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

FORM 8-K/A
Amendment No. 1

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended

Date of Report (Date of earliest event reported): June 28, 2011

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

Delaware	001-08174	95-0693330
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

23301 Wilmington Avenue, Carson, California	90745-6209
(Address of principal executive offices)	(Zip Code)

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

N/A
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Explanatory Note

This Current Report on Form 8-K/A amends the Current Report on Form 8-K of Ducommun Incorporated, a Delaware corporation ("Ducommun") that was filed with the Securities and Exchange Commission (the "SEC") on July 1, 2011 (the "Original Form 8-K") to report, among other matters, the completion of Ducommun's acquisition by merger of LaBarge, Inc., a Delaware corporation ("LaBarge") on June 28, 2011. This Form 8-K/A amends and restates Item 9.01 of the Original Form 8-K to provide certain financial statements of LaBarge and its subsidiaries and to provide certain unaudited pro forma financial statements related to Ducommun's acquisition of LaBarge and certain other transactions in connection therewith.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired

The audited consolidated balance sheets of LaBarge and its subsidiaries as of June 27, 2010 and June 28, 2009, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the years in the three-year period ended June 27, 2010, previously filed by LaBarge on its Form 10-K with the SEC on September 3, 2010, are filed as Exhibit 99.1 to this Current Report on Form 8-K/A. The consent of KPMG LLP, LaBarge's independent auditor, is attached as Exhibit 23.1 hereto.

The unaudited interim consolidated balance sheets of LaBarge and its subsidiaries as of April 3, 2011 and June 27, 2010, and the related consolidated statements of income for the three and nine months ended April 3, 2011 and March 28, 2010 and cash flows for the nine months ended April 3, 2011 and March 28, 2010 are filed as Exhibit 99.2 to this Current Report on Form 8-K/A.

(b) Pro Forma Financial Information

The following unaudited pro forma condensed combined financial statements related to Ducommun's acquisition of LaBarge and certain other transactions in connection therewith are filed as Exhibit 99.3 to this Current Report on Form 8-K/A.

(i) Unaudited Pro Forma Condensed Combined Balance Sheet as of April 2, 2011.

(ii) Unaudited Pro Forma Condensed Combined Statement of Operations for the Twelve Months Ended December 31, 2010.

(iii) Unaudited Pro Forma Condensed Combined Statement of Operations for the Three Months Ended April 2, 2011.

(d) Exhibits

Exhibit No.	Description
23.1	Consent of KPMG LLP
99.1	Audited consolidated balance sheets of LaBarge, Inc. and its subsidiaries as of June 27, 2010 and June 28, 2009, and the related consolidated statements of income, stockholders’ equity, and cash flows for each of the years in the three-year period ended June 27, 2010.
99.2	Unaudited interim consolidated balance sheets of LaBarge, Inc. and its subsidiaries as of April 3, 2011 and June 27, 2010, and the related consolidated statements of income for the three and nine months ended April 3, 2011 and March 28, 2010 and cash flows for the nine months ended April 3, 2011 and March 28, 2010.
99.3	Unaudited pro forma condensed combined financial statements.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

DUCOMMUN INCORPORATED
(Registrant)

Date: September 2, 2011

By: /s/ Joseph P. Bellino
Joseph P. Bellino
Vice President and Chief Financial Officer

Exhibit Index

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99.3	Unaudited pro forma condensed combined financial statements.

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statement (No. 333-167021) on Form S-3, and the registration statements (No. 333-167731, No. 333-145008, No. 333-118288, and No. 333-72556) on Form S-8 of Ducommun Incorporated of our report dated September 2, 2010, with respect to the consolidated balance sheets of LaBarge, Inc. as of June 27, 2010 and June 28, 2009, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the years in the three-year period ended June 27, 2010, and the effectiveness of internal control over financial reporting as of June 27, 2010, which report appears in the Form 8-K/A of Ducommun Incorporated dated September 2, 2011.

KPMG LLP

St. Louis, Missouri
August 30, 2011

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) of the Securities Exchange Act of 1934, as amended). Under the supervision and with the participation of management, including the principal executive officer and the principal financial officer, the Company assessed the effectiveness of its internal control over financial reporting as of June 27, 2010. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in the report entitled "Internal Control-Integrated Framework." Although there are inherent limitations in the effectiveness of any system of internal control over financial reporting, management has concluded that, as of June 27, 2010, the Company's internal control over financial reporting is effective based on its evaluation.

The Company's independent registered public accounting firm, KPMG LLP, has issued an attestation report on the Company's internal control over financial reporting, which is included herein.

/s/ CRAIG E. LaBARGE

Craig E. LaBarge
Chairman of the Board, Chief Executive Officer and President

/s/ DONALD H. NONNENKAMP

Donald H. Nonnenkamp
Vice President, Chief Financial Officer and Secretary

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
LaBarge, Inc.:

We have audited the accompanying consolidated balance sheets of LaBarge, Inc. and subsidiaries (the Company) as of June 27, 2010 and June 28, 2009, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the years in the three-year period ended June 27, 2010. We also have audited the Company's internal control over financial reporting as of June 27, 2010, based on criteria established in *Internal Control – Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the consolidated financial statements included 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. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of LaBarge, Inc. and subsidiaries as of June 27, 2010 and June 28, 2009, and the results of its operations and its cash flows for each of the years in the three-year period ended June 27, 2010, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 27, 2010, based on criteria established in *Internal Control – Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission.

/s/ KPMG LLP
St. Louis, Missouri
September 2, 2010

LaBarge, Inc.
CONSOLIDATED STATEMENTS OF INCOME
(amounts in thousands, except per-share amounts)

	Fiscal Year Ended		
	June 27, 2010	June 28, 2009	June 29, 2008
Net sales	**$289,303**	$273,368	$279,485
Cost of sales	231,677	222,583	224,498
Gross profit	**57,626**	50,785	54,987
Selling and administrative expense	33,935	32,810	29,557
Operating income	**23,691**	17,975	25,430
Interest expense	1,711	1,294	1,459
Other (income) expense, net	(55)	14	133
Earnings before income taxes	**22,035**	16,667	23,838
Income tax expense	7,147	6,329	9,011
Net earnings	**$ 14,888**	$ 10,338	$ 14,827
Basic net earnings per common share	**$ 0.95**	$ 0.67	$ 0.98
Average basic common shares outstanding	**15,713**	15,498	15,198
Diluted net earnings per common share	**$ 0.93**	$ 0.64	$ 0.92
Average diluted common shares outstanding	**16,095**	16,044	16,138

See accompanying Notes to Consolidated Financial Statements.

LaBarge, Inc.
CONSOLIDATED BALANCE SHEETS
(amounts in thousands, except share and per-share amounts)

	June 27, 2010	June 28, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 2,301**	$ 4,297
Accounts and other receivables, net	**46,807**	37,573
Inventories	**64,536**	54,686
Prepaid expenses	**1,062**	1,090
Deferred tax assets, net	**3,655**	3,055
Total current assets	**118,361**	100,701
Property, plant and equipment, net of accumulated depreciation of $35,704 at June 27, 2010, and $30,823 at June 28, 2009	**28,536**	30,624
Intangible assets, net	**9,076**	11,255
Goodwill	**43,424**	43,457
Other assets	**5,125**	4,798
Total assets	**$204,522**	$190,835
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt	**$ 12,069**	$ 6,162
Trade accounts payable	**26,538**	18,354
Accrued employee compensation	**14,625**	10,957
Other accrued liabilities	**3,712**	2,483
Cash advances from customers	**2,921**	6,738
Total current liabilities	**59,865**	44,694
Long-term advances from customers for purchase of materials	**46**	47
Deferred tax liabilities, net	**2,494**	1,885
Deferred gain on sale of real estate and other liabilities	**1,219**	1,732
Long-term debt	**25,258**	39,326
Stockholders' equity:		
Common stock, $0.01 par value. Authorized 40,000,000 shares; 15,958,839 issued at June 27, 2010, and June 28, 2009, respectively, including shares in treasury	**160**	160
Additional paid-in capital	**14,582**	14,700
Retained earnings	**103,827**	88,939
Accumulated other comprehensive loss	**(222)**	(141)
Less cost of common stock in treasury shares of 234,651 at June 27, 2010, and 56,765 at June 28, 2009	**(2,707)**	(507)
Total stockholders' equity	**115,640**	103,151
Total liabilities and stockholders' equity	**$204,522**	$190,835

See accompanying Notes to Consolidated Financial Statements.

LaBarge, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(amounts in thousands)

	Fiscal Year Ended		
	June 27, 2010	June 28, 2009	June 29, 2008
Cash flows from operating activities:			
Net earnings	**$ 14,888**	$ 10,338	$ 14,827
Adjustments to reconcile net cash provided by operating activities, net of effects of acquisition:			
Loss on disposal of property, plant and equipment	**2**	108	45
Depreciation and amortization	**9,298**	6,930	5,290
Amortization of deferred gain on sale of real estate	**(481)**	(481)	(481)
Share-based compensation	**1,104**	1,128	1,445
Other than temporary impairment of investments	**—**	26	59
Deferred taxes	**9**	790	361
Changes in operating assets and liabilities:			
Accounts receivable, net	**(9,231)**	10,480	(10,574)
Inventories	**(9,830)**	18,589	(7,210)
Prepaid expenses	**28**	259	1,088
Trade accounts payable	**7,777**	(9,794)	3,531
Accrued liabilities	**4,250**	(3,018)	2,350
Cash advances from customers	**(3,817)**	(5,735)	7,316
Net cash provided by operating activities	**13,997**	29,620	18,047
Cash flows from investing activities:			
Acquisition, net of cash acquired	**—**	(45,074)	—
Additions to property, plant and equipment	**(4,162)**	(10,799)	(4,840)
Proceeds from disposal of property, equipment and other assets	**29**	25	130
Additions to other assets and intangibles	**(897)**	(652)	(480)
Other investing activities	**—**	—	5
Net cash used in investing activities	**(5,030)**	(56,500)	(5,185)
Cash flows from financing activities:			
Borrowings on revolving credit facility	**7,850**	50,050	91,278
Payments of revolving credit facility	**(7,850)**	(60,550)	(95,603)
Borrowings of long-term debt	**—**	42,014	—
Repayments of long-term debt	**(8,162)**	(1,654)	(6,302)
Transaction costs related to bank financing	**—**	(274)	—
Excess tax benefits from stock option exercises	**422**	3,083	213
Remittance of minimum taxes withheld as part of a net share settlement of stock option exercises	**(841)**	(3,566)	(265)
Issuance of treasury stock	**174**	613	781
Purchase of treasury stock	**(2,556)**	(185)	(1,710)
Net cash (used) provided by financing activities	**(10,963)**	29,531	(11,608)
Net (decrease) increase in cash and cash equivalents	**(1,996)**	2,651	1,254
Cash and cash equivalents at beginning of fiscal year	**4,297**	1,646	392
Cash and cash equivalents at end of fiscal year	**$ 2,301**	$ 4,297	$ 1,646

See accompanying Notes to Consolidated Financial Statements.

LaBarge, Inc.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(amounts in thousands, except share amounts)

	Fiscal Year Ended		
	June 27, 2010	June 28, 2009	June 29, 2008
STOCKHOLDERS' EQUITY			
Common stock, beginning of year	**$ 160**	$ 158	$ 158
Shares issued during year	**—**	2	—
Common stock, end of year	**160**	160	158
Paid-in capital, beginning of year	**14,700**	16,547	16,174
Stock compensation programs	**(118)**	(1,847)	373
Paid-in capital, end of year	**14,582**	14,700	16,547
Retained earnings, beginning of year	**88,939**	78,601	63,774
Net earnings for the year	**14,888**	10,338	14,827
Retained earnings, end of year	**103,827**	88,939	78,601
Accumulated other comprehensive loss, beginning of year	**(141)**	—	—
Other comprehensive loss for the year, net of tax	**(81)**	(141)	—
Accumulated other comprehensive loss, end of year	**(222)**	(141)	—
Treasury stock, beginning of year	**(507)**	(3,837)	(3,696)
Acquisition of treasury stock	**(3,762)**	(3,504)	(1,975)
Issuance of treasury stock	**1,562**	6,834	1,834
Treasury stock, end of year	**(2,707)**	(507)	(3,837)
Total stockholders' equity	**$ 115,640**	$ 103,151	$ 91,469
COMPREHENSIVE INCOME			
Net earnings	**$ 14,888**	$ 10,338	$ 14,827
Other comprehensive loss, net of tax	**(81)**	(141)	—
Total comprehensive income	**$ 14,807**	$ 10,197	$ 14,827
COMMON SHARES			
Common stock, beginning of year	**15,958,839**	15,773,253	15,773,253
Shares issued during year	**—**	185,586	—
Common stock, shares issued, end of year	**15,958,839**	15,958,839	15,773,253
TREASURY SHARES			
Treasury stock, beginning of year	**(56,765)**	(419,503)	(506,704)
Acquisition of shares	**(338,664)**	(293,004)	(145,038)
Issuance of shares	**160,778**	655,742	232,239
Treasury stock, end of year	**(234,651)**	(56,765)	(419,503)

See accompanying Notes to Consolidated Financial Statements.

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

LaBarge, Inc. and subsidiaries (the "Company") manufactures and assists in the design and engineering of sophisticated electronic and electromechanical systems and devices and complex interconnect systems on a contract basis for its customers in diverse markets.

The Company markets its services to customers desiring an engineering and manufacturing partner capable of developing and providing products that can perform reliably in harsh environmental conditions, such as high and low temperatures, severe shock and vibration. The Company's customers do business in a variety of markets with significant revenues from customers in the defense, government systems, medical, aerospace, natural resources, industrial and other commercial markets. As a contract manufacturer, revenues and profit levels are impacted, primarily, by the volume and mix of sales in the particular period.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of LaBarge, Inc. and its wholly-owned subsidiaries. Investments in less than 20%-owned companies are accounted for at cost. All inter-company balances and transactions have been eliminated in consolidation.

BASIS OF PRESENTATION

The preparation of financial statements in conformity with Generally Accepted Accounting Principles in the United States of America ("GAAP") requires management to make estimates and assumptions in certain circumstances that affect amounts reported in the accompanying consolidated financial statements. In preparing these financial statements, management has made its best estimates and judgment of certain amounts included in the financial statements. Areas involving significant judgments and estimates include revenue recognition and cost of sales, inventories, and goodwill and intangible assets. Actual results could differ from those estimates.

Certain items in the prior year's consolidated financial statements have been reclassified to conform to the current year presentation. For the fiscal years ended June 28, 2009 and June 29, 2008, the Company revised its presentation of cash flows for the purchase of treasury stock, the issuance of treasury stock and the remittance of minimum taxes withheld as a part of net settlements of share-based payments. The total net cash flows provided by financing activities did not change nor did this impact any other presented financial information. The impact of the revision was not considered material to the previously issued financial statements.

During the first quarter of fiscal year 2010, the Company recorded a $795,000 reduction to income tax expense from a correction in the apportionment factor for state income tax returns for fiscal years 2006 through 2009 and an increase in other tax expense, included in selling and administrative expense, of $193,000 ($125,000 after-tax) for a gross receipts tax that relates to fiscal years 2005 through 2009. The $795,000 reduction to income tax expense is net of the federal income taxes. The Company determined that the amounts that related to prior fiscal years were not material to all prior fiscal years and, therefore, recognized the adjustments during the first quarter of fiscal year 2010. The net impact of both adjustments to net earnings was an increase of $670,000 for the 12 months ended June 27, 2010, which had a $0.04 impact on basic and diluted earnings per share. The impact on full-year net earnings for fiscal year 2010 was not material.

ACCOUNTING PERIOD

The Company uses a fiscal year ending the Sunday closest to June 30; each fiscal quarter is 13 weeks. Fiscal years 2010, 2009 and 2008 each consisted of 52 weeks.

SEGMENT REPORTING POLICY

The Company reports its operations as one segment.

USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from these estimates.

REVENUE RECOGNITION AND COST OF SALES

The Company's revenue is derived from units and services delivered pursuant to contracts. The Company has a significant number of contracts for which revenue is accounted for under the percentage of completion method using the units of delivery as the measure of completion. This method is consistent with Statement of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 605-35, formerly the Statement of Position 81-1, "Accounting for Performance of Construction-Type and Certain Production-Type Contracts". The percentage of total revenue recognized from contracts under the percentage of completion method is generally 30-60% of total revenue in any given quarter. These contracts are primarily fixed price contracts that vary widely in terms of size, length of performance period and expected gross profit margins. Under the units of delivery method, the Company recognizes revenue when title transfers, which is usually upon shipment of the product.

The Company also sells products under purchase agreements, supply contracts and purchase orders that are not within the scope of FASB ASC Topic 605-35. The Company provides goods from continuing production over a period of time. The Company builds units to the customer specifications and based on firm purchase orders from the customer. The purchase orders tend to be of a relatively short duration and customers place orders on a periodic basis. The pricing is generally fixed for some length of time and the quantities are based on individual purchase orders. Revenue is recognized in accordance with Staff Accounting Bulletin No. 104, "Revenue Recognition." Revenue is recognized on substantially all transactions when title transfers, which is usually upon shipment.

Therefore, revenue for contracts within the scope of FASB ASC Topic 605-35 and for those not within the scope of FASB ASC Topic 605-35 is recognized when title transfers, which is usually upon shipment or completion of the service.

However, the cost of sales recognized under both contract types is determined differently. The percentage-of-completion method for contracts that are within the scope of FASB ASC Topic 605-35 gives effect to the most recent contract value and estimates of cost at completion. Contract costs generally include all direct costs, such as materials, direct labor, subcontracts and indirect costs identifiable with or allocable to the contracts. Learning or start-up costs, including tooling and set-up costs incurred in connection with existing contracts, are charged to existing contracts. The contract costs do not include any sales, marketing or general and administrative costs. Revenue is calculated as the number of units shipped multiplied by the sales price per unit. The Company estimates the total revenue of the contract and the total contract costs and calculates the contract cost percentage and gross profit margin. The gross profit during a period is equal to the earned revenue for the period times the estimated contract gross profit margin. Thus, if no changes to estimates were made the procedure results in every dollar of earned revenue having the same cost of earned revenue and gross profit percentage. This method is applied consistently on all of the contracts accounted for under FASB ASC Topic 605-35.

The Company periodically reviews all estimates to complete as required by the authoritative guidance and the estimated total cost and expected gross profit are revised as required over the life of the contract. The revision to the estimated total cost is accounted for as a change of an estimate. A cumulative catch up adjustment is recorded in the period of the change in the estimated costs to complete the contract. Therefore, cost of sales and gross profit in a period includes (a) a cumulative catch-up adjustment to reflect the adjustment of previously recognized profit associated with all prior period revenue recognized based on the current estimate of gross profit margin, as appropriate, and (b) an entry to record the current period costs of sales and related gross profit margin based on the current period sales multiplied by the current estimate of the gross profit margin on the contract. Cumulative adjustments are reported as a component of cost of sales.

In summary, the cumulative gross profit margin recognized through the end of the current period on a contract will equal the current estimate of the gross profit margin on the contract multiplied by the contract revenues recognized through the end of the current period. The current period gross profit will equal current period sales multiplied by the expected gross profit margin (on a percentage basis) on the contract plus or minus any net effect of cumulative adjustments to prior period sales under the contract.

In addition, when there is an anticipated loss on a contract, the entire loss is recorded in the period when the anticipated loss is determined. The loss is reported as a component of cost of sales. The cumulative gross profit margin recognized through the end of the current period on a contract with an estimated loss will equal the current estimate of the gross profit margin on the contract multiplied by the contract revenues recognized through the end of the current period plus the provision for the additional loss on contract revenues yet to be recognized. The current period gross profit on a contract with an anticipated loss will equal current period sales at a 0% gross profit margin plus or minus any net effect of cumulative adjustments to the loss based on any changes to the estimated total loss on the contract.

This method of recording costs for contracts under FASB ASC Topic 605-35 is equivalent to Alternative A as described in paragraph 35 of FASB ASC Topic 605-35.

The contracts that are not subject to the percentage of completion accounting are not subject to estimated costs of completion. Cost of sales under these contracts are based on the actual cost of material, labor and overhead charged to each job. The contract costs do not include any selling and administrative expenses.

ACCOUNTS RECEIVABLE

Accounts receivable have been reduced by an allowance for amounts that management estimates are un-collectable. This estimated allowance is based primarily on management’s evaluation of the financial condition of the Company’s customers. The Company considers factors, which include but are not limited to: (i) the customer’s payment history, (ii) the customer’s current financial condition and (iii) any other relevant information about the collectibility of the receivable. The Company considers all information available to it in order to make an informed and reasoned judgment as to whether it is probable that an accounts receivable asset has been impaired as of a specific date. The Company’s policy on bad debt allowances for accounts receivable is to provide for any invoice not collected in 360 days, and to provide for additional amounts where, in the judgment of management, such an allowance is warranted based on the specific facts and circumstances.

INVENTORIES

Inventories, other than work-in-process inventoried costs relating to those contracts accounted for under FASB ASC Topic 605-35, are carried at the lower of cost or market value.

Inventoried costs relating to contracts accounted for under FASB ASC Topic 605-35 are stated at the actual production cost, including overhead, tooling and other related non-recurring costs, incurred to date, reduced by the amounts identified with revenue recognized on units delivered. Selling and administrative expenses are not included in inventory costs. Inventoried costs related to these contracts are reduced, as appropriate, by charging any amounts in excess of estimated realizable value to cost of sales. The costs attributed to units delivered under these contracts are based on the estimated average cost of all units expected to be produced.

This average cost utilizes, as appropriate, the learning curve concept, which anticipates a predictable decrease in unit costs as tasks and production techniques become more efficient through repetition. In accordance with industry practice, inventories include amounts relating to long-term contracts that will not be realized in one year. Since the inventory balance is dependent on the estimated cost at completion of a contract, inventory is impacted by all of the factors described in the Revenue Recognition and Cost of Sales section above.

In addition, management regularly reviews all inventory for lower of cost or market issues to market value to determine whether any write-down is necessary. Various factors are considered in making this determination, including expected program life, recent sales history, predicted trends and market conditions. If actual demand or market conditions are less favorable than those projected by management, write-downs of inventory to lower cost or market may be required. For the fiscal years ended June 27, 2010, June 28, 2009, and June 29, 2008, the expense for writing inventory down to the lower of cost or market charged to income before income taxes was $1.7 million, $1.5 million and $1.9 million (excluding the impact of the charges related to Eclipse as described in Note 5 of the Notes to Consolidated Financial Statements), respectively.

INCOME TAXES

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. The Company has considered future taxable income analyses and feasible tax planning strategies in assessing the need for a valuation allowance. Should the Company determine that it would not be able to recognize all or part of its net deferred tax assets in the future, an adjustment to the carrying value of the deferred tax assets would be charged to income in the period in which such determination is made. Effective July 2, 2007, the Company adopted the recognition and disclosure provision of FASB ASC Topic 740. This addresses the accounting for uncertain tax position that a Company has taken or expects to take on a tax return. The Company recognizes interest and penalties related to uncertain tax positions in income tax expense.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company considers the carrying amounts of cash and cash equivalents, securities and other current assets and liabilities, including accounts receivable and accounts payable, to approximate fair value because of the short maturity of these financial instruments.

The Company has considered amounts outstanding under the long-term debt agreements and determined that carrying amounts recorded in the financial statements are consistent with the estimated fair value as of June 27, 2010.

Additionally, the interest rate swap agreement, further described in Note 11 to the Notes to Consolidated Financial Statements, has been recorded by the Company based on the estimated fair value as of June 27, 2010.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is carried at cost and includes additions and improvements which extend the remaining useful lives of the assets. Depreciation is computed on the straight-line method.

CASH EQUIVALENTS

The Company considers cash equivalents to be temporary investments that are readily convertible to cash, such as certificates of deposit, commercial paper and treasury bills with original maturities of three months or less.

CASH ADVANCES

The Company receives cash advances from customers under certain contracts. Cash advances are liquidated over the period of product deliveries.

EMPLOYEE BENEFIT PLANS

The Company has a contributory savings plan covering certain employees. The Company expenses all plan costs as incurred.

The Company offers a non-qualified deferred compensation program to certain key employees whereby they may defer a portion of their annual compensation for payment upon retirement plus a guaranteed return. The program is unfunded; however, the Company purchases Company-owned life insurance contracts through which the Company will recover a portion of its cost upon the death of the employee.

The Company also offers an employee stock purchase plan that allows eligible employees to purchase common stock at the end of each quarter at 15% below the market price as of the first or last day of the quarter, whichever is lower. The Company recognizes an expense for the 15% discount.

As part of the Company's cost savings initiatives, the Company temporarily suspended its 401(k) matching contributions and the employee stock purchase plan in April 2009. This suspension applied to employees Company-wide, including the named executive officers. As a result, the Company recorded no expense related to these plans in the fiscal year ended June 27, 2010. The plans were reinstated for the fiscal year 2011.

SHARE-BASED ARRANGEMENTS

The Company accounts for share-based arrangements under Statements of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 718, which requires that all share-based compensation be recognized as expense, measured at the fair value of the award. FASB ASC Topic 718 also requires that excess tax benefits related to stock option exercises be reflected as financing cash inflows instead of operating cash inflows.

During the fiscal years ended June 27, 2010, June 28, 2009, and June 29, 2008, the Company was notified that shares issued upon the exercise of incentive stock options ("ISOs") were sold prior to being held by the employee for 12 months. These disqualifying dispositions resulted in an excess tax benefit for the Company. Since the ISOs vested prior to adoption of the FASB ASC Topic 718, the entire tax benefit of $35,000 for fiscal year 2010, $16,000 for fiscal year 2009, and $213,000 for fiscal year 2008 was recorded as an increase to additional paid-in capital.

During the fiscal years ended June 27, 2010, June 28, 2009, and June 29, 2008, nonqualified shares were exercised, which generated excess tax benefits for the Company. The excess tax benefits recorded as an increase to additional paid in capital were $387,000 for the year ended June 27, 2010, $3.1 million for the year ended June 28, 2009 and $184,000 for the fiscal year ended June 29, 2008.

No stock options were issued in the years ended June 27, 2010, June 28, 2009, and June 29, 2008. All stock options previously granted were at prices not less than fair market value of the common stock at the grant date. These options expire in various periods through 2014.

The Company has a program to award performance units tied to financial performance to certain key employees. The awards have a one-year performance period and an additional two-year service period, and compensation expense is recognized over three years. Included in diluted shares at June 27, 2010, were 119,338 shares issuable for fiscal year 2010 performance, as the performance condition was met. No performance units were issued related to fiscal year 2009, as the performance condition was not met. Included in diluted shares at June 27, 2010, June 28, 2009, and June 29, 2008, were 141,923 shares issued for fiscal 2008 performance, as the performance condition was met. The share amounts described here are the number of shares issuable upon vesting of restricted shares and are included in dilutive shares using the treasury stock method as described in Note 16 of Consolidated Financial Statements.

For the fiscal year ended June 27, 2010, total share-based compensation was $1.1 million ($691,000 after-tax), equivalent to earnings per basic and diluted share of $0.04. For the fiscal year ended June 28, 2009, total share-based compensation was $1.1 million ($678,000 after-tax), equivalent to earnings per basic and diluted share of $0.04. For the fiscal year ended June 29, 2008, total share-based compensation was $1.4 million ($891,000 after-tax), equivalent to earnings per basic and diluted share of $0.06.

GOODWILL AND OTHER INTANGIBLE ASSETS

In accordance with FASB ASC Topic 350, *Intangibles – Goodwill and Other* ("ASC 350"), "Goodwill and Other Intangible Assets," intangible assets deemed to have indefinite lives and goodwill are not subject to amortization. All other intangible assets are amortized over their estimated useful lives. Goodwill and other intangible assets not subject to amortization are tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. The Company did not have any intangible assets other than goodwill not subject to amortization during the fiscal years ended June 27, 2010, and June 28, 2009. Testing the impairment of goodwill requires comparison of the estimated fair values of each reporting unit to its carrying value. If the fair value of the reporting unit were less than its carrying value, the Company would record an impairment in accordance with ASC Topic 350.

The Company estimates the fair value of its reporting units based on a combination of a market approach and an income approach. The income approach utilizes the discounted cash flow model and the market approach is based on market data for a group of guideline companies. The Company also considers its market capitalization on the date of the impairment testing as compared to the sum of the fair values of all reporting units including those without goodwill.

The discounted cash flow analysis requires the Company to make estimates and judgments about the future cash flows of each reporting unit. The future cash flow forecasts for each reporting unit are based on historical and forecasted revenue and operating costs. This, in turn, involves further estimates such as expected future revenue and expense growth rates, working capital needs at each reporting unit and future capital expenditures required to meet the revenue growth. The discount rate is based on the estimated weighted average cost of capital for each reporting unit, which considers the risk inherent in each reporting unit.

During the fourth quarter of 2010, the Company completed its annual impairment test and determined that the fair value of its reporting units are in excess of the carrying values and that there was no impairment of goodwill. Different assumptions regarding such factors as sales levels and price changes, labor and material cost changes, interest rates and productivity could affect such valuations.

RECENTLY ADOPTED ACCOUNTING STANDARDS

In June 2009, the Financial Accounting Standards Board ("FASB") issued authoritative guidance titled, "The FASB Accounting Standards Codification ("ASC") and the Hierarchy of Generally Accepted Accounting Principles — a replacement of FASB Statement No. 162." The guidance provides for the FASB Accounting Standards Codification (the "Codification") to become the single official source of authoritative, nongovernmental U.S. Generally Accepted Accounting Principles ("GAAP"). The Codification did not change U.S. GAAP but reorganizes the accounting literature and was effective for the Company's interim and annual periods ending after September 15, 2009. Adoption did not have a material impact on the Company's consolidated financial statements.

In September 2006, the FASB issued guidance titled "Fair Value Measurements" (ASC Topic 820), to clarify the definition of fair value, establish a framework for measuring fair value and expand the disclosures required relative to fair value measurements. The Company adopted the provisions of ASC Topic 820 on June 30, 2008 for financial assets and liabilities, which did not have a material impact on the Company's consolidated financial statements.

In September 2006, the FASB issued guidance titled “Accounting for Deferred Compensation and Postretirement Benefits Aspects of Endorsement Split-Dollar Life Insurance Arrangements” (ASC Topic 715). This guidance addresses the accounting for endorsement split-dollar life insurance arrangements that provide a benefit to an employee that extends to postretirement periods. The Company adopted ASC Topic 715 on June 30, 2008, which did not have a material impact on the Company’s consolidated financial statements.

In February 2007, the FASB issued guidance titled “The Fair Value Option for Financial Assets and Financial Liabilities” (ASC Topic 825), to permit all entities to choose to elect, at specified election dates, to measure eligible financial instruments at fair value. In accordance with this guidance, an entity shall report unrealized gains and losses, on items for which the fair value option has been elected, in earnings at each subsequent reporting date, and recognize upfront costs and fees related to those items in earnings as incurred and not deferred. The Company adopted the provisions of ASC Topic 825 on June 30, 2008, which did not have a material impact on the Company’s consolidated financial statements.

In December 2007, the FASB issued guidance titled “Business Combinations” (ASC Topic 805), which provides guidance on the accounting and reporting for business combinations. The guidance is effective for fiscal years beginning after December 15, 2008 and was adopted by the Company on June 29, 2009. Adoption did not have a material impact on the Company’s consolidated financial statements.

In March 2008, the FASB Issued guidance titled “Disclosures about Derivative Instruments and hedging Activities, an amendment of FASB Statement No. 133” (ASC Topic 815), which requires companies to disclose their objectives and strategies for using derivative instruments, whether or not designated as hedging instruments under ASC Topic 815. ASC Topic 815 was effective for the Company for the fiscal year ended June 28, 2009 and did not have a material impact on its consolidated financial statements.

In June 2008, the FASB issued FSP Emerging Issues Task Force 03-6-1 titled “Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities” that addresses whether instruments granted in share-based payment transactions are participating securities prior to vesting, and therefore need to be included in the computation of earnings per share under the two-class method. This guidance is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those years. The adoption of this guidance in the first quarter of fiscal year 2010 did not have a material impact on the Company’s consolidated financial statements.

In April 2009, the FASB issued guidance titled “Improving Disclosures about Fair Value Measurement” (Accounting Standards Update 2010-06), which requires disclosure about fair value of financial instruments for interim reporting periods of publicly traded companies as well as in annual financial statements. This guidance also requires those disclosures in summarized financial information at interim reporting periods. This guidance is effective for reporting periods ending after June 15, 2009. The Company adopted this guidance effective June 29, 2009. The adoption of this guidance did not have a material impact on the Company’s consolidated financial statements.

In August 2009, the FASB issued guidance titled “Fair Value Measurements and Disclosures:” Measuring Liabilities at Fair Value (Accounting Standards Update 2009-5), which states companies determining the fair value of a liability may use the perspective of an investor that holds the related obligation as an asset. This guidance addresses practice difficulties caused by the tension between fair-value measurements based on the price that would be paid to transfer a liability to a new obligor and contractual or legal requirements that prevent such transfers from taking place. This guidance is effective for interim and annual periods beginning after August 27, 2009, and applies to all fair-value measurements of liabilities required by GAAP. No new fair-value measurements are required by this guidance. The Company adopted this guidance effective September 28, 2009. The adoption of this guidance did not have a material impact on the Company’s consolidated financial statements.

RECENTLY ISSUED ACCOUNTING STANDARDS

In June 2009, the FASB guidance titled “Consolidation” (ASC Topic 810), which amends previous guidance to require an analysis to determine whether a variable interest gives a company a controlling financial interest

in a variable interest entity. An ongoing reassessment of financial responsibility is required, including interests in entities formed prior to the effective date of this guidance. This guidance also eliminates the quantitative approach previously required for determining whether a company is the primary beneficiary. It is effective for fiscal years beginning after November 15, 2009. This guidance will be adopted on June 28, 2010, and the Company does not expect this guidance will have a material impact on its consolidated financial statements.

In October 2009, the FASB issued guidance titled "Revenue Recognition – Multiple Deliverable Revenue Arrangements" (Accounting Standards Update 2009-13), which requires entities to allocate revenue in an arrangement using estimated selling prices of the delivered goods and services based on a selling price hierarchy. The guidance eliminates the residual method of revenue allocation and requires revenue to be allocated using the relative selling price method. This guidance should be applied on a prospective basis for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. This guidance will be adopted on June 28, 2010, and the Company does not expect this guidance will have a material impact on its consolidated financial statements.

2. ACQUISITION

On December 22, 2008, the Company acquired substantially all of the assets of Pensar Electronic Solutions, LLC ("Pensar"). The acquisition of Pensar, located in Appleton, Wisconsin, provided the Company with a presence in the Upper Midwest, and added significant new medical, natural resources and industrial accounts to the Company's customer mix. Pensar is a contract electronics manufacturer that designs, engineers and manufactures low-to-medium volume, high-mix, complex printed circuit board assemblies and higher-level electronic assemblies for customers in a variety of end markets.

The purchase price was allocated to Pensar's net tangible and intangible assets based upon their estimated fair value as of the date of the acquisition. The Company believes that substantially all of the $19.1 million of goodwill will be deductible for tax purposes. Intangible assets consist of $9.7 million for Pensar's "customer list," which is being amortized over eight years, and $950,000 for "employee non-compete contracts" which is being amortized over two years.

Sales attributable to Pensar were $62.4 million for the 12 months ended June 27, 2010. The impact on the Company's net earnings for the fiscal year 2010 was an increase of $3.1 million before income tax and $1.9 million after-tax, which had a $0.12 impact on basic and diluted earnings per share for the fiscal year ended June 27, 2010.

3. SALES AND NET SALES

Sales and net sales consist of the following:

(in thousands)	Fiscal Year Ended		
	June 27, 2010	June 28, 2009	June 29, 2008
Sales	**$289,781**	$274,304	$280,354
Less sales discounts	**478**	936	869
Net sales	**$289,303**	$273,368	$279,485

GEOGRAPHIC INFORMATION

The Company has no sales offices or facilities outside of the United States. Sales for exports were 10.9% of total sales for the fiscal year ended June 27, 2010. The exports exceeded 10% of total sales due to a large contract related to wind power generation equipment. This contract is denominated in U.S. dollars and, therefore, the Company does not have foreign currency risk associated with the related accounts receivable.

CUSTOMER INFORMATION

The Company's top three customers and their relative contributions to sales for fiscal year ended June 27, 2010 were as follows: Owens-Illinois, Inc., $40.4 million (14.0%); American Superconductor, $25.3 million (8.8%); and Raytheon Company, $23.7 million (8.2%). This compares with Owens-Illinois, Inc., $38.8 million (14.2%), Raytheon Company, $24.1 million (8.8%) and Schlumberger Ltd., $23.3 million (8.5%) for fiscal year ended June 28, 2009, and Owens-Illinois, Inc., $39.8 million (14.2%), Schlumberger Ltd., $31.2 million (11.2%) and Modular Mining Systems, Inc., $26.2 million (9.4%), for fiscal year ended June 29, 2008.

4. ACCOUNTS AND OTHER RECEIVABLES, NET

Accounts and other receivables consist of the following:

(in thousands)	**June 27, 2010**	June 28, 2009
Billed shipments	**$46,890**	$35,269
Less allowance for doubtful accounts	**285**	350
Trade receivables, net	**46,605**	34,919
Other current receivables	**202**	2,654
Total	**$46,807**	$37,573

Included in accounts receivable at June 27, 2010, and June 28, 2009, were $407,000 and $791,000, respectively, of receivables due directly from the U.S. Government and $14.8 million and $13.8 million, respectively, due from customers related to contracts with the U.S. Government.

At June 27, 2010, the amounts due from the three largest accounts receivable debtors and the percentage of total accounts receivable represented by those amounts were $10.1 million (21.5%), $6.6 million (14.0%), $3.4 million (7.2%). This compares with $6.2 million (17.5%), $3.4 million (9.7%), and $2.6 million (7.3%) at June 28, 2009.

On November 25, 2008, Eclipse Aviation Corporation ("Eclipse"), a customer of the Company, announced that it filed a petition for relief under Chapter 11 of the United States Bankruptcy Code. The Company recorded additional selling and administrative expense of $3.7 million in the quarter ended December 28, 2008 to write-down the receivable from Eclipse to its estimated realizable value. (The Company also took charges against inventory as described in more detail in Note 5.) On March 5, 2009, the Eclipse bankruptcy case was converted to Chapter 7 liquidation. The Company does not expect any recovery from the bankruptcy estate.

Other current receivables as of June 28, 2009, included an income tax receivable of $2.2 million.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

This account represents amounts that may be uncollectible in future periods.

(in thousands)

Fiscal Year	Balance Beginning of Period	Additions Charged to Expense	Less Deductions	Balance End of Period
2008	$ 214	$ 72	$ 34	$ 252
2009	252	3,943	3,845	350
2010	**350**	**15**	**80**	**285**

5. INVENTORIES

Inventories consist of the following:

(in thousands)	June 27, 2010	June 28, 2009
Raw materials	**$42,602**	$38,902
Work in progress	**4,658**	3,768
Inventoried costs relating to long-term contracts, net of amounts attributable to revenues recognized to date	**13,399**	9,296
Finished goods	**3,877**	2,720
Total	**$64,536**	$54,686

For the fiscal year ended June 27, 2010, June 28, 2009, and June 29, 2008, expense for the write down of inventory to lower of cost or market charged to income before taxes was $1.7 million, $5.7 million and $1.9 million, respectively. The expense for the write down of inventory to lower of cost or market in the fiscal year ended June 28, 2009, includes a $4.2 million charge related to the Eclipse bankruptcy described in Note 4.

The Company had approximately $4.6 million of inventory related to the production of the Eclipse E500 aircraft that was written down to its market value during the quarter ended December 28, 2008. The Company analyzed the inventory to reasonably determine the lower of cost or market value in light of the significant uncertainty surrounding the Company's future role in the production of the Eclipse E500 aircraft, if any. As a result of this analysis, the Company recorded additional cost of sales expense of $4.2 million to record inventory at the lower of cost or market value during the quarter ended December 28, 2008. The remaining inventory was valued at $422,000, which the Company was able to recover by June 28, 2009 by selling certain items to brokers and returning certain items to vendors.

The following table shows the cost elements included in the inventoried costs related to long-term contracts:

(in thousands)	June 27, 2010	June 28, 2009
Production costs of goods currently in process [(1)]	**$13,054**	$9,115
Excess of production costs of delivered units over the estimated average cost of all units expected to be produced, including tooling and non-recurring costs	**642**	621
Unrecovered costs subject to future negotiation	**—**	69
Provision for contracts with estimated costs in excess of contract revenues	**(297)**	(509)
Total inventoried costs	**$13,399**	$9,296

(1) Selling and administrative expenses are not included in inventory costs.

The Company records a loss when the estimated costs of a contract exceed the net realizable value of such contract. Both contracts are fixed price contracts where the Company underestimated the materials cost and the inflation in commodity prices when the contracts were bid. The Company has recorded a provision equal to the amount that estimated costs would exceed the net realizable revenue over the contract.

6. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, net is summarized as follows:

(in thousands)	**June 27, 2010**	June 28, 2009	Estimated useful life in years
Land	**$ 1,083**	$ 1,083	—
Building and improvements	**11,242**	10,398	3 - 40
Leasehold improvements	**4,225**	3,694	2 - 15
Machinery and equipment	**40,060**	38,099	2 - 16
Furniture and fixtures	**2,862**	2,834	3 - 16
Computer equipment	**3,801**	3,454	3
Construction in progress	**967**	1,885	—
	64,240	61,447	
Less accumulated depreciation	**35,704**	30,823	
Total	**$28,536**	$30,624	

Capital spending in fiscal year 2010 related primarily to improvements to the Houston, Joplin, and Tulsa facilities. In fiscal year 2009, capital expenditures related primarily to the purchase and improvement of the Tulsa facility and the purchase of surface mount technology equipment to expand the Company's capabilities in Pittsburgh and Tulsa.

Depreciation expense was $6.5 million, $4.9 million, and $4.2 million for the fiscal years ended June 27, 2010, June 28, 2009, and June 29, 2008, respectively.

The Company assessed its assets for impairment in accordance with ASC 360-10, Property, Plant, and Equipment – Impairment of Disposal of Long-Lived Assets ("ASC 360-10"). Impairment is realized when the undiscounted cash flows to be derived from the asset are less than its carrying amount. If impairment exists, the carrying value of the impaired asset is reduced to its net realizable value. The impairment charge is recorded in operating results. The carrying value of long-lived assets to be abandoned (for example, machinery and equipment that is no longer used in operations) is adjusted when the decision is made to abandon the asset. The Company recorded charges to the statement of income for fiscal year 2010, fiscal year 2009 and fiscal year 2008 of $196,000, $84,000 and $72,000, respectively, related to assets no longer used in operations.

7. INTANGIBLE ASSETS, NET

Intangible assets, net, are summarized as follows:

(in thousands)	**June 27, 2010**	June 28, 2009
Software	**$5,446**	$ 5,133
Less accumulated amortization	**4,432**	3,972
Net software	**1,014**	1,161
Customer lists	**9,670**	13,070
Less accumulated amortization	**1,836**	3,679
Net customer lists	**7,834**	9,391
Employee agreements	**950**	950
Less accumulated amortization	**722**	247
Net employee agreements	**228**	703
Total	**$9,076**	$11,255

Intangible assets are amortized over periods ranging from two to eight years. Amortization expense was $2.8 million for the fiscal year ended June 27, 2010, $2.0 million for fiscal year ended June 28, 2009, and $1.1 million for fiscal year ended June 29, 2008.

The Company anticipates that amortization expense will approximate $2.1 million for fiscal year 2011, $1.9 million for fiscal year 2012, $1.7 million for fiscal year 2013, and $1.6 million for fiscal years 2014 and 2015.

The Company assessed the assets for impairment in accordance with ASC 360-10, Property, Plant, and Equipment – Impairment of Disposal of Long-Lived Assets ("ASC 360-10"). Impairment is realized when the undiscounted cash flows to be derived from the asset are less than its carrying amount. If impairment exists, the carrying value of the impaired asset is reduced to its net realizable value. The impairment charge is recorded in operating results. There was no impairment charge during fiscal years 2010, 2009 or 2008, respectively.

8. GOODWILL

Goodwill is summarized as follows:

(in thousands)	**June 27, 2010**	June 28, 2009
Goodwill	**$43,424**	$43,457

Goodwill is recorded at three of the Company's reporting units. During the fourth quarter of fiscal 2010, in accordance with the Company's accounting policy as described in Note 1 to the Consolidated Financial Statements, the Company performed the annual impairment analysis and determined that goodwill was not impaired.

9. OTHER ASSETS

Other assets are summarized as follows:

(in thousands)	**June 27, 2010**	June 28, 2009
Cash value of life insurance	**$4,723**	$4,482
Deposits and licenses	**186**	54
Deferred financing costs, net	**141**	233
Other	**75**	29
Total	**$5,125**	$4,798

The cash value of life insurance relates to Company-owned life insurance policies on certain current and retired key employees as described in Note 13 to the Consolidated Financial Statements.

10. SALE-LEASEBACK TRANSACTION

On March 22, 2007, the Company sold its headquarters building complex for $9.6 million. Simultaneously, the Company entered into a six-year lease with the building's new owner. The lease on the building qualifies as an operating lease. LaBarge's continuing involvement with the property is more than a minor part, but less than substantially all of the use of the property. The gain on the transaction was $3.5 million. The profit on the sale, in excess of the present value of the minimum lease payments over the lease term, was $635,000 before income tax ($391,000 after-tax) and was recorded as a gain in other income in the fiscal year ended July 1, 2007. The remainder of the gain of $2.9 million is being amortized over the six years of the lease as a reduction in rent expense. Of this amount, $481,000 was recognized in the fiscal years ended June 27, 2010, June 28, 2009, and June 29, 2008, respectively.

The obligations for future minimum lease payments as of June 27, 2010, and the amortization of the remaining deferred gain of $1.3 million is:

(in thousands)

Fiscal Year	Minimum Lease Payments	Deferred Gain Amortization	Net Rental Expense
2011	$ 603	$ (481)	$ 122
2012	603	(481)	122
2013	435	(346)	89

11. SHORT- AND LONG-TERM OBLIGATIONS

Short-term borrowings, long-term debt and the current maturities of long-term debt consist of the following:

(amounts in thousands)

	June 27, 2010	June 28, 2009
Short-term borrowings:		
Revolving credit agreement:		
Balance at year-end	**$ —**	$ —
Interest rate at year-end	**3.75%**	4.00%
Average amount of short-term borrowings outstanding during period	**$ 35**	$ 2,206
Average interest rate for fiscal year	**3.79%**	4.10%
Maximum short-term borrowings at any month-end	**$ —**	$ 5,875
Senior long-term debt:		
Term loan	**$37,000**	$45,000
Other	**327**	488
Total senior long-term debt	**37,327**	45,488
Less current maturities	**12,069**	6,162
Long-term debt, less current maturities	**$25,258**	$39,326

The average interest rate was computed by dividing the sum of daily interest costs by the sum of the daily borrowings for the respective periods.

Total net cash payments for interest in fiscal years 2010, 2009, and 2008 were $1.7 million, $897,000, and $1.5 million, respectively.

SENIOR LENDER:

The Company entered into a senior secured loan agreement on December 22, 2008, amended on January 30, 2009. The following is a summary of certain provisions of the agreement:

- The agreement provides for a revolving credit facility, of up to $30.0 million, which is available for direct borrowings or letters of credit. The facility is based on a borrowing base formula equal to the sum of 85% of eligible receivables and 35% of eligible inventories. As of June 27, 2010, there were no outstanding loans under the revolving credit facility. As of June 27, 2010, letters of credit issued were $1.2 million, leaving an aggregate of up to $28.8 million available under the revolving credit facility. This credit facility matures on December 22, 2011.

- The agreement provides for an aggregate $45.0 million term loan, with quarterly principal payments beginning in September 2009 of $2.0 million, increasing to $2.5 million in September 2010 and increasing to $2.7 million in September 2011. The balance is due on December 22, 2011.
- Interest on the revolving facility and the term loan is calculated at a base rate or LIBOR plus a stated spread based on certain ratios. For the fiscal year ended June 27, 2010, the average rate was approximately 3.66%.
- All loans are secured by substantially all the assets of the Company other than real estate.
- The Company must comply with covenants and certain financial performance criteria consisting of Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") in relation to debt, minimum net worth and operating cash flow in relation to fixed charges. The Company was in compliance with its borrowing agreement covenants as of and during the fiscal year ended June 27, 2010.

INTEREST RATE SWAP:

To mitigate the risk associated with interest rate volatility, the Company entered into an interest rate swap agreement on January 9, 2009. This pay-fixed, receive-floating rate swap limits the Company's exposure to interest rate variability and allows for better cash flow control. The swap is not used for speculative purposes.

Under the original agreement, the Company fixed the interest payments to a base rate of 1.89% plus a stated spread based on certain ratios. The beginning notional amount is $35.0 million, which will amortize simultaneously with the term loan schedule in the associated loan agreement and will mature on December 22, 2011.

On September 30, 2009, the Company made an additional payment in conjunction with the first principal payment under the loan agreement dated December 22, 2008. This additional payment required a restructuring of the interest rate swap agreement. As a result, the fixed base rate under the revised agreement increased to 1.92%. This rate will apply until the swap matures on December 22, 2011.

The interest rate swap agreement has been designated as a cash flow hedging instrument, and the Company has formally documented, designated and assessed the effectiveness of the interest rate swap. The financial statement impact of ineffectiveness for the fiscal year ended June 27, 2010, was not significant.

FAIR VALUE:

The Company considers the carrying amounts of cash and cash equivalents, securities and other current assets and liabilities, including accounts receivable and accounts payable, to approximate fair value because of the short maturity of these financial instruments.

The Company has considered amounts outstanding under the long-term debt agreements and determined that carrying amounts recorded in the financial statements are consistent with the estimated fair value as of June 27, 2010.

Additionally, the interest rate swap agreement, further described above, has been recorded by the Company based on the estimated fair value as of June 27, 2010.

At June 27, 2010, the Company recorded a liability of $361,000 classified within other long-term liabilities in the consolidated balance sheet, and accumulated other comprehensive loss of $222,000 (net of deferred income tax effects of $139,000) relating to the fair value of the interest rate swap agreement.

The Company has classified its financial assets and liabilities using a three-level hierarchy for disclosure of fair value measurements, based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date, as follows:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Company's interest rate swap is valued using a present value calculation based on an implied forward LIBOR curve (adjusted for the Company's credit risk) and is classified within Level 2 of the valuation hierarchy, as presented below:

(in thousands)

	Fair Value as of June 27, 2010			
	Level 1	Level 2	Level 3	Total
Other long-term liabilities:				
Interest rate swap derivative	$ —	$ 361	$ —	$361
Total	$ —	$ 361	$ —	$361

OTHER LONG-TERM DEBT:

Other long-term debt includes capital lease agreements with outstanding balances totaling $77,000 at June 27, 2010, and $238,000 at June 28, 2009.

MATURITIES OF SENIOR LONG-TERM DEBT:

The aggregate maturities of long-term obligations are as follows:

(in thousands) **Fiscal Year**	
2011	$12,069
2012	25,258
Total	**$37,327**

12. OPERATING LEASES

The Company operates its corporate headquarters and certain of its manufacturing facilities in leased premises and with leased equipment under noncancellable operating lease agreements having an initial term of more than one year and expiring at various dates through 2020.

Rental expense under operating leases is as follows:

(in thousands)

	Fiscal Year Ended		
	June 27, 2010	June 28, 2009	June 29, 2008
Initial term of more than one year	**$2,700**	$2,985	$2,894
Deferred gain on sale leaseback	**(481)**	(481)	(481)
Short-term rentals	**—**	—	155
Total	**$2,219**	$2,504	$2,568

At June 27, 2010, the future minimum lease payments under operating leases with initial noncancellable terms in excess of one year are as follows:

(in thousands) **Fiscal Year**	
2011	$2,186
2012	1,629
2013	1,331
2014	547
2015	545
Thereafter	1,454
Total	**$7,692**

The $1.5 million due after 2015 relates to an obligation under a long-term facility lease in Huntsville, Arkansas.

13. EMPLOYEE BENEFIT PLANS

The Company has a qualified contributory savings plan under Section 401(k) of the Internal Revenue Code for employees meeting certain service requirements. The plan allows eligible employees to contribute up to 60% of their compensation, with the Company matching 50% of the first $25 per month and 25% of the excess on the first 8% of this contribution. During fiscal years 2010, 2009, and 2008, Company matching contributions were $0, $419,000, and $494,000, respectively. The Company suspended the matching contributions in the third quarter of fiscal 2009 and reinstated the matching contributions on July 1, 2010. In addition, at the discretion of the Board of Directors, the Company may also make contributions dependent on profits each year for the benefit of all eligible employees under the plan. There were no such contributions for fiscal years 2010, 2009, and 2008.

The Company has a deferred compensation plan for certain employees who, due to Internal Revenue Service (“IRS”) guidelines, cannot take full advantage of the contributory savings plan. This plan, which is not required to be funded, allows eligible employees to defer portions of their current compensation and the Company guarantees an interest rate of between prime and prime plus 2%. To support the deferred compensation plan, the Company may elect to purchase Company-owned life insurance. The increase in the cash value of the life insurance policies exceeded the premiums paid by $81,000, $95,000, and $90,000 in fiscal years 2010, 2009, and 2008, respectively. The cash surrender value of the Company-owned life insurance related to deferred compensation is included in other assets along with other policies owned by the Company, and was $1.8 million at June 27, 2010, compared with $1.7 million at June 28, 2009. The liability for the deferred compensation and interest thereon is included in accrued employee compensation and was $5.3 million at June 27, 2010, compared with $5.2 million at June 28, 2009.

The Company has an employee stock purchase plan that allows eligible employees to purchase common stock at the end of each quarter at 15% below the market price as of the first or last day of the quarter, whichever is lower. The Company suspended the employee stock purchase plan in the third quarter of fiscal 2009 and reinstated the plan in the first quarter of fiscal 2011. For the fiscal year June 28, 2009, 25,946 shares were purchased by employees in aggregate amount of $318,000 for which the Company recognized expense of approximately $59,000. For the fiscal year ended June 29, 2008, 24,166 shares were purchased by employees in the aggregate amount of $307,000, for which the Company recognized expense of approximately $65,000.

14. OTHER EXPENSE (INCOME), NET

The components of other income, net, are as follows:

(amounts in thousands)

	Fiscal Year Ended		
	June 27, 2010	June 28, 2009	June 29, 2008
Interest income	**$ (21)**	$ (8)	$ (11)
Other than temporary impairment of investments	**—**	26	59
Other, net	**(34)**	(4)	85
Total	**$ (55)**	$ 14	$ 133

15. INCOME TAXES

Total income tax expense (benefit) was allocated as follows:

(in thousands)

	June 27, 2010	June 28, 2009	June 29, 2008
Current:			
U.S. Federal	**$6,880**	$4,431	$7,210
State and Local	**86**	1,011	1,444
Total	**$6,966**	$5,442	$8,654
Deferred:			
U.S. Federal	**$ 174**	$ 750	$ 245
State and Local	**7**	137	112
Total	**$ 181**	$ 887	$ 357
Income tax expense from operations:			
U.S. Federal	**$7,054**	$5,181	$7,455
State and Local	**93**	1,148	1,556
Total	**$7,147**	$6,329	$9,011

Income tax expense (benefit) differed from the amounts computed by applying the U.S. Federal income tax rate of 35% as follows:

(in thousands)

	June 27, 2010	June 28, 2009	June 29, 2008
Computed “expected” tax expense	**$7,712**	$5,834	$8,343
Increase (decrease) in income taxes resulting from:			
Manufacturing deductions	**(358)**	(113)	(360)
Tax exposure adjustment	**(130)**	(185)	(135)
Apportionment adjustment	**(795)**	—	—
State and local tax, net	**758**	813	1,007
Other	**(40)**	(20)	156
Total	**$7,147**	$6,329	$9,011

The Company regularly reviews its potential tax liabilities for tax years subject to audit.

During the first quarter of fiscal year 2010, the Company recorded a $795,000 reduction to income tax expense from a correction in the apportionment factor for state income tax returns for fiscal years 2006 through 2009. See Note 1 to Consolidated Financial Statements for further discussion.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are presented below:

(in thousands)	**June 27, 2010**	June 28, 2009
Deferred tax assets:		
Inventories due to additional costs inventoried for tax purposes pursuant to the Tax Reform Act of 1986 and inventory valuation provisions	**$ 2,452**	$ 1,917
Gain on sale-leaseback transaction	**502**	714
Deferred compensation	**2,329**	2,668
Loss reserves on long-term contracts	**117**	217
Accrued vacation	**495**	462
Other than temporary impairment of asset - held for sale	**295**	307
Other	**561**	361
Total gross deferred tax assets	**$ 6,751**	$ 6,646
Deferred tax liabilities:		
Goodwill and intangibles	**$(3,324)**	$(2,775)
Property, plant and equipment, principally due to differences in depreciation methods	**(2,228)**	(2,618)
Other	**(38)**	(83)
Total gross deferred tax liabilities	**$(5,590)**	$(5,476)
Net deferred tax assets	**$ 1,161**	$ 1,170

A valuation allowance is provided, if necessary, to reduce the deferred tax assets to a level, which, more likely than not, will be realized. The net deferred tax assets reflect management’s belief that it is more likely than not that future operating results will generate sufficient taxable income to realize the deferred tax assets.

Total net cash payments for federal and state income taxes were $4.4 million for fiscal year 2010, $4.1 million for fiscal year 2009, and $8.4 million for fiscal year 2008.

The amount of unrecognized tax benefits as of June 27, 2010 included $28,000 of uncertain tax benefits and other items, which would impact the Company’s provision for income taxes and effective tax rate if recognized. The amount of unrecognized tax benefits as of June 28, 2009, and June 29, 2008, included $158,000 and $274,000, respectively, of uncertain tax benefits and other items, which would impact the Company’s provision for income taxes and effective tax rate if recognized.

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. As of June 27, 2010, there was approximately $16,000 of accrued interest related to uncertain tax positions.

The Company’s federal income tax return for fiscal years 2010 and 2009 are open tax years. In August 2009, the Company was notified that the IRS would be auditing the fiscal year 2008 return. The fiscal year 2008 audit was closed in fiscal year 2009 with no findings. The Company files in numerous state jurisdictions with varying statutes of limitation open from 2004 through 2009, depending on each jurisdiction’s unique tax laws. During the fiscal year ended June 29, 2008, the IRS concluded its examination of the Company’s federal returns for fiscal years 2005 and 2006. As a result of adjustments to the Company’s claimed research and experimentation credits, and other issues, the Company settled with the IRS for $236,000. The unrecognized

tax benefits were decreased by $371,000 as a result of the settlement and the expiration of certain statutes. The Company recorded $15,000 of the additional expense related to the settlement during the fiscal year ended June 29, 2008.

A reconciliation of the beginning and ending amounts of unrecognized tax benefits is as follows:

(in thousands)

	June 27, 2010	June 28, 2009
Balance at beginning of the year	**$ 158**	$ 274
Reductions for tax positions of prior years	**(130)**	(116)
Balance at end of year	**$ 28**	$ 158

16. EARNINGS PER COMMON SHARE

Basic and diluted earnings per common share are computed as follows:

(amounts in thousands, except per-share amounts)

	Fiscal Year Ended		
	June 27, 2010	June 28, 2009	June 29, 2008
Net earnings	**$14,888**	$10,338	$14,827
Basic net earnings per common share	**$ 0.95**	$ 0.67	$ 0.98
Diluted net earnings per common share	**$ 0.93**	$ 0.64	$ 0.92

Basic earnings per share are calculated using the weighted average number of common shares outstanding during the period. Diluted earnings per share are calculated using the weighted average number of common shares outstanding during the period plus shares issuable upon vesting of restricted shares and the assumed exercise of dilutive common share options by using the treasury stock method.

(in thousands)

	June 27, 2010	June 28, 2009	June 29, 2008
Average common shares outstanding — basic	**15,713**	15,498	15,198
Dilutive options and nonvested shares	**382**	546	940
Adjusted average common shares outstanding — diluted	**16,095**	16,044	16,138

All outstanding stock options and nonvested shares at June 27, 2010, June 28, 2009, and June 29, 2008, were dilutive. The stock options expire in various periods through 2014. The Company had awarded certain key executives nonvested shares tied to the Company’s fiscal year 2008 financial performance. The compensation expense related to these awards is recognized quarterly. The nonvested shares vest over the next fiscal year.

17. SHARE-BASED ARRANGEMENTS

The Company has established the 1993 Incentive Stock Option Plan, the 1995 Incentive Stock Option Plan and the 1999 Non-Qualified Stock Option Plan (collectively, the “Plans”). The Plans provide for the issuance of up to 2.2 million shares to be granted in the form of share-based awards to key employees of the Company. In addition, pursuant to the 2004 Long Term Incentive Plan (“LTIP”), the Company provides for the issuance of up to 850,000 shares to be granted in the form of share-based awards to certain key employees and nonemployee directors. The Company may satisfy the awards upon exercise with either new or treasury shares. The Company’s share-based compensation awards outstanding at June 27, 2010, include stock options, restricted stock and performance units.

For the fiscal year ended June 27, 2010, total share-based compensation was $1.1 million ($691,000 after-tax), equivalent to earnings per basic and diluted shares of $0.04. For the fiscal year ended June 28, 2009, total share-based compensation was $1.1 million ($678,000 after-tax), equivalent to earnings per basic and diluted shares of $0.04. For the fiscal year ended June 29, 2008, total share-based compensation was $1.4 million ($891,000 after-tax), equivalent to earnings per basic and diluted share of $0.06.

As of June 27, 2010, the total unrecognized compensation expense related to nonvested shares and performance units was $979,000 before income tax, and the period over which it is expected to be recognized is approximately two years. At June 28, 2009, the total unrecognized compensation expense related to nonvested shares and performance units was $615,000 before income tax, and the period over which it is expected to be recognized is approximately one year.

STOCK OPTIONS

A summary of the activity in the Company's Plans during the fiscal year ended June 27, 2010, is presented below:

	Number of Shares	Weighted Average Exercise Price	Number of Shares Exercisable	Weighted Average Exercise Price	Weighted Average Fair Value Granted Options
Outstanding at July 1, 2007	1,581,313	$ 3.90	1,581,313	$ 3.90	
Canceled	—	—	—	—	
Exercised	(99,989)	4.69	—	—	
Outstanding at June 29, 2008	1,481,324	$ 3.84	1,481,324	$ 3.84	
Canceled	(4,500)	8.54	—	—	
Exercised	(892,285)	3.08	—	—	—
Outstanding at June 28, 2009	584,539	$ 4.97	584,539	$ 4.97	
Canceled	**—**	**—**	**—**	**—**	
Exercised	**(157,887)**	**3.25**	**—**	**—**	**—**
Outstanding at June 27, 2010	**426,652**	**$ 5.61**	**426,652**	**$ 5.61**	

The following table summarizes information about stock options outstanding and exercisable as of June 27, 2010:

Range of Exercise Prices	Number Outstanding	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Aggregate Intrinsic Value (1) *(in millions)*
$2.50 – 3.00	112,900	1.2	$ 2.85	$ 1.1
$3.03 – 5.96	121,600	3.1	3.53	1.1
$5.97– 8.54	192,152	4.2	8.54	0.7
	426,652	3.1	$ 5.61	$ 2.9

(1) The intrinsic value of a stock option is the amount by which the June 27, 2010 market value of the underlying stock exceeds the exercise price of the option.

For the fiscal years ended June 27, 2010, and June 28, 2009, the total intrinsic value of stock options exercised was $1.2 million and $8.2 million, respectively. The exercise period for all stock options generally may not exceed 10 years from the date of grant. Stock option grants to individuals generally become exercisable over a service period of one to five years. There were no stock options granted in the fiscal years ended June 27, 2010, and June 28, 2009.

PERFORMANCE UNITS AND NONVESTED STOCK

The Company's LTIP provides for the issuance of performance units, which will be settled in stock subject to the achievement of the Company's financial goals. Settlement will be made pursuant to a range of opportunities relative to net earnings. No settlement will occur for results below the minimum threshold and additional shares shall be issued if the performance exceeds the targeted goals. The compensation cost of performance units is subject to adjustment based upon the attainability of the target goals.

Upon achievement of the performance goals, shares are awarded in the employee's name, but are still subject to a two-year vesting condition. If employment is terminated (other than due to death or disability) prior to the vesting period, the shares are forfeited. Compensation expense is recognized over the performance period plus vesting period. The awards are treated as a liability award during the performance period and as an equity award once the performance targets are settled. Awards vest on the last day of the second fiscal year following the end of the performance period.

A summary of the activity of the Company's nonvested shares during the fiscal year ended June 27, 2010, is presented below:

	Number of Nonvested Shares	Weighted Average Grant Price
Nonvested shares at July 1, 2007	74,261	$ 13.33
Issued	108,084	12.29
Vested	(74,261)	13.33
Nonvested shares at June 29, 2008	108,084	$ 12.29
Issued	141,923	13.00
Vested	(108,084)	12.29
Nonvested shares at June 28, 2009	141,923	$ 13.00
Issued	**119,338**	**12.30**
Vested	**(141,923)**	**13.00**
Nonvested shares at June 27, 2010	**119,338**	**$ 12.30**

For the fiscal years ended 2010, 2009, and 2008, compensation expense related to the LTIP was $1.1 million, $1.1 million and $1.4 million, respectively.

18. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

Summarized quarterly financial data is set forth below:

(amounts in thousands, except per-share amounts)

Fiscal Year 2010	Fiscal Quarter Ended				
	September 27, 2009	December 27, 2009	March 28, 2010	June 27, 2010	Total
Net sales	$ 63,155	$ 69,000	$ 74,735	$ 82,413	$ 289,303
Cost of sales	50,925	55,300	59,334	66,118	231,677
Gross profit	12,230	13,700	15,401	16,295	57,626
Selling and administrative expense	8,090	8,858	8,402	8,585	33,935
Operating income	4,140	4,842	6,999	7,710	23,691
Interest expense	508	421	400	382	1,711
Other expense (income), net	24	15	(45)	(49)	(55)
Earnings before income taxes	3,608	4,406	6,644	7,377	22,035
Income tax expense	505	1,569	2,516	2,557	7,147
Net earnings	$ 3,103	$ 2,837	$ 4,128	$ 4,820	$ 14,888
Basic net earnings per common share	$ 0.20	$ 0.18	$ 0.26	$ 0.31	$ 0.95
Average basic common shares outstanding	15,743	15,756	15,710	15,644	15,713
Diluted net earnings per common share	$ 0.19	$ 0.18	$ 0.26	$ 0.30	$ 0.93
Average diluted common shares outstanding	16,048	16,041	16,010	16,035	16,095

18. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED) (continued)

Fiscal Year 2009	Fiscal Quarter Ended September 28, 2008	December 28, 2008	March 29, 2009	June 28, 2009	Total
Net sales	$ 68,192	$ 68,207	$72,216	$64,753	$273,368
Cost of sales	53,929	57,955	57,558	53,141	222,583
Gross profit	14,263	10,252	14,658	11,612	50,785
Selling and administrative expense	8,270	9,642	7,828	7,070	32,810
Operating income	5,993	610	6,830	4,542	17,975
Interest expense	158	145	508	483	1,294
Other expense, net	10	6	4	(6)	14
Earnings before income taxes	5,825	459	6,318	4,065	16,667
Income tax expense	2,156	210	2,506	1,457	6,329
Net earnings	$ 3,669	$ 249	$ 3,812	$ 2,608	$ 10,338
Basic net earnings per common share	$ 0.24	$ 0.02	$ 0.24	$ 0.17	$ 0.67
Average basic common shares outstanding	15,234	15,451	15,656	15,651	15,498
Diluted net earnings per common share	$ 0.23	$ 0.02	$ 0.24	$ 0.16	$ 0.64
Average diluted common shares outstanding	16,090	16,059	16,042	16,029	16,044

Exhibit 99.2

LABARGE, INC.

CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per-share amounts)

(Unaudited)

	April 3, 2011	June 27, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	$ 6,219	$ 2,301
Accounts and other receivables, net	42,746	46,807
Inventories	74,962	64,536
Prepaid expenses	1,577	1,062
Deferred tax assets, net	3,551	3,655
Total current assets	129,055	118,361
Property, plant and equipment, net of accumulated depreciation of $39,791 at April 3, 2011, and $35,704 at June 27, 2010	27,696	28,536
Intangible assets, net	7,744	9,076
Goodwill	43,424	43,424
Other assets	5,147	5,125
Total assets	$213,066	$204,522
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt	$ 10,461	$ 12,069
Trade accounts payable	24,928	26,538
Accrued employee compensation	15,777	14,625
Other accrued liabilities	4,343	3,712
Cash advances from customers	7,015	2,921
Total current liabilities	62,524	59,865
Long-term advances from customers for purchase of materials	208	46
Deferred tax liabilities, net	2,981	2,494
Deferred gain on sale of real estate and other liabilities	718	1,219
Long-term debt	17,300	25,258
Stockholders' equity:		
Common stock, $0.01 par value. Authorized 40,000,000 shares; 15,958,839 shares issued at both April 3, 2011, and June 27, 2010, including shares in treasury	160	160
Additional paid-in capital	14,045	14,582
Retained earnings	116,818	103,827
Accumulated other comprehensive loss	(138)	(222)
Less cost of common stock in treasury shares of 132,912 at April 3, 2011, and 234,651 at June 27, 2010	(1,550)	(2,707)
Total stockholders' equity	129,335	115,640
Total liabilities and stockholders' equity	$213,066	$204,522

See accompanying Notes to Consolidated Financial Statements.

LABARGE, INC.

CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per-share amounts)

(Unaudited)

	Three Months Ended		Nine Months Ended	
	April 3, 2011	March 28, 2010	April 3, 2011	March 28, 2010
Net sales	$83,214	$74,735	$250,103	$206,890
Cost of sales	66,290	59,334	199,467	165,559
Gross profit	16,924	15,401	50,636	41,331
Selling and administrative expense	10,616	8,402	29,048	25,350
Operating income	6,308	6,999	21,588	15,981
Interest expense	293	400	1,031	1,329
Other expense (income), net	173	(45)	160	(6)
Earnings before income taxes	5,842	6,644	20,397	14,658
Income tax expense	2,191	2,516	7,406	4,590
Net earnings	$ 3,651	$ 4,128	$ 12,991	$ 10,068
Basic net earnings per common share	$ 0.23	$ 0.26	$ 0.83	$ 0.64
Average basic common shares outstanding	15,706	15,710	15,695	15,737
Diluted net earnings per common share	$ 0.23	$ 0.26	$ 0.81	$ 0.63
Average diluted common shares outstanding	15,970	16,010	15,941	16,036

See accompanying Notes to Consolidated Financial Statements.

LABARGE, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

	Nine Months Ended	
	April 3, 2011	March 28, 2010
Cash flows from operating activities:		
Net earnings	$ 12,991	$ 10,068
Adjustments to reconcile net cash provided by operating activities:		
Loss on disposal of property, plant and equipment	—	69
Depreciation and amortization	6,270	6,739
Amortization of deferred gain on sale of real estate	(360)	(361)
Share-based compensation	1,121	843
Deferred taxes	559	321
Changes in operating assets and liabilities:		
Accounts and other receivables, net	4,061	(5,584)
Inventories	(10,426)	(6,246)
Prepaid expenses	(390)	(114)
Trade accounts payable	(2,037)	6,269
Accrued liabilities	1,548	3,830
Cash advances from customers	4,256	(3,639)
Net cash provided by operating activities	17,593	12,195
Cash flows from investing activities:		
Additions to property, plant and equipment	(3,380)	(3,600)
Proceeds from disposal of property, equipment and other assets	46	14
Additions to other assets	(359)	(701)
Net cash used by investing activities	(3,693)	(4,287)
Cash flows from financing activities:		
Borrowings on revolving credit facility	21,150	850
Payments of revolving credit facility	(21,150)	(850)
Repayments of long-term debt	(9,566)	(6,121)
Transaction costs related to bank financing	(125)	—
Excess tax benefits from stock option exercises	36	387
Remittance of minimum taxes withheld as part of a net share settlement of stock option exercises	(562)	(841)
Issuance of treasury stock	235	140
Purchase of treasury stock	—	(1,575)
Net cash used by financing activities	(9,982)	(8,010)
Net increase (decrease) in cash and cash equivalents	3,918	(102)
Cash and cash equivalents at beginning of period	2,301	4,297
Cash and cash equivalents at end of period	$ 6,219	$ 4,195

See accompanying Notes to Consolidated Financial Statements.

Note 1. Presentation and Summary of Significant Accounting Policies

The consolidated balance sheet at April 3, 2011, the related consolidated statements of income for the three and nine months ended April 3, 2011 and March 28, 2010, and the related consolidated statements of cash flows for the nine months ended April 3, 2011 and March 28, 2010 have been prepared by LaBarge, Inc. (the "Company") without audit. In the opinion of management, adjustments, all of a normal and recurring nature, necessary to present fairly the financial position and the results of operations and cash flows for the aforementioned periods, have been made. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions in certain circumstances that affect amounts reported in the accompanying consolidated financial statements. In preparing these financial statements, management has made its best estimates and judgment of certain amounts included in the financial statements. Areas involving significant judgments and estimates include revenue recognition and cost of sales, inventories, and goodwill and intangible assets. Actual results could differ from those estimates.

During the first quarter of fiscal year 2010, the Company recorded a $795,000 reduction to income tax expense from a correction in the apportionment factor for state income tax returns for fiscal years 2006 through 2009 and an increase in other tax expense, included in selling and administrative expense, of $193,000 ($125,000 after tax) for a gross receipts tax that relates to fiscal years 2005 through 2009. The $795,000 reduction to income tax expense is net of the federal income taxes. The Company determined that the amounts that related to prior fiscal years were not material to any of the respective prior fiscal years and, therefore, recognized the adjustments during the first quarter of fiscal year 2010. The net impact of both adjustments to net earnings for the nine months ended March 28, 2010, was an increase of $670,000, or $0.04 per basic and diluted share. The impact on full-year net earnings for fiscal year 2010 was not material.

Business Combination

On April 3, 2011, the Company, Ducommun Incorporated ("Ducommun") and DLBMS, Inc. ("Merger Subsidiary") entered into an Agreement and Plan of Merger (the "Merger Agreement"). Under the terms of the Merger Agreement, Merger Subsidiary will be merged with and into the Company with the Company continuing as the surviving corporation and a wholly-owned subsidiary of Ducommun (the "Merger").

At the effective time of the Merger (the "Effective Time"), each outstanding share of the Company's common stock (including each outstanding share of restricted stock and the associated preferred stock purchase rights granted pursuant to the Rights Agreement, dated November 8, 2001 between the Company and Registrar and Transfer Company, as amended), other than shares: (a) held by the Company or its subsidiaries, (b) owned by Ducommun or its subsidiaries and (c) owned by stockholders who have not consented to the Merger and who have properly demanded appraisal for their shares under Delaware law, will be canceled and converted into the right to receive $19.25 in cash, without interest. At the Effective Time, each outstanding option will be canceled and converted into the right to receive in cash, without interest and less applicable withholding taxes, an amount equal to the product of: (a) the excess, if any, of $19.25 over the exercise price per share of common stock for such option multiplied by (b) the total number of shares of common stock then subject to such option immediately prior to the Effective Time.

Pursuant to the Merger Agreement, the Company is subject to a "no shop" restriction on its ability to solicit third party proposals or provide information and engage in discussions with third parties relating to alternative business combination transactions. The "no shop" provision is subject to a "fiduciary-out" provision that allows the Company, prior to obtaining stockholder approval of the Merger, (i) to engage in negotiations or discussions (including making any counterproposal or counter offer to) with any third party that has made after the date of the Merger Agreement a "superior proposal" or a bona fide unsolicited written acquisition proposal that the Company's Board of Directors believes in good faith (after consultation with a financial advisor of nationally recognized reputation and outside legal counsel) is reasonably likely to lead to a "superior proposal," (ii) furnish to any third party that has made after the date of the Merger Agreement a "superior proposal" nonpublic information, (iii) terminate or amend any provision of any confidentiality or standstill agreement to which it is a party with respect to a "superior proposal," and (iv) make an "adverse recommendation change," but in each case only if the Board of Directors determines in good faith, after consultation with outside legal counsel, that failure to take such action would likely result in a breach of its fiduciary duties under applicable law, taking into account all adjustments to the terms of the Merger Agreement that may be offered by Ducommun in response to any such proposed action by the Company.

The Merger Agreement contains customary termination rights for Ducommun and the Company including if, subject to the terms of the Merger Agreement, the Board of Directors authorizes the Company to enter into an agreement concerning a superior proposal or the Merger has not been consummated by September 30, 2011. The Merger Agreement provides that, upon the termination of the Merger Agreement, under specified circumstances, the Company will be required to pay Ducommun a termination fee of $12.41 million. Depending on the specific circumstances under which the Merger Agreement is terminated, the Company will be required to pay such termination fee either simultaneously with the event giving rise to the termination fee or within two business days following the consummation of an alternative business combination transaction. Additionally, in the event the Company's stockholders do not approve the Merger, the Company will be required to reimburse the reasonable out-of-pocket expenses and fees (including all fees and expenses of advisors) incurred in connection with the Merger Agreement and transactions contemplated thereby by Ducommun and its affiliates up to $5 million.

The Merger Agreement contains customary representations, warranties and covenants, and the Merger is subject to customary closing conditions, including approval of the Merger by the Company's stockholders holding two-thirds of the outstanding shares of common stock and expiration or termination of applicable waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended. The parties currently expect to close the transaction during the summer of 2011.

Ducommun has obtained debt financing commitments for the transaction contemplated by the Merger Agreement, the aggregate proceeds of which will be sufficient for Ducommun to pay the aggregate per share merger consideration and all related fees and expenses.

To provide financing for the transaction, UBS Loan Finance LLC, UBS Securities LLC, Credit Suisse Securities (USA) LLC and Credit Suisse AG (the "Lenders") have provided a commitment to Ducommun for a senior secured term loan of $190 million and a senior secured revolving credit facility of up to $40 million (subsequently increased to $60.0 million), subject to the conditions set forth in the commitment letter dated April 3, 2011 (the "Debt Commitment Letter"). In the Debt Commitment Letter, the Lenders have also committed to provide a senior unsecured bridge facility of $200 million to be available if Ducommun does not complete an anticipated offering of high yield senior unsecured notes at the consummation of the Merger. The obligations of the Lenders to provide financing under the Debt Commitment Letter are subject to a number of customary conditions included in the Debt Commitment Letter. Consummation of the Merger is not subject to a financing condition.

The parties to the Merger Agreement are entitled to seek specific performance against each other in order to enforce their respective obligations under the Merger Agreement, subject to the terms and conditions therein.

Regulatory Matter

On February 10, 2011, the Company received a Wells notice from the staff of the United States Securities and Exchange Commission ("SEC") indicating that the staff intended to recommend the filing of a civil enforcement action against the Company. On March 18, 2011, the Company reached an understanding with the regional staff of the SEC regarding the terms of a settlement that the regional staff has agreed to recommend to the SEC. The proposed agreement, under which the Company will not admit or deny any wrongdoing, will, if approved by the SEC, fully resolve all claims against the Company relating to the formal investigation that the SEC commenced in June 2009, relating to the Company's internal controls regarding its use of estimates of completion costs for certain long-term production contracts. The SEC staff did not make a claim against any individuals and did not allege fraud on the part of the Company or any of its directors, officers or employees. The SEC did not request that the Company restate its financial statements for the periods in question. The proposed settlement includes the following principal terms: (i) the Company will agree to a cease and desist order from future violations of securities laws and (ii) the Company will pay a monetary penalty of $200,000. The Company recorded the penalty related to the proposed settlement of $200,000 in the Company's financial statements in other income/expense in the quarter ended April 3, 2011. In addition, the Company deposited $200,000 in an escrow account during the quarter ended April 3, 2011.

Recently Adopted Accounting Standards

In June 2009, the Financial Accounting Standards Board ("FASB") issued an accounting standards update included in Accounting Standards Codification ("ASC") Topic 810, "Consolidation," which amends previous guidance to require an analysis to determine whether a variable interest gives a company a controlling financial interest in a variable interest entity. An ongoing reassessment of financial responsibility is required, including interests in entities formed prior to the effective date of this guidance. This guidance also eliminates the quantitative approach previously required for determining whether a company is the primary beneficiary. It is effective for fiscal years beginning after November 15, 2009. This guidance was adopted by the Company on June 28, 2010, and adoption did not have a material impact on the Company's consolidated financial statements.

In October 2009, the FASB issued guidance titled "Revenue Recognition – Multiple Deliverable Revenue Arrangements" (Accounting Standards Update 2009-13), which requires entities to allocate net sales in an arrangement using estimated selling prices of the delivered goods and services based on a selling price hierarchy. The guidance eliminates the residual method of net sales allocation and requires net sales to be allocated using the relative selling price method. This guidance should be applied on a prospective basis for net sales arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. This guidance was adopted on June 28, 2010, and adoption did not have a material impact on the Company's consolidated financial statements.

Note 2. Sales and Net Sales

Sales and net sales consist of the following:

	Three Months Ended		Nine Months Ended	
	April 3, 2011	March 28, 2010	April 3, 2011	March 28, 2010
	(In thousands)			
Sales	$83,338	$74,884	$250,480	$207,281
Less sales discounts	124	149	377	391
Net sales	$83,214	$74,735	$250,103	$206,890

Geographic Information

The Company has no sales offices or facilities outside of the United States. Sales for exports were 6.5% of total sales for the fiscal quarter ended April 3, 2011, compared with 11.0% for the fiscal quarter ended March 28, 2010. For the nine months ended April 3, 2011, sales for exports were 9.3% of total sales, compared with 10.1% for the nine months ended March 28, 2010. The majority of the Company's foreign sales are due to a large contract related to wind power generation equipment. This contract is denominated in U.S. dollars and, therefore, the Company does not have foreign currency risk associated with the related accounts receivable.

Customer Information

Sales to the Company's 10 largest customers represented 54% of total net sales for the three months ended April 3, 2011, versus 60% for the three months ended March 28, 2010. The Company's top three customers and their relative contributions to sales for the fiscal quarter ended April 3, 2011, were as follows: Schlumberger Ltd., $9.4 million (11.3%); Owens-Illinois, Inc., $8.4 million (10.0%); and Raytheon Company, $5.9 million (7.0%). This compares with Owens-Illinois, Inc., $12.2 million (16.3%); American Superconductor, $6.4 million (8.5%); and Raytheon Company, $6.0 million (8.0%) for the fiscal quarter ended March 28, 2010.

Sales to the Company's 10 largest customers represented 58% of total net sales for the nine months ended April 3, 2011, versus 61% for the nine months ended March 28, 2010. The Company's top three customers and their relative contributions to sales for the nine months ended April 3, 2011, were as follows: Owens-Illinois, Inc., $32.3 million (12.9%); Schlumberger Ltd., $26.1 million (10.4%); and American Superconductor, $19.0 million (7.6%). This compares with Owens-Illinois, Inc., $29.1 million (14.1%); Raytheon Company, $17.8 million (8.6%); and American Superconductor, $16.7 million (8.1%) for the nine months ended March 28, 2010.

Note 3. Accounts and Other Receivables

Accounts and other receivables consist of the following:

	April 3, 2011	June 27, 2010
	(In thousands)	
Billed shipments	$42,855	$46,890
Less allowance for doubtful accounts	295	285
Trade receivables, net	42,560	46,605
Other current receivables	186	202
Total	$42,746	$46,807

Included in accounts receivable at April 3, 2011, and June 27, 2010, were $857,000 and $407,000, respectively, of receivables due directly from the U.S. Government and $15.7 million and $14.8 million, respectively, due from customers related to contracts with the U.S. Government.

At April 3, 2011, the amounts due from the three largest accounts receivable debtors and the percentage of total accounts receivable represented by those amounts were $6.4 million (14.9%), $3.2 million (7.5%), and $2.8 million (6.4%). This compares with $10.1 million (21.5%), $6.6 million (14.0%), and $3.4 million (7.2%) at June 27, 2010.

Note 4. Inventories

Inventories consist of the following:

	April 3, 2011	June 27, 2010
	(In thousands)	
Raw materials	$48,559	$42,602
Work in progress	6,838	4,658
Inventoried costs relating to long-term contracts, net of amounts attributable to net sales recognized to date	15,631	13,399
Finished goods	3,934	3,877
Total	$74,962	$64,536

For the three months ended April 3, 2011, and March 28, 2010, expense for obsolete or slow-moving inventory charged to income before taxes was $388,000 and $300,000, respectively.

For the nine months ended April 3, 2011, and March 28, 2010, expense for obsolete or slow-moving inventory charged to income before taxes was $1.3 million and $851,000, respectively.

The following table shows the cost elements included in the inventoried costs related to long-term contracts:

	April 3, 2011	June 27, 2010
	(In thousands)	
Production costs of goods currently in process(1)	$14,961	$13,054
Excess of production costs of delivered units over the estimated average cost of all units expected to be produced, including tooling and non-recurring costs	658	642
Unrecovered costs subject to future negotiation	347	—
Reserve for contracts with estimated costs in excess of contract net sales	(335)	(297)
Total inventoried costs	$15,631	$13,399

(1) Selling and administrative expenses are not included in inventory costs.

Deferred production costs generally tend to be significant on large multi-year contracts for which the Company has not previously produced the product.

The inventoried costs relating to long-term contracts include unrecovered costs of $347,000 and $0 at April 3, 2011, and June 27, 2010, respectively, which are subject to future determination through negotiation or other procedures not complete at April 3, 2011. In the opinion of management, these costs will be recovered by contract modification.

The Company records a loss when the estimated costs of a contract exceed the net realizable value of the contract. The Company has recorded a provision equal to the amount that estimated costs would exceed the net realizable revenue over the contract.

Note 5. Intangible Assets, Net

Intangible assets, net, consist of the following:

	April 3, 2011	June 27, 2010
	(In thousands)	
Software	$ 5,686	$ 5,446
Less accumulated amortization	4,846	4,432
Net software	840	1,014
Customer lists	13,070	13,070
Less accumulated amortization	6,166	5,236
Net customer lists	6,904	7,834
Employee agreements	1,350	1,350
Less accumulated amortization	1,350	1,122
Net employee agreements	—	228
Total	$ 7,744	$ 9,076

Intangible assets are amortized over a period ranging from two to eight years. Amortization expense was $520,000 for the three months ended April 3, 2011, compared with $669,000 for the three months ended March 28, 2010. For the nine months ended April 3, 2011, amortization expense was $1.7 million, compared with $2.2 million in the nine months ended March 28, 2010.

The Company anticipates that amortization expense will approximate $2.2 million for fiscal year 2011, $2.0 million for fiscal year 2012, $1.8 million for fiscal year 2013, $1.7 million for fiscal year 2014, and $1.6 million for fiscal year 2015.

The Company assesses the assets for impairment in accordance with ASC 360-10, “Property, Plant, and Equipment—Impairment or Disposal of Long-Lived Assets.” Impairment is realized when the undiscounted cash flows to be derived from the asset are less than its carrying amount. If impairment exists, the carrying value of the impaired asset is reduced to its net realizable value. The impairment charge is recorded in operating results. There was no impairment charge during the nine months ended April 3, 2011, or during fiscal year 2010.

Note 6. Goodwill

Goodwill is summarized as follows:

	April 3, 2011	June 27, 2010
	(In thousands)	
Goodwill	$43,424	$43,424

Goodwill is recorded at three of the Company’s reporting units. Impairment is tested annually in the fourth quarter of each fiscal year or more frequently if events or circumstances warrant.

Note 7. Other Assets

Other assets consist of the following:

	April 3, 2011	June 27, 2010
	(In thousands)	
Cash value of life insurance	$4,643	$4,723
Deposits and licenses	223	186
Deferred financing costs, net	199	141
Other	82	75
Total	$5,147	$5,125

The cash value of life insurance relates to Company-owned life insurance policies on certain current and retired key employees.

Note 8. Short- and Long-Term Obligations

Short-term borrowings, long-term debt and current maturities of long-term debt consist of the following:

	April 3, 2011	June 27, 2010
	(In thousands)	
Short-term borrowings:		
Revolving credit agreement:		
Balance at period-end	$ —	$ —
Interest rate at period-end	3.50%	3.75%
Average amount of short-term borrowings outstanding during period	$ 168	$ 35
Average interest rate for period	3.79%	3.79%
Maximum short-term borrowings at any month-end	$ 550	$ —
Senior long-term debt:		
Term loan	$27,500	$37,000
Other	261	327
Total senior long-term debt	27,761	37,327
Less current maturities	10,461	12,069
Long-term debt, less current maturities	$17,300	$25,258

The average interest rate was computed by dividing the sum of daily interest costs by the sum of the daily borrowings for the respective periods.

Senior Lender:

The Company entered into a senior secured loan agreement on December 22, 2008, amended on January 30, 2009, and August 31, 2010. The Company further amended the loan agreement on December 31, 2010, to extend the maturity date to December 31, 2013. The following is a summary of certain provisions of the agreement:

- The amended agreement provides for a revolving credit facility of up to $30.0 million, which is available for direct borrowings or letters of credit. The facility is based on a borrowing base formula equal to the sum of 85% of eligible receivables and 35% of eligible inventories. As of April 3, 2011, $0 was outstanding under the revolving credit facility. As of April 3, 2011, letters of credit issued were $1.2 million, leaving an aggregate of up to $28.8 million available under the revolving credit facility. This credit facility matures on December 31, 2013.
- The amended agreement provides for an extension of the final maturity date of the term loan. Beginning in December 2010, quarterly principal payments of $2.5 million are made, increasing to $2.7 million in September 2011, decreasing to $2.5 million in December 2011, and decreasing again to $2.3 million in December 2013. The term loan will be fully amortized at maturity on December 31, 2013.
- Interest on the revolving facility and the term loan is calculated at a base rate of LIBOR plus a stated spread based on certain ratios. For the fiscal quarter ended April 3, 2011, the average rate was approximately 3.34%.
- All loans are secured by substantially all the assets of the Company other than real estate.
- The Company must comply with covenants and certain financial performance criteria consisting of Earnings Before Interest, Taxes, Depreciation and Amortization (“EBITDA”) in relation to debt, minimum net worth and operating cash flow in relation to fixed charges. The Company was in compliance with its borrowing agreement covenants as of and during the fiscal quarter ended April 3, 2011.

Interest Rate Swap:

To mitigate the risk associated with interest rate volatility, the Company entered into an interest rate swap agreement. This pay-fixed, receive-floating rate swap limits the Company's exposure to interest rate variability and allows for better cash flow control. The swap is not used for speculative purposes.

Under the original agreement, the Company fixed the interest payments to a base rate of 1.89% plus a stated spread based on certain ratios. The beginning notional amount of $35.0 million will amortize simultaneously with the term loan schedule in the associated loan agreement and will mature on December 22, 2011. At April 3, 2011, the outstanding balance under the associated loan agreement was $21.4 million.

On September 30, 2009, the Company made an additional payment in conjunction with the first principal payment under the loan agreement dated December 22, 2008. This additional payment required a restructuring of the interest rate swap agreement. As a result, the fixed base rate under the revised agreement increased to 1.92%. This rate will apply until the swap matures on December 22, 2011.

The interest rate swap agreement has been designated as a cash flow hedging instrument, and the Company has formally documented, designated and assessed the effectiveness of the interest rate swap. The amended loan agreement executed on December 31, 2010, has not changed the accounting for the interest rate swap agreement as the hedge is expected to remain highly effective until maturity. The financial statement impact of ineffectiveness for the three and nine months ended April 3, 2011, was not material.

Fair Value:

The Company considered the carrying amounts of cash and cash equivalents, securities and other current assets and liabilities, including accounts receivable and accounts payable, to approximate fair value because of the short maturity of these financial instruments.

The Company has considered amounts outstanding under the long-term debt agreements and determined that carrying amounts recorded in the financial statements are consistent with the estimated fair value as of April 3, 2011.

Additionally, the interest rate swap agreement, further described above, has been recorded by the Company based on the estimated fair value as of April 3, 2011.

At April 3, 2011, the Company recorded a liability of $217,000 classified within other long-term liabilities in the consolidated balance sheet, and accumulated other comprehensive loss of $138,000 (net of deferred income tax effects of $79,000) relating to the fair value of the interest rate swap contract.

The Company has classified its financial assets and liabilities using a three-level hierarchy for disclosure of fair value measurements, based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date, as follows:

- Level 1—inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2—inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3—inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Company's interest rate swap is valued using a present value calculation based on an implied forward LIBOR curve (adjusted for the Company's credit risk) and is classified within Level 2 of the valuation hierarchy, as presented below:

	Fair Value as of April 3, 2011			
	Level 1	**Level 2**	**Level 3**	**Total**
	(In thousands)			
Other long-term liabilities:				
Interest rate swap derivative	$ —	$ 217	$ —	$217
	$ —	$ 217	$ —	$217

Other Long-Term Debt:

Other long-term debt includes capital lease agreements with outstanding balances totaling $11,000 at April 3, 2011, and $77,000 at June 27, 2010.

Maturities of Senior Long-Term Debt:

The aggregate maturities of long-term obligations are as follows:

Fiscal Year	(In thousands)
2011	$ 2,503
2012	10,458
2013	10,000
2014	4,800
Total	$ 27,761

Note 9. Cash Flows

Total cash payments for interest for the three months ended April 3, 2011, and March 28, 2010, amounted to $271,000 and $392,000, respectively. Total cash payments for interest for the nine months ended April 3, 2011, and March 28, 2010, amounted to $1.3 million and $1.3 million, respectively. Net cash payments for federal and state income taxes were $1.6 million and $1.4 million for the three months ended April 3, 2011, and March 28, 2010, respectively. Net cash payments for federal and state income taxes were $7.1 million and $2.9 million for the nine months ended April 3, 2011, and March 28, 2010, respectively.

Note 10. Comprehensive Income

Comprehensive income consists of the following:

	Three Months Ended		Nine Months Ended	
	April 3, 2011	March 28, 2010	April 3, 2011	March 28, 2010
	(In thousands)			
Net income	$3,651	$ 4,128	$12,991	$10,068
Other comprehensive gain (loss)	54	(16)	84	(112)
Comprehensive income	$3,705	$ 4,112	$13,075	$ 9,956

The other comprehensive gains of $54,000 and $84,000 recognized in the three and nine months ended April 3, 2011, respectively, and other comprehensive losses of $16,000 and $112,000 recognized in the three and nine months ended March 28, 2010, respectively, represent the result of the changes in the fair value of the interest rate swap agreement described in Note 8 to Consolidated Financial Statements. The agreement has been designated as a hedge of the variability of cash flows associated with the floating rate debt and has met current effectiveness criteria.

Note 11. Earnings Per Common Share

Basic and diluted earnings per common share are computed as follows:

	Three Months Ended		Nine Months Ended	
	April 3, 2011	March 28, 2010	April 3, 2011	March 28, 2010
	(In thousands, except earnings per-share amounts)			
Net earnings	$3,651	$ 4,128	$12,991	$10,068
Basic net earnings per common share	$ 0.23	$ 0.26	$ 0.83	$ 0.64
Diluted net earnings per common share	$ 0.23	$ 0.26	$ 0.81	$ 0.63

Basic earnings per share are calculated using the weighted-average number of common shares outstanding during the period. Diluted earnings per share are calculated under the treasury stock method using the weighted-average number of common shares outstanding during the period plus shares issuable upon the assumed exercise of dilutive common share options and nonvested shares.

Basic and diluted shares are computed as follows:

	Three Months Ended		Nine Months Ended	
	April 3, 2011	March 28, 2010	April 3, 2011	March 28, 2010
	(In thousands)			
Average common shares outstanding—basic	15,706	15,710	15,695	15,737
Dilutive options and nonvested shares	264	300	246	299
Adjusted average common shares outstanding—diluted	15,970	16,010	15,941	16,036

All stock options outstanding and nonvested shares at April 3, 2011, and March 28, 2010, were dilutive and included in the computation of diluted earnings per share. These options expire in various periods through 2014. The Company had awarded certain key executives nonvested shares tied to the Company's fiscal year 2010 financial performance. The compensation expense related to these awards is recognized quarterly. The nonvested shares vest at the end of the fiscal year 2012.

Note 12. Stock-Based Arrangements

The Company has established the 1993 Incentive Stock Option Plan, as amended, the 1995 Incentive Stock Option Plan and the 1999 Non-Qualified Stock Option Plan (collectively, the "Plans"). In the aggregate, the Plans provide for the issuance of up to 2.2 million shares to be granted in the form of share-based awards to key employees of the Company. In addition, pursuant to the 2004 Long Term Incentive Plan, as amended ("LTIP"), the Company provides for the issuance of up to 850,000 shares to be granted in the form of share-based awards to certain key employees and nonemployee directors. The Company may satisfy the awards upon exercise with either new or treasury shares. The Company's share-based compensation awards outstanding at April 3, 2011, include stock options, restricted stock and performance units.

For the three and nine months ended April 3, 2011, total stock-based compensation was $404,000 ($253,000 after tax), and $1.1 million ($720,000 after tax), respectively, and was equivalent to earnings per basic and diluted share of $0.02 and $0.05, respectively. For the three and nine months ended March 28, 2010, total stock-based compensation was $140,000 ($83,000 after tax), and $843,000 ($527,000 after tax), respectively, and was equivalent to earnings per basic and diluted share of $0.01 and $0.03, respectively.

As of April 3, 2011, the total unrecognized compensation expense related to nonvested shares and performance units was $612,000 before income tax, and the period over which it is expected to be recognized is approximately one and a quarter years. At March 28, 2010, the total unrecognized compensation expense related to nonvested shares and performance units was $154,000 before income tax, and the period over which it was recognized was approximately three months.

Stock Options

A summary of the activity in the Company's Plans during the nine months ended April 3, 2011, is presented below:

	Number of Shares	Weighted-Average Exercise Price	Number of Shares Exercisable	Weighted-Average Exercise Price	Weighted-Average Fair Value Granted Options
Outstanding at June 27, 2010	426,652	$ 5.61	426,652	$ 5.61	
Exercised	1,000	8.54	—	—	—
Outstanding at October 3, 2010	425,652	$ 5.60	425,652	$ 5.60	
Exercised	14,087	6.91	—	—	—
Outstanding at January 2, 2011	411,565	$ 5.55	411,565	$ 5.55	
Exercised	—				
Outstanding at April 3, 2011	411,565	$ 5.55	411,565	$ 5.55	

The following table summarizes information about stock options outstanding and exercisable as of April 3, 2011:

Range of Exercise Prices	Number Outstanding	Weighted-Average Remaining Contractual Life (In Years)	Weighted-Average Exercise Price	Aggregate Intrinsic Value(1) (In millions)
$2.50 – $3.00	112,900	0.4	$ 2.85	$ 1.7
$3.01 – $5.96	117,013	2.3	3.53	1.6
$5.97 – $8.54	181,652	3.4	8.54	1.6
	411,565	2.3	$ 5.55	$ 4.9

(1) The intrinsic value of a stock option is the amount by which the April 3, 2011, market value of the underlying stock exceeds the exercise price of the option.

There were no stock options exercised during the fiscal quarters ended April 3, 2011, and March 28, 2010. For the nine months ended April 3, 2011, and March 28, 2010, the total intrinsic value of stock options exercised was $104,000 and $1.1 million, respectively. The exercise period for all stock options generally may not exceed 10 years from the date of grant. Stock option grants to individuals generally become exercisable over a service period of one to five years. There were no stock options granted in the three or nine months ended April 3, 2011.

Performance Units and Nonvested Stock

The Company's LTIP provides for the issuance of performance units, which will be settled in stock subject to the achievement of the Company's financial goals. Settlement will be made pursuant to a range of opportunities relative to net earnings. No settlement will occur for results below the minimum threshold and additional shares shall be issued if the performance exceeds the targeted goals. The compensation cost of performance units is subject to adjustment based upon the attainability of the target goals.

Upon achievement of the performance goals, shares are awarded in the employee's name but are still subject to a two-year vesting condition. If employment is terminated (other than due to death or disability) prior to the vesting period, the shares are forfeited. Compensation expense is recognized over the performance period plus vesting period. The awards are treated as a liability award during the performance period and as an equity award once the performance targets are settled. Awards vest on the last day of the second year following the performance period.

A summary of the activity of the Company's nonvested shares during the three and nine months ended April 3, 2011, is presented below:

	Number of Nonvested Shares	Weighted-Average Grant Price
Nonvested shares at June 27, 2010	119,338	$ 12.30
Awarded	—	—
Vested	—	—
Forfeited	—	—
Nonvested shares at April 3, 2011	119,338	$ 12.30

For the three months ended April 3, 2011, and March 28, 2010, compensation expense related to the LTIP was $372,000 and $140,000, respectively.

For the nine months ended April 3, 2011, and March 28, 2010, compensation expense related to the LTIP was $1.0 million, and $843,000, respectively.

Note 13. Subsequent Events

As discussed in Note 1 of the Consolidated Financial Statements, on April 3, 2011, the Company entered into a definitive agreement under which Ducommun Incorporated (NYSE: DCO), a provider of engineering and manufacturing services to the aerospace and defense industry, will acquire the Company for a purchase price of $19.25 per share in cash. The transaction is expected to be completed in late June 2011.

The Company is aware of five purported class actions filed subsequent to the announcement of the Merger against the Company, its directors and Ducommun filed by purported stockholders of the Company and relating to the Merger. The

complaints allege, among other things, that the Company's directors breached their fiduciary duties to the Company's stockholders, and that the Company and Ducommun aided and abetted the Company's directors in such alleged breaches of their fiduciary duties. Each plaintiff purports to bring his claims on behalf of himself and a class of Company stockholders. The actions seek judicial declarations that the Merger Agreement was entered into in breach of the directors' fiduciary duties, rescission of the transactions contemplated by the Merger Agreement, and the award of attorneys' fees and expenses for the plaintiffs. Three lawsuits challenging the proposed transaction have been filed in Missouri state court, all in the Circuit Court of St. Louis County. All seek declaratory, rescissory and other, unspecified, equitable relief against the directors and officers on a theory of breach of fiduciary duty to the stockholders and against the Company and Ducommun on a theory of "aiding and abetting" the individual defendants. The last filed of the Missouri suits also seeks to enjoin the transaction. No money damages are sought, except for attorneys' fees and costs.

The three Missouri cases are:

1. *John M. Foley, Jr. v. LaBarge, Inc. et al.*, St. Louis County Circuit Court Cause No. 11SL-CC01383, filed April 5, 2011.

2. *John M. Foley, Jr. v. LaBarge, Inc., et al.*, St. Louis County Circuit Court Cause No. 11SL-CC01391, filed April 6, 2011.

3. *William W. Wheeler v. LaBarge, Inc., et al*., St. Louis County Circuit Court Cause No. 11SL-CC01392, filed April 6, 2011.

Two other similar lawsuits have been filed in the Chancery Court of the State of Delaware by different attorneys than those who filed the above-described matters. *Barry P. Borodkin v. Craig E. LaBarge, et al.*, transaction ID 36985939, Case No. 6368- (filed on April 12, 2011) and *Insulators and Asbestos Workers Local No. 14 v. Craig LaBarge, et al.* (filed on April 15, 2011) are putative class actions that mirror the claims raised in the Missouri cases, but also seek injunctive relief to prevent the proposed transaction with Ducommun in addition to accounting and attorneys' fees and costs. The Company believes that the lawsuits are without merit and intends to defend them vigorously.

Exhibit 99.3

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL DATA

The following unaudited pro forma condensed combined financial statements have been prepared by the management of Ducommun Incorporated ("Ducommun") and have been developed by applying pro forma adjustments to the historical audited and unaudited consolidated financial statements of Ducommun and LaBarge, Inc. ("LaBarge"). Assumptions underlying the pro forma adjustments are described in the accompanying notes, which should be read in conjunction with these unaudited pro forma condensed combined financial statements. These unaudited pro forma condensed combined financial statements give effect to the following:

- Ducommun's acquisition of LaBarge by merger (the "Merger") pursuant to the Agreement and Plan of Merger, dated as of April 3, 2011 by and among Ducommun, DLBMS, Inc. and LaBarge (the "Merger Agreement");
- the issuance of Ducommun's 9.75% senior unsecured notes due 2018 (the "Notes");
- Ducommun's entry into the $190 million new senior secured term loan facility ("New Term Loan Facility") and new senior secured revolving credit facility in an aggregate principal amount of up to $60.0 million (the "New Revolving Credit Facility" and together with the New Term Loan Facility, the "New Credit Facilities") pursuant to the Credit Agreement, dated as of June 28, 2011, among Ducommun, certain of its subsidiaries, UBS Securities LLC and Credit Suisse Securities (USA) LLC as joint lead arrangers, UBS AG, Stamford Branch as issuing bank, administrative agent and collateral agent and the other lenders party thereto. Both the term loan and the credit facility provide the option of choosing the LIBOR rate plus 4.25%, with a floor of 1.25% or the Alternate Base Rate plus 3.25%, with a floor of 2.25%. The Alternate Base Rate is the greater of (a) Prime and (b) Federal Funds rate plus 0.5%;
- the repayment of Ducommun's existing indebtedness under the Second Amended and Restated Credit Agreement, dated as of June 26, 2009 among Ducommun, Bank of America, N.A., as administrative agent, Wells Fargo Bank, National Association, as syndication agent, Union Bank, N.A., as documentation agent and the other lenders party thereto, as amended (the "Existing Ducommun Credit Facility"); and
- the repayment of LaBarge's existing indebtedness under the Loan Agreement, dated as of December 22, 2008, among U.S. Bank National Association and Wells Fargo Bank, National Association as lenders, LaBarge and its subsidiaries, as amended (the "Existing LaBarge Credit Facility").

The unaudited pro forma condensed combined balance sheet is presented as if the consummation of the Merger, issuance of the Notes and entry into the New Credit Facilities (collectively, the "Transactions") had occurred as of April 2, 2011. The unaudited pro forma condensed combined statements of operations are presented as if the Transactions had occurred on January 1, 2010, the first day of Ducommun's 2010 fiscal year.

Due to the fact that the end dates of Ducommun's and LaBarge's fiscal periods differ, and in order to present pro forma results for comparable periods,

- the unaudited pro forma condensed combined balance sheet as of April 2, 2011 is presented based on Ducommun's balance sheet as of April 2, 2011 and LaBarge's balance sheet as of April 3, 2011;
- the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2010 is presented based on Ducommun's audited results for the fiscal year ended December 31, 2010 and LaBarge's combined results for its four quarters ended January 2, 2011 (LaBarge's fiscal year end was June 27, 2010);
- the unaudited pro forma condensed combined statement of operations for the quarter ended April 2, 2011 is presented based on Ducommun's first quarter ended April 2, 2011 and LaBarge's third quarter ended April 3, 2011.

The Merger will be accounted for under the acquisition method of accounting, which requires the total acquisition cost (purchase price payable in the Merger plus fair value of assumed liabilities of LaBarge) to be allocated to the tangible and intangible assets acquired based on their estimated fair values. The excess of the acquisition cost over the amounts allocated to LaBarge's assets will be recognized as goodwill.

The process of valuing LaBarge's tangible and intangible assets and liabilities, as well as evaluating accounting policies for conformity, is still in the preliminary stages. Accordingly, the purchase price allocation adjustments included in the unaudited pro forma condensed combined financial statements are preliminary. A final valuation will be based on the actual net tangible and intangible assets of LaBarge that exist as of the date of completion of the Merger. Ducommun currently expects that the process of determining fair value of the tangible and intangible assets acquired and liabilities

assumed will be completed within one year of the consummation of the Merger. During the measurement period (which is not to exceed one year from the Acquisition date), Ducommun is required to recognize additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the Acquisition date that, if known, would have resulted in the recognition of those assets or liabilities as of that date. Ducommun may adjust the preliminary purchase price allocation after obtaining additional information regarding, among other things, asset valuations, liabilities assumed and revisions of previous estimates.

These estimated pro forma adjustments only give effect to events that are (i) directly attributable to the Transactions, (ii) factually supportable, and (iii) with respect to the unaudited pro forma statement of operations, expected to have a continuing impact on the combined results. The unaudited pro forma condensed combined financial statements do not reflect any net sales enhancements, cost savings from operating efficiencies, synergies or other benefits that could result from the Merger, or the costs and related liabilities that would be incurred to achieve them.

The unaudited pro forma condensed combined financial statements are provided for illustrative purposes only and do not purport to represent what the actual consolidated results of operations or the consolidated financial position of Ducommun would have been had the Transactions occurred on the dates assumed, nor are they necessarily indicative of future consolidated results of operations or the financial position of Ducommun.

The unaudited pro forma condensed combined financial statements should be read in conjunction with the consolidated financial statements of Ducommun and LaBarge and related notes filed with the Securities and Exchange Commission. All pro forma adjustments and their underlying assumptions are described more fully in the accompanying notes.

Pro Forma Condensed Combined Balance Sheets
(In thousands)
(Unaudited)

	Ducommun April 2, 2011	LaBarge April 3, 2011	Pro Forma Adjustments	Ducommun and LaBarge Combined
Assets:				
Cash and cash equivalents	$ 1,069	$ 6,219	$ (7,288)(a)	$ 0
Accounts Receivable, Net	56,938	42,746	—	99,684
Unbilled Receivables	5,083	—	—	5,083
Inventories	81,115	74,962	2,356(b)	158,433
Production Cost of Contracts	17,509	—	—	17,509
Deferred Income Taxes	6,026	3,551	2,270(m)	11,847
Other Current Assets	6,194	1,577	(279)(c)	7,492
Total Current Assets	173,934	129,055	(2,941)	300,048
Property and Equipment, Net	58,976	27,696	7,773(d)	94,445
Goodwill	101,090	43,424	71,800(e)	216,314
Other Assets	23,510	12,891	140,300(f)	215,938
			32,937(g)	
			(7,725)(c)	
			14,025(h)	
Total Assets	$ 357,510	$ 213,066	$ 256,169	$ 826,745
Liabilities and Stockholders' Equity:				
Current Liabilities:				
Current portion of long-term debt	$ 180	$ 10,461	$ (10,461)(i)	$ 180
Accounts payable	35,060	24,928	1,422(a)	61,410
Accrued liabilities	26,187	27,135	—	53,322
Total Current Liabilities	61,427	62,524	(9,039)	114,912
Long-Term Debt	21,589	17,300	(18,500)(i)	393,339
			(17,050)(i)	
			390,000(j)	
Deferred Income Taxes	7,971	2,981	69,625(k)	80,577
Other Long-Term Liabilities	9,316	926	109(n)	10,351
Total Liabilities	100,303	83,731	415,145	599,179
Commitments and Contingencies				
Shareholders' Equity:				
Common stock	107	160	(160)(l)	107
Treasury stock	(1,924)	(1,550)	1,550(l)	(1,924)
Additional paid-in capital	62,572	14,045	(14,045)(l)	62,572
Retained earnings	199,554	116,818	(116,818)(l)	169,913
			2,846(o)	
			(32,487)(a)	
Accumulated other comprehensive loss	(3,102)	(138)	138(l)	(3,102)
Total Shareholders' Equity	257,207	129,335	(158,976)	227,566
Total Liabilities and Shareholders' Equity	$ 357,510	$ 213,066	$ 256,169	$ 826,745

Description of Pro Forma Adjustments
Consolidated Balance Sheets

(a) Reflects the impact of the costs and expenses of the Transactions.

(b) Reflects the incremental increase to LaBarge inventory based on preliminary fair value determination.

(c) Reflects write-off of deferred debt cost and other intangibles of Ducommun and LaBarge related to pre-existing debt that has been refinanced in the Transactions.

(d) Reflects the incremental increase in LaBarge property, plant and equipment based on a preliminary fair value determination.

(e) Reflects the elimination of LaBarge’s historical goodwill ($43,424), in accordance with acquisition accounting, and the establishment of $115,224 of estimated goodwill resulting from the Merger.

(f) Reflects the incremental increase in LaBarge intangible assets (customer relationships) based on a preliminary fair value determination.

(g) Reflects the preliminary incremental increase in LaBarge intangible assets (trade name) based on a preliminary fair value determination.

(h) Reflects capitalized debt issuance cost incurred in connection with the Merger.

(i) Reflects the pay-off of the Existing Ducommun Credit Facility and the Existing LaBarge Credit Facility ($18,500 and $27,511, respectively).

(j) Reflects estimated borrowings and other debt incurred in connection with the Merger.

(k) Reflects the preliminary fair value adjustments to non-current deferred tax liabilities.

(l) Reflects elimination of stockholders’ equity accounts of LaBarge.

(m) Reflects the preliminary fair value adjustments to current deferred tax assets.

(n) Reflects the preliminary incremental increase in LaBarge property leases.

(o) Reverses non-recurring transaction costs incurred by Ducommun and LaBarge in connection with the transactions during the period.

Pro Forma Condensed Combined Statement of Operations
For the Twelve Months Ended December 31, 2010
(In thousands)
(Unaudited)

	Historical		Pro Forma Adjustments	Ducommun and LaBarge Combined
	Ducommun	LaBarge		
Sale and Service Revenues:				
Product Sales	$ 367,563	$ 324,037	$ —	$ 691,600
Service Revenues	40,843	—	—	40,843
Net Sales	408,406	324,037	—	732,443
Operating Costs and Expenses:				
Costs of Product Sales	296,104	258,629	2,356(a)	558,276
			1,187(b)	
Cost of Service Revenues	32,156	—	—	32,156
Selling, general and administrative expenses	53,678	35,419	7,794(c)	104,463
			7,572(d)	
Total Operating Costs and Expenses	381,938	294,048	18,909	694,895
Operating Income	26,468	29,989	(18,909)	37,548
Interest Expense	(1,805)	(1,413)	(30,030)(e)	(36,728)
			(1,188)(f)	
			(2,292)(g)	
Income Before Taxes	24,663	28,576	(52,419)	820
Income Tax Expense	(4,855)	(10,288)	20,968(h)	5,825
Net Income	$ 19,808	$ 18,288	$ (31,451)	$ 6,645
Earnings Per Share:				
Basic	$ 1.89			$ 0.63
Diluted	$ 1.87			$ 0.63
Weighted Average Number of Common Shares Outstanding				
Basic	10,488			10,488
Diluted	10,596			10,596

Description of Pro Forma Adjustments
Pro Forma Condensed Combined Statement of Operations
For the Twelve Months Ended December 31, 2010

(a) Reflects the additional cost of sales resulting from the incremental increase in LaBarge inventory based on a preliminary fair value determination.

(b) Reflects the additional depreciation resulting from the incremental increase in LaBarge property, plant and equipment based on a preliminary fair value determination.

(c) Reflects additional amortization expense using a 18 year life, resulting from the incremental increase in LaBarge intangible assets (customer relationships) based on a preliminary fair value determination.

(d) Reflects additional employee compensation expense resulting from payments required under change-in-control provisions in agreements of certain key executives of LaBarge as a result of the Merger.

(e) Reflects incremental interest on debt (Ducommun’s $190 million New Term Loan Facility and the $200 million (principal amount of the Notes) incurred by Ducommun to, among other things, finance the Merger and repay certain existing indebtedness of Ducommun and LaBarge.

(f) Reflects unamortized portion of deferred costs for Ducommun and LaBarge related to pre-existing debt that was refinanced in the Transactions.

(g) Reflects additional amortization expense for capitalized debt issuance costs.

(h) The statutory tax rate (40%) was used to estimate tax expense. The combined provision for income taxes does not necessarily reflect the amounts that would have resulted had Ducommun and LaBarge filed consolidated returns for the period presented.

Pro Forma Condensed Combined Statement of Operations
For the Three Months Ended April 2, 2011
(In thousands)
(Unaudited)

	Historical		Pro Forma	Ducommun and LaBarge
	Ducommun	LaBarge	Adjustments	Combined
Sales and Service Revenues:				
Product Sales	$ 91,333	$83,214	$ —	$ 174,547
Service Revenues	8,220	—	—	8,220
Net Sales	99,553	83,214	—	182,767
Operating Costs and Expenses:				
Costs of Product Sales	74,839	66,290	330(a)	141,459
Costs of Service Revenues	6,306	—	—	6,306
Selling, general and administrative expenses	14,149	10,616	1,949(b)	23,868
			(2,846)(c)	
Total Operating Costs and Expenses	95,294	76,906	(567)	171,633
Operating Income	4,259	6,308	567	11,134
Interest Expense	(260)	(466)	(7,508)(d)	(8,807)
			(573)(e)	
Income Before Taxes	3,999	5,842	(7,514)	2,327
Income Tax Expense	(1,076)	(2,191)	3,005(f)	(262)
Net Income	$ 2,923	$ 3,651	$ (4,509)	$ 2,065
Earnings Per Share:				
Basic	$ 0.28			$ 0.20
Diluted	$ 0.27			$ 0.19
Weighted Average Number of Common Shares Outstanding				
Basic	10,526			10,526
Diluted	10,634			10,634

Description of Pro Forma Adjustments
Pro Forma Condensed Combined Statement of Operations
For the Three Months Ended April 2, 2011

(a) Reflects the additional depreciation resulting from the incremental increase in LaBarge property, plant and equipment based on a preliminary fair value determination.

(b) Reflects the additional amortization expenses using a 18 year life, resulting from the incremental increase in LaBarge intangible assets (customer relationships) based on a preliminary fair value determination.

(c) Reverses non-recurring transaction costs incurred by Ducommun and LaBarge in connection with the Transactions during this period.

(d) Reflects incremental interest on debt (Ducommun’s $190 million New Term Loan Facility and the $200 million principal amount of the Notes) incurred by Ducommun to, among other things, finance the Merger and repay certain indebtedness.

(e) Reflects additional amortization expense for capitalized debt issuance costs.

(f) The statutory tax rate (40%) was used to estimate tax expense. The combined provision for income taxes does not necessarily reflect the amounts that would have resulted had Ducommun and LaBarge filed consolidated returns for the period presented.

Notes to Pro Forma Condensed Combined Financial Statements
(Unaudited)

Note 1. Conforming Interim Periods

In 2010, Ducommun's fiscal year end was December 31, while LaBarge's fiscal year end was June 27. The latest interim period for Ducommun is its first quarter results for the three month period ended April 2, 2011, while LaBarge's latest interim period is its third quarter results for the nine month period ended April 3, 2011. In order for the unaudited interim pro forma results of LaBarge to be comparative to the unaudited interim pro forma results of Ducommun, the interim results of LaBarge reflect the three months ended April 3, 2011. Accordingly, LaBarge's historical financial information for the statement of operations covering the six month period ended January 2, 2011 has been excluded.

Note 2. Basis of Presentation

The unaudited pro forma condensed combined financial statements have been prepared using the historical consolidated financial statements of Ducommun and LaBarge with the Merger accounted for using the acquisition method of accounting in accordance with Accounting Standards Codification ("ASC") 805-10.

Note 3. Significant Accounting Policies

The unaudited pro forma condensed combined financial statements of Ducommun do not assume any differences in accounting policies between Ducommun and LaBarge. Ducommun will review certain accounting policies of LaBarge and, as a result of that review, Ducommun may identify differences between the accounting policies of the two companies, that if conformed, could have a material impact on the combined financial statements. At this time, except as described in LaBarge's Form 10-Q filed with the Securities and Exchange Commission on May 6, 2011 under "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies—Revenue Recognition and Cost of Sales," Ducommun is not aware of any differences that would have a material impact on the unaudited pro forma condensed combined financial statements.

Note 4. Preliminary Purchase Price Allocation

The following table summarizes the preliminary purchase price allocation for the Merger (in thousands):

Cash and cash equivalents	$ 6,219
Account Receivables	42,746
Inventories	77,318
Deferred Income Taxes—Assets	5,821
Prepaid Expenses and Other	1,577
Property, Plant & Equipment	35,469
Goodwill	115,224
Customer Relationships Outstanding—Purchase Orders and Contracts	140,300
Trade Name	32,937
Other Assets	6,554
Total Assets Acquired	464,165
Accounts Payable	24,928
Accrued Liabilities	27,135
Long-Term Debt	250
Deferred Income Taxes—Liabilities	72,606
Other Long-Term Obligations	1,035
Total Liabilities Assumed	125,954
Total Preliminary Purchase Price	$ 338,211

Notes to Pro Forma Condensed Combined Financial Statements
(Unaudited)

Note 5. Sources and Uses of Funds

The following table summarizes the sources and uses of funds in the Transactions (in thousands):

Sources		Uses	
New Credit Facilities			
New Revolving Credit Facility	—	Purchase price of equity	$310,326
New Term Loan Facility	$190,000	Repayment of existing LaBarge debt	27,511
Notes	200,000	Repayment of existing Ducommun debt	18,500
		New cash on balance sheet	1,176
		Transaction fees and expenses	32,487
Total sources	$390,000	Total uses	$390,000

Pursuant to the Merger Agreement, Ducommun acquired ownership of LaBarge for a total purchase price of approximately $338.2 million including the assumption of LaBarge's outstanding debt ($27.5 million as of April 3, 2011). The closing of the Merger was subject to the approval of LaBarge stockholders and certain other conditions. The Merger was approved by the LaBarge stockholders on June 23, 2011.

In connection with the Merger, Ducommun entered into a commitment letter with UBS Loan Finance LLC, UBS Securities LLC, Credit Suisse Securities (USA) LLC and Credit Suisse AG, Cayman Islands Branch (collectively, the "***Committed Parties***") pursuant to which, the Committed Parties agreed to provide and/or arrange for (i) a senior secured term loan facility to Ducommun of $190 million and (ii) a senior secured revolving loan facility to Ducommun of up to $60 million.

Note 6. Transaction Costs

Ducommun estimated that professional expenses related to the Transactions were approximately $32,487,000. These costs included fees for legal, accounting, financial advisory, due diligence, tax, valuation, printing and other various services necessary to complete the Transactions. In accordance with ASC 805-10, these fees were expensed as incurred. Ducommun's financial results for the three month period ended April 2, 2011 include $1.4 million of expenses related to the Transactions. LaBarge's financial results for the three month period ended April 3, 2011 include $1.446 million of expenses related to the Merger. These costs have been reversed in the pro forma adjustments to the income statements as these expenses will not have a continuing impact.

The Merger Agreement also provided for certain termination rights that could result in a termination fee. The unaudited pro forma condensed combined financial statements were prepared under the assumption that the Merger will be completed and do not reflect any potential termination fees.