Senior Vice President/Managing Director of Manufacturers Hanover Trust Company (Los Angeles) (1980-1991)
James S. Heiser (39)	Vice President (1990), General Counsel (1988), Secretary (1987), and Treasurer (1995)	-
Kenneth R. Pearson (60)	Vice President-Human Resources (1988)	-

Name (Age)	Positions & Offices Held with Company (Year Elected)	Other Business Experience (Past Five Years)
Samuel D. Williams (47)	Vice President (1991), Controller (1988), and Assistant Treasurer (1990)	-
Robert A. Borlet (55)	President of Jay-El Products, Inc. (1988)	-
Robert B. Hahn (52)	President of Aerochem, Inc. (1987)	-
Robert L. Hansen (42)	President of AHF-Ducommun Incorporated (1989)	-
Paul L. Graham (51)	President of 3dbm, Inc. (1995)	President of Dynatech Microwave Technology, Inc. (1992-1994); previously, general and senior management at TRW, Titan Sesco, Vector General, Hughes and Raytheon
Bruce J. Greenbaum (40)	President of Brice Manufacturing Company, Inc. (1994)	President and/or General Manager of Brice during five years prior to acquisition by Ducommun

ITEM 11. EXECUTIVE COMPENSATION

The information under the caption "Compensation of Executive Officers" in the 1996 Proxy Statement is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information under the caption "Security Ownership of Certain Beneficial Owners and Management" in the 1996 Proxy Statement is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information under the caption "Election of Directors" contained in the paragraph immediately following the table in the 1996 Proxy Statement is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) 1. Financial Statements

The following consolidated financial statements of Ducommun Incorporated and subsidiaries, included in the 1995 Annual Report, are incorporated by reference in Item 8 of this report. Page numbers refer to the 1995 Annual Report:

2. Financial Statement Schedule

The following schedule for the years ended December 31, 1995, 1994 and 1993 is filed herewith:

Schedule VIII - Valuation and Qualifying Accounts and Reserves

All other schedules have been omitted because they are not applicable, not required, or the information has been otherwise supplied in the financial statements or notes thereto.

(b) Reports on Form 8-K

During the last quarter of 1995, no reports on Form 8-K were filed.

(c) Exhibits

3.1 Restated Certificate of Incorporation filed with the Delaware Secretary of State on May 29, 1990. Incorporated by reference to Exhibit 3.1 to Form 10-K for the year ended December 31, 1990.

3.2 Bylaws as amended and restated on October 21, 1992. Incorporated by reference to Exhibit 3.2 to Form 10-K for the year ended December 31, 1992.

4.1 Third Amended and Restated Loan Agreement dated January 20, 1995 between Ducommun and Bank of America NT&SA. Incorporated by reference to Exhibit 4.1 to Form 10-K for the year ended December 31, 1994.

4.2 Amended and Restated Security Agreement dated January 20, 1995 between Ducommun and Bank of America NT&SA. Incorporated by reference to Exhibit 4.2 to Form 10-K for the year ended December 31, 1994.

4.3 Amended and Restated Security Agreement dated January 20, 1995 between the subsidiaries of Ducommun and Bank of America NT&SA. Incorporated by reference to Exhibit 4.3 to Form 10-K for the year ended December 31, 1994.

4.4 First Amendment to Third Amended and Restated Loan Agreement dated as of June 30, 1995. Incorporated by reference to Exhibit 4 to Form 10-Q for the quarter ended September 30, 1995.

4.5 Second Amendment to Third Amended and Restated Loan Agreement dated as of November 3, 1995.

4.6 Form of Indenture and Debentures for 7 3/4% Convertible Subordinated Debentures due 2011 (the "Debentures"). Incorporated by reference to Exhibit 4.1 to Form S-2 Registration Statement (File No. 33-4313).

4.7 Officer's Certificate dated March 14, 1988 addressed to Bankers Trust Company reducing the conversion price for the Debentures. Incorporated by reference to Exhibit 4.12 to Form 10-K for the year ended December 31, 1989.

4.8 Conversion Agreement dated July 22, 1992 between Ducommun and the holders of the 9% Convertible Subordinated Notes due 1998. Incorporated by reference to Exhibit 1 to Form 8-K dated July 29, 1992.

4.9 Loan and Security Agreement dated December 1, 1992 between AHF-Ducommun Incorporated ("AHF"), a subsidiary of Ducommun, and the CIT Group/Equipment Financing, Inc., as amended. The Company will furnish a copy of such agreement to the Securities and Exchange Commission upon request.

4.10 Standing Loan Agreement dated December 17, 1993 between AHF and Bank of America NT&SA. The Company will furnish a copy of such agreement to the Securities and Exchange Commission upon request.

* 10.1 1981 Stock Incentive Plan as amended and restated March 21, 1990. Incorporated by reference to Exhibit 10.2 to Form 10-K for the year ended December 31, 1989.

* 10.2 1990 Stock Option Plan. Incorporated by reference to Exhibit 10.4 to Form 10-K for the year ended December 31, 1990.

* 10.3 Form of Stock Option Agreement under the 1990 Stock Option Plan and the 1981 Stock Incentive Plan. Incorporated by reference to Exhibit 10.5 to Form 10-K for the year ended December 31, 1990.

* 10.4 1994 Stock Incentive Plan. Incorporated by reference to Exhibit 10.4 to Form 10-K for the year ended December 31, 1994.

* 10.5 Form of Key Executive Severance Agreement entered with nine current executive officers of Ducommun or its subsidiaries. Incorporated by reference to Exhibit 10.7 to Form 10-K for the year ended December 31, 1989.

* 10.6 Form of Indemnity Agreement entered with all directors and officers of Ducommun. Incorporated by reference to Exhibit 10.8 to Form 10-K for the year ended December 31, 1990.

* 10.7 Description of 1996 Executive Officer Bonus Arrangement.

* 10.8 Directors' Deferred Compensation and Retirement Plan, as amended October 29, 1993. Incorporated by reference to Exhibit 10.9 to Form 10-K for the year ended December 31, 1993.

* 10.9 Amended and Restated Employment Agreement dated as of May 5, 1993 between Ducommun and Norman A. Barkeley. Incorporated by reference to Exhibit 10.1 to Form 10-Q for the quarter ended July 3, 1993.

* 10.10 Ducommun Incorporated Executive Retirement Plan dated May 5, 1993. Incorporated by reference to Exhibit 10.2 to Form 10-Q for the quarter ended July 3, 1993.

* 10.11 Ducommun Incorporated Executive Compensation Deferral Plan dated May 5, 1993. Incorporated by reference to Exhibit 10.3 to Form 10-Q for the quarter ended July 3, 1993.

* 10.12 Ducommun Incorporated Executive Compensation Deferral Plan No. 2 dated October 15, 1994. Incorporated by reference to Exhibit 10.12 to Form 10-K for the year ended December 31, 1994.

10.13 Stock Purchase and Sale Agreement among Ducommun Incorporated and each of the shareholders of J. Nelson Hoffman Manufacturing, Inc., d/b/a Brice Manufacturing Company, dated December 6, 1994. Incorporated by reference to Exhibit 1 to Form 8-K dated December 20, 1994.

10.14 Asset Purchase Agreement by and among Jay-El Products, Inc., as buyer, and Dynatech Microwave Technology, Inc., as seller, and Ducommun Incorporated and Dynatech Corporation, dated December 30, 1994. Incorporated by reference to Exhibit 1 to Form 8-K dated January 13, 1995.

11.1 Computation of Income (Loss) Per Common and Common Equivalent Share.

13.0 1995 Annual Report to Shareholders (not deemed to be filed except as previously incorporated by reference).

21.0 Subsidiaries of registrant.

23.1 Consent of Price Waterhouse LLP.

27.0 Financial Data Schedule.

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* Indicates an executive compensation plan or arrangement.

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DUCOMMUN INCORPORATED

Date March 13, 1996	By /s/ Norman A. Barkeley
	Norman A. Barkeley Chairman of the Board and Chief Executive Officer

Pursuant to the requirements of the Securities and Exchange Act of 1934, this report has been duly signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date March 13, 1996	By /s/ Joseph C. Berenato
	Joseph C. Berenato President, Chief Operating Officer and Chief Financial Officer (Principal Financial Officer)
Date March 13, 1996	By /s/ Samuel D. Williams
	Samuel D. Williams Vice President, Controller and Assistant Treasurer (Principal Accounting Officer)

DIRECTORS

By /s/ Norman A. Barkeley Norman A. Barkeley	Date March 13, 1996
By /s/ H. Frederick Christie H. Frederick Christie	Date March 13, 1996
By /s/ Robert C. Ducommun Robert C. Ducommun	Date March 13, 1996
By /s/ Kevin S. Moore Kevin S. Moore	Date March 13, 1996
By /s/ Thomas P. Mullaney Thomas P. Mullaney	Date March 13, 1996
By /s/ Richard J. Pearson Richard J. Pearson	Date March 13, 1996
By /s/ Arthur W. Schmutz Arthur W. Schmutz	Date March 13, 1996

REPORT OF INDEPENDENT ACCOUNTANTS ON
FINANCIAL STATEMENT SCHEDULES

To the Board of Directors
of Ducommun Incorporated

Our audits of the consolidated financial statements referred to in our report dated February 20, 1996 appearing on page 25 of the 1995 Annual Report to Shareholders of Ducommun Incorporated (which report and consolidated financial statements are incorporated by reference in this Annual Report on Form 10-K) also included an audit of the Financial Statement Schedule listed in Item 14(a) of this Form 10-K. In our opinion, this Financial Statement Schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

Price Waterhouse LLP

Los Angeles, California
February 20, 1996

DUCOMMUN INCORPORATED
AND SUBSIDIARIES
VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

SCHEDULE VIII

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Balance at End of Period
FOR THE YEAR ENDED DECEMBER 31, 1995					
Allowance for Doubtful Accounts	$ 182,000	$ 216,000	$ 13,000(a)	$ 45,000(c)	$ 366,000
Deferred Tax Assets Valuation Allowance	$5,150,000	$ -	$ -	$2,717,000(e)	$2,433,000
FOR THE YEAR ENDED DECEMBER 31, 1994					
Allowance for Doubtful Accounts	$ 314,000	$ -	$ 11,000(a)	$ 143,000(c)	$ 182,000
Deferred Tax Assets Valuation Allowance	$9,962,000	$ -	$ -	$4,812,000(d)	$5,150,000
FOR THE YEAR ENDED DECEMBER 31, 1993					
Allowance for Doubtful Accounts	$ 371,000	$ 20,000	$ 15,000(a)	$ 92,000(c)	$ 314,000
Deferred Tax Assets Valuation Allowance	$ -	$ -	$9,962,000(b)	$ -	$9,962,000

(a) Collections on previously written off accounts.

(b) Per adoption of Statement of Financial Accounting Standards No. 109.

(c) Write-offs on uncollectible accounts.

(d) Change in valuation allowance due to re-evaluation of realizability of future income tax benefit occasioned by the acquisitions of Brice and DMT.

(e) Change in valuation allowance due to re-evaluation of realizability of future income tax benefit occasioned by the acquisition of 3dbm.

INDEX TO EXHIBITS

Exhibit Number	Description	Sequentially Numbered Page
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4.9	Loan and Security Agreement dated December 1, 1992 between AHF-Ducommun Incorporated ("AHF"), a subsidiary of Ducommun, and the CIT Group/Equipment Financing, Inc., as amended. The Company will furnish a copy of such agreement to the Securities and Exchange Commission upon request.	
4.10	Standing Loan Agreement dated December 17, 1993 between AHF and Bank of America NT&SA. The Company will furnish a copy of such agreement to the Securities and Exchange Commission upon request.	

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10.10*	Ducommun Incorporated Executive Retirement Plan dated May 5, 1993. Incorporated by reference to Exhibit 10.2 to Form 10-Q for the quarter ended July 3, 1993.	
10.11*	Ducommun Incorporated Executive Compensation Deferral Plan dated May 5, 1993. Incorporated by reference to Exhibit 10.3 to Form 10-Q for the quarter ended July 3, 1993.	
10.12*	Ducommun Incorporated Executive Compensation Deferral Plan No. 2 dated October 15, 1994. Incorporated by reference to Exhibit 10.12 to Form 10-K for the year ended December 31, 1994.	
10.13	Stock Purchase and Sale Agreement among Ducommun Incorporated and each of the shareholders of J. Nelson Hoffman Manufacturing, Inc., d/b/a Brice Manufacturing Company, dated December 6, 1994. Incorporated by reference to Exhibit 1 to Form 8-K dated December 20, 1994.	
10.14	Asset Purchase Agreement by and among Jay-El Products, Inc., as buyer, and Dynatech Microwave Technology, Inc., as seller, and Ducommun Incorporated and Dynatech Corporation, dated December 30, 1994. Incorporated by reference to Exhibit 1 to Form 8-K dated January 13, 1995.	
11.1	Computation of Income (Loss) Per Common and Common Equivalent Share.	
13.0	1995 Annual Report to Shareholders (not deemed to be filed except as previously incorporated by reference).	
21.0	Subsidiaries of registrant.	
23.1	Consent of Price Waterhouse LLP.	
27.0	Financial Data Schedule.	

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* Indicates an executive compensation plan or arrangement.

SECOND AMENDMENT TO THIRD AMENDED AND RESTATED LOAN AGREEMENT

This Second Amendment to Third Amended and Restated Loan Agreement (the "Amendment") dated as of November 3, 1995, is between Bank of America National Trust and Savings Association (the "Bank") and Ducommun Incorporated (the "Borrower").

RECITALS

A. The Bank and the Borrower entered into that certain Third Amended and Restated Loan Agreement dated as of January 20, 1995, as amended June 30, 1995 (the "Agreement").

B. The Bank and the Borrower desire to further amend the Agreement.

AGREEMENT

1. Definitions. Capitalized terms used but not defined in this Amendment shall have the meaning given to them in the Agreement.

2. Amendments. The Agreement is hereby amended as follows:

2.1 Paragraph 7.8(b) of the Agreement shall be amended to read in full as follows:

> "(b) Additional debts incurred with respect to purchase money or capitalized lease obligations for capital expenditures after 9/30/95 not to exceed in outstandings an aggregate principal amount of Three Million Dollars ($3,000,000) at any one time."

2.2 Paragraph 7.9(i) of the Agreement shall be amended to read in full as follows:

> "(i) Purchase money Liens securing obligations incurred in connection with purchases or capitalized leases permitted by paragraph 7.8(b), provided that such Liens shall be limited to the item or items being so purchased or leased."

2.3 The following shall be added to Paragraph 7.11 of the Agreement as new Paragraph 7.11(d):

"(d) Conversion or exchange of any portion of the Subordinated Debt to common stock of the Borrower, and the payment to the holders of such Subordinated Debt of a premium not exceeding $0.15 for each dollar of such Subordinated Debt, provided that the aggregate payment for all such premiums in any twelve-month period may not exceed One Million Dollars ($1,000,000). Prior to each premium payment, the Borrower shall provide to the Bank a certificate executed by an officer of the Borrower who is authorized to do so, indicating the amount of premium to be paid per dollar of Subordinated Debt that is being converted or exchanged and the aggregate amount of the premium payment, and certifying that, giving effect to the payment of that premium, no defaults exists under this Agreement."

3. Representations and Warranties. When the Borrower signs this Agreement, the Borrower represents and warrants to the Bank that: (a) there is no event which is, or with notice or lapse of time or both would be, a default under the Agreement, (b) the representations and warranties in the Agreement are true as of the date of this Amendment as if made on the date of this Amendment, (c) this Amendment is within the Borrower's powers, has been duly authorized, and does not conflict with any of the Borrower's organizational papers, and (d) this Agreement does not conflict with any law, agreement, or obligation by which the Borrower is bound.

4. Effect of Amendment. Except as provided in this Amendment, all of the terms and conditions of the Agreement shall remain in full force and effect.

This Amendment is executed as of the date stated at the beginning of this Amendment.

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION

By:_________________________________
J. Thomas Fagan
Vice President

(signatures continue)

DUCOMMUN INCORPORATED

By:________________________________
Joseph C. Berenato
Executive Vice President, Chief
Operating Officer and Chief
Financial Officer

By:__________________________
James S. Heiser
Vice President and
Secretary

DUCOMMUN INCORPORATED

DESCRIPTION OF
1996 EXECUTIVE OFFICER BONUS ARRANGEMENT

The Ducommun Incorporated 1996 Executive Officer Bonus Arrangement (the "Arrangement") is designed to reward achievement of annual operating plan objectives in order to build profitability and provide competitive compensation levels. The Arrangement contains a formula-based incentive plan driven by sales, net income, cash flow and return on asset performance in excess of established thresholds. The participants in the Arrangement are the five Ducommun corporate officers and the five subsidiary presidents.

The Arrangement provides for bonus awards ranging from 0 to 100% of annual base salary depending on position. The targeted bonus award under the Arrangement is half of the maximum bonus eligibility for each individual. Bonus awards are based on a combination of total corporate performance and on individual performance of executive officers. The subsidiary presidents are also measured based upon the financial performance of their operating units. All awards are subject to the approval of the Compensation Committee of the Board of Directors.

Exhibit 10.7

DUCOMMUN INCORPORATED AND SUBSIDIARIES
Computation of Earnings Per Common and Common Equivalent Share
(In thousands, except per share amounts)

	For the Year Ended		
	Dec. 31, 1995	Dec. 31, 1994	Dec. 31, 1993
Income Before Change in Accounting Principle for Taxes for Computation of Primary Earnings Per Share	$ 5,046	$ 2,204	$ 2,228
Interest, Net of Income Taxes, Relating to 7-3/4% Convertible Subordinated Debentures	1,354	(A)	1,299
Income From Operations Before Change in Accounting Principle for Taxes for Computation of Fully Diluted Earnings Per Share	6,400	2,204	3,527
Cumulative Effect of Change in Accounting Principle for Taxes	-	-	8,000
Net Income for Computation of Primary Earnings Per Share	5,046	2,204	10,228
Net Income for Computation of Fully Diluted Earnings Per Share	6,400	2,204	11,527
Applicable Shares			
Weighted Average Common Shares Outstanding for Computation of Primary Earnings Per Share	4,500	4,463	4,457
Weighted Average Common Equivalent Shares Arising From:			
7-3/4% convertible subordinated debentures	2,431	(B)	2,806
Stock options:			
Primary	342	112	71
Fully Diluted	427	(B)	72
Weighted Average Common and Common Equivalent Shares Outstanding for Computation of Fully Diluted Earnings Per Share	7,358	4,575	7,335
Earnings Per Share			
Income Before Change in Accounting Principle			
Primary	$1.04	$0.48	$0.49
Fully Diluted	0.87	0.48	0.48
Cumulative Effect of Change in Accounting Principle			
Primary	$ -	$ -	$1.77
Fully Diluted	-	-	1.09
Net Income			
Primary	$1.04	$0.48	$2.26
Fully Diluted	0.87	0.48	1.57

(A) Excludes interest, net of income taxes, relating to 7-3/4% convertible subordinated debentures because their common stock equivalents shares are antidilutive.

(B) Excludes common stock equivalents relating to 7-3/4% convertible subordinated debentures and common stock options which are antidilutive for 1994.

Exhibit 11.1

DUCOMMUN INCORPORATED
ANNUAL REPORT

The following portions of Ducommun Incorporated and Subsidiaries 1995 Annual Report are incorporated by reference in Items 5, 6, 7 and 8 of this report.

Exhibit 13.0

Ducommun Incorporated

SELECTED
FINANCIAL DATA

(in thousands, except per share amounts)

Year ended December 31,	1995 (A)	1994 (A)	1993	1992	1991
Net Sales	$ 91,217	$ 61,738	$ 64,541	$ 67,445	$ 74,380
Gross Profit as a Percentage of Sales	33.0%	28.8%	26.8%	26.0%	27.1%
Income:					
Income from Continuing Operations Before Taxes, Extraordinary Item and Cumulative Effect of Accounting Change	$ 6,941	$ 3,177	$ 3,427	$ 2,611	$ 3,036
Income Tax Expense	(1,895)	(973)	(1,199)	(187)	(486)
Discontinued Operations, Net of Income Taxes	--	--	--	--	(480)
Extraordinary Item, Net of Income Taxes	--	--	--	636	300
Cumulative Effect of Accounting Change	--	--	8,000 (B)	--	--
Net Income	$ 5,046	$ 2,204	$ 10,228	$ 3,060	$ 2,370
Earnings Per Share:					
Continuing Operations	$ .87	$ .48	$ .48	$ .66	$ .72
Discontinued Operations, Net of Income Taxes	--	--	--	--	(.14)
Extraordinary Item, Net of Income Taxes	--	--	--	.09	.09
Cumulative Effect of Accounting Change	--	--	1.09	--	--
Net Income Per Share	$ .87	$ .48	$ 1.57	$ .75	$ .67
Working Capital	$ 11,247	$ 6,710	$ 11,744	$ 9,873	$ 7,203
Total Assets	80,974	79,852	55,290	49,694	52,018
Convertible Subordinated Notes and Debentures	24,263	28,000	28,000	28,000	38,000
Long-Term Debt Including Current Portion	12,845	21,913	4,529	6,600	2,400
Total Shareholders' Equity	24,588	15,783	13,585	3,347	(4,204)
Cash Dividends Per Share	--	--	--	--	--

(A) - See Note 2 to the consolidated financial statements for discussion of acquisitions.

(B) - See Note 11 to the consolidated financial statements for description of change in accounting for income taxes.

QUARTERLY COMMON STOCK PRICE INFORMATION

	1995		1994		1993	
	High	Low	High	Low	High	Low
First Quarter	$6.25	$4.69	$4.25	$2.75	$4.56	$3.56
Second Quarter	7.75	5.75	5.38	3.88	4.13	3.50
Third Quarter	10.25	7.19	4.75	4.13	4.25	3.13
Fourth Quarter	10.50	8.88	5.00	4.19	3.69	2.75

The common stock of the Company (DCO) is listed on the American Stock Exchange and the Pacific Stock Exchange. On December 31, 1995, the Company had approximately 756 holders of record of common stock.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

ACQUISITIONS

In January 1995, the Company acquired the stock of 3dbm, Inc. ("3dbm") for approximately $5.2 million. 3dbm is a supplier of high power expanders, microcells and other wireless communications hardware used in cellular telephone networks, and microwave components and subsystems to both military and commercial customers. In December 1994, the Company acquired the stock of Brice Manufacturing Company, Inc. ("Brice"), and acquired the assets and assumed certain liabilities of Dynatech Microwave Technology, Inc. ("DMT") for approximately $11 million and $7.5 million, respectively. Brice is an after-market supplier of aircraft seating products supplied to many of the world's largest commercial airlines. DMT is a manufacturer of switches and other microwave components used on commercial and military aircraft and in other nonaerospace commercial applications.

The acquisitions were funded from internally generated cash, notes payable to sellers and borrowings under the Company's credit agreement with its bank (see Financial Condition for additional information). These acquisitions strengthened the Company's position in the aerospace industry, added complementary lines of business and improved utilization of existing manufacturing facilities and overhead structure.

RESULTS OF OPERATIONS

1995 Compared to 1994 -- Net sales increased 48% to $91,217,000 in 1995. The increase was due primarily to sales from businesses acquired in December 1994 and January 1995, and increased offload work for aircraft structural components from prime contractors and major subcontractors. The Company's mix of business was approximately 55% commercial, 36% military and 9% space in 1995. Foreign sales increased to 26% of total sales in 1995 from 19% in 1994. The increase in foreign sales was primarily the result of higher sales to foreign customers from the acquired businesses. Canada is the only foreign country in which the Company had sales of 5% or more of total sales in 1995 and 1994.

The Company had substantial sales to Lockheed Martin, Northrop Grumman, McDonnell Douglas and Boeing. During 1995 and 1994, sales to Lockheed Martin were $8,163,000 and $9,454,000, respectively; sales to Northrop Grumman were $9,623,000 and $7,696,000, respectively; sales to McDonnell Douglas were $9,516,000 and $7,540,000, respectively; and sales to Boeing were $5,215,000 and $5,685,000, respectively. At December 31, 1995, trade receivables from Lockheed Martin, Northrop Grumman, McDonnell Douglas and Boeing were $1,562,000, $1,210,000, $768,000 and $629,000, respectively. The sales and receivables relating to Lockheed Martin are primarily for the Space Shuttle program. The sales and receivables relating to Northrop Grumman, McDonnell Douglas and Boeing are diversified over a number of different commercial and military programs.

The Company's commercial business is represented on virtually all of today's major commercial aircraft. During 1995, the Company experienced an increase in commercial sales primarily as a result of increased offload work for aircraft structural components from prime contractors and major subcontractors, and sales from acquisitions made in 1994 and 1995.

Military components manufactured by the Company are employed in many of the country's front-line fighters, bombers, helicopters and support aircraft, as well as many land and sea-based vehicles. The Company believes that the defense business has stabilized. The Company's defense business is widely diversified among military manufacturers and programs and, with the exception of the C-17 program which accounted for approximately $4,904,000 in sales in 1995, the cancellation of any individual program is not expected to have a significant impact on the Company's operations.

In the space sector, the Company produces components for the expendable fuel tanks which help boost the Space Shuttle vehicle into orbit. Components are also produced for a variety of unmanned launch vehicles.

Sales related to space programs in 1995 decreased 20% to $8,457,000. The Company's customer is currently upgrading the design of the expendable fuel tank and, due to the timing of the introduction of new super lightweight expendable fuel tanks, 1995 sales were lower than 1994. Any substantial delay or suspension of production for the Space Shuttle program would have a significant impact on the results of operations for the Company.

At December 31, 1995, backlog believed to be firm was approximately $92,600,000, including $26,000,000 for space-related business, compared to $84,800,000 at December 31, 1994. Approximately $40,000,000 of the total backlog is expected to be delivered during 1996.

Gross profit, as a percentage of sales, increased to 33.0% in 1995 from 28.8% in 1994. This increase was primarily the result of changes in sales mix, economies of scale resulting from sales increases and improvements in production efficiencies. The increase was partially offset by production inefficiencies resulting from the relocation of the DMT business in the first quarter of 1995, higher production costs at 3dbm, changes in customer production schedules and the start of new production programs.

Selling, general and administrative expenses increased to $19,572,000, or 21.5% of sales in 1995, compared to 19.7% of sales for 1994. The increase in these expenses as a percentage of sales was primarily the result of goodwill amortization and period costs related to acquisitions and $507,000 of debt conversion expense related to the conversion of $6,252,000 of convertible subordinated debentures.

Interest expense increased 44.7% to $3,570,000 in 1995 primarily due to higher debt levels caused by acquisition financing.

As a result of adopting Statement of Financial Accounting Standards No. 109 - -- "Accounting for Income Taxes" ("SFAS 109") in 1993, the Company was not able to utilize the benefit of its net operating loss carryforwards to compute income tax expense for financial reporting purposes. This resulted in income tax expense of $1,895,000 and $973,000 in 1995 and 1994, respectively, for financial reporting purposes. The increase in income tax expense was primarily due to the increase in income before taxes. This increase was partially offset by the decrease in the valuation allowance due to the Company's reevaluation of the realizability of tax benefits from future operations. From a cash flow perspective, however, the Company continued to use its federal net operating loss carryforwards to offset taxable income. Cash expended to pay income taxes was $555,000 in 1995, compared to $123,000 in 1994. For further discussion relating to the adoption of SFAS 109 by the Company, see Note 11 to the consolidated financial statements.

Net income for 1995 was $5,046,000, or $0.87 per share, compared to $2,204,000, or $0.48 per share, in 1994.

1994 Compared to 1993 -- Net sales decreased 4.3% to $61,738,000 in 1994. The decrease was due primarily to a reduction in the Company's commercial sales for both narrow-body and wide-body aircraft. This decrease was partially offset by an increase in sales to certain military and space programs. The Company's mix of business was approximately 40% commercial, 43% military and 17% space in 1994. Foreign sales increased to 19% of total sales in 1994 from 13% in 1993. The increase in foreign sales was primarily the result of higher sales to customers in Canada, which increased to 10% of total sales in 1994 from 5% of total sales in 1993. Canada is the only foreign country in which the Company had sales of 5% or more of total sales in 1994 and 1993.

The Company had substantial sales to Lockheed Martin, Northrop Grumman, McDonnell Douglas and Boeing. During 1994 and 1993, sales to Lockheed Martin were $9,454,000 and $7,839,000, respectively; sales to Northrop Grumman were $7,696,000 and $4,473,000, respectively; sales to McDonnell Douglas

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(continued)

were $7,540,000 and $4,928,000, respectively; and sales to Boeing were $5,685,00 and $7,949,000, respectively. At December 31, 1994, trade receivables from Lockheed Martin, Northrop Grumman, McDonnell Douglas and Boeing were $852,000, $746,000, $1,809,000 and $769,000, respectively. The sales and receivables relating to Lockheed Martin are primarily for the Space Shuttle program. The sales and receivables relating to Northrop Grumman, McDonnell Douglas and Boeing are diversified over a number of different commercial and military programs.

The Company's commercial business is represented on virtually all of today's major commercial aircraft. During 1994, the Company experienced a decrease in commercial sales primarily as a result of a reduction in customer commercial aircraft production rates.

Military components manufactured by the Company are employed in many of the country's front-line fighters, bombers, helicopters and support aircraft, as well as many land and sea-based vehicles. The Company's defense business is widely diversified among military manufacturers and programs. The C-17 program accounted for approximately $5,131,000 in sales for 1994.

In the space sector, the Company produces components for the expendable fuel tanks which help boost the Space Shuttle vehicle into orbit. Components are also produced for a variety of unmanned launch vehicles. Sales related to space programs in 1994 increased 16% to $10,560,000. This increase was due primarily to an increase in production tooling and equipment sales.

At December 31, 1994, backlog believed to be firm was approximately $84,800,000, including $26,000,000 for space-related business, compared to $74,500,000 at December 31, 1993.

Gross profit, as a percentage of sales, increased to 28.8% in 1994 from 26.8% in 1993. This increase was primarily the result of changes in sales mix and lower fixed production costs, partially offset by production inefficiencies resulting from changes in customer production schedules and the start of new production programs.

Selling, general and administrative expenses increased to $12,141,000, or 19.7% of sales in 1994, compared to 17.2% of sales for 1993. The increase in these expenses as a percentage of sales was primarily the result of approximately $449,000 of acquisition-related period costs, lower sales volume and an increase in provision for environmental costs.

Interest expense decreased 9.4% to $2,467,000 in 1994 primarily due to reduced debt levels.

Net income for 1994, after deducting $449,000 of pre-tax acquisition costs, was $2,204,000, or $0.48 per share, compared to $10,228,000, or $1.57 per share, in 1993. Net income for 1993 included the cumulative effect of a change in accounting principle for income taxes of $8,000,000, or $1.09 per share, relating to the adoption of SFAS 109.

FINANCIAL CONDITION

Liquidity and Capital Resources -- Cash flow from operating activities for 1995 was $8,086,000, of which $2,501,000 was used to purchase property and equipment, and $4,427,000 was used in the acquisition of 3dbm in January 1995. At December 31, 1995 the Company had bank borrowings of $8,100,000. During 1995, the Company repaid $9,068,000 of principal on its outstanding bank, promissory notes, term and commercial real estate loans.

The Company continues to depend on operating cash flow and the availability of its bank line of credit to provide short-term liquidity. Cash from operations and bank borrowing capacity are expected to provide sufficient liquidity to meet the Company's obligations during 1996.

During the fourth quarter of 1995, the Company entered into agreements to convert $6,252,000 principal amount of its 7.75% convertible subordinated debentures, of which $3,737,000 were converted in 1995 and the balance in 1996. The Company paid cash of $258,000 in 1995 and $146,000 in 1996 for these conversions. The conversions will reduce future interest expense by approximately $500,000 annually.

The convertible subordinated debentures are presently callable by the Company, and beginning March 31, 1996 will be callable at par. The Company is exploring the possibility of calling or converting all or part of its remaining outstanding convertible subordinated debentures. The timing and amount of debentures involved in such transactions will depend upon a variety of factors, including the market price of the Company's common stock and general economic conditions.

Aggregate maturities of long-term debt, together with sinking fund payments required, during the next five years are as follows: 1996, $3,910,000; 1997, $5,024,000; 1998, $1,421,000; 1999, $209,000; 2000, $85,000.

The Company spent $2,501,000 on capital expenditures during 1995 and expects to spend less than $5,000,000 for capital expenditures in 1996.

Ducommun's subsidiary, Aerochem, Inc. ("Aerochem"), is a major supplier of chemical milling services for the aerospace industry. Aerochem has been directed by California environmental agencies to investigate and take corrective action for groundwater contamination at its El Mirage, California facility. Based upon currently available information, the Company has established a provision for the cost of such investigation and corrective action.

Aerochem has been notified by the United States Environmental Protection Agency ("EPA") that Aerochem and other generators of hazardous waste disposed at the Casmalia Resources Hazardous Waste Facility in California (the "Casmalia Site"), an inactive hazardous waste treatment, storage and disposal facility, may be responsible for certain costs associated with the cleanup and closure of the Casmalia Site. Aerochem contributed less than 1/4 of 1% of the total waste disposed at the Casmalia Site and many other substantially larger companies and governmental entities are involved at the Casmalia Site. The Company has established a provision, based on currently available information, for Aerochem's share of the estimated cost of cleanup and closure of the Casmalia Site.

In the normal course of business, Ducommun and its subsidiaries are defendants in certain other litigation, claims and inquiries, including matters relating to environmental laws. In addition, the Company makes various commitments and incurs contingent liabilities. While it is not feasible to predict the outcome of these matters, the Company does not presently expect that any sum it may be required to pay in connection with these matters would have a material adverse effect on its consolidated financial position or results of operations.

FUTURE ACCOUNTING REQUIREMENTS

In October 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 123 -- "Accounting for Stock-Based Compensation" ("SFAS 123"). SFAS 123 will become effective for the Company in 1996. The adoption of SFAS 123 is not expected to have a material effect on the Company's financial position or results of operations.

Ducommun Incorporated

CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except per share amounts)

Year ended December 31,	1995	1994	1993
Net Sales	$ 91,217	$ 61,738	$ 64,541
Operating Costs and Expenses:			
Cost of goods sold	61,134	43,953	47,270
Selling, general and administrative expenses	19,572	12,141	11,121
Total Operating Costs and Expenses	80,706	56,094	58,391
Operating Income	10,511	5,644	6,150
Interest Expense	(3,570)	(2,467)	(2,723)
Income Before Taxes and Cumulative Effect of Change in Accounting Principle for Taxes	6,941	3,177	3,427
Income Tax Expense (Note 11)	(1,895)	(973)	(1,199)
Income Before Cumulative Effect of Change in Accounting Principle for Taxes	5,046	2,204	2,228
Cumlative Effect of Change in Accounting Principle for Taxes (Note 11)	--	--	8,000
Net Income	$ 5,046	$ 2,204	$ 10,228
Earnings Per Share:			
Primary Earnings Per Share:			
Income Before Cumulative Effect of Change in Accounting Principle for Taxes	$ 1.04	$ .48	$ .49
Cumulative Effect of Change in Accounting Principle for Taxes	--	--	1.77
Primary Earnings Per Share	$ 1.04	$ .48	$ 2.26
Fully Diluted Earnings Per Share:			
Income Before Cumulative Effect of Change in Accounting Principle for Taxes	$ .87	$ .48	$ .48
Cumulative Effect of Change in Accounting Principle for Taxes	--	--	1.09
Fully Diluted Earnings Per Share	$ .87	$ .48	$ 1.57

See accompanying notes to consolidated financial statements.

Ducommun Incorporated

CONSOLIDATED BALANCE SHEETS

(in thousands, except share amounts)

December 31,	1995	1994
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 371	$ 8,483
Accounts receivable (less allowance for doubtful accounts of $366 and $182)	13,828	9,923
Inventories (Note 3)	13,362	10,334
Deferred income taxes (Note 11)	5,090	2,469
Other current assets	1,151	1,091
Total Current Assets	33,802	32,300
Property and Equipment, Net (Note 4)	23,011	23,568
Deferred Income Taxes (Note 11)	6,451	8,310
Excess of Cost Over Net Assets Acquired (Net of Accumulated Amortization of $2,323 and $1,193)	16,697	14,693
Other Assets (Note 6)	1,013	981
	$ 80,974	$ 79,852
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Current portion of long-term debt (Note 6)	$ 3,910	$ 12,170
Accounts payable	4,917	3,725
Accrued liabilities (Note 5)	13,728	9,695
Total Current Liabilities	22,555	25,590
Long-Term Debt (Note 6)	8,935	9,743
Convertible Subordinated Debentures (Note 6)	24,263	28,000
Other Long-Term Liabilities	633	736
Total Liabilities	56,386	64,069
Commitments and Contingencies (Notes 2, 10 and 12)		
Shareholders' Equity (Note7):		
Common stock -- $.01 par value; authorized 12,500,000 shares; issued and outstanding 4,852,281 shares in 1995 and 4,464,154 in 1994	49	45
Additional paid-in capital	34,989	31,234
Accumulated deficit	(10,450)	(15,496)
Total Shareholders' Equity	24,588	15,783
	$ 80,974	$ 79,852

See accompanying notes to consolidated financial statements.

Ducommun Incorporated

CONSOLIDATED STATEMENTS
OF CASH FLOWS

(in thousands)

YEAR ENDED DECEMBER 31,	1995	1994	1993
Cash Flows from Operating Activities:			
Net Income	$ 5,046	$ 2,204	$ 10,228
Adjustments to Reconcile Net Income to Cash Provided by Operating Activities:			
Depreciation and amortization	4,382	3,117	3,310
Cumulative effect of change in accounting principle for taxes	--	--	(8,000)
Deferred income tax provision	934	712	1,047
Other	44	51	450
Changes in Assets and Liabilities, Net of Effects from Acquisitions:			
Accounts receivable	(3,413)	1,475	1,156
Inventories	(1,651)	1,280	643
Other current assets	(2,649)	526	21
Other assets	2,068	234	(51)
Accounts payable	(166)	(701)	(2,342)
Accrued and other liabilities	3,491	1,517	(229)
Net Cash Provided by Operating Activities	8,086	10,415	6,233
Cash Flows from Investing Activities:			
Purchase of Property and Equipment	(2,501)	(1,219)	(3,830)
Acquisition of Businesses	(4,427)	(8,263)	--
Other	34	3	4
Net Cash Used in Investing Activities	(6,894)	(9,479)	(3,826)
Cash Flows from Financing Activities:			
Net Borrowing (Repayment) of Long-Term Debt	(9,068)	7,019	(2,071)
Cash Premium for Conversion of Convertible Subordinated Debentures	(258)	--	--
Other	22	(6)	10
Net Cash Provided by (Used in) Financing Activities	(9,304)	7,013	(2,061)
Net Increase (Decrease) in Cash and Cash Equivalents	(8,112)	7,949	346
Cash and Cash Equivalents at Beginning of Year	8,483	534	188
Cash and Cash Equivalents at End of Year	$ 371	$ 8,483	$ 534
Supplemental Disclosures of Cash Flow Information:			
Interest Expense Paid	$ 3,719	$ 2,508	$ 2,771
Income Taxes Paid	$ 555	$ 123	$ 64

Supplementary Information for Non-Cash Financing Activities:

During November and December 1995, the Company issued 374,446 new shares of common stock upon conversion of $3,737,000 of its outstanding 7.75% convertible subordinated debentures.

See accompanying notes to consolidated financial statements.

Ducommun Incorporated

CONSOLIDATED STATEMENTS OF CHANGES
IN SHAREHOLDERS' EQUITY

(in thousands, except for shares outstanding)	Shares Outstanding	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Total Shareholders' Equity
Balance at January 1, 1993	4,453,258	$ 45	$ 31,230	$ (27,928)	$ 3,347
Stock options exercised	14,350	--	28	--	28
Stock repurchased	(5,000)	--	(18)	--	(18)
Net Income	--	--	--	10,228	10,228
Balance at December 31, 1993	4,462,608	$ 45	$ 31,240	$ (17,700)	$ 13,585
Stock options exercised	5,000	--	9	--	9
Stock repurchased	(3,454)	--	(15)	--	(15)
Net Income	--	--	--	2,204	2,204
Balance at December 31, 1994	4,464,154	$ 45	$ 31,234	$ (15,496)	$ 15,783
Stock options exercised	20,125	--	68	--	68
Stock repurchased	(6,444)	--	(46)	--	(46)
Conversion of convertible subordinated debentures	374,446	4	3,733	--	3,737
Net Income	--	--	--	5,046	5,046
Balance at December 31, 1995	4,852,281	$ 49	$ 34,989	$ (10,450)	$ 24,588

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation: The consolidated financial statements include the accounts of the Company and its subsidiaries, after eliminating significant intercompany balances and transactions.

Cash Equivalents: Cash equivalents consist of highly liquid instruments purchased with maturities of three months or less.

Revenue Recognition: Revenue, including sales under fixed price contracts, is recognized upon shipment of products or when title passes based on the terms of the sale. The effects of revisions in contract value or estimated costs of completion are recognized over the remaining terms of the agreement. Provisions for estimated losses on contracts are recorded in the period identified.

Inventory Valuation: Inventories are stated at the lower of cost or market. Cost is determined based upon the first-in, first-out method. Costs on fixed price contracts in progress included in inventory represent accumulated recoverable costs less the portion of such costs allocated to delivered units and applicable progress payments received.

Property and Depreciation: Property and equipment, including assets recorded under capital leases, are recorded at cost. Depreciation and amortization are computed using the straight-line method over the estimated useful lives ranging from 2 to 40 years and, in the case of leasehold improvements, over the shorter of the lives of the improvements or the lease term.

Income Taxes: In January 1993, the Company adopted Statement of Financial Accounting Standards No. 109 -- "Accounting for Income Taxes" ("SFAS 109"). SFAS 109 is an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the Company's financial statements or tax returns. In estimating future tax consequences, SFAS 109 generally considers all expected future events other than enactments of changes in tax laws or rates.

Excess of Costs Over Net Assets Acquired: The cost of acquired businesses in excess of the fair market value of their underlying net assets is amortized on the straight line basis over periods ranging from 15 to 40 years. The Company assesses the recoverability of cost in excess of net assets of acquired businesses by determining whether the amortization of this intangible asset over its remaining life can be recovered through future operating cash flows.

Environmental Costs: Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations, and which do not contribute to current or future revenue generation are expensed. Liabilities are recorded when environmental assessments and/or remedial efforts are probable, and costs can be reasonably estimated. Generally, the timing of these accruals coincides with the completion of a feasibility study or the Company's commitment to a formal plan of action.

Earnings Per Share: Earnings per common share is based on the weighted average number of common and common equivalent shares outstanding in each year. Common equivalent shares represent the number of shares which would be issued assuming the exercise of dilutive stock options, reduced by the number of shares which would be purchased with the proceeds from the exercise of such options. For 1995 and 1993, shares associated with convertible securities have been included in the weighted average number of shares outstanding. For 1994, shares associated with convertible securities have not been included in the weighted average number of shares outstanding since their inclusion would have had an antidilutive effect.

Use of Estimates: Certain amounts and disclosures included in the consolidated financial statements required management to make estimates which could differ from actual results.

NOTE 2. ACQUISITIONS

In January 1995, Ducommun acquired the capital stock of 3dbm, Inc. for $4,780,000 in cash (of which $353,000 was withheld with respect to certain assets and potential liabilities of 3dbm) and $400,000 in notes. Under the terms of the stock purchase agreement, the Company may be required to make additional payments through 1997, contingent upon 3dbm achieving certain levels of financial performance. Any such payments are generally capitalized as additional cost in excess of net assets acquired. 3dbm supplies high-power expanders, microcells and other wireless communications hardware used in cellular telephone networks, and microwave components and subsystems to both military and commercial customers. Pro forma results for 1995 and 1994, assuming the acquisition of 3dbm at the beginning of the respective periods, would not have been materially different from the Company's historical results for the periods presented.

In December 1994, Ducommun acquired the capital stock of Brice Manufacturing Company, Inc. ("Brice") for $763,000 in cash and $10,365,000 in notes and other contractual liabilities. Under the terms of the stock purchase agreement, the Company may be required to make additional payments through 1999, contingent upon Brice achieving certain levels of financial performance. Any such payments are generally capitalized as additional cost in excess of net assets acquired. Brice is an after-market supplier of aircraft seating products to many of the world's largest commercial airlines. Products supplied by Brice include plastic and metal seat parts, overhauled and refurbished seats, components for installation of in-flight equipment, and other cabin interior components for commercial aircraft.

In December 1994, Ducommun's subsidiary, Jay-El Products, Inc. ("Jay-El Products"), acquired substantially all of the assets of Dynatech Microwave Technology, Inc. ("DMT"), for $7,500,000 in cash. DMT was integrated with Jay-El Products in the first quarter of 1995. DMT manufactures switches and other microwave components used on commercial and military aircraft. DMT also has developed several new products that apply its existing microwave technology to nonaerospace markets, including the wireless communications field.

The following table presents unaudited pro forma consolidated operating results for the Company for the years ended December 31, 1994 and December 31, 1993, respectively, as if the Brice and DMT acquisitions had occurred as of the beginning of the periods presented.

(in thousands)	1994	1993
Net sales	$80,582	$82,459
Earnings before accounting change	3,132	2,643
Net earnings	3,132	10,643
Per share:		
Earnings before accounting change	0.62	0.54
Net earnings	0.62	1.63

The unaudited pro forma consolidated operating results for the Company are not necessarily indicative of the operating results that would have been achieved had the acquisitions been consummated at the beginning of the periods presented, and should not be construed as representative of future operating results.

The acquisitions of 3dbm, Brice and DMT described above were accounted for under the purchase method of accounting and, accordingly, the operating results for 3dbm, Brice and DMT have been included in the Consolidated Statements of Income since the dates of the respective acquisitions. The cost of the acquisitions was allocated on the basis of the estimated fair value of assets acquired and liabilities assumed. These acquisitions accounted for approximately $14,864,000 and $11,730,000 of the Excess of Cost Over Net Assets Acquired at December 31, 1995 and December 31, 1994, respectively. Such excess (which will increase for any future contingent payments) is being amortized on a straight line basis over fifteen years.

NOTE 3. INVENTORIES

Inventories consist of the following:

(in thousands) December 31,	1995	1994
Raw materials and supplies	$ 3,377	$ 3,573
Work in process	9,353	6,400
Finished goods	647	437
	13,377	10,410
Less progress payments	15	76
Total	$ 13,362	$ 10,334

Work in process inventories include amounts under long-term fixed price contracts aggregating $5,631,000 and $4,712,000 at December 31, 1995 and 1994, respectively.

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

(in thousands) December 31,	1995	1994
Land	$ 4,869	$ 4,869
Buildings and improvements	11,196	10,811
Machinery and equipment	32,186	30,900
Furniture and equipment	3,913	2,987
Construction in progress	1,047	192

	53,211	49,759
Less accumulated depreciation and amortization	30,200	26,191
Total	$ 23,011	$ 23,568

Depreciation expense was $3,252,000, $2,961,000 and $3,206,000 for the years ended December 31, 1995, 1994 and 1993, respectively.

NOTE 5. ACCRUED LIABILITIES

Accrued liabilities consist of the following:

(in thousands) December 31,	1995	1994
Accrued compensation	$ 5,225	$ 4,144
Accrued interest	569	585
Provision for environmental costs	1,742	1,735
Accrued state franchise and sales tax	339	369
Other	5,853	2,862
Total	$13,728	$ 9,695

NOTE 6. LONG-TERM DEBT AND CONVERTIBLE SUBORDINATED DEBENTURES

Long-term debt and convertible subordinated debentures are summarized as follows:

(in thousands) December 31,	1995	1994
Bank credit agreement	$ 8,100	$ 7,500
Term and real estate loans	3,559	4,048
Promissory notes related to acquisitions	1,186	10,365
Total debt	12,845	21,913
Less current portion	3,910	12,170
Total long-term debt	$ 8,935	$ 9,743
7.75% Convertible subordinated debentures due 2011	$24,263	$28,000

In July 1995, the Company and its bank amended the Company's credit agreement. The amended credit agreement provides for a $5,500,000 working capital line of credit and an $8,100,000 acquisition term loan at December 31, 1995. The working capital line of credit has an expiration date of July 15, 1997, and the acquisition term loan has a December 31, 1998 expiration date. Interest is payable monthly on the outstanding borrowings based on the bank's prime rate (8.75% at December 31, 1995) plus 0.25% for the working capital line of credit and the bank's prime rate plus 0.75% for the acquisition term loan. A Eurodollar pricing option is also available to the Company for terms of up to six months at the Eurodollar rate plus 2.0% for the working capital line of credit and the Eurodollar rate plus 2.5% for the acquisition term loan. At December 31, 1995, the Company had $5,158,000 of unused lines of credit, after deducting $8,100,000 of loans outstanding for the acquisitions and $342,000 for an outstanding standby letter of credit which supports the estimated post-closure maintenance cost for a former surface impoundment.

Borrowings under the credit agreement are secured by most of the assets of the Company and its subsidiaries. The credit agreement includes minimum effective tangible net worth and earnings requirements, debt to effective tangible net worth, fixed charge coverage and quick ratios, and limitations on capital expenditures, future dividend payments and outside indebtedness.

During the fourth quarter of 1995, the Company entered into agreements to convert $6,252,000 principal amount of its 7.75% convertible subordinated debentures, of which $3,737,000 were converted in 1995 and the balance in 1996. The Company paid cash of $257,860 in 1995 and $145,800 in 1996 for the conversions. The conversions will reduce future interest expense by approximately $500,000 annually.

Interest is paid semiannually on the 7.75% convertible subordinated debentures which, as of December 31, 1995, were convertible into 2,431,162 shares of common stock at a conversion price of $9.98 per share, and are subject to a mandatory redemption of $2,000,000 per year from 1996 to 2010. The Company currently holds sufficient debentures to satisfy the redemption requirement through the year 2003. The convertible subordinated debentures are presently callable by the Company, and beginning March 31, 1996 will be callable at par.

The weighted average interest rate on borrowings outstanding was 7.98% and 7.91% at December 31, 1995 and 1994, respectively.

The carrying amount of long-term debt and convertible subordinated debentures approximates fair value based on the terms of the related debt, recent transactions and estimates using interest rates currently available to the Company for debt with similar terms and remaining maturites.

Debt issuance costs related to the issuance of convertible debt are being amortized over the term of the debt. Unamortized debt issuance costs of $403,000 and $519,000 at December 31, 1995 and December 31, 1994, respectively, are included in Other Assets.

Aggregate maturities of long-term debt, together with sinking fund payments required, during the next five years are as follows: 1996, $3,910,000; 1997, $5,024,000; 1998, $1,421,000; 1999, $209,000; 2000, $85,000.

NOTE 7. SHAREHOLDERS' EQUITY

At December 31, 1995 and 1994, no preferred shares were issued or outstanding. The Company has reserved 2,431,162 shares of common stock for issuance upon the conversion of the 7.75% convertible subordinated debentures.

NOTE 8. STOCK OPTIONS

The Company has two stock incentive plans and a stock option plan. Stock awards may be made to officers and key employees under one of the stock incentive plans on terms determined by the Compensation Committee of the Board of Directors. No stock awards have been made under this plan. Options have been and may be granted to officers and key employees under the other stock incentive plan and the stock option plan at prices not less than 100% of the market value on the date of grant. The option price and number of shares are subject to adjustment under certain dilutive circumstances. The exercise schedules and terms of options are determined by the Compensation Committee of the Board of Directors at the date of grant. Options expire not more than ten years from the date of grant. At December 31, 1995, options for 579,287 shares of common stock were exercisable.

At December 31, 1995, 235,001 common shares were available for future stock grants under the plans, and 717,525 common shares were reserved for the exercise of options. Option activity during the three years ended December 31, 1995 was as follows:

	Number of Shares	Exercise Price Per Share
Outstanding at January 1, 1993	656,500	$1.88 -- $26.63
Granted	86,075	3.50
Exercised	(14,350)	1.88
Forfeited	(24,925)	1.88 -- 4.63
Outstanding at December 31, 1993	703,300	$1.88 -- $26.63
Granted	35,000	4.88
Exercised	(5,000)	1.88
Forfeited	(21,225)	1.88 -- 4.63
Outstanding at December 31, 1994	712,075	$1.88 -- $26.63
Granted	49,200	6.00 -- 10.13
Exercised	(20,125)	1.88 -- 4.88
Forfeited	(23,625)	3.88 -- 26.63
Outstanding at December 31, 1995	717,525	$1.88 -- $10.13

In October 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 123 -- "Accounting for Stock-Based Compensation" ("SFAS 123"). SFAS 123 will become effective for the Company in 1996. The adoption of SFAS 123 is not expected to have a material effect on the Company's consolidated financial position or results of operations.

NOTE 9. EMPLOYEE BENEFIT PLANS

The Company has an unfunded supplemental retirement plan that was suspended in 1986, but which continues to cover certain former executives. The accumulated benefit obligations under the plan at December 31, 1995 and 1994 were $721,000 and $741,000, respectively, which are included in accrued liabilities.

The Company also provides certain health care benefits for retired employees. Employees become eligible for these benefits if they meet minimum age and service requirements, are eligible for retirement benefits and agree to contribute a portion of the cost. As of December 31, 1995, there were 159 current and retired employees eligible for such benefits. Eligibility for additional employees to become covered by retiree health benefits was terminated in 1988.

The Company accrues postretirement health care benefits over the period in which active employees become eligible for such benefits. The components of periodic expenses for these postretirement benefits are as follows:

(in thousands) Year ended December 31,	1995	1994
Service cost	$ 1	$ 1
Interest cost	64	73
Amortization of net transition obligation	84	84
Net amortization and deferral	21	28
Net periodic postretirement benefit cost	$170	$186

The actuarial liabilities for these postretirement benefits are as follows:

(in thousands) December 31,	1995	1994

Accumulated postretirement benefit obligation:		
Retirees	$666	$815
Fully eligible active plan participants	129	112
Other active plan participants	10	20
Total	805	947
Unrecognized net transition obligation	(824)	(908)
Unrecognized prior service cost	(28)	(56)
Unrecognized net gain	220	135
Accrued postretirement benefit cost	$173	$118

The accumulated postretirement benefit obligations at December 31, 1995 and 1994 were determined using an assumed discount rate of 7.25% and 8.5%, respectively. For measurement purposes, an 11% annual rate of increase in the per capita cost of covered health care benefits was assumed for 1996; the rate was assumed to decrease gradually to 6.5% in the year 2003 and remain at that level thereafter over the projected payout period of the benefits.

A 1% increase in the assumed annual health care cost trend rate would increase the present value of the accumulated postretirement benefit obligation at December 31, 1995 by $2,800, and the aggregate of the service and interest cost components of net periodic postretirement benefit cost for the year then ended by $300.

During 1993, the Company's Board of Directors approved a retirement benefit and compensation program for the Company's Chief Executive Officer in consideration of a freeze in salary, reduced bonus eligibility and discontinuance of future stock option awards. The components of periodic expenses for this postretirement benefit are as follows:

(in thousands) December 31,	1995	1994
Service cost	$155	$148
Interest cost	34	20
Amortization of prior service cost	25	25
Net periodic cost	$214	$193

The actuarial liabilities for this postretirement benefit are as follows:

(in thousands) December 31,	1995	1994
Accumulated benefit obligation:		
Vested active plan participant	$605	$398
Unrecognized prior service cost	(25)	(50)
Unrecognized net gain (loss)	(4)	14
Accrued cost	$576	$362

The accrued cost under this plan is included in accrued liabilities.

NOTE 10. LEASES

The Company leases certain facilities and equipment for periods ranging from 1 to 6 years. The leases generally are renewable and provide for the payment of property taxes, insurance and other costs relative to the property. Rental expense in 1995, 1994 and 1993, was $3,550,000, $2,910,000, and $2,750,000, respectively. Future minimum rental payments under operating leases having initial or remaining non-cancelable terms in excess of one year and related income from a non-cancelable sublease at December 31, 1995 are as follows:

(in thousands)	Lease Commitments	Sublease Commitments	Net Commitments
1996	$3,274	$207	$3,067
1997	2,506	80	2,426
1998	1,189	--	1,189
1999	869	--	869
2000	200	--	200
Thereafter	38	--	38
Total	$8,076	$287	$7,789

NOTE 11. INCOME TAXES

The provision for income tax expense consists of the following:

(in thousands) Year ended December 31,	1995	1994	1993
Current tax expense:			
Federal	$ 210	$ 10	$ 118
State	751	251	34
	961	261	152
Deferred tax expense:			
Federal	845	1,079	1,128
State	89	(367)	(81)

	934	712	1,047
Income Tax Expense	$1,895	$ 973	$1,199

Effective January 1, 1993, the Company adopted SFAS 109. The adjustments to the January 1, 1993 balance sheet to adopt SFAS 109 netted to $8 million. This amount is reflected in net income for 1993 as the cumulative effect of a change in accounting principle. It primarily represents the impact of recognizing a deferred tax asset for the benefit of tax net operating loss carryforwards ("NOLs") that could not be recorded under SFAS 96.

Deferred tax assets (liabilities) are comprised of the following:

(in thousands) December 31,	1995	1994
Federal NOLs	$11,538	$14,871
Credit carryforwards	1,197	1,113
Employment-related reserves	1,691	1,242
Inventory reserves	748	354
Other	1,352	1,025
	16,526	18,605
Depreciation	(2,552)	(2,676)
Net deferred tax assets before valuation allowance	13,974	15,929
Deferred tax assets valuation allowance	(2,433)	(5,150)
Net deferred tax asset	$11,541	$10,779

The decrease in the valuation allowance is due to the Company's reevaluation of the realizability of income tax benefits from future operations including acquisitions consummated in 1995 and 1994. As a result, the carrying value of the net deferred tax benefit was increased by $2,717,000, of which $1,155,000 was allocated to goodwill arising from the acquisition of 3dbm and $1,562,000 was recognized as a current period tax benefit. In 1994, the carrying value of the net deferred tax asset was increased by $4,700,000 which was allocated to reduce goodwill arising from the acquisition of Brice and DMT.

The principal reasons for the variation from the customary relationship between income taxes and income from continuing operations before income taxes are as follows:

Year ended December 31,	1995	1994	1993
Statutory federal income tax rate	35.0%	35.0%	34.0%
State income taxes (net of federal benefit)	6.2	6.2	6.2
Goodwill amortization	4.5	1.1	1.0
Benefit of net operating loss carryforwards and carrybacks	(24.4)	(12.0)	(5.5)
Alternative minimum tax	3.0	3.7	--
Debt Conversion	2.9	--	--
Other	.1	(3.4)	(.7)
Effective Income Tax Rate	27.3%	30.6%	35.0%

At December 31, 1995, the Company had federal tax NOLs totalling $34 million which expire in the years 1999 through 2004. SFAS 109 requires that the tax benefit of such NOLs be recorded, measured by enacted tax rates, as an asset to the extent management assesses the utilization of such NOLs to be "more likely than not." Management has determined that the income of the Company will, more likely than not, be sufficient to realize the recorded deferred tax asset prior to the ultimate expiration of the NOLs. Realization of the future tax benefits of NOLs is dependent on the Company's ability to generate sufficient taxable income within the carryforward period. In assessing the likelihood of utilization of existing NOLs, management considered the historical results of operations of its operating subsidiaries, including acquired operations, and the current economic environment in which the Company operates. Management does not expect and did not consider any material future changes in trends or the relationship between reported pretax income and federal and state taxable income or material asset sales or similar non-routine transactions in assessing the likelihood of realization of the recorded deferred tax asset.

Future levels of pretax income are dependent upon the extent of defense spending and other government budgetary pressures, the level of new aircraft orders by commercial airlines, production rate requirements for the Space Shuttle program, general economic conditions, interest rates, competitive pressures on sales and margins, price levels and other factors beyond the Company's control.

The ability of the Company to utilize its NOLs could be subject to significant limitation in the event of a "change of ownership" as defined in the Internal Revenue Code. A "change of ownership" could be caused by purchases or sales of the Company's securities owned by persons or groups now or in the future having ownership of 5% or more of the Company's outstanding common stock or issuance by the Company of common stock (including shares that are issuable on conversion of the debentures).

NOTE 12. CONTINGENCIES

Ducommun's subsidiary, Aerochem, Inc. ("Aerochem"), is a major supplier of chemical milling services for the aerospace industry. Aerochem has been directed by California environmental agencies to investigate and take corrective action for groundwater contamination at its El Mirage, California facility. Based upon currently available information, the Company has established a provision for the cost of such investigation and corrective action.

Aerochem has been notified by the United States Environmental Protection Agency ("EPA") that Aerochem and other generators of hazardous waste disposed at the Casmalia Resources Hazardous Waste Facility in California (the "Casmalia Site"), an inactive hazardous waste treatment, storage and disposal facility, may be responsible for certain costs associated with the cleanup and closure of the Casmalia Site. Aerochem contributed less than 1/4 of 1% of the total waste disposed at the Casmalia Site and many other substantially larger companies and governmental entities are involved at the Casmalia Site. The Company has established a provision, based on currently available information, for Aerochem's share of the estimated cost of cleanup and closure of the Casmalia Site.

In the normal course of business, Ducommun and its subsidiaries are defendants in certain other litigation, claims and inquiries, including matters relating to environmental laws. In addition, the Company makes various commitments and incurs contingent liabilities. While it is not feasible to predict the outcome of these matters, the Company does not presently expect that any sum it may be required to pay in connection with these matters would have a material adverse effect on its consolidated financial position or results of operations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Continued

NOTE 13. MAJOR CUSTOMERS AND CONCENTRATIONS OF CREDIT RISK

The Company provides proprietary products and services to most of the prime aerospace and aircraft manufacturers. As a result, the Company's sales and trade receivables are concentrated principally in the aerospace industry.

The Company had substantial sales to Lockheed Martin, Northrop Grumman, McDonnell Douglas and Boeing. During 1995, 1994 and 1993, sales to Lockheed Martin were $8,163,000, $9,454,000 and $7,839,000, respectively; sales to Northrop Grumman were $9,623,000, $7,696,000 and $4,473,000, respectively; sales to McDonnell Douglas were $9,516,000, $7,540,000 and $4,928,000, respectively; and sales to Boeing were $5,215,000, $5,685,000, and $7,949,000, respectively. At December 31, 1995, trade receivables from Lockheed Martin, Northrop Grumman, McDonnell Douglas and Boeing were $1,562,000, $1,210,000, $768,000 and $629,000, respectively. The sales and receivables relating to Lockheed Martin are primarily for the Space Shuttle program. The sales and receivables relating to Northrop Grumman, McDonnell Douglas and Boeing are diversified over a number of different commercial and military programs.

In 1995, 1994 and 1993, foreign sales to manufacturers worldwide were $23,497,000, $11,515,000 and $8,672,000, respectively. Canada is the only country in which the Company had sales of 5% or more of total sales, with $4,518,000, $5,944,000 and $3,445,000 in 1995, 1994 and 1993, respectively.

NOTE 14. QUARTERLY FINANCIAL DATA (UNAUDITED)

(in thousands, except per share amounts)	1995				1994			
Three months ended	Dec. 31	Sep. 30	July 1	April 1	Dec. 31	Oct. 1	July 2	April 2
Sales and Earnings:								
Net Sales	$ 23,314	$ 24,080	$ 23,201	$ 20,622	$ 16,232	$ 15,460	$ 14,814	$ 15,232
Gross Profit	8,434	8,142	7,332	6,175	4,520	4,384	4,626	4,255
Income Before Taxes	2,502	2,237	1,347	855	738	632	975	832
Income Tax Expense	(694)	(584)	(377)	(240)	(220)	(174)	(295)	(284)
Net Income	$ 1,808	$ 1,653	$ 970	$ 615	$ 518	$ 458	$ 680	$ 548
Earnings Per Share:								
Primary	$ .36	$ .34	$ .20	$ .13	$ .11	$ .10	$ .15	$ .12
Fully Diluted	$ .29	$ .27	$ .18	$ .13	$ .11	$ .10	$ .14	$ .12

Ducommun Incorporated

REPORT OF INDEPENDENT ACCOUNTANTS [LOGO]

To the Board of Directors and Shareholders of Ducommun Incorporated:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, of cash flows and of changes in shareholders' equity present fairly, in all material respects, the financial position of Ducommun Incorporated and its subsidiaries at December 31,1995 and 1994, and the results of their operations and their cash flows for each of the three years in the period ended December 31,1995, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

As discussed in Note 1 to the consolidated financial statements, the Company changed its method of accounting for income taxes effective January 1, 1993.

/s/ Price Waterhouse LLP

Los Angeles, California
February 20, 1996

SUBSIDIARIES OF REGISTRANT

As of December 31, 1995, the active subsidiaries of Ducommun were:

Aerochem, Inc., a California corporation
AHF-Ducommun Incorporated, a California corporation
Brice Manufacturing Company, Inc., a California corporation
Jay-El Products, Inc., a California corporation
3dbm, Inc., a California corporation

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 33-36415, 33-9383, 2-83732, 2-77309 and 2-64222) of Ducommun Incorporated of our report dated February 20, 1996 appearing on page 25 of the Annual Report to Shareholders which is incorporated in this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report on the Financial Statement Schedules, which appears on page 17 of this Form 10-K.

Price Waterhouse LLP

Los Angeles, California
March 13, 1996

Exhibit 23.1

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YEAR
DEC-31-1995
JAN-01-1995
DEC-31-1995
371
0
14,194
366
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