

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) February 2, 2005

DUCOMMUN INCORPORATED

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

0-1222
(Commission File Number)

95-0693330
(IRS Employer
Identification No.)

23301 Wilmington Avenue, Carson, California
(Address of principal executive offices)

90745-6209
(Zip Code)

Registrant's telephone number, including area code (310) 513-7280

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))

Item 1.01 Entry Into a Material Definitive Agreement.

On February 2, 2005, Ducommun Technologies, Inc. (“DTI”), a subsidiary of Ducommun Incorporated (the “Company”) and Paul L. Graham (“Graham”) entered into a Severance Agreement (the “Agreement”) in the form attached hereto as Exhibit 99.1. Pursuant to the Agreement, DTI agreed to continue to pay Graham’s base salary (\$231,750 per year) and to continue to provide certain life insurance, medical insurance and dental insurance benefits for a period from February 2, 2005 until September 14, 2006. Graham is the former president of DTI.

In addition, on February 2, 2005, the Compensation Committee of the Board of Directors of the Company adopted the 2005 Bonus Plan (the “Plan”) in the form attached hereto as Exhibit 99.2. The Plan is a formula-based incentive compensation plan based on net income, operating income and cash flow. Participants in the Plan are the chief executive officer, four other corporate officers, two subsidiary presidents, and 15 other key subsidiary officers. Bonus awards under the Plan range from 0 to 150% of salary based on position. Bonus awards are subject to the approval of the Compensation Committee of the Board of Directors (the “Committee”), and are based on a combination of total corporate performance, subsidiary performance and individual performance. The Committee, in its discretion, may award bonuses even if the Plan’s financial targets are not met.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits

99.1 Severance Agreement between Ducommun Technologies, Inc. and Paul L. Graham dated February 2, 2005

99.2 2005 Bonus Plan

SIGNATURES

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

DUCOMMUN INCORPORATED

(Registrant)

Date: February 4, 2005

By: /s/ James S. Heiser

James S. Heiser
Vice President, Chief Financial
Officer and General Counsel

SEVERANCE AGREEMENT

This Severance Agreement (the "Agreement") is made as of February 2, 2005 between Ducommun Technologies, Inc., an Arizona corporation (the "Company"), and Paul L. Graham ("Employee"). The Company and Employee agree as follows:

1. Termination of Employment. Employee acknowledges that on September 7, 2004, he resigned as president of the Company, and Employee hereby resigns as an employee of the Company, effective February 2, 2005 (the "Effective Date"). Employee also resigns from all other positions (if any) including as a director, officer or employee, he may hold with the Company, its parent company Ducommun Incorporated ("Ducommun"), or any of their subsidiaries as of the Effective Date.

2. Salary Continuation and Benefits

(a) The Company will continue Employee's pay at the biweekly rate of Eight Thousand Nine Hundred Thirteen and 46/100 Dollars (\$8,913.46) (i.e., \$231,750 per year) for a period from the Effective Date through and including September 14, 2006. The salary continuation provided for in this paragraph 2(a) shall be paid regardless of whether or not Employee finds other employment during such period. In the event of Employee's death, the salary continuance provided for in this paragraph 2(a) shall be paid to Employee's wife.

(b) Employee's pay, net of tax withholdings (if any), will be direct-deposited to a bank account specified by Employee, or mailed to Employee's home during the salary continuation described in paragraph 2(a) above in accordance with the Company's regular payroll schedule.

3. Benefits Continuation. For the period of salary continuation described in paragraph 2(a) above (but in any event, terminating no later than September 14, 2006), the Company shall provide to Employee any life insurance, medical insurance and dental insurance provided by the Company to its employees generally, if and to the extent that Employee is eligible to participate therein in accordance with the provisions of any such plans (the "Benefits"), unless extended by Employee as permitted under COBRA. Employee shall not be entitled to vacation, sick pay, bonus eligibility, stock options, 401(k), executive deferred compensation, or any other benefits except as set forth above during this period.

4. Stock Option Agreements. For purposes of any stock option agreement between Ducommun Incorporated and Employee, Employee shall be considered an “employee” for the period of the salary continuance provided in Section 2(a) and Employee’s employment shall terminate pursuant to Section 5(c) of such stock option agreements at the end of the salary continuation provided in Section 2(a). Without limiting the generality of the foregoing, stock options will continue to “vest” during the period of the salary continuance provided in Section 2(a).

5. Acknowledgment of Full Payment. Employee agrees that Employee has been fully paid for any and all (i) expenses incurred on behalf of the Company, and (ii) accrued and vested wages and benefits, including but not limited to vacation pay.

6. Agreement Not to Seek Reinstatement. Employee agrees not to seek reinstatement or reemployment by the Company, Ducommun, or any of its subsidiaries.

7. Covenant Not to Sue. Employee agrees not to sue the Company, Ducommun, any of its subsidiaries, or any of the Parties (as defined below), or voluntarily assist in any litigation against the Company, Ducommun, any of its subsidiaries or any of the Parties.

8. Confidentiality of Agreement; Confidential Information; Nonsolicitation. The contents of this Agreement, and of the parties’ discussions pertaining to it, are confidential, and Employee will not disclose or allow the disclosure of any information concerning this Agreement and its performance to anyone. Further, Employee agrees not to disclose or use any trade secret or confidential information of the Company. As used herein, terms “trade secret” and “confidential information” mean all materials, chemicals, formulae, data, drawings and techniques used, tests performed, machines operated and processes used by the Company, all financial, sales and marketing, customer, supplier and employee-related information, and all other information concerning the Company, Ducommun and its subsidiaries, suppliers and customers (including, but not limited to, information regarding the peculiarities, preferences and manner of doing business) that is not generally known to the public. Employee also agrees that, during the period of salary continuation set forth in paragraph 2 above, Employee will not solicit or encourage any customer of the Company to take its business elsewhere, and Employee will not solicit or encourage any Company employee to work elsewhere. Employee acknowledges that he has returned to the Company all Company property, and will, upon demand, immediately return any other Company property. Employee agrees that the remedy at law for any breach of this paragraph is inadequate, and that the Company, in addition to any other remedy, may seek appropriate injunctive relief from an appropriate court or arbitrator at its election.

9. Release. In consideration of the payments and benefits stated herein, Employee, on behalf of himself and his heirs, executors, administrators, successors and assigns, hereby fully releases and discharges the Company, its parent company Ducommun, their affiliated and subsidiary corporations, and each of their officers, directors, assigns, agents, servants, stockholders, employees, representatives and successors (collectively, the "Parties") from any and all rights, claims, demands, actions and causes of action which Employee may have or heretofore had, whether known or unknown, suspected or unsuspected, against such Parties. Without limiting the generality of the foregoing, Employee releases the Parties from any and all rights, claims, demands, actions and causes of action arising out of, or in any way connected with, (i) Employee's employment or the termination of that employment, and (ii) discrimination under state or federal law based on age, including, but not limited to, claims under the federal Age Discrimination in Employment Act.

It is the intention of Employee that by the execution of this release Employee will forever bar every right, claim, demand, action and cause of action against the Parties. Because this is Employee's intention, Employee expressly waives any and all rights and benefits conferred upon Employee under any statutes, in equity or by common law relating to the execution of releases including, but not limited to, Section 1542 of the California Civil Code. Section 1542 provides:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected a settlement with the debtor."

10. Key Executive Severance Agreement. Employee acknowledges and agrees that the Key Executive Severance Agreement between Employee and Ducommun is hereby terminated, and that Employee is not entitled to any rights, benefits or payments under such Key Executive Severance Agreement.

11. Advice to Seek Legal Counsel and to Consider Agreement. The Company has advised Employee to consult with independent legal counsel prior to executing this Agreement. Employee has twenty-one (21) days after receipt of this Agreement within which to consider the Agreement and seven (7) days following execution of the Agreement to revoke the Agreement. This Agreement was received on February 2, 2005.

12. Entire Agreement. This Agreement constitutes the entire agreement between the parties and supersedes any and all prior agreements, discussions or understandings of the parties, whether written or oral. This Agreement may not be changed or terminated except in writing signed by the parties.

13. Effective Date. This Agreement is effective and enforceable on the eighth (8th) day following the date of execution of this Agreement by Employee if it is also executed by Employer.

14. Severability. If any provision of this Agreement as applied to either party or to any circumstances shall be adjusted by a court of competent jurisdiction to be void or unenforceable, the same shall in no way affect any other provision of this Agreement or the validity or enforceability of this Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement in duplicate originals as of the day and year first above written.

DUCOMMUN TECHNOLOGIES, INC.

Dated: February 2, 2005

By: /s/ James S. Heiser

Secretary

EMPLOYEE

Dated: February 2, 2005

/s/ Paul L. Graham

DUCOMMUN INCORPORATED
2005 BONUS PLAN SUMMARY

PURPOSE: Reward achievement of Annual Operating Plans to build profitability and provide competitive compensation levels for above average results.

CONCEPT: Formula-based incentive plan driven by net income (corporate), EBITA (subsidiaries) and cash flow (corporate and subsidiaries).

PARTICIPANTS: Five corporate positions, two subsidiary presidents, and fifteen other key subsidiary officers as set forth on Schedules A and D.

INCENTIVE AWARD RANGES: 0% to 150% of salary predicated on position.

INCENTIVE AWARD: Based on combination of:

1. Total Corporate performance to Target.
2. Subsidiary performance to Target.
3. Individual manager performance rating.

All awards to five corporate positions, two subsidiary presidents, and fifteen other key subsidiary officers subject to the approval of the Compensation Committee of the Board of Directors. All other awards subject to approval of CEO.

The Compensation Committee, in its discretion, may award bonus even if incentive plan financial targets are not met.

DUCOMMUN INCORPORATED

2005 BONUS PLAN

Definitions

Net Income	=	Ducommun consolidated net income <u>excluding</u> any write-off of goodwill and other intangibles.
EBITA	=	Earning before interest, income taxes, amortization and corporate fee
Cash Flow (for corporate)	=	Cash flow from operating activities <u>minus</u> net capital expenditures.
Cash Flow (for operating units)	=	Cash flow from operating activities <u>plus</u> corporate fee, <u>plus</u> interest allocation, <u>plus</u> income taxes, <u>minus</u> net capital expenditures.

General

- No bonus will be paid to corporate or any subsidiary management unless Ducommun Net Income equals or exceeds 80% of Target; no bonus will be paid to any subsidiary management unless EBITA of their operating unit equals or exceeds 80% of Target.
- Bonus targets for the persons covered by this Plan are expressed as a percentage of average 2005 salaries as set forth on Schedules A and D.
- Any person added to the Plan during the year must be approved by the CEO of Ducommun, and will be eligible to receive a pro rata bonus for the portion of the year employed.
- To be eligible to receive a bonus award, a person must be employed by Ducommun or a subsidiary at the time of payment of the bonus in the first quarter of 2006.
- All amounts shall be calculated after accrual, and/or allocation of the accrual from corporate, of the bonuses applicable to the particular operating unit.
- All bonus pool amounts shall be calculated on a linear basis for performance between two data points.
- All bonus awards to the persons listed on Schedules A and D are subject to the approval and are at the discretion of the Compensation Committee of the Board of Directors of Ducommun. The Compensation Committee shall make all interpretations of this Plan, and shall have discretion to make exceptions or adjustments as it deems appropriate.

Corporate

- Based one-half on Net Income and one-half on Cash Flow relative to Target as set forth on Schedule B.
- Shortfall in performance on one metric may be offset by over performance on the other metric. (For example, 90% of Target for Cash Flow and 110% of Target for Net Income earns Target bonus.)

Operating Units

- Based one-half on the operating unit EBITA and one-half on the operating unit Cash Flow relative to Target set forth on Schedule B, subject to limits based on Ducommun Net Income.
- Operating unit bonus awards are subject to the following limitations based on Ducommun Net Income regardless of the specific operating unit performance:

<u>Ducommun Net Income</u>	<u>Maximum Bonus For Operating Unit</u>
Less than 80% of Target	None
80 – 99% of Target	Target Bonus
100 – 124% of Target	2 x Target Bonus
125% + of Target	3 x Target Bonus

- Shortfall in performance on one metric may be offset by over performance on the other metric.