

DUCOMMUN INC /DE/  
Form DEF 14A  
March 31, 2016

**SCHEDULE 14A INFORMATION**

**(RULE 14A-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, For Use of the Commission Only** (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Rule 14a11(c) or Rule 14a-12

**DUCOMMUN INCORPORATED**

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

**DUCOMMUN INCORPORATED**

**23301 Wilmington Ave.**

**Carson, California 90745-6209**

**(310) 513-7200**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**May 4, 2016**

To the Shareholders of

Ducommun Incorporated:

Notice is hereby given that the Annual Meeting of Shareholders of Ducommun Incorporated, a Delaware corporation (the Corporation), will be held at the Embassy Suites Arcadia, 211 East Huntington Drive, Arcadia, CA, on Wednesday, May 4, 2016, at the hour of 9:00 o'clock A.M. for the following purposes:

1. To elect three directors to serve for three-year terms ending in 2019.
2. To provide an advisory vote to approve named executive officer compensation.
3. To ratify the selection of PricewaterhouseCoopers LLP as the Corporation's independent registered public accounting firm for the Corporation's fiscal year ending December 31, 2016.
4. To transact any other business that may properly be brought before the meeting or any adjournments or postponements thereof.

March 14, 2016 has been established as the record date for the determination of shareholders entitled to notice of, and to vote at, the Annual Meeting. All shareholders are cordially invited to attend the meeting in person.

To insure your representation at the meeting, please complete and mail your Proxy Card in the return envelope provided, as soon as possible. This will not prevent you from voting in person by completing a ballot at the meeting should you so desire, but will help to secure a quorum and will avoid added solicitation costs. Directions to the Annual Meeting of Shareholders may be obtained by calling the telephone number listed above.

By Order of the Board of Directors

James S. Heiser

Secretary

Carson, California

March 31, 2016

**DUCOMMUN INCORPORATED**

**23301 Wilmington Ave.**

**Carson, California 90745-6209**

**(310) 513-7200**

**PROXY STATEMENT**

This Proxy Statement and the 2015 Annual Report to Shareholders are being mailed on or about March 31, 2016 to shareholders of Ducommun Incorporated (the "Corporation") who are such of record on March 14, 2016, in connection with the solicitation of proxies for use at the Corporation's Annual Meeting of Shareholders to be held at 9:00 o'clock A.M. on May 4, 2016, or at any adjournments or postponements thereof (the "Annual Meeting"), for the purposes set forth herein and in the accompanying Notice of Annual Meeting. The accompanying proxy is solicited by the Board of Directors (the "Board") of the Corporation. Solicitation will be made by mail, interview, telephone, facsimile and internet. D. F. King & Co., Inc. has been retained to assist in the solicitation of proxies for which it will be paid a fee of \$6,500 plus reimbursement of out-of-pocket expenses. Brokers, nominees, banks and other custodians will be reimbursed for their costs incurred in forwarding solicitation material to beneficial owners. All expenses incident to the proxy solicitation will be paid by the Corporation.

Proxies in the accompanying form will be voted in accordance with the instructions given therein. If the proxy is completed and submitted (and not revoked) prior to the Annual Meeting, but no instructions are given, the proxies will be voted for the election as directors of the Corporation nominees, for approval of the advisory resolution on executive compensation, for ratification of the selection of PricewaterhouseCoopers LLP as the Corporation's independent registered public accounting firm for the fiscal year ending December 31, 2016, and in their discretion on such other business as may properly come before the meeting. Any shareholder may revoke his proxy at any time prior to its use by filing with the Secretary of the Corporation a written notice of revocation or a duly executed proxy bearing a later date or by voting in person at the Annual Meeting.

The close of business on March 14, 2016 has been fixed as the record date (the "Record Date") for the determination of holders of shares of Common Stock entitled to notice of, and to vote at, the Annual Meeting. At the close of business on the Record Date, the Corporation had outstanding 11,097,587 shares (excluding treasury shares) of Common Stock, \$.01 par value per share (the "Common Stock"). In the election of directors, holders of Common Stock have cumulative voting rights. Cumulative voting rights entitle a shareholder to a number of votes equal to the number of directors to be elected multiplied by the number of shares held. The votes so determined may be cast for one candidate or distributed among one or more candidates. Votes may not be cast, however, for a greater number of candidates than the number of nominees named herein. On all other matters to come before the Annual Meeting, each holder of Common Stock will be entitled to one vote for each share owned.

A majority of the outstanding shares of Common Stock will constitute a quorum at the Annual Meeting. Abstentions and broker non-votes will be counted for purposes of determining whether a quorum has been obtained. In the election of directors, abstentions and broker non-votes will not be counted. On all other matters, abstentions will be counted, but broker non-votes will not be counted, for purposes of determining whether a proposal has been approved.

In the election of directors, the candidates receiving the highest number of votes will be elected to fill the vacancies on the Board of Directors. The ratification of PricewaterhouseCoopers LLP as the Corporation's independent registered public accounting firm for the fiscal year ending December 31, 2016 requires approval by the affirmative vote of a majority of the votes cast.

**Important Notice Regarding the Availability of Proxy Materials for the**

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**Shareholder Meeting to be Held on May 4, 2016**

**This Proxy Statement and the 2015 Annual Report to Shareholders are available at [www.edocumentview.com/dco](http://www.edocumentview.com/dco).**

**ITEM 1: ELECTION OF DIRECTORS**

Three directors (out of a total of eight) are to be elected at the forthcoming Annual Meeting to serve for three-year terms ending at the Annual Meeting in 2019 and thereafter until their successors are elected and qualified. The nominees for such positions are Robert C. Ducommun, Dean M. Flatt and Jay L. Haberland. In the absence of a contrary direction, proxies in the accompanying form will be voted for the election of the foregoing nominees. Management does not contemplate that any of the nominees will be unable to serve as a director, but if that should occur the person designated in the proxies will cast votes for other persons in accordance with their best judgment. In the event that any person other than the nominees named herein should be nominated for election as a director, the proxy holders may vote for less than all of the nominees and in their discretion may cumulate votes. Should any of the directors whose terms continue past the 2016 Annual Meeting cease to serve as directors prior to the Annual Meeting, the authorized number of directors will be reduced accordingly. **THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR MESSRS. DUCOMMUN, FLATT AND HABERLAND.**

**Directors Qualifications**

The Board of Directors believes that the Board of Directors, as a whole, should possess a combination of skills, professional experience, and backgrounds necessary to oversee the Corporation's business. In addition, the Board of Directors believes that there are certain attributes that every director should possess, as reflected in the Board's membership criteria. Accordingly, the Board of Directors and its Corporate Governance and Nominating Committee consider the qualifications of directors and director candidates individually and in the broader context of the Board of Directors' overall composition and the Corporation's current and future needs.

The Corporate Governance and Nominating Committee is responsible for developing and recommending Board of Director membership criteria to the Board for approval. The criteria, which are set forth in the Corporation's Corporate Governance Guidelines, include independent and sound judgment, integrity, the ability to commit sufficient time and attention to Board of Director activities, and the absence of potential conflicts with the Corporation's interests. In addition, the Corporate Governance and Nominating Committee periodically evaluates the composition of the Board of Directors to assess the skills and experience that are currently represented on the Board of Directors as well as the skills and experience that the Board of Directors will find valuable in the future, given the Corporation's current situation and strategic plans. While the Corporate Governance and Nominating Committee does not have an explicit policy with respect to diversity, it carefully considers the Board's diversity of qualifications in terms of industry experience, functional skills, age, governance service on other boards, prior work experience, educational background, and other important considerations. The Corporate Governance and Nominating Committee believes that it is important that Board of Director members represent diverse viewpoints and perspectives in their application of judgment to company matters.

In evaluating director candidates, and considering incumbent directors for renomination to the Board of Directors, the Corporate Governance and Nominating Committee has considered a variety of factors. These include each nominee's independence, financial literacy, personal and professional accomplishments and experience.

The following information is furnished as of March 14, 2016, with respect to the persons who are nominees for election to the Board of Directors, as well as for the other five directors of the Corporation whose terms of office will continue after the 2016 Annual Meeting.

**Anthony J. Reardon** Age 65 Director Since 2010 Term Expires 2018

Chairman of the Board and Chief Executive Officer

Mr. Reardon has been Chairman of the Board since 2012 and Chief Executive Officer since 2010. Mr. Reardon was President from 2008 to 2013, President of Ducommun AeroStructures, Inc. from 2002 to 2007, and Senior Vice President Business Management of Ducommun AeroStructures, Inc. from 2001 to 2002. As the current Chief Executive Officer of the Corporation, Mr. Reardon provides management's perspective in Board discussions about the business and strategic direction of the Corporation, and has detailed knowledge of all aspects of the Corporation's current operations and business.

**Richard A. Baldrige** Age 57 Director Since 2013 Term Expires 2017

President and Chief Operating Officer, ViaSat, Inc.

Mr. Baldrige is the President and Chief Operating Officer of ViaSat, Inc. Mr. Baldrige was previously the Executive Vice President and Chief Financial Officer of ViaSat, Inc. and a senior executive of Hughes Information Systems. As the President and Chief Operating Officer of a leading provider of satellite communications systems and services and secure networking systems, Mr. Baldrige contributes to the Board broad operational and financial experience and an understanding of the defense markets served by the Corporation's business.

Board Committees: Audit and Corporate Governance and Nominating

**Joseph C. Berenato** Age 69 Director Since 1997 Term Expires 2017

Retired Chairman of the Board, President and Chief Executive Officer

Mr. Berenato was Chairman of the Board from 1999 to 2012, Chief Executive Officer from 1997 to 2009, President from 1997 to 2007, and Chief Financial Officer from 1991 to 1996. Mr. Berenato presently is a Director or Trustee of six mutual funds in the American Funds Family and nine mutual funds in the Capital Group Private Client Services, each of which is managed by Capital Research & Management Company. As the former Chief Executive Officer of the Corporation, Mr. Berenato provides the Board with a thorough understanding of the strategic direction of the Corporation and has experience in all aspects of the Corporation's business.

**Gregory S. Churchill** Age 58 Director Since 2013 Term Expires 2018

Retired Executive Vice President, International and Service Solutions, Rockwell Collins, Inc.

Mr. Churchill is the retired Executive Vice President, International and Service Solutions, of Rockwell Collins, Inc. Mr. Churchill was previously the Executive Vice President and Chief Operating Officer, Government Systems, and the Vice President and General Manager, Business and Regional Systems, of Rockwell Collins, Inc. As a senior executive of one of the premier communications and aviation electronics suppliers for commercial and military customers worldwide, Mr. Churchill brings to the Corporation a thorough understanding of key customers, as well as major defense and commercial aerospace electronics markets served by the Corporation's business.

Board Committees: Compensation

**Robert C. Ducommun** Age 64 Director Since 1985 Term Expires 2019

Business Advisor

Mr. Ducommun is a Business Advisor. Mr. Ducommun was previously the Chief Financial Officer for several private companies and a management consultant with McKinsey & Company. As a former management consultant and Chief Financial Officer, Mr. Ducommun brings to the Board substantial financial acumen and leadership in setting the strategic direction for the Corporation.

Board Committees: Corporate Governance and Nominating (Chairman) and Audit

**Dean M. Flatt** Age 65 Director Since 2009 Term Expires 2019

Retired President, Defense & Space, Honeywell International, Inc.

Mr. Flatt is the retired President, Defense & Space of Honeywell International, Inc. Mr. Flatt was previously President, Aerospace Electronic Systems and President, Performance Materials of Honeywell International, Inc. Mr. Flatt is a Director of Curtiss-Wright Corporation. As the former President of several divisions of one of the world's largest avionics manufacturers, Mr. Flatt contributes to the Board diverse operational experience and understanding of technologies relevant to the Corporation's business.

Board Committees: Compensation (Chairman)

**Jay L. Haberland** Age 65 Director Since 2009 Term Expires 2019

Retired Vice President, United Technologies Corporation

Mr. Haberland is the retired Vice President, Business Controls of United Technologies Corporation. Mr. Haberland was previously the Chief Financial Officer of Sikorsky Aircraft Corporation, a subsidiary of United Technologies Corporation, and Vice President, Controller and Chief Accounting Officer of United Technologies Corporation. Mr. Haberland is a Director of Wesco Aircraft Holdings, Inc. As the former Chief Financial Officer of one of the world's largest helicopter manufacturers and the Chief Accounting Officer of a world-wide diversified manufacturer, Mr. Haberland is a certified public accountant and provides the Board with significant expertise in financial and accounting matters, as well as substantial international experience.

Board Committees: Audit (Chairman)

**Robert D. Paulson** Age 70 Director Since 2003 Term Expires 2017

Chief Executive Officer, Aerostar Capital LLC

Mr. Paulson is the Chief Executive Officer of Aerostar Capital LLC, a private equity firm. Mr. Paulson has been a management consultant for the aerospace industry for over 30 years, and was previously a senior partner with McKinsey & Company. Mr. Paulson is a Director of Wesco Aircraft Holdings, Inc. As a long-time consultant and investor in the aerospace industry, Mr. Paulson contributes to the Board substantial experience in developing and executing business strategies, as well as experience in the acquisition of businesses.

Board Committees: Compensation and Corporate Governance and Nominating

Lead Director

The Board of Directors met six times in 2015. All incumbent directors attended seventy-five percent or more of the meetings of the Board of Directors and Committees of the Board which were held while they were a director during 2015. The Corporation strongly encourages all directors to attend the Annual Meeting of Shareholders, and all of the directors attended the 2015 Annual Meeting of Shareholders. The Corporation has instituted a policy of holding regularly scheduled executive sessions of non-management directors to follow each regularly scheduled meeting of the full Board of Directors. Additional executive sessions of non-management directors may be held from time to time as required. The director serving as the presiding director during executive sessions currently is Mr. Paulson, the lead director of the Board of Directors.

Each of the persons named above was elected by the shareholders at a prior annual meeting. The Board of Directors has determined that Messrs. Baldrige, Churchill, Ducommun, Flatt, Haberland and Paulson do not have any relationship with the Corporation other than in connection with their service as directors and meet the independence standards of the New York Stock Exchange's listing standards.

## COMPENSATION OF DIRECTORS

### Description of Director Compensation

Directors who are not employees of the Corporation or a subsidiary are paid an annual retainer and a fee for each meeting of a committee of the Board of Directors they attend as follows:

Board Retainer		Committee Chairman Retainer		Lead Director	Committee	
Cash	Stock-Based <sup>(1)</sup>	Audit	Compensation	Corp. Gov. Retainer	Meeting Fee	
\$50,000	\$60,000	\$12,500	\$10,000	\$7,500	\$20,000	\$1,750

- (1) Restricted stock units for a number of shares (rounded to the nearest 100 shares) equal to the stated dollar amount divided by the average closing price of the Corporation's Common Stock on the New York Stock Exchange on the five trading days immediately preceding the date of grant.

Under the Directors Deferred Income and Retirement Plan, a director may elect to defer payment of all or part of his or her fees for service as a director until the director retires from service on the Board of Directors. Deferred directors' fees may be notionally invested, at the election of the director, in a fixed interest account or a phantom stock account which tracks the Common Stock of the Corporation with dividends (if any), and will be paid with earnings thereon following the retirement of the director. Upon retirement, Mr. Ducommun will receive the annual retainer fee of \$25,000, which was in effect in 2009, for life or for a period of years equal to his service as a director prior to 1997 (when the accrual of additional years of service was terminated), whichever is shorter, provided that he retires after the age of 65, and is not an employee of the Corporation when he retires.

### 2015 Director Compensation Table

The following table presents the compensation earned or paid by the Corporation to the non-employee directors for the fiscal year ended December 31, 2015.

	Fees Earned or Paid in Cash (\$)	Stock Awards (\$) <sup>(1)(2)(3)</sup>	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	Total (\$)
Joseph C. Berenato	50,000	59,075	0	109,075
Richard A. Baldrige	60,500	59,075	0	119,575
Gregory S. Churchill	57,000	59,075	0	116,075
Robert C. Ducommun	78,500	59,075	11,260	148,835
Dean M. Flatt	77,500	59,075	0	136,575
Jay L. Haberland	80,000	59,075	0	139,075
Robert D. Paulson	80,500	59,075	0	139,575

- (1) At December 31, 2015, 2,500 restricted stock units were outstanding for each of Messrs. Baldrige, Berenato, Churchill, Ducommun, Flatt, Haberland and Paulson.
- (2) These amounts represent the aggregate grant date fair value of stock awards granted in 2015 as calculated pursuant to Financial Accounting Standards Board Accounting Standards Codification Topic 718. The methodology and assumptions used in the valuation of stock awards are contained in footnote 11 to the Corporation's financial statements included in Form 10-K for the year ended December 31, 2015.
- (3) In 2015, each director was granted restricted stock units for 2,500 shares of Common Stock.

### Director Stock Ownership Policy

The Board of Directors has adopted a stock ownership policy covering all non-employee directors. Under the policy, non-employee directors must acquire and hold shares of the Corporation's common stock equal in value to at least three times the annual cash and stock retainer paid to

all non-employee directors. Non-employee

directors have five years from the later of the adoption of the policy or their initial election to meet this stock ownership guideline. All directors are in compliance or have additional time in which to comply with the stock ownership guideline.

### **BOARD LEADERSHIP STRUCTURE**

The Corporation's Chairman of the Board and Chief Executive Officer is Anthony J. Reardon. The Board of Directors believes that strong, independent leadership and oversight of management is an important component of an effective Board of Directors. In this regard, the Board has elected Robert D. Paulson as the independent lead director with leadership authority and responsibilities. Mr. Paulson, together with the other members of the Board of Directors, review the agenda for all Board meetings, and Mr. Paulson sets the agenda for and leads all executive sessions of the independent directors and provides consolidated feedback from those meetings to the Chairman and the Chief Executive Officer. The Board of Directors regularly meets in executive session without management present following each Board meeting and outside of regularly scheduled Board meetings on key issues as required. The lead director's responsibilities and authority include:

coordinating the activities of the independent directors;

presiding at meetings of the Board of Directors at which the Chairman and the CEO are not present, including executive sessions of the independent directors;

setting the agenda for and leading non-management and independent director sessions held by the Board regularly, and briefing the Chairman and the CEO on any issues arising from those sessions;

having the authority to call executive sessions of the independent directors;

serving as a liaison between the Chairman and the CEO and the independent directors;

advising on the flow of information sent to the Board of Directors, and reviewing the agenda, materials and schedule for Board meetings; and

being available for consultation and communication with major shareholders as appropriate.

The independent members of the Board of Directors have determined that having the same person serve as Chairman and Chief Executive Officer provides a more efficient leadership structure for the Corporation when combined with an active lead director to assure the quality of the Corporation's governance. In the future, however, the roles of Chairman and CEO may be filled by the same or different individuals. This flexibility allows the Board of Directors to determine the best governance structure for the Corporation based upon the Corporation's needs and the Board of Directors' assessment of the Corporation's leadership from time to time. The Board of Directors periodically reviews the structure of Board and Corporation leadership as part of the succession planning process.

### **THE BOARD'S ROLE IN RISK OVERSIGHT**

The Board of Directors oversees risk management as a whole and through its Committees. The Board regularly reviews information regarding, and risks associated with, the Corporation's operations and liquidity.

While the full Board of Directors has the ultimate oversight responsibility for the risk management process, various Board Committees also have responsibilities for risk management in certain areas. In particular, the Audit Committee reviews risks related to financial reporting and internal controls. The Audit Committee also, at least annually, reviews and assesses enterprise-wide risks and risk mitigation plans implemented by management. Management regularly reports on each such risk to the Audit Committee or the full Board of Directors, as appropriate, and additional review or reporting on enterprise risks is conducted as needed or as requested by the Board of Directors or the Audit Committee. The Compensation Committee reviews the Corporation's overall



compensation programs and their effectiveness in aligning executive pay with performance in the interests of shareholders. The Corporate Governance and Nominating Committee reviews and makes recommendations to the Board concerning the Corporation's leadership structure and director independence.

The Compensation Committee reviews the risks associated with the Corporation's compensation policies and practices for executive officers and employees generally. The Compensation Committee did not identify any risks arising from these policies and practices which are reasonably likely to have a material adverse effect on the Corporation. In the course of its review, the Compensation Committee considered various features of the compensation policies and practices that discourage excessive risk taking, including, but not limited to, the following:

An appropriate compensation philosophy based on peer group and other market compensation data,

An effective balance between cash and equity-based compensation,

An appropriate mix of short and longer-term performance measures,

Multi-year vesting of long-term stock compensation awards,

Stock ownership guidelines for key executive officers, and

Financial and non-financial performance measurements, together with Compensation Committee and management discretion to adjust compensation appropriately.

#### **COMMITTEES OF THE BOARD OF DIRECTORS**

The Corporation has standing Audit, Compensation, and Corporate Governance and Nominating Committees. The members of each of the Committees are listed above under Directors' Qualifications.

The Audit Committee, which met formally ten times during 2015, oversees the integrity of the Corporation's financial statements, the Corporation's compliance with legal and regulatory requirements, the independent auditor's qualifications and independence, and the performance of the Corporation's internal audit function and the Corporation's independent auditor. The Audit Committee is governed by a charter which was adopted by the Board of Directors, and which is attached to this Proxy Statement as Appendix A. The Corporation's securities are listed on the New York Stock Exchange and are governed by its listing standards. All of the members of the Audit Committee meet the independence standards of the New York Stock Exchange's listing standards. The Board of Directors has determined that Mr. Haberland, the chairman of the Audit Committee, is an audit committee financial expert as such term is defined under the regulations of the Securities and Exchange Commission (SEC).

The Compensation Committee, which met formally four times during 2015, reviews and approves compensation for executive officers, grants stock options and other stock-based awards, administers stock option and stock-based award programs, reviews and recommends retirement plans, reviews and approves employment agreements and severance arrangements for executive officers, and oversees the evaluation of management of the Corporation. All of the members of the Compensation Committee meet the independence standards of the New York Stock Exchange's listing standards.

The Corporate Governance and Nominating Committee, which met formally two times during 2015, reviews and recommends to the Board of Directors the nominees for election as directors of the Corporation and oversees the corporate governance of the Corporation. All of the members of the Corporate Governance and Nominating Committee meet the independence standards of the New York Stock Exchange's listing standards.

The charters of each of the committees of the Board of Directors and the Corporation's Corporate Governance Guidelines are available on the Corporation's website at [www.ducommun.com](http://www.ducommun.com) and are available in writing upon the written request of any shareholder of the Corporation. Such requests should be addressed to Ducommun Incorporated, 23301 Wilmington Ave., Carson, CA 90745-6209, Attn: James S. Heiser, Secretary.



## **COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

During 2015, no member of the Compensation Committee of the Board of Directors was or had been an officer or employee of the Corporation, or had any relationship requiring disclosure hereunder. During 2015, no executive officer of the Corporation served as a member of the Compensation Committee or as a director of another entity, one of whose executive officers served on the Compensation Committee of the Board of Directors or as a director of the Corporation.

## **NOMINATING PROCESS**

The Corporate Governance and Nominating Committee will consider director candidates recommended by security holders of the Corporation, provided that any security holder recommending a director candidate must have beneficially owned more than five percent (5%) of the Corporation's voting common stock continuously for at least one (1) year as of the date the recommendation is made and any such security holder may submit the name of only one person each year for consideration as a director candidate. All such security holders' recommendations of director candidates must be submitted to the Secretary of the Corporation in writing no later than October 31 of the year preceding the annual meeting of shareholders, and must include (i) the full name, address and Social Security number of the director candidate recommended, (ii) the full name, address and taxpayer identification number of each of the security holders, and (iii) an affidavit of each of the security holders that they satisfy the minimum beneficial ownership of common stock requirements set forth above. The Corporate Governance and Nominating Committee considers and evaluates candidates recommended by security holders in the same manner that it considers and evaluates other director candidates.

The Corporate Governance and Nominating Committee believes that all Committee-recommended nominees for election as a director of the Corporation must, at a minimum, have (i) diverse expertise, business experience, sound judgment and a record of accomplishment in areas relevant to the Corporation's business activities, (ii) unquestionable integrity, (iii) commitment to representing the interests of the Corporation's shareholders, (iv) willingness to devote sufficient time, energy and attention to carrying out their duties and responsibilities effectively, and (v) willingness to serve on the Board for an extended period of time. In identifying candidates to serve on the Board of Directors, the Corporate Governance and Nominating Committee first determines the evolving needs of the Board of Directors, taking into account such factors as it deems appropriate, including the current composition of the Board of Directors, the range of talents, experiences and skills that would best complement those already represented on the Board of Directors, the balance of management and independent directors and the need for financial or other specialized expertise, as discussed in greater detail above under Directors' Qualifications.

The Corporate Governance and Nominating Committee also believes that at least a majority, and preferably two-thirds, of the Corporation's directors must be independent under the NYSE rules, and that at least one member of the Board of Directors must be an audit committee financial expert as defined by SEC rules. All persons to be considered for nomination as a director of the Corporation by the Corporate Governance and Nominating Committee must complete a questionnaire, provide such additional information as the Corporate Governance and Nominating Committee may request, and meet in person with directors of the Corporation.

## **SECURITY HOLDERS AND OTHER INTERESTED PARTIES**

### **COMMUNICATIONS WITH THE BOARD OF DIRECTORS**

Security holders and other interested parties may communicate with the Corporation's Board of Directors in writing by mail, addressed to Board of Directors, Ducommun Incorporated, 23301 Wilmington Ave., Carson, CA 90745-6209. Persons wishing to communicate with the Board of Directors should include their full name and address. Security holders and other interested parties wishing to communicate with the Board of Directors should

also include the number of shares of common stock beneficially owned, and the name of the record holder of the common stock if different from themselves (e.g., the name of any broker or bank holding the stock). The Corporation intends to forward all communications from security holders and other interested parties in the manner described above to the Corporate Governance and Nominating Committee members, who will then determine whether the communications should be distributed to the entire Board of Directors of the Corporation. If the Board of Directors of the Corporation receives a substantial number of communications from security holders and other interested parties, the Corporate Governance and Nominating Committee may delegate to the general counsel of the Corporation the screening of these communications to remove solicitations and communications unrelated to the Corporation's business. Should shareholders or other interested parties desire to communicate with the Corporation's presiding director or non-management directors as a group, such communications should be addressed to either the presiding director or the non-management directors at the address set forth above.

#### **SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934, as amended (the Exchange Act), requires the Corporation's officers and directors, and persons who own more than 10% of the Corporation's equity securities, to file reports of ownership and changes in ownership with the SEC and to furnish copies of such forms to the Corporation. Based solely on a review of the copies of such forms furnished to the Corporation, and on written representations that no Form 5's were required, the Corporation believes that during its past fiscal year all of its officers, directors and greater than 10% owners complied with the filing requirements of Section 16(a).

#### **CODE OF ETHICS**

The Corporation has adopted a Code of Ethics for Senior Financial Officers and a Code of Business Conduct and Ethics, the text of each of which is posted on the Corporation's website at [www.ducommun.com](http://www.ducommun.com) and is available in writing upon the written request of any shareholder of the Corporation. Such requests should be addressed to Ducommun Incorporated, 23301 Wilmington Ave., Carson, CA 90745-6209, Attn: James S. Heiser, Secretary.

#### **EXECUTIVE OFFICERS**

##### **Anthony J. Reardon**

Age 65

Mr. Reardon has served as Chairman of the Board since 2012 and Chief Executive Officer since 2010. For additional information on Mr. Reardon, see ITEM 1: ELECTION OF DIRECTORS, Directors Qualifications on page 2.

##### **Joel H. Benkie**

Age 59

Mr. Benkie retired on March 31, 2016. Mr. Benkie served as President since 2014 and Chief Operating Officer since 2012. Mr. Benkie was Executive Vice President from 2012 to 2013. Mr. Benkie was previously Group Vice President of Operations of the Parker Aerospace, a unit of Parker Hannifin Corporation.

##### **Douglas L. Groves**

Age 54

Mr. Groves has served as Vice President, Chief Financial Officer and Treasurer since 2016. Mr. Groves was Vice President and Chief Accounting Officer from 2013 to 2015. Mr. Groves was previously Corporate Vice President and Chief Information Officer of Beckman Coulter, Inc., and prior to that was Vice President of Finance for the North American operations of Beckman Coulter, Inc.

##### **James S. Heiser**

Age 59

Mr. Heiser has served as Vice President since 1990, General Counsel since 1988 and Secretary since 1987.

**Kathryn M. Andrus**

Age 47

Ms. Andrus has served as Vice President, Internal Audit since 2008. Ms. Andrus was previously Director of Internal Audit.

**Jerry L. Redondo**

Age 56

Mr. Redondo has served as Vice President, Operational Excellence since 2015. Mr. Redondo was Vice President, Operational Excellence for several of the Corporation's subsidiaries from 2013 to 2015. Mr. Redondo was previously Group Vice President of Crane Aerospace & Electronics, Inc., and Director of Operations and Global Supply Chain of the Parker Aerospace Control Systems Division of Parker Hannifin Corporation.

**Rosalie F. Rogers**

Age 54

Ms. Rogers has served as Vice President and Chief Human Resources Officer since 2015. Ms. Rogers was previously Vice President, Human Resources from 2008 to 2015.

**Christopher D. Wampler**

Age 48

Mr. Wampler has served as Vice President and Chief Accounting Officer since 2016. Mr. Wampler was Vice President and Assistant Controller for several of the Corporation's subsidiaries from 2013 to 2015. Mr. Wampler was previously the Controller of Just Fabulous, Inc., and a Division Controller for Regal Beloit Corporation.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The tables below show the name and address of the beneficial owners, amount and nature of beneficial ownership and percentage ownership of persons or groups known by the Corporation to be the beneficial owners of 5% or more of the outstanding shares of Common Stock as of December 31, 2015 except for Mr. Ducommun who is shown as of March 14, 2016. The tables below also show the name, amount and nature of beneficial ownership and percentage ownership of each director and nominee for director, each executive officer named in the Summary Compensation Table contained in this Proxy Statement, and all directors and executive officers as a group as of March 14, 2016. Unless otherwise indicated, such shareholders have sole voting and investment power (or share such power with their spouse) with respect to the shares set forth in the tables. The Corporation knows of no contractual arrangements which may at a subsequent date result in a change in control of the Corporation.

For the purposes of the tables, beneficial ownership of shares has been determined in accordance with Rule 13d-3 of the SEC, under which a person is deemed to be the beneficial owner of securities if he or she has or shares voting or investment power with respect to such securities or has the right to acquire ownership thereof within 60 days. Accordingly, the amounts shown in the tables do not purport to represent beneficial ownership for any purpose other than compliance with SEC reporting requirements.

**Security Ownership of Certain Beneficial Owners**

<b>Name and Address of Shareholders</b>	<b>Number of Shares</b>	<b>Percentage of Class</b>
Robert C. Ducommun 1155 Park Avenue  New York, NY 10128	584,879 <sup>(1)</sup>	5.3%
BlackRock, Inc 55 E. 52 <sup>nd</sup> St.  New York, NY 10055	668,154 <sup>(2)</sup>	6.0%
Dimensional Fund Advisors LP Building One  6300 Bee Cave Road  Austin, TX 78746	927,466 <sup>(3)</sup>	8.4%
Paradigm Capital Management, Inc Nine Elm Street  Albany, NY 12207	725,600 <sup>(4)</sup>	6.5%
RBC Global Asset Management (U.S.) Inc.	995,753 <sup>(5)</sup>	9.0%