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, 1997

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. 1-8174

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	New York Stock Exchange

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

None
(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. [X]

The aggregate market value of the voting stock held by nonaffiliates of the registrant was approximately $186 million as of January 31, 1998.

The number of shares of common stock outstanding on January 31, 1998 was 7,462,399.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents are incorporated by reference:

(a) Annual Report to Shareholders (the "1997 Annual Report") for the year ended December 31, 1997, incorporated partially in Part I and Part II hereof (see Exhibit 13), and

(b) Proxy Statement for the 1998 Annual Meeting of Shareholders (the "1998 Proxy Statement"), incorporated partially in Part III hereof.

FORWARD-LOOKING STATEMENTS AND RISK FACTORS

Certain statements in the Form 10-K and documents incorporated by reference contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Any such forward-looking statements involve risks and uncertainties. The Company's future financial results could differ materially from those anticipated due to the Company's dependence on conditions in the airline industry, the level of new commercial aircraft orders, the production rate for the Space Shuttle program, the level of defense spending, competitive pricing pressures, technology and product development risks and uncertainties, product performance, risks associated with acquisitions and dispositions of businesses by the Company, increasing consolidation of customers and suppliers in the aerospace industry, and other factors beyond the Company's control.

PART I

ITEM 1. BUSINESS

During 1997, 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 717, 737, 747, 757, 767 and 777, and the MD-11 and MD-80/90. Foreign commercial aircraft programs include the Airbus Industrie A330 and A340, Bombardier Business and Regional Jets and Dash 8. Major military aircraft programs include the Boeing C-17, F-15 and F-18, Lockheed Martin F-16 and C-130, 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, as well as for Space Station Freedom. The Company manufactures components for Atlas/Centaur, X-33, Delta and Titan expendable launch vehicles, Kistler K-1 reusable launch vehicles, and various telecommunications satellites. Through its 3dbm, Inc. ("3dbm") subsidiary, the Company also sells products for the wireless telecommunications industry.

In June 1996, the Company acquired substantially all of the assets and assumed certain liabilities of MechTronics of Arizona, Inc. ("MechTronics").

Aerochem, Inc.

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 Incorporated

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 three 5-axis numerically-controlled routers to provide computer-controlled machining and inspection of complex parts up to 100 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.

Brice Manufacturing Company, Inc.

Brice Manufacturing Company, Inc. ("Brice"), a subsidiary of Ducommun, 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.

During 1998, Brice expects to introduce an original equipment manufacture ("OEM") 16G aircraft seat. This new aircraft seat represents Brice's first major OEM product.

Jay-El Products, Inc.

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.

Jay-El Products develops, designs and manufactures microwave switches, filters and other components used principally on commercial and military aircraft and telecommunications satellites. Jay-El Products also has developed several new products that apply its existing microwave technology to nonaerospace markets, including the wireless telecommunications industry.

MechTronics of Arizona Corp.

In June 1996, the Company acquired substantially all of the assets and assumed certain liabilities of MechTronics of Arizona, Inc., through a newly formed subsidiary named MechTronics of Arizona Corp. ("MechTronics"). MechTronics is a leading manufacturer of mechanical and electromechanical enclosure products for the defense electronics, commercial aviation and communications markets. MechTronics has a fully integrated manufacturing capability, including engineering, fabrication, machining, assembly, electronic integration and related processes. MechTronics' products include sophisticated radar enclosures, aircraft avionics racks and shipboard communications and control enclosures.

3dbm, Inc.

Ducommun's 3dbm, Inc. ("3dbm") subsidiary develops, designs and manufactures high-power base stations, expanders, repeaters, microcells and other wireless telecommunications equipment used in cellular telephone networks and other wireless communications applications. 3dbm also designs and manufactures on a limited basis microwave components and subsystems for both military and commercial customers.

During 1998, 3dbm expects to introduce a time division multiple access ("TDMA") digital high-power base station. This TDMA base station will be 3dbm's first digital wireless communications product.

Defense and Space Programs

A major portion of sales is derived from United States government defense programs and space programs. Approximately 31 percent of 1997 sales were related to defense programs and approximately 10 percent of 1997 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, many of 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.

Commercial Programs

Approximately 59 percent of 1997 sales were related to commercial aircraft programs, and nonaerospace commercial applications. The Company's commercial sales depend substantially on aircraft manufacturer's 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 Boeing, Lockheed Martin and Northrop Grumman. During 1997, sales to Boeing were $36,375,000, or 23.1% of total sales; sales to Lockheed Martin were $17,455,000, or 11.1% of total sales; and sales to Northrop Grumman were $6,568,000, or 4.2% of total sales. Sales to Boeing, Lockheed Martin and Northrop Grumman are diversified over a number of different commercial, military and space 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, 1997, backlog believed to be firm was approximately $155,700,000, compared to $134,500,000 at December 31, 1996. Approximately $100,000,000 of total backlog is expected to be delivered during 1998.

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 expects to spend approximately $1 million for future investigation and corrective action for groundwater contamination at its El Mirage location. However, the Company's ultimate liability in connection with the contamination will depend upon a number of factors, including changes in existing laws and regulations, and the design and cost of the construction, operation and maintenance of the corrective action.

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 1998.

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, 1997, the Company employed 1,291 persons.

Business Segment Information

The Company operates principally in only one business segment.

Information About Foreign and Domestic Operations and Export Sales

In 1997, 1996 and 1995, foreign sales to manufacturers worldwide were $29,978,000, $21,155,000 and $23,497,000, 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 United States domestic operations during 1997, 1996 and 1995. Canada is the only foreign country in which the Company had sales of 4% or more of total sales, with sales of $7,950,000, $4,906,000 and $4,518,000 in 1997, 1996 and 1995, respectively.

The Company is not subject to any foreign currency risks since all sales are made in United States dollars.

ITEM 2. PROPERTIES

The Company occupies approximately 16 facilities with a total office and manufacturing area of over 812,000 square feet, including both owned and leased properties. At December 31, 1997, 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	65,000	1999
Carson, California	AHF-Ducommun	108,000	Owned
Carson, California	Jay-El Products	117,000	2002
Phoenix, Arizona	MechTronics	90,900	2006

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. Most of the Company's properties are located in Southern California, an area subject to frequent and sometimes severe earthquake activity.

ITEM 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 STOCKHOLDER MATTERS

The information under the caption "Quarterly Common Stock Price Information" on page 17 of the 1997 Annual Report is incorporated herein by reference. No dividends were paid during 1996 or 1997 (see Exhibit 13).

ITEM 6. SELECTED FINANCIAL DATA

The information under the caption "Selected Financial Data" appearing on page 17 of the 1997 Annual Report is incorporated herein by reference (see Exhibit 13).

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 18 through 20 of the 1997 Annual Report is incorporated herein by reference (see Exhibit 13).

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 13, 1998, appearing on pages 21 through 32 of the 1997 Annual Report are incorporated herein by reference (see Exhibit 13).

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 1998 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 and brief accounts of business experience during the past five years. Executive officers do not serve for any specified terms, but are typically elected annually by the Board of Directors of the Company or, in the case of subsidiary presidents, by the Board of Directors of the respective subsidiaries.

Name (Age)	Positions and Offices Held With Company (Year Elected)	Other Business Experience (Past Five Years)
Norman A. Barkeley (68)	Chairman of the Board (1989)	Chief Executive Officer (1988-1996) and President (1988-1995)
Joseph C. Berenato (51)	President (1996) and Chief Executive Officer (1997)	Executive Vice President (1995), Chief Operating Officer (1995-1996), and Chief Financial Officer (1991-1996) of the Company
James S. Heiser (41)	Vice President (1990), Chief Financial Officer (1996), General Counsel (1988), Secretary (1987), and Treasurer (1995)	--

Name (Age)	Positions and Offices Held With Company (Year Elected)	Other Business Experience (Past Five Years)
Kenneth R. Pearson (62)	Vice President-Human Resources (1988)	--
Samuel D. Williams (49)	Vice President (1991) and Controller (1988)	--
Robert A. Borlet (57)	President of Jay El Products, Inc. (1988)	--
Paul L. Graham (53)	President of 3dbm, Inc. (1995)	President of Dynatech Microwave Technology, Inc. (1992-1994)
Bruce J. Greenbaum (42)	President of Brice Manufacturing Company, Inc. (1994)	President and/or General Manager of Brice during five years prior to acquisition by Ducommun
Robert B. Hahn (54)	President of MechTronics of Arizona Corp. (1997)	President of Aerochem, Inc. (1987-1997)
Robert L. Hansen (44)	President, AHF-Ducommun Incorporated (1989)	--

ITEM 11. EXECUTIVE COMPENSATION

The information under the caption "Compensation of Executive Officers" in the 1998 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 1998 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 1998 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 1997 Annual Report, are incorporated by reference in Item 8 of this report. Page numbers refer to the 1997 Annual Report:

2. Financial Statement Schedule

The following schedule for the years ended December 31, 1997, 1996 and 1995 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 1997, 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 19, 1996. Incorporated by reference to Exhibit 3.2 to Form 10-K for the year ended December 31, 1996.

4.1 Fifth Amended and Restated Loan Agreement between Ducommun Incorporated, as Borrower, and Bank of America National Trust and Savings Association, as Bank, dated June 23, 1997. Incorporated by reference to Exhibit 10.1 to Form 10-Q for the quarter ended June 28, 1997.

4.2 First Amendment to Fifth Amended and Restated Loan Agreement between Ducommun Incorporated, as Borrower, and Bank of America National Trust and Savings Association, as Bank, dated as of October 1, 1997.

4.3 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.

* 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 1994 Stock Incentive Plan, as amended May 7, 1997.

* 10.4 Form of Nonqualified Stock Option Agreement for employees under the 1994 Stock Incentive Plan, 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.

* 10.5 Form of Incentive Stock Option Agreement under the 1994 Stock Incentive Plan. Incorporated by reference to Exhibit 10.5 to Form 10-K for the year ended December 31, 1996.

10.6 Form of Nonqualified Stock Option Agreement for nonemployee directors under the 1994 Stock Incentive Plan.

* 10.7 Form of Key Executive Severance Agreement entered with ten 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. All of the

Key Executive Severance Agreements are identical except for the name of the executive officer and the date of the Agreement:

Executive Officer	Date of Agreement
Norman A. Barkeley	January 2, 1997
Joseph C. Berenato	November 4, 1991
Robert A. Borlet	July 27, 1988
Paul L. Graham	April 6, 1995
Bruce J. Greenbaum	December 6, 1995
Robert B. Hahn	July 27, 1988
Robert L. Hansen	May 5, 1993
James S. Heiser	July 27, 1988
Kenneth R. Pearson	July 27, 1988
Samuel D. Williams	June 21, 1989

* 10.8 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. All of the Indemnity Agreements are identical except for the name of the director or officer and the date of the Agreement:

Director/Officer	Date of Agreement
Norman A. Barkeley	July 29, 1987
Joseph C. Berenato	November 4, 1991
James S. Heiser	May 6, 1987
Kenneth R. Pearson	July 27, 1988
Samuel D. Williams	November 11, 1988
H. Frederick Christie	October 23, 1985
Robert C. Ducommun	December 31, 1985
Kevin S. Moore	October 15, 1994
Thomas P. Mullaney	April 8, 1987
Richard J. Pearson	October 23, 1985
Arthur W. Schmutz	December 31, 1985

* 10.9 Description of 1998 Executive Officer Bonus Arrangement.

* 10.10 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.

* 10.11 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.

* 10.12 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.

* 10.13 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.

11 Reconciliation of the Numerators and Denominators of the Basic and Diluted Earnings Per Share Computations

13 1997 Annual Report to Shareholders (not deemed to be filed except as previously incorporated by reference).

21 Subsidiaries of Registrant

23 Consent of Price Waterhouse LLP

27 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: February 27, 1998 By: /s/ Joseph C. Berenato

Joseph C. Berenato
President 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: February 27, 1998 By: /s/ Joseph C. Berenato

Joseph C. Berenato
President and Chief Executive Officer
(Principal Executive Officer)

Date: February 27, 1998 By: /s/ James S. Heiser

James S. Heiser
Vice President, Chief Financial
Officer, General Counsel, Secretary
and Treasurer
(Principal Financial Officer)

Date: February 27, 1998 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	February 27, 1998
By:	/s/ Joseph C. Berenato Joseph C. Berenato	Date	February 27, 1998
By:	/s/ H. Frederick Christie H. Frederick Christie	Date	February 27, 1998
By:	/s/ Robert C. Ducommun Robert C. Ducommun	Date	February 27, 1998
By:	/s/ Kevin S. Moore Kevin S. Moore	Date	February 27, 1998
By:	/s/ Thomas P. Mullaney Thomas P. Mullaney	Date	February 27, 1998
By:	/s/ Richard J. Pearson Richard J. Pearson	Date	February 27, 1998
By:	/s/ Arthur W. Schmutz Arthur W. Schmutz	Date	February 27, 1998

Report of Independent Accountants on
Financial Statement Schedule

To the Board of Directors
of Ducommun Incorporated

Our audits of the consolidated financial statements referred to in our report dated February 13, 1998 appearing on page 32 of the 1997 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 13, 1998

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, 1997					
Allowance for Doubtful Accounts	$ 206,000	$ 290,000	$ -	$ 137,000(b)	$ 359,000
FOR THE YEAR ENDED DECEMBER 31, 1996					
Allowance for Doubtful Accounts	$ 366,000	$ 28,000	$ -	$ 188,000(b)	$ 206,000
Deferred Tax Assets Valuation Allowance	$2,433,000	$ -	$ -	$ 665,000(d) $1,768,000(e)	$ -
FOR THE YEAR ENDED DECEMBER 31, 1995					
Allowance for Doubtful Accounts	$ 182,000	$ 216,000	$ 13,000(a)	$ 45,000(b)	$ 366,000
Deferred Tax Assets Valuation Allowance	$5,150,000	$ -	$ -	$2,717,000(c)	$2,433,000

(a) Collections on previously written off accounts.

(b) Write-offs on uncollectible accounts.

(c) Change in valuation allowance due to reevaluation of realizability of future income tax benefit occasioned by the acquisition of 3dbm.

(d) Change in valuation allowance due to reevaluation of realizability of future income tax benefit occasioned by the acquisition of MechTronics.

(e) Change in valuation allowance due to reevaluation of realizability of future income tax benefit.

EXHIBIT INDEX

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3.2 Bylaws as amended and restated on October 19, 1996. Incorporated by reference to Exhibit 3.2 to Form 10-K for the year ended December 31, 1996.

4.1 Fifth Amended and Restated Loan Agreement between Ducommun Incorporated, as Borrower, and Bank of America National Trust and Savings Association, as Bank, dated June 23, 1997. Incorporated by reference to Exhibit 10.1 to Form 10-Q for the quarter ended June 28, 1997.

4.2 First Amendment to Fifth Amended and Restated Loan Agreement between Ducommun Incorporated, as Borrower, and Bank of America National Trust and Savings Association, as Bank, dated as of October 1, 1997.

4.3 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.

* 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 1994 Stock Incentive Plan, as amended May 7, 1997.

* 10.4 Form of Nonqualified Stock Option Agreement for employees under the 1994 Stock Incentive Plan, 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.

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EXHIBIT INDEX (Continued)

Key Executive Severance Agreements are identical except for the name of the executive officer and the date of the Agreement:

Executive Officer	Date of Agreement
Norman A. Barkeley	January 2, 1997
Joseph C. Berenato	November 4, 1991
Robert A. Borlet	July 27, 1988
Paul L. Graham	April 6, 1995
Bruce J. Greenbaum	December 6, 1995
Robert B. Hahn	July 27, 1988
Robert L. Hansen	May 5, 1993
James S. Heiser	July 27, 1988
Kenneth R. Pearson	July 27, 1988
Samuel D. Williams	June 21, 1989

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Joseph C. Berenato	November 4, 1991
James S. Heiser	May 6, 1987
Kenneth R. Pearson	July 27, 1988
Samuel D. Williams	November 11, 1988
H. Frederick Christie	October 23, 1985
Robert C. Ducommun	December 31, 1985
Kevin S. Moore	October 15, 1994
Thomas P. Mullaney	April 8, 1987
Richard J. Pearson	October 23, 1985
Arthur W. Schmutz	December 31, 1985

* 10.9 Description of 1998 Executive Officer Bonus Arrangement.

* 10.10 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.

* 10.11 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.

EXHIBIT INDEX (Continued)

* 10.12 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.

* 10.13 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.

11 Reconciliation of the Numerators and Denominators of the Basic and Diluted Earnings Per Share Computations

13 1997 Annual Report to Shareholders (not deemed to be filed except as previously incorporated by reference).

21 Subsidiaries of Registrant

23 Consent of Price Waterhouse LLP

27 Financial Data Schedule

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* Indicates an executive compensation plan or arrangement.

EXHIBIT 4.2

FIRST AMENDMENT TO FIFTH AMENDED AND RESTATED LOAN AGREEMENT

This FIRST AMENDMENT TO FIFTH AMENDED AND RESTATED LOAN AGREEMENT (the "Amendment") dated as of October 1, 1997, is between Bank of America National Trust and Savings Association (the "Bank") and Ducommun Incorporated, a Delaware corporation (the "Borrower").

RECITALS

A. The Bank and the Borrower entered into a certain Fifth Amended and Restated Loan Agreement dated as of June 23, 1997 (the "Agreement").

B. The Bank and the Borrower desire to 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 In Paragraph 6.10, the following is added at the conclusion of such Paragraph:

> "The EBITA used to determine the Leverage Ratio will be calculated at the end of each fiscal quarter, using the results of that quarter and each of the three immediately preceding quarters."

2.2 In Paragraph 7.1(a), the reference to Paragraph 7.1(g) is amended to read "Paragraph 7.1(i)."

3. Representations and Warranties. When the Borrower signs this Amendment, 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 Amendment 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	DUCOMMUN INCORPORATED
By /s/ J. Thomas Fagan	By /s/ K. R. Pearson
J. Thomas Fagan Vice President	Kenneth R. Pearson Vice President - Human Resources and Assistant Secretary
	By /s/ J. S. Heiser
	James S. Heiser Vice President, Treasurer, Secretary and Chief Financial Officer

EXHIBIT 10.3

APPENDIX A

DUCOMMUN INCORPORATED

1994 STOCK INCENTIVE PLAN
(AS AMENDED MAY 7, 1997)

SECTION 1. PURPOSE OF PLAN

The purpose of the 1994 Stock Incentive Plan (the "Plan") of Ducommun Incorporated, a Delaware corporation (the "Company"), is to enable the Company and its subsidiaries to attract, retain and motivate their employees and nonemployee directors by providing for or increasing the proprietary interests of such persons in the Company.

SECTION 2. PERSONS ELIGIBLE UNDER PLAN

Any person who is an employee or a nonemployee director of the Company or any of its subsidiaries (a "Participant") shall be eligible to be considered for the grant of Awards (as hereinafter defined) hereunder.

SECTION 3. AWARDS

(a) The Board of Directors of the Company and/or the Committee (as hereinafter defined), on behalf of the Company, is authorized under this Plan to enter into any type of arrangement with a Participant that is not inconsistent with the provisions of this Plan and that, by its terms, involves or might involve the issuance of (i) shares of common stock, par value $.01 per share, of the Company ("Common Shares"), or (ii) a Derivative Security (as such term is defined in Rule 16a-1 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as such Rule may be amended from time to time) with an exercise or conversion privilege at a price related to the Common Shares or with a value derived from the value of the Common Shares. The entering into of any such arrangement is referred to herein as the "grant" of an "Award."

(b) Awards are not restricted to any specified form or structure and may include, without limitation, sales or bonuses of stock, restricted stock, stock options, reload stock options, stock purchase warrants, other rights to acquire stock, securities convertible into or redeemable for stock, stock appreciation rights, limited stock appreciation rights, phantom stock, dividend equivalents, performance units or performance shares, and an Award may consist of one such security or benefit, or two or more of them in tandem or in the alternative.

(c) Common Shares may be issued pursuant to an Award for any lawful consideration as determined by the Board of Directors and/or the Committee, including, without limitation, services rendered by the recipient of such Award.

(d) Subject to the provisions of this Plan, the Board of Directors and/or the Committee, in its sole and absolute discretion, shall determine all of the terms and conditions of each Award granted under this Plan, which terms and conditions may include, among other things:

(i) a provision permitting the recipient of such Award, including any recipient who is a director or officer of the Company, to pay the purchase price of the Common Shares or other property issuable pursuant to such Award, or such recipient's tax withholding obligation with respect to such issuance, in whole or in part, by any one or more of the following:

(A) the delivery of previously owned shares of capital stock of the Company (including "pyramiding") or other property, provided that the Company is not then prohibited from purchasing or acquiring shares of its capital stock or such other property,

(B) a reduction in the amount of Common Shares or other property otherwise issuable pursuant to such Award, or

(C) the delivery of a promissory note, the terms and conditions of which shall be determined by the Board of Directors and/or the Committee;

(ii) a provision conditioning or accelerating the receipt of benefits pursuant to such Award, either automatically or in the discretion of the Board of Directors and/or the Committee, upon the occurrence of specified events, including, without limitation, a change of control of the Company, an acquisition of a specified percentage of the voting power of the Company, the dissolution or liquidation of the Company, a sale of substantially all of the property and assets of the Company or an event of the type described in Section 7 hereof; or

(iii) a provision required in order for such Award to qualify as an incentive stock option under Section 422 of the Internal Revenue Code (an "Incentive Stock Option"), provided that the recipient of such Award is eligible under the Internal Revenue Code to receive an Incentive Stock Option.

SECTION 4. STOCK SUBJECT TO PLAN

(a) The aggregate number of Common Shares issued and issuable pursuant to all Awards granted under this Plan shall not exceed 570,000, subject to adjustment as provided in Section 7 hereof.

(b) For purposes of Section 4(a) hereof, the aggregate number of Common Shares issued and issuable pursuant to all Awards granted under this Plan shall at any time be deemed to be equal to the sum of the following:

(i) the number of Common Shares which were issued prior to such time pursuant to Awards granted under this Plan, other than Common Shares which were subsequently reacquired by the Company pursuant to the terms and conditions of such Awards and with respect to which the holder thereof received no benefits of ownership such as dividends; plus

(ii) the number of Common Shares which were otherwise issuable prior to such time pursuant to Awards granted under this Plan, but which were withheld by the Company as payment of the purchase price of the Common Shares issued pursuant to such Awards or as payment of the recipient's tax withholding obligation with respect to such issuance; plus

(iii) the maximum number of Common Shares issuable at or after such time pursuant to Awards granted under this Plan prior to such time.

SECTION 5. DURATION OF PLAN

Awards shall not be granted under this Plan after March 17, 2004. Although Common Shares may be issued after March 17, 2004 pursuant to Awards granted prior to such date, no Common Shares shall be issued under this Plan after March 17, 2014.

SECTION 6. ADMINISTRATION OF PLAN

(a) This Plan shall be administered by the Board of Directors of the Company or a committee of the Board of Directors (the "Committee") consisting of two or more directors, each of whom is a "nonemployee director" (as such term is defined in rule 16b-3 promulgated under the Exchange Act, as such Rule may be amended from time to time).

(b) Subject to the provisions of this Plan, the Board of Directors and/or the Committee shall be authorized and empowered to do all things necessary or desirable in connection with the administration of this Plan, including, without limitation, the following:

(i) adopt, amend and rescind rules and regulations relating to this Plan;

(ii) determine which persons are Participants and to which of such Participants, if any, Awards shall be granted hereunder;

(iii) grant Awards to Participants and determine the terms and conditions thereof, including the number of Common Shares issuable pursuant thereto;

(iv) determine whether, and the extent to which, adjustments are required pursuant to Section 7 hereof; and

(v) interpret and construe this Plan and the terms and conditions of all Awards granted hereunder.

SECTION 7. ADJUSTMENTS

If the outstanding securities of the class then subject to this Plan are increased, decreased or exchanged for or converted into cash, property or a different number or kind of securities, or if cash, property or securities are distributed in respect of such outstanding securities, in either case as a result of a reorganization, merger, consolidation, recapitalization, restructuring, reclassification, dividend (other than a regular, quarterly cash dividend) or other distribution, stock split, reverse stock split or the like, or if substantially all of the property and assets of the Company are sold, then, unless the terms of such transaction shall provide otherwise, the Board of Directors and/or the Committee shall make appropriate and proportionate adjustments in (a) the number and type of, and exercise price for, shares or other securities or cash or other property that may be acquired pursuant to Incentive Stock Options and other Awards theretofore granted under this Plan, and (b) the maximum number and type of shares or other securities that may be issued pursuant to Incentive Stock Options and other Awards thereafter granted under this Plan.

SECTION 8. AMENDMENT AND TERMINATION OF PLAN

The Board of Directors may amend or terminate this Plan at any time and in any manner, provided, however, that no such amendment or termination shall deprive the recipient of any Award theretofore granted under this Plan, without the consent of such recipient, of any of his or her rights thereunder or with respect thereto.

SECTION 9. EFFECTIVE DATE OF PLAN

This Plan shall be effective as of March 17, 1994, provided, however, that no Common Shares may be issued under this Plan until it has been approved, directly or indirectly, by the affirmative votes of the holders of a majority of the securities of the Company present, or represented, and entitled to vote at a meeting duly held in accordance with the laws of the State of Delaware.

SECTION 10. LEGAL REQUIREMENTS

No Common Shares issuable pursuant to an Award shall be issued or delivered unless and until, in the opinion of counsel for the Company, all applicable requirements of federal, state and other securities laws, and the regulations promulgated thereunder, and any applicable listing requirements of any stock exchange on which shares of the same class are then listed, shall have been fully complied with. It is the Company's intent that the Plan shall comply in all respects with Rule 16b-3 promulgated under the Exchange Act, as such Rule may be amended from time to time. If any provision of the Plan is found not to be in compliance with Rule 16b-3 of the Exchange Act, such provision shall be null and void.

EXHIBIT 10.6

DUCOMMUN INCORPORATED

STOCK OPTION AGREEMENT

This stock option agreement ("Agreement") is made as of [date] (the "Effective Date"), between DUCOMMUN INCORPORATED, a Delaware corporation (the "Corporation"), and [name] ("Option Holder").

R E C I T A L S

This Option is being granted pursuant to the 1994 Stock Incentive Plan (the "Plan"). This Option DOES NOT represent an incentive stock option as defined in Section 422A of the Internal Revenue Code. This Option expires on [date] (the "Expiration Date").

A G R E E M E N T S

1. Grant. The Corporation hereby grants to the Option Holder the right and option to purchase, on the terms and conditions hereinafter set forth, all or any part of an aggregate of 1,500 shares of the Common Stock at the purchase price of $[ ] per share, being 100% of the fair market value of the Common Stock on the date the option is granted, exercisable from time to time in accordance with the provisions of this Agreement until the close of business on the Expiration Date.

2. Definitions. Unless the context clearly indicates otherwise, and subject to the terms and conditions of the Plan as the same may be amended from time to time, the following terms, when used in this stock option agreement, shall have the meanings set forth in this Section 2.

> "Common Stock" shall mean the Common Stock, $.01 par value, of the Corporation or such other class of shares or other securities as may be applicable pursuant to the provisions of Section 7 of this stock option agreement.

3. Conditions to Exercise. The Option Holder may not purchase any shares by exercise of this option unless the Option Holder shall have served as a director of the Corporation until at least [date]. On and after [date], until this option expires, the Option Holder may purchase, by exercise of this option, all or any part of the shares subject to this option. Provided, however, that until this option expires, the Option Holder may purchase, by exercise of this option, all or any part of the shares subject to this option at any time after a "Change in Control" of the Corporation has occurred. For purposes of this stock option agreement, a "Change in Control" of the Corporation shall mean a change in control of a nature that would be required to be reported in response to Item

6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"); provided that, without limitation, such a change in control shall be deemed conclusively to have occurred if (i) a tender offer shall be made and consummated for the ownership of 25% or more of the outstanding voting securities of the Corporation, (ii) the shareholders of the Corporation approve that the Corporation be merged or consolidated with another corporation and as a result of such merger or consolidation less than 75% of the outstanding voting securities of the surviving or resulting corporation shall be owned in the aggregate by the former shareholders of the Corporation, other than affiliates (within the meaning of the Exchange Act) of any party to such merger or consolidation, as the same shall have existed immediately prior to such merger or consolidation, (iii) the shareholders of the Corporation approve that the Corporation sell, lease, exchange or transfer substantially all of its assets to another corporation, entity or person which is not a wholly-owned subsidiary, (iv) a person, as defined in Sections 13(d) and 14(d) (as in effect on the date hereof) of the Exchange Act, shall acquire 25% (or in the case of The Clark Estates, Inc., 30%) or more of the outstanding voting securities of the Corporation (whether directly, indirectly, beneficially or of record), (v) the shareholders of the Corporation approve a plan or proposal for the liquidation or dissolution of the Corporation, or (vi) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board of Directors cease for any reason to constitute at least a majority thereof unless the election, or the nomination for election by the Corporation's shareholders, of each new director was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period. For purposes hereof, ownership of voting securities shall take into account and shall include ownership as determined by applying the provisions of Rule 13d-3 (as in effect on the date hereof) under the Exchange Act

4. Exercise by the Option Holder. This Option may be exercised solely by the Option Holder, except as provided in Section 5 below in the event of the Option Holder's death.

5. Termination. This Option shall terminate if and when the Option Holder shall cease to be a director of the Corporation, except as follows:

(a) Death. If the Option Holder dies while a director of the Corporation, or while this Option was exercisable by him in accordance with paragraph (b) below, this Option may be exercised (for not more than the number of shares as to which the Option Holder might have exercised this Option at the time of such death) by the personal representative of the decedent, or by such person or persons as shall have acquired the Option Holder's rights under this option by will or by the laws of descent and distribution, at any time (i) prior to the Expiration Date, in the event the Expiration Date is not more than one year from the date of death, or (ii) within such one year, in the event that the Expiration Date is more than one year from such date of death.

(b) Retirement or Other Termination. If the Option Holder retires or if he ceases to be a director of the Corporation for any reason other than by death, this option may be exercised (for not more than the number of shares as to which the Option Holder might have exercised this option on the date of his retirement or the date on which he ceased to be a director) at any time (i) prior to the Expiration Date, in the event the Expiration Date is not more than three months from the date of such retirement or termination, or (ii) within such three-month period, in the event that the Expiration Date is more than three months from the date of such retirement or termination.

6. Method of Exercise. A person electing to exercise this option shall deliver to the Secretary of the Corporation prior to the Expiration Date a written notice of such election and of the number of shares such person has elected to purchase and shall at the time of exercise tender the full purchase price of the shares such person has elected to purchase.

7. Adjustments

(a) If the outstanding shares of Common Stock of the Corporation are increased, decreased, or converted into or exchanged for a different number or kind of shares or securities of the Corporation through recapitalization (other than the conversion of convertible securities according to their terms), reclassification, stock dividend, stock split or reverse stock split, an appropriate and proportionate adjustment shall be made, or if the Corporation shall spin-off, spin-out or otherwise distribute assets with respect to the outstanding shares of Common Stock of the Corporation, an appropriate and proportionate adjustment may be made in the discretion of the Board of Directors, in (i) the maximum number and kind of shares as to which options may be granted under the Plan, (ii) the number and kind of shares subject to outstanding options, and (iii) the exercise price for each share under outstanding options, without any change in the aggregate purchase price or value applicable to the unexercised portion of the outstanding options.

(b) In the event of the dissolution or liquidation of the Corporation, or upon any merger, consolidation or reorganization of the Corporation with any other corporations or entities as a result of which the Corporation is not the surviving corporation, or upon the sale of all or substantially all of the assets of the Corporation or the acquisition of more than 80% of the stock of the Corporation by another corporation or entity, there shall be substituted for each of the shares of Common Stock then subject to the Plan the number and kind of shares of stock, securities or other assets which would have been issuable or payable in respect of or in exchange for such Common Stock then subject to the Plan, as if the Option Holder had been the owner of such shares as of the transaction date. Any securities so substituted shall be subject to similar successive adjustments.

8. Legal Requirements. No shares issuable upon the exercise of this option shall be issued or delivered unless and until, in the opinion of counsel for the Corporation, all applicable requirements of federal and state law and of the Securities and Exchange Commission pertaining to the issuance and sale of such shares and any applicable listing requirements of any national securities exchange on which shares of the same class are then listed, shall have been fully complied with. In connection with any such issuance or transfer, the person acquiring the shares shall, if requested by the Corporation, give assurances satisfactory to counsel to the Corporation in respect of such matters as the Corporation may deem desirable to assure compliance with all applicable legal requirements.

9. No Rights as a Shareholder. Neither the Option Holder nor any beneficiary or other person claiming under or through the Option Holder shall have any right, title or interest in or to any shares of Common Stock allocated or reserved for the purpose of the Plan or subject to this Agreement except as to such shares of Common Stock, if any, as shall have been issued or transferred to such person.

10. Withholding. The Corporation may make such provisions as it may deem appropriate for the withholding of any taxes which the Corporation determines it is required to withhold in connection with this Agreement and the transactions contemplated hereby, and the Corporation may require the Option Holder or other person exercising this option to pay to the Corporation in cash any amount or amounts which may be required to be paid as withheld taxes in connection with any exercise of this option or any other transaction contemplated hereby as a condition to the exercise of this option and issuance of shares of the Common Stock.

11. No Assignments. Neither this Agreement, nor this option, nor any other rights and privileges granted hereby shall be transferred, assigned, pledged or hypothecated in any way, whether by operation of law of descent and distribution. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this Agreement, this option or any other right or privilege granted hereby contrary to the provisions hereof, this Agreement, this option and all of such rights and privileges shall immediately become null and void.

12. The Plan. The option hereby granted is subject to, and the Corporation and Option Holder agree to be bound by, all of the terms and conditions of the Plan as the same may be amended from time to time in accordance with the terms thereof, but no such amendment may adversely affect the Option Holder's rights under this Agreement. Option Holder acknowledges receipt of a complete copy of the Plan.

13. Consideration. The consideration for the rights and benefits conferred on Option Holder by this Option are the services rendered by the Option Holder after and not before the grant of this Option.

14. Applicable Law. This option has been granted as of the effective date set forth above at Los Angeles, California, and the interpretation, performance and enforcement of this Agreement shall be governed by the laws of the State of California.

DUCOMMUN INCORPORATED

By:

President and CEO

By:

Secretary

Option Holder

By his or her signature, the spouse of the Option Holder hereby agrees to be bound by all the terms and conditions of this written stock option agreement.

Spouse of Option Holder

EXHIBIT 10.9

DUCOMMUN INCORPORATED

DESCRIPTION OF
1998 EXECUTIVE OFFICER BONUS ARRANGEMENT

The Ducommun Incorporated 1998 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 six subsidiary presidents or general managers.

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 and general managers 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 11

DUCOMMUN INCORPORATED AND SUBSIDIARIES
RECONCILIATION OF THE NUMERATORS AND DENOMINATORS OF
THE BASIC AND DILUTED EARNINGS PER SHARE COMPUTATIONS

	For the Year Ended December 31, 1997		
	Income (Numerator)	Shares (Denominator)	Per-Share Amount
BASIC EPS			
Income Available to Common Stockholders	$14,297,000	7,358,000	$1.94
EFFECT OF DILUTIVE SECURITIES			
Stock Options	-	553,000	
7-3/4% Convertible Subordinated Debentures	-	-	
DILUTED EPS			
Income Available to Common Stockholders + Assumed Conversions	$14,297,000	$ 7,911,000	$1.81

	For the Year Ended December 31, 1996		
	Income (Numerator)	Shares (Denominator)	Per-Share Amount
BASIC EPS			
Income Available to Common Stockholders	$10,285,000	6,594,000	$1.56
EFFECT OF DILUTIVE SECURITIES			
Stock Options	-	514,000	
7-3/4% Convertible Subordinated Debentures	222,000	712,000	
DILUTED EPS			
Income Available to Common Stockholders + Assumed Conversions	$10,507,000	$ 7,820,000	$1.34

	For the Year Ended December 31, 1995		
	Income (Numerator)	Shares (Denominator)	Per-Share Amount
BASIC EPS			
Income Available to Common Stockholders	$ 5,046,000	4,500,000	$1.12
EFFECT OF DILUTIVE SECURITIES			
Stock Options	-	343,000	
7-3/4% Convertible Subordinated Debentures	1,354,000	2,431,000	
DILUTED EPS			
Income Available to Common Stockholders + Assumed Conversions	$ 6,400,000	$ 7,274,000	$0.88

EXHIBIT 13

DUCOMMUN INCORPORATED
ANNUAL REPORT

The following portions of Ducommun Incorporated and Subsidiaries 1997 Annual Report are incorporated by reference in Items 5, 6, 7, and 8 of this report.

SELECTED FINANCIAL DATA

Ducommun Incorporated

YEAR ENDED DECEMBER 31,	1997	1996(A)	1995(A)	1994(A)	1993
(in thousands, except per share amounts)					
Net Sales	$ 157,287	$ 118,357	$ 91,217	$ 61,738	$ 64,541
Gross Profit as a Percentage of Sales	32.0%	32.6%	33.0%	28.8%	26.8%
Operating Income	25,288	15,478	10,511	5,644	6,150
Operating Income as a Percentage of Sales	16.1%	13.1%	11.5%	9.1%	9.5%
Income Before Taxes and Cumulative Effect of Accounting Change	24,653	14,325	6,941	3,177	3,427
Income Tax Expense	(10,356)	(4,040)	(1,895)	(973)	(1,199)
Cumulative Effect of Accounting Change	--	--	--	--	8,000
Net Income	$ 14,297	$ 10,285	$ 5,046	$ 2,204	$ 10,228
Earnings Per Share:					
Income Before Cumulative Effect of Accounting Change	$ 1.81	$ 1.34	$ .88	$ .48	$ .48
Cumulative Effect of Accounting Change	--	--	--	--	1.09
Diluted Earnings Per Share	$ 1.81	$ 1.34	$ .88	$ .48	$ 1.57
Working Capital	$ 30,182	$ 17,286	$ 11,247	$ 6,710	$ 11,744
Total Assets	104,241	95,814	80,974	79,852	55,290
Convertible Subordinated Debentures	--	--	24,263	28,000	28,000
Long-Term Debt Including Current Portion	5,803	10,290	12,845	21,913	4,529
Total Shareholders' Equity	73,703	59,188	24,588	15,783	13,585
Cash Dividends Per Share	--	--	--	--	--

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

QUARTERLY COMMON STOCK PRICE INFORMATION

	1997		1996		1995	
	High	Low	High	Low	High	Low
First Quarter	$25.25	$20.50	$14.13	$ 9.50	$ 6.25	$ 4.69
Second Quarter	29.38	23.63	14.88	12.88	7.75	5.75
Third Quarter	39.69	27.88	18.38	12.38	10.25	7.19
Fourth Quarter	38.69	28.75	24.38	16.63	10.50	8.88

The common stock of the Company (DCO) is listed on the New York Stock Exchange. On December 31, 1997, the Company had approximately 702 holders of record of common stock.

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

ACQUISITIONS In June 1996, the Company acquired substantially all of the assets of MechTronics of Arizona, Inc. ("MechTronics") for $8,000,000 in cash and a $750,000 note. MechTronics is a leading manufacturer of mechanical and electromechanical enclosure products for the defense electronics, commercial aviation and communications markets. In January 1995, the Company acquired the capital stock of 3dbm, Inc. ("3dbm") for $4,780,000 in cash and $400,000 in notes. 3dbm supplies high power base stations expanders, microcells and other wireless telecommunications hardware used in cellular telephone networks and microwave components and subsystems to both military and commercial customers.

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 and added complementary lines of business.

RESULTS OF OPERATIONS 1997 Compared to 1996 -- Net sales increased 33% to $157,287,000 in 1997. The increase resulted from a broad-based increase in sales in most of the Company's product lines due to improved industry conditions and new contract awards, as well as sales of $22,003,000 in 1997 compared to $8,414,000 in 1996 from the MechTronics acquisition completed in June 1996. The Company's mix of business was approximately 59% commercial, 31% military and 10% space in 1997. Foreign sales increased to 19% of total sales in 1997 from 18% in 1996. Canada is the only foreign country in which the Company had sales of 4% or more of total sales, with sales of $7,950,000 in 1997 and $4,906,000 in 1996.

The Company had substantial sales to Boeing, Lockheed Martin and Northrop Grumman. During 1997 and 1996, sales to Boeing were $36,375,000 and $21,907,000, respectively; sales to Lockheed Martin were $17,455,000 and $13,037,000, respectively; and sales to Northrop Grumman were $6,568,000 and $7,843,000, respectively. At December 31, 1997, trade receivables from Boeing, Lockheed Martin and Northrop Grumman were $4,079,000, $1,659,000 and $551,000, respectively. The sales and receivables relating to Boeing, Lockheed Martin and Northrop Grumman are diversified over a number of different commercial, space and military programs.

The Company's commercial business is represented on virtually all of today's major commercial aircraft. During 1997, commercial sales increased primarily as a result of increased commercial aircraft build rates, new contract awards and increased airline seat refurbishment projects, as well as a full year of sales from the MechTronics acquisition.

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. During 1997, military sales increased primarily as a result of new contract awards, as well as a full year of sales from the MechTronics acquisition.

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 were approximately $14,821,000, or 10% of total sales in 1997.

At December 31, 1997, backlog believed to be firm was approximately $155,700,000 compared to $134,500,000 at December 31, 1996. Backlog growth has been concentrated principally in the Boeing 737, 777 and C-17 aircraft. Approximately $100,000,000 of the total backlog is expected to be delivered during 1998.

Gross profit, as a percentage of sales, decreased to 32.0% in 1997 from 32.6% in 1996. This decrease was primarily the result of changes in sales mix. The decrease was partially offset by economies of scale resulting from sales increases.

Selling, general and administrative expenses, as a percentage of sales, decreased to 15.9% compared to 19.6% in 1996. The decrease was primarily the result of higher sales volume partially offset by an increase in related period costs.

Interest expense decreased approximately 45% to $635,000 in 1997 primarily due to the conversion of $24,263,000 of convertible subordinated debentures that were outstanding during the first half of 1996 and lower debt levels.

Income tax expense increased to $10,356,000 in 1997 compared to $4,040,000 for 1996. The increase in income tax expense was primarily due to the increase in income before taxes and an effective tax rate of 42% in 1997 compared to 28% in 1996. 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 $4,932,000 in 1997, compared to $1,759,000 in 1996. At December 31, 1997, the Company had federal tax NOLs totaling approximately $528,000 and expects to fully utilize the balance of its federal net operating loss carryforwards to offset taxable income in 1998.

Net income for 1997 was $14,297,000, or $1.81 diluted earnings per share, compared to $10,285,000, or $1.34 diluted earnings per share, in 1996.

1996 Compared to 1995 -- Net sales increased 30% to $118,357,000 in 1996. The increase resulted from a broad-based increase in sales in most of the Company's product lines due to improved industry conditions and new contract awards, as well as sales from the MechTronics acquisition completed in June 1996. The Company's mix of business was approximately 52% commercial, 38% military and 10% space in 1996. Foreign sales decreased to 18% of total sales in 1996 from 26% in 1995. Canada is the only foreign country in which the Company had sales of 4% or more of total sales, with sales of $4,906,000 in 1996 and $4,518,000 in 1995.

The Company had substantial sales to Boeing, Lockheed Martin and Northrop Grumman. During 1996 and 1995, sales to Boeing were $21,907,000 and $14,731,000, respectively; sales to Lockheed Martin were $13,037,000 and $8,163,000, respectively; sales to Northrop Grumman were $7,843,000 and $9,623,000, respectively. At December 31, 1996, trade receivables from Boeing, Lockheed Martin and Northrop Grumman were $2,425,000, $1,541,000 and $647,000, respectively. The sales and receivables relating to Lockheed Martin are primarily for the Space Shuttle program. The sales and receivables relating to Boeing and Northrop Grumman 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 1996, commercial sales increased primarily as a result of increased commercial aircraft build rates, new contract awards and increased airline seat refurbishment projects, as well as sales from the MechTronics acquisition.

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. During 1996, military sales increased primarily as a result of new contract awards, as well as sales from the MechTronics acquisition. The Company's defense business is widely diversified among military manufacturers and programs. The C-17 program accounted for approximately $5,978,000 in sales in 1996.

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 were approximately $11,544,000, or 10% of total sales in 1996.

At December 31, 1996, backlog believed to be firm was approximately $134,500,000, including $24,291,000 for space-related business, compared to $92,600,000 at December 31, 1995. Backlog growth has been concentrated principally in the Boeing 777, 737-700/800 and C-17 aircraft.

Gross profit, as a percentage of sales, decreased to 32.6% in 1996 from 33.0% in 1995. This decrease was primarily the result of higher production costs at MechTronics, which was acquired in June 1996.

Selling, general and administrative expenses as a percentage of sales decreased to 19.6% compared to 21.5% of sales in 1995. The decrease in these expenses as a percentage of sales was primarily the result of higher sales volume partially offset by an increase in related period costs.

Interest expense decreased 68% to $1,153,000 in 1996 primarily due to the conversion of $24,263,000 of convertible subordinated debentures that were outstanding at December 31, 1995.

Income tax expense increased to $4,040,000 in 1996 compared to $1,895,000 for 1995. The increase in income tax expense was primarily due to the increase in income before taxes. 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 $1,759,000 in 1996, compared to $555,000 in 1995. At December 31, 1996, the Company had federal tax NOLs totaling approximately $16,000,000.

Net income for 1996 was $10,285,000, or $1.34 diluted earnings per share, compared to $5,046,000, or $0.88 diluted earnings per share, in 1995.

FINANCIAL CONDITION Liquidity and Capital Resources -- Cash flow from operating activities for 1997 was $13,483,000, compared to $18,047,000 for 1996. The decline in cash flow from operating activities resulted principally from an increase in accounts receivable and work in process inventory due to the growth in sales volume. During 1997, the Company spent $7,629,000 on capital expenditures and repaid $4,487,000 of principal on its outstanding bank borrowings, promissory notes, term and commercial real estate loans.

The Company's bank credit agreement provides for a $40,000,000 unsecured revolving credit line with an expiration date of July 1, 1999. At December 31, 1997, the Company had $40,000,000 of unused lines of credit available.

See Notes to Consolidated Financial Statements, Note 6.

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 1998.

Aggregate maturities of long-term debt during the next five years are as follows: 1998, $920,000; 1999, $709,000; 2000, $496,000; 2001, $534,000; 2002, $575,000.

The Company expects to spend approximately $16,000,000 for capital expenditures in 1998. The Company plans to make substantial capital expenditures for manufacturing equipment and facilities to support long-term aerospace structure contracts for both commercial and military aircraft and space programs. These expenditures are expected to place the Company in a favorable competitive position among aerospace subcontractors, and to allow the Company to take advantage of the off-load requirements from its customers.

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 (the "Site"). Aerochem expects to spend approximately $1 million for future investigation and corrective action at the Site, and the Company has established a provision for such costs. However, the Company's ultimate liability in connection with the Site will depend upon a number of factors, including changes in existing laws and regulations, and the design and cost of the construction, operation and maintenance of the corrective action.

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.

FORWARD-LOOKING STATEMENTS AND RISK FACTORS Any forward-looking statements made in this Annual Report involve risks and uncertainties. The Company's future financial results could differ materially from those anticipated due to the Company's dependence on conditions in the airline industry, the level of new commercial aircraft orders, the production rate for the Space Shuttle program, the level of defense spending, competitive pricing pressures, technology and product development risks and uncertainties, product performance, risks associated with acquisitions and dispositions of businesses by the Company, increasing consolidation of customers and suppliers in the Aerospace industry, and other factors beyond the Company's control.

FUTURE ACCOUNTING REQUIREMENTS In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 130, "Comprehensive Income" ("SFAS 130"), and No. 131, "Disclosures about Segments of an Enterprise and Related Information" ("SFAS 131"). In February 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 132, "Employers' Disclosures about Pension and Other Postretirement Benefits" ("SFAS 132"). SFAS 130, 131 and 132 will become effective for the Company in 1998. The adoption of SFAS 130, 131 and 132 is not expected to have a material effect on the Company's financial statements.

YEAR 2000 In 1998, the Company commenced, for its systems, a year 2000 date conversion project to address necessary code changes, testing, and implementation. Project completion is planned for the begining of 1999 at a cost that is not expected to be material to the Company. The Company expects its year 2000 date conversion project to be completed on a timely basis. However, there can be no assurance that the systems of other companies on which the Company's systems rely also will be timely converted or that any such failure to convert by another company would not have an adverse effect on the Company's systems. Maintenance or modification costs will be expensed as incurred, while the cost of new software will be capitalized and amortized over the software's useful life.

Ducommun Incorporated

CONSOLIDATED STATEMENTS OF INCOME

YEAR ENDED DECEMBER 31,	1997	1996	1995
(in thousands, except per share amounts)			
Net Sales	$ 157,287	$ 118,357	$ 91,217
Operating Costs and Expenses:			
Cost of goods sold	106,967	79,732	61,134
Selling, general and administrative expenses	25,032	23,147	19,572
Total Operating Costs and Expenses	131,999	102,879	80,706
Operating Income	25,288	15,478	10,511
Interest Expense	(635)	(1,153)	(3,570)
Income Before Taxes	24,653	14,325	6,941
Income Tax Expense (Note 11)	(10,356)	(4,040)	(1,895)
Net Income	$ 14,297	$ 10,285	$ 5,046
Earnings Per Share:			
Basic earnings per share	$ 1.94	$ 1.56	$ 1.12
Diluted earnings per share	1.81	1.34	.88

See accompanying notes to consolidated financial statements.

Ducommun Incorporated

CONSOLIDATED BALANCE SHEETS

DECEMBER 31,	1997	1996
(in thousands, except share data)		
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 2,156	$ 571
Accounts receivable (less allowance for doubtful accounts of $359 and $206)	19,189	14,722
Inventories (Note 3)	24,604	22,595
Deferred income taxes (Note 11)	4,612	4,597
Prepaid income taxes (Note 11)	2,877	--
Other current assets	2,053	1,850
Total Current Assets	55,491	44,335
Property and Equipment, Net (Note 4)	30,594	27,051
Deferred Income Taxes (Note 11)	380	5,594
Excess of Cost Over Net Assets Acquired (Net of Accumulated Amortization of $4,832 and $3,548)	16,907	18,326
Other Assets	869	508
	$104,241	$ 95,814
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Current portion of long-term debt (Note 6)	$ 919	$ 1,117
Accounts payable	9,024	8,343
Accrued liabilities (Note 5)	15,366	17,589
Total Current Liabilities	25,309	27,049
Long-Term Debt, Less Current Portion (Note 6)	4,884	9,173
Other Long-Term Liabilities	345	404
Total Liabilities	30,538	36,626
Commitments and Contingencies (Notes 2, 10 and 12)		
Shareholders' Equity (Note 7):		
Common stock -- $.01 par value; authorized 12,500,000 shares; issued and outstanding 7,454,198 shares in 1997 and 7,301,428 in 1996	74	73
Additional Paid-In Capital	59,497	59,280
Retained Earnings (Deficit)	14,132	(165)
Total Shareholders' Equity	73,703	59,188
	$104,241	$ 95,814

See accompanying notes to consolidated financial statments.

Ducommun Incorporated

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended December 31,	1997	1996	1995
(in thousands)			
Cash Flows from Operating Activities:			
Net Income	$ 14,297	$ 10,285	$ 5,046
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Depreciation and amortization	5,340	4,473	4,382
Deferred income tax provision	5,200	2,014	934
Other	29	(186)	44
Change in Assets and Liabilities, Net of Effects from Acquisitions:			
Accounts receivable	(4,467)	1,826	(3,413)
Inventories	(2,009)	(4,105)	(1,651)
Prepaid income taxes	(2,877)	--	--
Other assets	(429)	(636)	(581)
Accounts payable	681	2,310	(166)
Accrued and other liabilities	(2,282)	2,066	3,491
Net Cash Provided by Operating Activities	13,483	18,047	8,086
Cash Flows from Investing Activities:			
Purchase of Property and Equipment	(7,629)	(6,691)	(2,501)
Acquisition of Businesses	--	(8,000)	(4,427)
Other	--	--	34
Net Cash Used in Investing Activities	(7,629)	(14,691)	(6,894)
Cash Flows from Financing Activities:			
Repayment of Long-Term Debt	(4,487)	(2,555)	(9,068)
Cash Premium for Conversion of Convertible Subordinated Debentures	--	(609)	(258)
Other	218	8	22
Net Cash Used in Financing Activities	(4,269)	(3,156)	(9,304)
Net Increase (Decrease) in Cash and Cash Equivalents	1,585	200	(8,112)
Cash and Cash Equivalents, Beginning of Year	571	371	8,483
Cash and Cash Equivalents, End of Year	$ 2,156	$ 571	$ 371
Supplemental Disclosures of Cash Flow Information:			
Interest Expense Paid	$ 720	$ 1,553	$ 3,719
Income Taxes Paid	$ 4,932	$ 1,759	$ 555

Supplementary Information for Non-Cash Financing Activities:

During 1996, the Company issued 2,417,205 new shares of common stock upon conversion of $24,263,000 of its outstanding 7.75% convertible subordinated debentures. During 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 share data)	Shares Outstanding	Common Stock	Additional Paid-In Capital	Retained Earnings (Deficit)	Total Shareholders' Equity
Balance at January 1, 1995	4,464,154	$ 45	$31,234	$(15,496)	$15,783
Stock options exercised	20,125	--	68	--	68
Stock repurchased related to the exercise of stock options	(6,444)	--	(46)	--	(46)
Common stock issued upon conversion of outstanding 7.75% 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
Stock options exercised	43,200	--	156	--	156
Stock repurchased related to the exercise of stock options	(11,258)	--	(147)	--	(147)
Common stock issued upon conversion of outstanding 7.75% convertible subordinated debentures	2,417,205	24	24,100	--	24,124
Income tax benefit related to the exercise of nonqualified stock options	--	--	182	--	182
Net Income	--	--	--	10,285	10,285
Balance at December 31, 1996	7,301,428	73	59,280	(165)	59,188
Stock options exercised	269,117	3	1,030	--	1,033
Stock repurchased related to the exercise of stock options	(116,347)	(2)	(4,134)	--	(4,136)
Income tax benefit related to the exercise of nonqualified stock options	--	--	3,321	--	3,321
Net Income	--	--	--	14,297	14,297
Balance at December 31, 1997	7,454,198	$ 74	$59,497	$ 14,132	$73,703

See accompanying 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 -- Income taxes are accounted for using 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.

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 Liabilities -- Environmental 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 -- Basic earnings per share is computed by dividing income available to common stockholders by the weighted average number of common shares outstanding in each year. Diluted earnings per share is computed by dividing income available to common stockholders plus income associated with dilutive securities by the weighted average number of common shares outstanding plus any potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock in each year. In 1997, 1996 and 1995, income available to common stockholders was $14,297,000, $10,285,000 and $5,046,000, respectively, and income associated with dilutive securities was $0, $222,000 and $1,354,000, respectively. In 1997, 1996 and 1995, the weighted average number of common shares outstanding was 7,358,000, 6,594,000 and 4,500,000, the dilutive shares associated with stock options were 553,000, 514,000 and 343,000 and the dilutive shares associated with the outstanding 7.75% convertible subordinated debentures were 0, 712,000 and 2,431,000, respectively.

In 1997, the Company adopted Statement of Financial Accounting Standards No. 128, "Earnings per Share" ("SFAS 128"). In accordance with the implementation provisions of SFAS 128, the Company has restated earnings per share in the Consolidated Statements of Income for the years ended December 31, 1996 and 1995. The unaudited quarterly data for the first three quarters of 1997 and for 1996 presented in Note 14 have also been restated to comply with the provisions of SFAS 128.

Stock-Based Compensation -- Compensation cost attributable to stock option and similar plans is recognized based on the difference, if any, between the closing market price of the stock on the date of grant over the exercise price of the option.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The Company has not issued any stock options with an exercise price less than the closing market price of the stock on the date of grant.

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 June 1996, the Company acquired substantially all of the assets of MechTronics of Arizona, Inc. ("MechTronics") for $8,000,000 in cash and a $750,000 note. The Company may be required to make additional payments through 1999, based on the future financial performance of the business of MechTronics. MechTronics is a leading manufacturer of mechanical and electromechanical enclosure products for the defense electronics, commercial aviation and communications markets.

In January 1995, the Company acquired the capital stock of 3dbm, Inc. ("3dbm") for $4,780,000 in cash and $400,000 in notes. 3dbm supplies high power base stations, expanders, microcells and other wireless telecommunications hardware used in cellular telephone networks and microwave components and subsystems to both military and commercial customers.

The following table presents unaudited pro forma consolidated operating results for the Company for the years ended December 31, 1996 and December 31, 1995, as if the MechTronics acquisition had occurred as of the beginning of the periods presented. Pro forma results for 1995, assuming the acquisition of 3dbm at the beginning of the period, would not have been materially different from the Company's historical results for the period presented.

(in thousands, except per share amounts)	1996	1995
Net sales	$125,762	$107,424
Net earnings	10,166	5,294
Basic earnings per share	1.54	1.18
Diluted earnings per share	1.33	0.91

The unaudited pro forma consolidated operating results of 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 MechTronics and 3dbm described above were accounted for under the purchase method of accounting and, accordingly, the operating results for MechTronics and 3dbm 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 $5,004,000 of the Excess of Cost Over Net Assets Acquired at December 31, 1997 and December 31, 1996. Such excess (which will increase for any future contingent payments) is being amortized on the straight-line basis over fifteen years.

NOTE 3. INVENTORIES

Inventories consist of the following:

December 31, (in thousands)	1997	1996
Raw materials and supplies	$ 7,717	$ 7,173
Work in process	17,058	14,841
Finished goods	1,041	631
	25,816	22,645
Less progress payments	1,212	50
Total	$24,604	$22,595

Work in process inventories include amounts under long-term fixed price contracts aggregating $10,500,000 and $7,537,000 at December 31, 1997 and 1996, respectively.

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

December 31, (in thousands)	1997	1996	Range of Estimated Useful Lives
Land	$ 4,235	$ 4,235	
Buildings & improvements	13,127	12,607	5 - 40 years
Machinery & equipment	38,368	34,613	2 - 20 years
Furniture & equipment	4,995	4,309	2 - 10 years
Construction in progress	2,696	2,626	
	63,421	58,390	
Less accumulated depreciation & amortization	32,827	31,339	
Total	$30,594	$27,051	

Depreciation expense was $4,056,000, $3,410,000 and $3,252,000 for the years ended December 31, 1997, 1996 and 1995, respectively.

NOTE 5. ACCRUED LIABILITIES

Accrued liabilities consist of the following:

December 31, (in thousands)	1997	1996
Accrued compensation	$ 8,228	$ 7,803
Customer deposits	1,181	2,542
Provision for environmental costs	1,663	1,870
Accrued state franchise & sales taxes	288	648
Other	4,006	4,726
Total	$15,366	$17,589

NOTE 6. LONG-TERM DEBT

Long-term debt is summarized as follows:

December 31, (in thousands)	1997	1996
Bank credit agreement	$ --	$4,000
Term and real estate loans	5,181	5,294
Promissory notes related to acquisitions	622	996
Total debt	5,803	10,290
Less current portion	919	1,117
Long-term debt, less current portion	$4,884	$9,173

In 1996, the Company converted $24,263,000 principal amount of its 7.75% convertible subordinated debentures. The Company paid cash of $609,000 for the conversions.

The Company's bank credit agreement provides for a $40,000,000 unsecured revolving credit line with an expiration date of July 1, 1999. Interest is payable monthly on the outstanding borrowings based on the bank's prime rate (8.50% per annum at December 31, 1997) minus 0.25%. A Eurodollar pricing option is also available to the Company for terms of up to six months at the Eurodollar rate plus a spread based on the leverage ratio of the Company calculated at the end of each fiscal quarter (1.00% at December 31, 1997). At December 31, 1997, the Company had $40,000,000 of unused lines of credit available. The credit agreement includes fixed charge coverage and maximum leverage ratios, and limitations on future dividend payments and outside indebtedness.

The weighted average interest rate on borrowings outstanding was 7.24% per annum and 7.50% per annum at December 31, 1997 and 1996, respectively.

The carrying amount of long-term debt 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 maturities.

Aggregate maturities of long-term debt during the next five years are as follows: 1998, $920,000; 1999, $709,000; 2000, $496,000; 2001, $534,000; 2002, $575,000.

NOTE 7. SHAREHOLDERS' EQUITY

At December 31, 1997 and 1996, no preferred shares were issued or outstanding.

NOTE 8. STOCK OPTIONS

The Company has three stock option or incentive plans. Stock awards may be made to directors, officers and key employees under the stock plans on terms determined by the Compensation Committee of the Board of Directors or, with respect to directors, on terms determined by the Board of Directors. Stock options have been and may be granted to directors, officers and key employees under the stock plans at prices not less than 100% of the market value on the date of grant, and expire not more than ten years from the date of grant. The option price and number of shares are subject to adjustment under certain dilutive circumstances. At December 31, 1997, options for 418,071 shares of common stock were exercisable.

In accordance with the provisions of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"), the Company applies APB Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations in accounting for its plans and does not recognize compensation expense for its stock-based compensation plans based on the fair value method prescribed by SFAS 123. If the Company had elected to recognize compensation expense based upon the fair value at the grant date for awards under these plans consistent with the methodology prescribed by SFAS 123, the Company's net income and earnings per share would be reduced to the pro forma amounts indicated below:

Year ended December 31,	1997	1996	1995
(in thousands, except per share amounts)			
Net Income:			
As reported	$14,297	$10,285	$5,046
Pro forma	14,032	10,101	5,036
Earnings per common share:			
As reported:			
Basic	$ 1.94	$ 1.56	$1.12
Diluted	1.81	1.34	.88
Pro forma:			
Basic	$ 1.91	$ 1.53	$1.12
Diluted	1.77	1.32	.88

These pro forma amounts may not be representative of future results since the estimated fair value of stock options is amortized to expense over the vesting period, and additional options may be granted in future years. The fair value for these options was estimated at the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions for 1997, 1996 and 1995, respectively: dividend yields of zero percent; expected monthly volatility of 30.62, 31.75 and 30.83 percent; risk-free interest rates of 6.38, 6.33 and 6.36 percent; and expected life of four years for 1997, 1996 and 1995. The weighted average fair value of options granted during 1997, 1996 and 1995 for which the exercise price equals the market price on the grant date was $7.49, $4.85 and $2.74, respectively.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

At December 31, 1997, 376,351 common shares were available for future grants and 613,858 common shares were reserved for the exercise of options. Option activity during the three years ended December 31, 1997 was as follows:

	Number of of Shares	Weighted Average Exercise Price of Options Outstanding
Outstanding at January 1, 1995	712,075	$ 3.712
Granted	49,200	7.904
Exercised	(20,125)	3.373
Forfeited	(23,625)	4.174
Outstanding at December 31, 1995	717,525	$ 3.995
Granted	181,000	14.094
Exercised	(43,200)	3.635
Forfeited	(3,000)	8.875
Outstanding at December 31, 1996	852,325	$ 6.140
Granted	65,000	21.900
Exercised	(269,117)	3.838
Forfeited	(34,350)	13.235
Outstanding at December 31, 1997	613,858	$ 8.421

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The following table summarizes information concerning currently outstanding and exercisable stock options:

Range of Exercise Prices	Number of Outstanding Options	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$ 1.875 -- $ 4.990	370,658	3.2113	$ 3.932	365,233	$ 3.918
$ 5.000 -- $ 9.990	20,150	2.5359	7.544	10,075	7.544
$10.000 -- $14.990	150,050	3.3221	13.275	40,013	13.078
$15.000 -- $19.990	11,000	3.7947	19.750	2,750	19.750
$20.000 -- $24.990	62,000	4.0876	21.786	--	--

Total	613,858	3.3152	$ 8.421	418,071	$ 4.987

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, 1997 and December 31, 1996 were $658,000 and $688,000, 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, 1997, there were 143 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:

Year ended December 31, (in thousands)	1997	1996
Service cost	$ 1	$ 1
Interest cost	46	49
Amortization of net transition obligation	84	84
Net amortization and deferral	(22)	9
Net periodic postretirement benefit costs	$ 109	$ 143

The actuarial liabilities for these postretirement benefits are as follows:

December 31, (in thousands)	1997	1996
Accumulated postretirement benefit obligation:		
Retirees	$ 442	$ 488
Fully eligible active plan participants	139	131
Other active plan participants	21	18
Total	602	637
Unrecognized net transition obligation	(655)	(740)
Unrecognized net gain	320	322
Accrued postretirement benefit cost	$ 267	$ 219

The accumulated postretirement benefit obligations at December 31, 1997 and 1996 were determined using an assumed discount rate of 7.00% and 7.50%, respectively. For measurement purposes, a 9% annual rate of increase in the per capita cost of covered health care benefits was assumed for 1998; the rate was assumed to decrease gradually to 5.0% in the year 2006 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, 1997 by $1,277, and the aggregate of the service and interest cost components of net periodic post-retirement benefit cost for the year then ended by $113.

The Company provides a retirement benefit to the Company's Chairman and former Chief Executive Officer. The components of periodic expenses for this postretirement benefit are as follows:

Year ended December 31, (in thousands)	1997	1996
Service cost	$ --	$ 173
Interest cost	57	48
Amortization of prior service cost	--	25
Net periodic cost	$ 57	$ 246

The actuarial liabilities for this postretirement benefit are as follows:

December 31,	1997	1996
(in thousands)		
Accumulated benefit obligation:		
Vested active plan participant	$ 836	$ 848
Unrecognized net gain (loss)	43	(26)
Accrued cost	$ 879	$ 822

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 10. LEASES

The Company leases certain facilities and equipment for periods ranging from 1 to 10 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 1997, 1996 and 1995, was $4,156,000, $3,890,000, and $3,550,000, respectively. Future minimum rental payments under operating leases having initial or remaining noncancelable terms in excess of one year and related income from a noncancelable sublease at December 31, 1997 are as follows:

(in thousands)	Lease Commitments	Sublease Commitments	Net Commitments
1998	$ 3,060	$ 56	$ 3,004
1999	2,723	--	2,723
2000	2,029	--	2,029
2001	1,537	--	1,537
2002	1,169	--	1,169
Thereafter	2,959	--	2,959
Total	$13,477	$ 56	$13,421

NOTE 11. INCOME TAXES

The provision for income tax expense consists of the following:

Year ended December 31, (in thousands)	1997	1996	1995
Current tax expense:			
Federal	$ 3,390	$ 735	$ 210
State	1,766	1,291	751
	5,156	2,026	961
Deferred tax expense:			
Federal	5,171	2,230	845
State	29	(216)	89
	5,200	2,014	934
Income tax expense	$10,356	$4,040	$1,895

Deferred tax assets (liabilities) consist of the following:

December 31, (in thousands)	1997	1996
Federal NOLs	$ 185	$ 5,470
Credit carryforwards	1,803	1,587
Employment-related reserves	2,170	2,196
Environmental reserves	565	610
Inventory reserves	1,582	1,353
Other	1,248	1,434
	7,553	12,650
Depreciation	(2,561)	(2,459)
Net deferred tax assets	$4,992	$10,191

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

Year ended December 31,	1997	1996	1995
(in thousands)			
Statutory federal income tax rate	35.0%	35.0%	35.0%
State income taxes (net of federal benefit)	5.3	5.6	6.2
Goodwill amortization	1.2	2.1	4.5
Benefit of net operating loss carryforwards and carrybacks	--	(12.3)	(24.4)
Alternative minimum tax	--	--	3.0
Debt conversion	--	1.4	2.9
Other	.5	(3.6)	.1
Effective income tax rate	42.0%	28.2%	27.3%

At December 31, 1997, the Company had federal tax net operating loss carryforwards totaling approximately $528,000 which expire in the years 2003 through 2004. At December 31, 1997, the Company had federal tax credits totaling approximately $1,803,000 of which approximately $473,000 expire in the years 1998 through 2003.

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 (the "Site"). Aerochem expects to spend approximately $1 million for future investigation and corrective action at the Site, and the Company has established a provision for such costs. However, the Company's ultimate liability in connection with the Site will depend upon a number of factors, including changes in existing laws and regulations, and the design and cost of the construction, operation and maintenance of the corrective action.

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.

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 Boeing, Lockheed Martin and Northrop Grumman. During 1997, 1996 and 1995, sales to Boeing were $36,375,000, $21,907,000 and $14,731,000, respectively; sales to Lockheed Martin were $17,455,000, $13,037,000 and $8,163,000, respectively; and sales to Northrop Grumman were $6,568,000, $7,843,000 and $9,623,000, respectively. At December 31, 1997, trade receivables from Boeing, Lockheed Martin and Northrop Grumman were $4,079,000, $1,659,000 and $551,000, respectively. The sales and receivables relating to Boeing, Lockheed Martin and Northrop Grumman are diversified over a number of different commercial, space and military programs.

In 1997, 1996 and 1995, foreign sales to manufacturers worldwide were $29,978,000, $21,155,000 and $23,497,000, respectively. Canada is the only foreign country in which the Company had sales of 4% or more of total sales, with sales of $7,950,000, $4,906,000 and $4,518,000 in 1997, 1996 and 1995, respectively.

NOTE 14. QUARTERLY FINANCIAL DATA (UNAUDITED)

	1997				1996			
Three months ended	Dec 31	Sep 27	Jun 28	Mar 29	Dec 31	Sep 28	Jun 29	Mar 30
(in thousands, except per share amounts)								
Sales and Earnings:								
Net Sales	$ 42,116	$ 40,482	$ 39,384	$ 35,305	$ 35,918	$ 29,778	$ 28,869	$ 23,792
Gross Profit	12,701	12,761	13,754	11,104	11,469	9,533	9,419	8,204
Income Before Taxes	7,370	6,401	6,344	4,538	5,627	3,815	3,341	1,542
Income Tax Expense	(3,098)	(2,686)	(2,664)	(1,908)	(1,605)	(1,068)	(935)	(432)
Net Income	$ 4,272	$ 3,715	$ 3,680	$ 2,630	$ 4,022	$ 2,747	$ 2,406	$ 1,110
Earnings Per Share:								
Basic	$ .57	$ .51	$ .50	$ .36	$ .55	$ .38	$ .37	$ .21
Diluted	$ .54	$ .47	$ .46	$ .33	$ .51	$ .35	$ .31	$ .18

In 1997, the Company adopted Statement of Financial Accounting Standards No. 128, "Earnings per Share" ("SFAS 128"). The unaudited quarterly data presented above for the first three quarters of 1997 and for 1996 have been restated to comply with the provisions of SFAS 128.

REPORT OF INDEPENDENT ACCOUNTANTS

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, 1997 and 1996, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1997, 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.

PRICE WATERHOUSE L.L.P.

Los Angeles, California
February 13, 1998

EXHIBIT 21

SUBSIDIARIES OF REGISTRANT

As of December 31, 1997, 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
MechTronics of Arizona Corp., an Arizona corporation
3dbm, Inc., a California corporation

EXHIBIT 23

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-31777, 33-82164, 33-36415, 33-9383, 2-83732, 2-77309 and 2-64222) of Ducommun Incorporated of our report dated February 13, 1998 appearing on page 32 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 Schedule, which appears on page 17 of this Form 10-K.

Price Waterhouse LLP

Los Angeles, California
March 2, 1998

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YEAR
DEC-31-1997
JAN-01-1997
DEC-31-1997
2,156
0
19,548
359
24,604
55,491
63,421
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157,287
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106,967
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635
24,653
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14,297
0
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14,297
1.94
1.81