FORM SC 14D9

Tender offer solicitation / recommendation statements filed under Rule 14d-9

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SUBJECT COMPANY

DECRANE AIRCRAFT HOLDINGS INC

CIK:**880765**| IRS No.: **341645569** | State of Incorp.:**OH** | Fiscal Year End: **1231**
Type: **SC 14D9** | Act: **34** | File No.: **005-52423** | Film No.: **98669627**
SIC: **3728** Aircraft parts & auxiliary equipment, nec

Mailing Address
2361 ROSECRANS AVENUE
SUITE 180
EL SEGUNDO CA 90245-4910

Business Address
2361 ROSECRANS AVENUE
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FILED BY

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SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549

SCHEDULE 14D-9

SOLICITATION/RECOMMENDATION STATEMENT
PURSUANT TO SECTION 14(D)(4) OF THE
SECURITIES EXCHANGE ACT OF 1934

DECRANE AIRCRAFT HOLDINGS, INC.
(NAME OF SUBJECT COMPANY)

DECRANE AIRCRAFT HOLDINGS, INC.
(NAME OF PERSON(S) FILING STATEMENT)

COMMON STOCK, PAR VALUE $0.01 PER SHARE
(TITLE OF CLASS OF SECURITIES)

243662 10 3
(CUSIP NUMBER OF CLASS OF SECURITIES)

R. JACK DECRANE
CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER
DECRANE AIRCRAFT HOLDINGS, INC.
2361 ROSECRANS AVENUE, SUITE 180
EL SEGUNDO, CALIFORNIA 90245-4910
(310) 725-9123

(NAME, ADDRESS AND TELEPHONE NUMBER OF PERSON
AUTHORIZED TO RECEIVE NOTICES AND COMMUNICATIONS
ON BEHALF OF THE PERSON(S) FILING STATEMENT)

WITH COPIES TO:

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SCHEDULE 14D-9

ITEM 1. SECURITY AND SUBJECT COMPANY.

The name of the subject company is DeCrane Aircraft Holdings, Inc., a Delaware corporation (the "Company"), and the address of its principal executive offices is 2361 Rosecrans Avenue, Suite 180, El Segundo, California 90245-4910. The title of the class of equity securities to which this statement relates is the Common Stock, par value $0.01 per share (the "Shares"), of the Company.

ITEM 2. TENDER OFFER OF THE BIDDER.

This statement relates to the tender offer disclosed in a Schedule 14D-1 dated July 22, 1998 by DeCrane Acquisition Co. (the "Purchaser"), a company formed by DLJ Merchant Banking Partners II, L.P. and affiliated funds ("DLJ") to purchase all outstanding Shares, at a price per Share of $23.00, net to the seller in cash, without interest thereon (the "Offer Price"), upon the terms and subject to the conditions set forth in the Offer to Purchase dated July 22, 1998 and in the related Letter of Transmittal (which together constitute the "Offer"). The Offer states that the address of the principal executive offices of the Purchaser are located at 277 Park Avenue, New York, New York 10172.

The Offer is being made pursuant to an Agreement and Plan of Merger dated as of July 16, 1998 (the "Merger Agreement") by and between the Purchaser and the Company. The Merger Agreement is filed as EXHIBIT 1 to this Schedule 14D-9 and is incorporated herein by reference.

ITEM 3. IDENTITY AND BACKGROUND.

(a) The name and address of the Company, which is the person filing this statement, are set forth in Item 1 above.

(b) Except as described below in this Item 3(b) or incorporated herein by reference, to the knowledge of the Company, as of the date hereof, there are no material contracts, agreements, arrangements or understandings and actual or potential conflicts of interest, between the Company or its affiliates and (i) the Company, its executive officers, directors or affiliates or (ii) the Purchaser, its executive officers, directors or affiliates.

Certain contracts, agreements, arrangements and understandings between the Company and its executive officers, directors and affiliates are described in the sections entitled "Security Ownership of Certain Beneficial Owners and Management," "Compensation of Directors and Executive Officers," and "Certain Relationships and Related Party Transactions" on pages 7 through 16 of the Company's Proxy Statement dated June 2, 1998, relating to its 1998 Annual Meeting of Stockholders held on June 17, 1998 (the "Proxy Statement"). A copy of

pages 7 through 16 is filed as EXHIBIT 2 hereto and is incorporated herein by reference.

1. CHARTER AND BYLAW PROVISIONS

The Company's Certificate of Incorporation contains a provision eliminating or limiting director liability to the Company and its stockholders for monetary damages arising from acts or omissions in the director's capacity as a director. The provision does not, however, eliminate or limit the personal liability of a director: (i) for any breach of such director's duty of loyalty to the Company or its stockholders; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) under the Delaware statutory provision making directors personally liable, under a negligence standard, for unlawful dividends or unlawful stock purchases or redemptions; or (iv) for any transaction from which the director derived an improper personal benefit. This provision offers persons who serve on the Board of Directors of the Company protection against awards of monetary damages resulting from breaches of their duty of care (except as indicated above). As a result of this provision, the ability of the Company or a stockholder thereof to successfully prosecute an action against a director for breach of his duty of care is limited. However, the provision does not affect the availability of equitable remedies such as an injunction or rescission based upon a director's breach of his duty of care. The Securities and Exchange Commission has taken the position that the provision will have no effect on claims arising under the Federal securities laws.

In addition, the Certificate of Incorporation and the Company's Bylaws provide for mandatory indemnification rights, subject to limited exceptions, to any director or executive officer of the Company who, by reason of the fact that he or she is a director or officer of the Company, is involved in a legal proceeding of any nature. Such indemnification rights include reimbursement for expenses incurred by such director or officer in advance of the final disposition of such proceeding in accordance with the applicable provisions of Delaware General Corporation Law.

2. R. JACK DECRANE EMPLOYMENT AGREEMENT

On July 17, 1998, the Compensation Committee of the Company's Board of Directors approved an employment agreement between the Company and R. Jack DeCrane (the "Employment Agreement") replacing his prior employment agreement that was to expire on September 1, 1998. The Employment Agreement provides for various benefits including: (i) an initial salary of $310,000, which is subject to annual review and increase, but not decrease; (ii) an annual bonus ranging from 55% to 100% of Mr. DeCrane's annual base salary depending on the level of the Company's achievement of certain performance goals; (iii) a $500,000 cash bonus in recognition of the Company's recent acquisition of Avtech Corporation; (iv) a $250,000 cash execution bonus; and (v) options to purchase 50,000 Shares at a price equal to the fair market value of the Shares as of July 16, 1998. Of such options, options to purchase 25,000 Shares are exercisable immediately; the balance of such options become exercisable one year after the date of the grant. Pursuant to the Merger Agreement, as described below, all of such options, as

well as all other outstanding employee stock options will be canceled, and each holder of any such option, whether or not then vested or exercisable, will be paid an amount determined by multiplying (i) the excess, if any, of $23.00 per Share over the applicable exercise price of such option by (ii) the number of Shares such holder could have purchased (assuming full vesting of all options) had such holder exercised such option in full immediately prior to the consummation of the Merger. The Employment Agreement also entitles Mr. DeCrane to a $150,000 cash continuation bonus payable on January 2, 1999, provided that Mr. DeCrane is employed by the Company on January 1, 1999. The Employment Agreement contains a change of control provision that provides that if a Change of Control (as defined in the Employment Agreement) shall occur and Mr. DeCrane's employment is terminated by the Company for any reason, (other than for Cause (as such term is defined in the Employment Agreement) or as a result of his death or disability), or by Mr. DeCrane for Good Reason (as defined in the Employment Agreement), then the Company will pay Mr. DeCrane, within fifteen days of the date of termination (the "Date of Termination"), a lump sum in cash equal to $1.00 less than three times the sum of Mr. DeCrane's average base salary and bonus, in each case, during the five calendar years preceding the Date of Termination.

A copy of the Employment Agreement is filed as EXHIBIT 3 hereto and is incorporated herein by reference.

3. THE MERGER AGREEMENT

The following is a summary of certain portions of the Merger Agreement, a copy of which is filed as EXHIBIT 1 to this Schedule 14D-9 and is incorporated herein by reference. Such summary is not intended to be complete and is qualified in its entirety by reference to the Merger Agreement.

The Merger Agreement provides that, upon the terms and subject to the conditions thereof, at the time at which the Company and the Purchaser file a certificate of merger with the Secretary of State of the State of Delaware and make all other filings or recordings required by Delaware Law in connection with the Merger, the Purchaser shall be merged with and into the Company in accordance with Delaware General Corporation Law ("Delaware Law") and the Merger Agreement. The Merger shall become effective at such time as the Certificate of Merger is duly filed with the Secretary of State of the State of Delaware or at such later time as is specified in the Certificate of Merger (the "Effective Time"). As a result of the Merger, the separate corporate existence of the Purchaser will cease and the Company will be the Surviving Corporation ("Surviving Corporation").

At the Effective Time, (i) each issued and outstanding Share held in the treasury of the Company, or owned by the Purchaser Companies shall be canceled, and no payment shall be made with respect thereto; (ii) each share of common stock of the Purchaser then outstanding shall be converted into and become one share of common stock of the Surviving Corporation; and (iii) each Share outstanding immediately prior to the Effective Time shall, except as otherwise provided in (i) above or with respect to Shares as to which appraisal rights have been perfected, be converted into the right to receive $23.00 in

cash without interest.

The Merger Agreement provides that, at the Effective Time, the certificate of incorporation of the Company will be the certificate of incorporation of the Surviving Corporation and the bylaws of the Purchaser will be the bylaws of the Surviving Corporation.

EMPLOYEE STOCK OPTIONS. At or immediately prior to the Effective Time, each outstanding employee stock option to purchase Shares granted under any employee stock option or compensation plan or arrangement of the Company will be canceled, and each holder of any such option, whether or not then vested or exercisable, shall be paid by the Company promptly after the Effective Time for each such option an amount determined by multiplying the excess, if any, of $23.00 per Share over the applicable exercise price of such option by the number of Shares such holder could have purchased (assuming full vesting of all options) had such holder exercised such option in full immediately prior to the Effective Time.

AGREEMENTS OF THE PURCHASER AND THE COMPANY. The Merger Agreement provides that effective upon purchase and payment for any Shares by the Purchaser, the Purchaser shall be entitled to designate the number of directors, rounded up to the next whole number, on the Company's Board of Directors that equals the product of (i) the total number of directors on the Board of Directors (giving effect to the election of any additional directors pursuant to this paragraph) and (ii) the percentage that the number of Shares owned by the Purchaser (including Shares accepted for payment) bears to the total number of Shares outstanding, and the Company shall take all action necessary to cause the Purchaser's designees to be elected or appointed to the Board of Directors, including, without limitation, increasing the number of directors, and seeking and accepting resignations of its incumbent directors.

Following the election or appointment of Purchaser's designees pursuant to the Merger Agreement and until the Effective Time, the approval of a majority of the directors of the Company then in office who were not designated by Purchaser shall be required to authorize (and such authorization shall constitute the authorization of the Board of Directors and no other action on the part of the Company, including any action by any other director or the Company, shall be required to authorize) any termination of the Merger Agreement by the Company, any amendment of the Merger Agreement requiring action by the Board of Directors, and any waiver of compliance with any of the agreements or conditions contained in the Merger Agreement for the benefit of the Company.

Pursuant to the Merger Agreement, the Company shall cause a meeting of its stockholders (the "Company Stockholder Meeting") to be duly called and held as soon as reasonably practicable for the purpose of voting on the approval and adoption of the Merger Agreement and the Merger, unless a vote of stockholders by the Company is not required by Delaware Law. The Merger Agreement provides that the Company will promptly prepare and file with the Securities and Exchange Commission under the Exchange Act (as defined below) a proxy statement relating to the Company Stockholder Meeting (the "Proxy Statement") (unless the vote of the stockholders is not required under Delaware Law). The Company has agreed to

use its reasonable best efforts to obtain the necessary approvals by its stockholders of the Merger Agreement and the transactions contemplated thereby. The Purchaser has agreed to vote and to cause each of its subsidiaries (including, without limitation, the Purchaser) to vote all Shares then owned by it in favor of adoption of the Merger Agreement.

The Company has agreed that, prior to the Effective Time, the Company will not adopt or propose any change in its certificate of incorporation or bylaws. In addition, the Company has agreed that, prior to the Effective Time, the Company will not, and will not permit any of its subsidiaries (each, a "Subsidiary") to, except as expressly required by the Merger Agreement or with the prior consent of the Purchaser:

(a) acquire (by merger, consolidation or acquisition of stock or assets) any material corporation, partnership or other business organization or division thereof, or sell, lease or otherwise dispose of a material subsidiary or a material amount of assets or securities;

(b) make any investment other than in readily marketable securities in an amount in excess of $750,000 in the aggregate whether by purchase of stock or securities, contributions to capital or any property transfer, or purchase for an amount in excess of $750,000 in the aggregate, any property or assets of any other individual or entity;

(c) waive, release, grant, or transfer any rights of value material to the Company and the Subsidiaries taken as a whole;

(d) modify or change in any material respect any existing material license, lease, contract, or other document material to the Company and its subsidiaries taken as a whole;

(e) except to refund or refinance commercial paper, incur, assume or prepay an amount of long-term or short-term debt in excess of $5,000,000 in the aggregate;

(f) assume, guarantee, endorse (other than endorsements of negotiable instruments in the ordinary course of business) or otherwise become liable or responsible (whether directly, contingently or otherwise) for the obligations of any other person (other than any Subsidiary) which, are in excess of $500,000 in the aggregate;

(g) make any loans or advances to any other person (other than any Subsidiary) which are in excess of $100,000 in the aggregate or

(h) authorize any new capital expenditures which, individually, is in excess of $250,000 or, in the aggregate, are in excess of $1,000,000.

Furthermore, the Company has agreed that, prior to the Effective Time, the Company will not, and will not permit any Subsidiary to do any of the following:

(i) split, combine or reclassify any shares of its capital stock, declare, set aside or pay any dividend or other distribution (whether in cash, stock or property or any combination thereof) in respect of its capital stock, other than cash dividends and distributions by a wholly owned subsidiary of the Company to the Company or to a subsidiary all of the capital stock which is owned directly or indirectly by the Company, or redeem, repurchase or otherwise acquire or offer to redeem, repurchase, or otherwise acquire any of its securities or any securities of its Subsidiaries;

(ii) adopt or amend any bonus, profit sharing, compensation, severance, termination, stock option, pension, retirement, deferred compensation, employment or employee benefit plan, agreement, trust, plan, fund or other arrangement for the benefit and welfare of any director, officer or employee, or (except for normal increases in the ordinary course of business that are consistent with past practices and that, in the aggregate, do not result in a material increase in benefits or compensation expense to the Company) increase in any manner the compensation or fringe benefits of any director, officer or employee or pay any benefit not required by any existing plan or arrangement (including, without limitation, the granting of stock options or stock appreciation rights or the removal of existing restrictions in any benefit plans or agreements);

(iii) revalue in any material respect any of its assets, including, without limitation, writing down the value of inventory in any material manner or write-off of notes or accounts receivable in any material manner;

(iv) pay, discharge or satisfy any material claims, liabilities or obligations (whether absolute, accrued, asserted or unasserted, contingent or otherwise) other than the payment, discharge or satisfaction in the ordinary course of business, consistent with past practices, of liabilities reflected or reserved against in the consolidated financial statements of the Company or incurred since the most recent date thereof pursuant to an agreement or transaction described in the Merger Agreement or incurred in the ordinary course of business, consistent with past practices;

(v) except as set forth in the Schedules to the Merger Agreement, make any tax election or settle or compromise any material income tax liability;

(vi) take any action other than in the ordinary course of business and consistent with past practices with respect to accounting policies or procedures other than any change in accounting policies (that is not material to the Company and its Subsidiaries taken as a whole) that is required by regulations of the SEC;

(vii) agree or commit to do any of the foregoing; or

(viii) take or agree or commit to take any action that would make any representation and warranty of the Company hereunder inaccurate in any respect at, or as of any time prior to, the Effective Time.

NON-SOLICITATION. Pursuant to the Merger Agreement the Company has agreed that

from the date of the Merger Agreement until the termination thereof, the Company and its Subsidiaries will not, and will not authorize or permit, their respective officers, directors, agents, representatives, advisors or Subsidiaries to, directly or indirectly,

(i) solicit, initiate or take any action knowingly to facilitate the submission of inquiries, proposals or offers which constitute or would reasonably be expected to lead to an Acquisition Proposal (as defined below) or

(ii) enter into or participate in any discussions or negotiations regarding any of the foregoing, or furnish to any Third Party (as defined below) any information with respect to its business, properties or assets or any of the foregoing, or otherwise cooperate in any way with, or knowingly assist or participate in, facilitate or encourage, any effort or attempt by any Third Party to do or seek any of the foregoing, or

(iii) grant any waiver or release under any standstill or similar agreement with respect to any class of equity securities of the Company or any of its Subsidiaries.

The Company is not prohibited, however (either directly or indirectly through advisors, agents or other intermediaries) from (A) furnishing information pursuant to an appropriate confidentiality letter (which letter shall not be less favorable to the Company in any material respect (with respect to duration and standstill provisions) than the Confidentiality Agreement (as defined below), and a copy of which shall be provided for informational purposes only to the Purchaser) concerning the Company and its businesses, properties or assets to a Third Party who has made or is seeking to initiate discussions with respect to a bona fide Acquisition Proposal, (B) engaging in discussions or negotiations with such a Third Party who has made a bona fide Acquisition Proposal, (C) following receipt of a bona fide Acquisition Proposal, taking and disclosing to its stockholders a position contemplated by Rule 14e-2(a) under the Exchange Act or otherwise making disclosure to its stockholders, (D) following receipt of a bona fide Acquisition Proposal, failing to make or withdrawing or modifying its recommendation referred to above and/or (E) taking any non-appealable, final action ordered to be taken by the Company by any court of competent jurisdiction but in each case referred to in the foregoing clauses (A) through (D) only to the extent that the Board of Directors of the Company shall have concluded in good faith on the basis of written advice from outside counsel that such action by the Board of Directors is required in order to comply with the fiduciary duties of the Board of Directors to the stockholders of the Company under applicable law. The Board of Directors of the Company shall not take any of the foregoing actions referred to in clauses (A) through (D) until after reasonable notice to the Purchaser with respect to such action, and the Board of Directors shall continue to advise the Purchaser after taking such action and, in addition, if the Board of Directors of the Company receives an Acquisition Proposal, then the Company shall promptly inform the Purchaser of the terms and conditions of such proposal and the identity of the person making it.

"Acquisition Proposal" means any proposal or offer from any Third Party

(as defined below) which constitutes or would reasonably be expected to lead to (A) any acquisition or purchase of 30% or more of the consolidated assets of the Company and its Subsidiaries or of over 30% of any class of equity securities of the Company or any of its Subsidiaries, (B) any tender offer (including a self tender offer) or exchange offer that if consummated would result in any Third Party beneficially owning 30% or more of any class of equity securities of the Company or any of its Subsidiaries, (C) any merger, consolidation, business combination, sale of substantially all assets, recapitalization, liquidation, dissolution or similar transaction involving the Company or any of its Subsidiaries whose assets, individually or in the aggregate, constitute more than 30% of the consolidated assets of the Company (other than the transactions contemplated by the Merger Agreement) or (D) any other transaction the consummation of which would be expected to interfere with in a material way, prevent or materially delay the Merger or which would reasonably be expected to materially dilute the benefits to the Purchaser of the transactions contemplated by the Merger Agreement.

"Third Party" means any person, corporation, entity or "group," as defined in Section 13(d) of the Exchange Act, other than the Purchaser or any of its affiliates.

INDEMNIFICATION. The Purchaser and the Company have agreed that for six years after the Effective Time, the Purchaser will cause the Surviving Corporation to

(i) indemnify and hold harmless the present and former officers and directors of the Company in respect of acts or omissions occurring prior to the Effective Time (including without limitation matters related to the transactions contemplated by this Agreement) and

(ii) retain limitations on personal liability of directors for monetary damages, in each case to the fullest extent provided under the Company's certificate of incorporation and bylaws in effect on the date of the Merger Agreement, subject to any limitation imposed from time to time under applicable law. Such obligation shall apply to claims of which the Surviving Corporation shall have been notified prior to the expiration of such six-year period, regardless of when such claims shall have been disposed of. In addition, Purchaser and Surviving Corporation have agreed that for six years after the Effective Time, the Purchaser will cause the Surviving Corporation to use its best efforts to provide officers' and directors' liability insurance in respect of acts or omissions occurring prior to and including the Effective Time covering each such Person currently covered by the Company's officers' and directors' liability insurance policy on terms with respect to coverage and amount no less favorable than those of such policy in effect on the date of the Merger Agreement. The Purchaser will not be obligated to cause the Surviving Corporation to pay premiums in excess of 150% of the amount per annum the Company paid in its last full fiscal year.

EMPLOYEES OF THE COMPANY. The Purchaser has agreed that, for at least one year from the Effective Time, subject to applicable law, the Surviving Corporation and its Subsidiaries will provide benefits to their employees which will, in the aggregate, be comparable to those currently provided by the Company and its

subsidiaries to their employees.

REPRESENTATIONS AND WARRANTIES. The Merger Agreement contains customary representations and warranties of the parties thereto including representations by the Company as to the absence of certain changes or events concerning its respective business, compliance with law, litigation, employee benefit plans, taxes and other matters.

CONDITIONS TO CERTAIN OBLIGATIONS. The obligations of the Company and the Purchaser to consummate the Merger are subject to the satisfaction of the following conditions: (i) if required by Delaware Law, the adoption by the stockholders of the Company in accordance with such law; (ii) any applicable waiting period under the HSR Act relating to the Merger shall have expired or been terminated; (iii) no provision of any applicable law or regulation and no judgment, injunction, order or decree shall prohibit the consummation of the Merger; (iv) the Purchaser shall have purchased Shares pursuant to the Offer; and (v) all actions by or in respect of or filings with any governmental body, agency, official, or authority required to permit the consummation of the Merger shall have been obtained.

In addition, the obligations of the Purchaser to consummate the Merger are subject to the satisfaction of the following conditions: (i) the Company shall have performed in all material respects all of its obligations under the Merger Agreement required to be performed by it at or prior to the Effective Time; (ii) no provision of any applicable law or regulation and no judgment, injunction, order or decree shall prohibit consummation of the Merger; and (iii) the Purchaser shall have received all documents it may reasonably request relating to the existence of the Company and the Subsidiaries and the authority of the Company for this Agreement, all in form and substance reasonably satisfactory to the Purchaser.

TERMINATION. The Merger Agreement may be terminated and the Merger may be abandoned at any time prior to the Effective Time (notwithstanding any approval of the Merger Agreement by the stockholders of the Company)

(i) by mutual written consent of the Company and the Purchaser or

(ii) by either the Company or the Purchaser, if

(A) the Offer has not been consummated by the date that is 60 days after the commencement of the Offer; provided, however, that such right to terminate is not available if Purchaser shall have failed to purchase Shares in violation of the Offer;

(B) if there shall be any law or regulation that makes consummation of the Merger illegal or otherwise prohibited or if any judgment, injunction, order or decree enjoining the Purchaser or the Company from consummating the Merger is entered and such judgment, injunction, order or decree shall become final and nonappealable; or

(C) if the Board of Directors of the Company shall have withdrawn or

materially modified its recommendation as permitted under the Merger Agreement.

If the Merger Agreement is terminated, the Merger Agreement will become void and of no effect with no liability on the part of the Company or the Purchaser (other than any rights any party may have against the other for wilful breach of the Merger Agreement) other than obligations of the Purchaser under certain provisions of the Merger Agreement with respect to the treatment of confidential non-public information concerning the Company and its Subsidiaries, and obligations of the Company under certain provisions of the Merger Agreement to pay certain fees to and expenses of the Purchaser (as described below).

FEES AND EXPENSES. The Company has agreed in the Merger Agreement that if a Payment Event (as defined below) occurs, the Company will pay to the Purchaser, within two business days following such Payment Event, a fee equal to $6,900,000 in immediately available funds.

"Payment Event" means (x) the termination of the Merger Agreement by the Company or Purchaser if the Board of Directors withdraws or materially modifies its recommendation with respect to the Merger; or (y) the occurrence of a Third Party Acquisition within 12 months of the termination of the Merger Agreement where the Offer shall not have been consummated within 60 days after commencement of the Offer.

"Third Party Acquisition" means any of the following events, whereby stockholders of the Company receive, pursuant to such event, cash, securities or other consideration having an aggregate value, when taken together with the value of any securities of the Company or its Subsidiaries otherwise held by the stockholders of the Company after such event, in excess of $23.00 per Share: (i) the Company is acquired by merger or otherwise by a Third Party; (ii) a Third Party acquires more than 50% of the total assets of the Company and its Subsidiaries, taken as a whole; (iii) a Third Party acquires more than 50% of the outstanding Shares or (iv) the Company adopts and implements a plan of liquidation, recapitalization or share repurchase relating to more than 50% of the outstanding Shares or an extraordinary dividend relating to more than 50% of the outstanding Shares or 50% of the assets of the Company and its Subsidiaries, taken as a whole.

In addition, the Company has agreed in the Merger Agreement that, upon termination of the Merger Agreement for any reason (subject to the following sentence), the Company shall, within two business days after submission of reasonable documentation of such expenses, reimburse the Purchaser for all documented out-of-pocket fees and expenses incurred by the Purchaser in connection with the Merger Agreement and transactions contemplated thereby (including the Merger and the arrangement of, obtaining the commitment to provide, or obtaining the financing for, the transactions contemplated by the Merger Agreement), provided that such reimbursement obligation shall not exceed $4,250,000. The Company is not required to make any such payment if the termination of the Merger Agreement would not have occurred but for the failure of the Purchaser to fulfill its obligations under the Merger Agreement.

Except as described in the preceding paragraph, the Merger Agreement

provides that the Company and the Purchaser shall each bear all expenses incurred by it in connection with the Merger Agreement and the transactions contemplated thereby.

AMENDMENT AND WAIVERS. Any provision of the Merger Agreement may be amended or waived prior to the Effective Time if, and only if, such amendment or waiver is in writing and signed, and (i) in the case of an amendment, by the Company and the Purchaser or (ii) in the case of a waiver, by the party against whom the waiver is to be effective. After the adoption of the Merger Agreement by the stockholders of the Company, no such amendment or waiver shall alter or change, except with the further approval of such stockholders (i) the amount or kind of consideration to be received in exchange for any shares of capital stock of the Company, (ii) any term of the certificate of incorporation of the Surviving Corporation or (iii) any other terms and conditions of the Merger Agreement if such change would adversely affect the holders of any shares of capital stock of the Company.

4. CONFIDENTIALITY AGREEMENT

DLJ and the Company entered into a confidentiality agreement (the "Confidentiality Agreement"), a copy of which is filed as EXHIBIT 4 hereto and is incorporated herein by reference. Pursuant to the Confidentiality Agreement, DLJ agreed, among other things, that it and its representatives would keep confidential certain information (the "Evaluation Material") furnished to it by the Company and use the Evaluation Material solely for the purpose of evaluating an investment in the Company (a " Transaction").

The Confidentiality Agreement contains a "standstill provision" which provides that until June 15, 2000, neither DLJ nor any of its affiliates will, without the prior written consent of the Company and its Board of Directors in any manner, directly or indirectly, (a) effect or seek, offer or propose (whether publicly or otherwise) to effect, or cause or participate in or in any way assist any other person to effect or seek, offer or propose (whether publicly or otherwise) to effect or participate in, (i) any acquisition of any securities (or beneficial ownership thereof) or assets of the Company or any of its subsidiaries; (ii) any tender or exchange offer or merger or other business combination involving the Company or any of its subsidiaries; (iii) any recapitalization, restructuring, liquidation, dissolution or other extraordinary transactions with respect to the Company or any of its subsidiaries; or (iv) any "solicitation" of "proxies" (as such terms are used in the proxy rules of the Securities and Exchange Commission) or consents to vote any voting securities of the Company, (b) form, join or in any way participate in a "group" (as defined under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), (c) otherwise act, alone or in concert with others, to seek to control or influence the management, Board of Directors or policies of the Company, (d) take any action which might force the Company to make a public announcement regarding any of the types of matters set forth in (a) above, or (e) enter into any discussions or arrangements with any third party with respect to any of the foregoing. DLJ also agreed during such period not to request that the Company (or its directors, officers, employees or agents), directly or indirectly, amend

or waive any provision of this paragraph (including this sentence).

ITEM 4. THE SOLICITATION OR RECOMMENDATION.

(a) RECOMMENDATION. At a meeting held on July 16, 1998, the Company's Board of Directors, acting on the recommendation of the Special Committee (as defined below), has (i) unanimously determined that the Merger Agreement and the transactions contemplated thereby, including the Offer, described herein is fair to, and in the best interests of, the Company and its stockholders, (ii) unanimously approved the Merger Agreement and the transactions contemplated thereby, including the Offer, and (iii) unanimously resolved to recommend acceptance of the Offer and approval and adoption of the Merger Agreement by the Company's stockholders (subject to the Board of Directors' right to withdraw or modify its recommendation to the extent the Board of Directors of the Company shall have concluded in good faith on the basis of written advice from outside counsel that such action by the Board of Directors is required in order to comply with the fiduciary duties of the Board of Directors to the stockholders of the Company under applicable law). This recommendation is based in part upon the opinion of Warburg Dillon Read LLC ("WDR") that the per Share consideration to be received by the Company's stockholders in the Offer is fair to such stockholders from a financial point of view. A copy of the written opinion dated July 21, 1998 of WDR, which accompanies this Schedule 14D-9, setting forth the assumptions made, factors considered and the scope of the review undertaken by WDR, is attached hereto as Annex A, has been filed as EXHIBIT 5 hereto and is incorporated herein by reference. STOCKHOLDERS ARE URGED TO READ THE OPINION OF WDR CAREFULLY AND IN ITS ENTIRETY.

A letter to the Company's stockholders communicating the Board's recommendations and a press release announcing the Offer and the Merger Agreement are filed herewith as EXHIBITS 6 and 7, respectively, and are incorporated herein by reference.

(b) BACKGROUND.

In the spring of 1998, the Company conducted a secondary offering of shares of Common Stock on behalf of certain of its stockholders. Representatives from DLJ attended the management presentations conducted by the Company in connection with that offering and spoke with one of the Company's larger stockholders about the Company, its history, current performance and potential. At that time, DLJ concluded that it was not interested in proposing to acquire the Company. In early June 1998, DLJ learned that the Company had entered into an agreement to acquire Avtech Corporation. At this point, DLJ began to consider the possibility of acquiring the Company and approached the Company to express DLJ's possible interest in acquiring the Company.

At the regularly scheduled meeting of the Company's Board of Directors on June 17, 1998, the Board of Directors elected to form a special committee of independent non-employee directors (the "Special Committee"), consisting of Paul Cascio, Mitchell Quain (Messrs. Cascio and Quain acted as co-chairmen) and James

Bergman, to consider a proposal from DLJ involving a business combination with the Company. Around the same time, the Company and DLJ entered into the Confidentiality Agreement. The Special Committee approved DLJ's request to conduct a due diligence investigation of the business and properties of the Company and representatives of DLJ and their counsel met with members of the management of the Company to discuss the Company. Concurrently, the Company was preparing for a private placement of high yield debt that was expected to be offered in mid-July pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"). The Special Committee retained Stroock & Stroock & Lavan LLP as counsel to the Special Committee and WDR as independent financial advisors.

On approximately June 26, 1998, Thompson Dean of DLJ advised Paul Cascio that DLJ might be interested in acquiring all of the outstanding Shares at a price of $21.00 per Share in cash. DLJ indicated that the transaction would take the form of a merger between a DLJ-formed subsidiary and the Company and would be preceded by a first-step cash tender offer for all Shares, with the second-step merger consideration to be at the same cash price for any Shares not tendered (the "Proposal"). The Proposal was contingent upon, among other things, several stockholders of the Company, which owned approximately 33% of the Shares in the aggregate, granting the Purchaser options (collectively, the "Stock Options") to purchase their Shares at $21.00 per Share. The Proposal also contemplated that, if this merger was not consummated due to specified reasons and if the Company consummated a business combination with another party within 24 months (the "Tail") after the termination of the merger Agreement, the Purchaser would receive a break up fee of $1.50 per Share (calculated on a fully-diluted basis) (the "Break-up Fee") and the Company would reimburse DLJ for its expenses up to $10,000,000 ("Expense Reimbursement"). The Special Committee convened telephonically to consider the Proposal. After due consideration and consultation with its legal counsel, the Special Committee informed DLJ that it believed that the price offered was inadequate and the other terms of the Proposal were unacceptable. DLJ responded that it might be willing to consider increasing the proposed purchase price if the results of additional due diligence confirmed greater value in the Company and that it was open to negotiation on other points. Between June 26, 1998 and July 14, 1998, Mr. Dean and Mr. Cascio had several discussions regarding revising the price and other terms of the Proposal

On July 14, 1998, Mr. Dean contacted Mr. Cascio to indicate that, under certain circumstances, DLJ might be willing to increase the proposed price to $23.00 per Share and to reduce the Break-up Fee to $.85 per Share, reduce the Tail to 12 months and reduce the Expense Reimbursement to $5,000,000. Counsel for the Special Committee and counsel for the Company reviewed these matters and commented on a draft of the proposed Merger Agreement provided by DLJ's and the Purchaser's counsel. Concurrently, the parties' respective legal advisors negotiated the provisions of the Merger Agreement. A revised draft of the proposed Merger Agreement was delivered to each of the Company's directors on Wednesday, July 15, 1998.

The Special Committee again convened in the early morning on July 15, 1998 with its counsel and with WDR to consider the revised Proposal. DLJ also

provided the Special Committee with drafts of financing commitment letters that contained customary conditions, and with a schedule of DLJ's estimated expenses, which aggregated more than $7 million. Members of the Special Committee discussed their concerns regarding the revised Proposal, including how the various terms of the revised Proposal could affect the ability of another buyer to make a more attractive offer. The areas of particular concern to the members of the Special Committee were: (i) the amount of the Break-up Fee and the Expense Reimbursement; (ii) whether the Stock Options (now required from two stockholders of the Company owning approximately 17% of the Shares and modified in certain other respects from the original version) would discourage other potential buyers from making acquisition proposals; (iii) whether the proposed tender offer period provided adequate time for other potential buyers to initiate discussions with respect to a bona fide acquisition proposal; and (iv) the price per Share offered.

Later in the evening on July 15, 1998, the full Board of Directors of the Company convened (three members via telephone) for a meeting to consider the revised Proposal. By then, DLJ had agreed that the Offer would remain open for a minimum of 25 business days. The Board of Directors broadened the scope of the authority of the Special Committee to consider acquisition proposals and strategic alternatives in addition to a business combination with DLJ. At the invitation of the Special Committee, representatives of WDR addressed the Board of Directors to provide their analysis of the revised Proposal. WDR indicated that it would present the revised Proposal to its fairness committee the following day, but based on its analysis thus far, it believed that if requested, it would express an opinion that the revised Proposal was fair to the stockholders of the Company from a financial point of view.

On July 16, 1998, the full Board of Directors re-convened (one of the directors by telephone) to further consider the revised Proposal. The members of the Board of Directors concluded that the Break-up Fee and the Expense Reimbursement were too high and the Stock Options might present a material obstacle to another potential buyer. Mr. Cascio expressed the Board's concerns to Mr. Dean, and after discussion, DLJ agreed to eliminate the requirement for the Stock Options and to lower the Expense Reimbursement from $5,000,000 to $4,250,000. After reviewing these changes, the Special Committee, subject to receipt of WDR's fairness opinion and finalization of the terms of the Merger Agreement, unanimously recommended to the Board of Directors that the revised Proposal be accepted. The full Board of Directors, subject to the same conditions, unanimously resolved to approve the revised Proposal and to authorize the execution and delivery of the Merger Agreement. The full Board also recommended that the stockholders of the Company accept the Offer and tender all of their Shares pursuant to the Offer.

On July 17, 1998, WDR delivered its oral fairness opinion (which was subsequently confirmed in writing) to the Company and the Company and the Purchaser executed and delivered the Merger Agreement and DLJ and the Company issued a joint press release announcing the transaction.

Since then, the Company has received an indication of interest in initiating discussions with respect to an alternative acquisition, but there can

be no assurance that any proposal will result.

On July 21, 1998, an action entitled TAAM ASSOCIATES, INC. V. DECRANE, ET AL., was commenced in Delaware Chancery Court on behalf of a purported class of shareholders of the Company against the Company, its directors and various officers, Donaldson Lufkin Jenrette, Inc. and DeCrane Acquisition Co., alleging, among other things, that the directors had breached their fiduciary duties by entering into the Merger Agreement without engaging in an auction or "active market check" and therefore did not adequately inform themselves in agreeing to terms that are unfair and inadequate from the standpoint of the Company's shareholders. The complaint seeks a preliminary and permanent injunction barring defendants from proceeding with the transaction or, if the transaction is consummated, an order rescinding it or awarding damages, together with interest; and an award of attorneys' fees and litigation expenses. The Company believes the action is without merit.

REASONS FOR RECOMMENDATION. In reaching their conclusion to approve the Merger Agreement and the transactions contemplated thereby, and to recommend that the holders of Shares tender their Shares pursuant to the Offer, the Special Committee and the Board of Directors considered a number of factors, including the following:

1. The financial and other terms and conditions of the Merger Agreement, including the fact that the Merger Agreement provides for an immediate cash tender offer for all of the Shares, thereby enabling the stockholders of the Company to obtain cash for all of their Shares at the earliest possible time;

2. The presentation of WDR at the July 15 meeting of the Special Committee and the July 16 meeting of the Board of Directors and the oral opinion of WDR delivered to the Board of Directors on July 16, 1998 (which was subsequently confirmed in writing) to the effect that, as of such date and based upon its review and analysis and subject to the limitations set forth therein, the consideration to be received by the holders of Shares pursuant to the Merger Agreement is fair from a financial point of view to such holders.

3. The Board of Director's belief that the trading history of the Shares has consistently failed to reflect the Company's dynamic growth and the fact that the price of $23 per Share represents a substantial premium over the then current trading price per Share; the July 15th and 16th closing price on the Nasdaq National Market was $17 5/8;

4. The fact that the Merger Agreement provides that the Company may, pursuant to an appropriate confidentiality letter, provide information concerning the Company to a third party who has made or is seeking to initiate discussions with respect to a bona fide acquisition proposal, and the Special Committee and the Board of Directors may, in the exercise of its fiduciary duties, withdraw or materially modify its recommendation to the stockholders to state that the Company should accept an alternative proposal or remain independent, and thereby terminate the Merger Agreement;

5. The facts that the Special Committee was able to negotiate that the tender offer period be extended to 25 business days, thereby allowing sufficient time for other potential buyers to come forth.

6. The fact that the Merger Agreement resulted from intensive arms-length negotiations; see "Background" above;

7. The fact that the Offer was accompanied by written financing commitments, subject to customary and usual conditions; and

8. The availability of dissenters to exercise rights of appraisal in the Merger.

The Special Committee and the Board of Directors did not assign relative weights to the factors or determine that any factor was of particular importance. Rather, they viewed their position and recommendation as being based on the totality of the information presented to and considered by them.

ITEM 5. PERSONS RETAINED, EMPLOYED OR TO BE COMPENSATED.

Pursuant to an agreement (the "Engagement Letter"), the Company retained WDR to provide financial advisory services and an opinion to the Special Committee (the "Opinion") with respect to the fairness from a financial point of view of the consideration to be received by the holders of Shares pursuant to any transaction pursuant to which any person or entity acquires a controlling interest in all or substantially all of the capital stock or assets of the Company (a "Transaction"). Pursuant to the terms of the Engagement Letter, the Company agreed to pay WDR a fee of (a) $100,000 upon the execution of the Merger Agreement, (b) $600,000 upon the date WDR advised the Special Committee that it was prepared to render an Opinion, (c) another $600,000 upon the date WDR rendered the Opinion to the Special Committee and (d) should the Company require additional financial advisory services from WDR in connection with any Transaction, an additional fee equal to 1% of the aggregate amount of consideration paid to the Company and/or its stockholders, as the case may be, in connection with the consummation of a Transaction, but the additional fee will be reduced by the fees referred to above. The Company also agreed to reimburse WDR for its expenses reasonably incurred in connection with its engagement (including fees and disbursements of outside counsel), and to indemnify WDR against certain liabilities and reasonable expenses related to, arising out of or in connection with the engagement of WDR under the Engagement Letter, including liabilities under the federal securities laws. A copy of the Opinion is filed as EXHIBIT 5 hereto and is incorporated herein by reference.

In the ordinary course of its trading and brokerage activities, WDR or its affiliates may at any time hold long or short positions, and may trade or otherwise effect transactions for its own account or the accounts of customers, in debt or equity securities of the Company or any other company that may be involved in a transaction with the Company.

In the past, WDR and its affiliates were underwriters of the Company's initial public offering and other public equity offerings and received customary

fees for the rendering of such services.

Except as disclosed herein, neither the Company nor any person acting on its behalf has employed, retained or compensated, or currently intends to employ, retain or compensate, any other person to make solicitations or recommendations to stockholders of the Company on its behalf concerning the Merger Agreement.

ITEM 6. RECENT TRANSACTIONS AND INTENT WITH RESPECT TO SECURITIES.

(a) No transactions in the Shares have been effected during the past 60 days by the Company or, to the best of the

Company's knowledge, by any executive officer, director, affiliate or subsidiary of the Company.

(b) To the best knowledge of the Company, all of its executive officers, directors, affiliates or subsidiaries owning Shares currently intend to tender all Shares beneficially owned by them pursuant to the Merger Agreement.

ITEM 7. CERTAIN NEGOTIATIONS AND TRANSACTIONS BY THE SUBJECT COMPANY.

(a) Except as set forth in this Schedule 14D-9, no negotiation is being undertaken or is underway by the Company in response to the Offer which relates to or would result in (i) an extraordinary transaction such as a merger or reorganization, involving the Company or any subsidiary of the Company; (ii) a purchase, sale or transfer of a material amount of assets by the Company or any subsidiary of the Company; (iii) a tender offer for or other acquisition of securities by or of the Company; or (iv) any material change in the present capitalization or dividend policy of the Company.

(b) Except as described in Item 3(b) and Item 4, there are no transactions, board resolutions, agreements in principle or signed contracts in response to the Merger Agreement which relate to or would result in one or more of the matters referred to in paragraph (a) of this Item 7.

ITEM 8. ADDITIONAL INFORMATION TO BE FURNISHED.

The Information Statement attached hereto as Annex I is being furnished pursuant to Rule 14f-1 under the Exchange Act in connection with the possible designation by Purchaser, pursuant to the Merger Agreement, of certain persons to be appointed to the Board of Directors other than at a meeting of the Company's stockholders.

ITEM 9. MATERIAL TO BE FILED AS EXHIBITS.

Exhibit 1.	Merger Agreement dated as of July 16, 1998, by and between DeCrane Acquisition Co. and DeCrane Aircraft Holdings, Inc.
Exhibit 2.	Pages 7 through 17 of the Proxy Statement dated June 2, 1998, relating to its 1998 Annual Meeting of Stockholders held on June 17, 1998 at DeCrane Aircraft Holdings, Inc.
Exhibit 3.	Employment Agreement between DeCrane Aircraft Holdings, Inc. and R. Jack DeCrane, dated as of July 17, 1998.
Exhibit 4.	Confidentiality Agreement, dated as of June 15, 1998, between DeCrane Aircraft Holdings, Inc. and DLJ Merchant Banking II, L.P.
Exhibit 5.	Opinion of Warburg Dillon Read LLC to the Board of Directors of DeCrane Aircraft Holdings, Inc. dated July 21, 1998.
Exhibit 6.	Letter of the Board of Directors of DeCrane Aircraft Holdings, Inc. addressed to the stockholders of DeCrane Aircraft Holdings, Inc., dated July 22, 1998.
Exhibit 7.	Joint Press Release dated July 17, 1998 of DeCrane Aircraft Holdings, Inc. and DLJ Merchant Banking Partners II, L.P.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: July 22, 1998

DECRANE AIRCRAFT HOLDINGS, INC.

By: /S/ R. JACK DECRANE
R. Jack DeCrane
Chairman of the Board and
Chief Executive Officer

ANNEX I

ADDITIONAL INFORMATION PURSUANT TO SECTION 14(F) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 14F-1 THEREUNDER; CERTAIN INFORMATION CONCERNING DIRECTORS AND OFFICERS OF THE COMPANY

This information is being furnished in connection with the possible designation by the Purchaser, pursuant to the Merger Agreement and upon consummation of the Offer, of such number of directors (the "Purchaser Designees"), rounded up to the next whole number, as will give the Purchaser representation on the Board of Directors of the Company equal to the product of (i) the total number of directors on the Board of Director's (giving effect to the election of any additional directors by the Purchaser) and (ii) the percentage that the number of shares then owned by the Purchaser bears to the total number of Shares outstanding. The Company shall take all action necessary to cause Purchaser's designees to be elected or appointed to the Company's Board of Directors, including, without limitation, increasing the number of directors, and seeking and accepting resignations of incumbent directors. The Company will use its best efforts to cause individuals designated by the Purchaser to constitute the same percentage as such individuals represented on (A) each committee of the Board (other than the Special Committee or any committee of the Board established to take action under the Merger Agreement), (B) each board of directors of each Subsidiary and (C) each committee of each such board. Notwithstanding the foregoing, until such time as Purchaser acquires a majority of the outstanding Shares on a fully-diluted basis, the Company shall use its reasonable efforts to ensure that all of the members of the Board of Directors and such boards and committees as of the date hereof who are not employees of the Company shall remain members of the Board of Directors and such boards and committees until the certificate of merger is filed with the Secretary of State of the State of Delaware.

The Purchaser has provided certain information to the Company with respect to the individuals that would be included in an information statement pursuant to Section 14(f) of the Exchange Act and Rule 14f-1 promulgated thereunder. The information set below concerning the Purchaser has been furnished to the Company by the Purchaser, and the Company assumes no responsibility for the accuracy or completeness of such information.

None of the nominees or their associates is currently a director of, or holds any position with, the Company. The Company has been advised that, to the best knowledge of the Purchaser, except as set forth in the Offer to Purchase, none of the nominees or their associates (i) beneficially owns or has any right to acquire, directly or indirectly, any Shares, (ii) has effected any transaction in the Shares during the past 60 days, (iii) has any contract arrangement, understanding or relationship with any other person with respect to

any securities of the Company, including, but not limited to, any contract, arrangement, understanding or relationship concerning the transfer of voting of such securities, finder's fees, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees of profits, division of profits or loss or the giving or withholding of proxies, (iv) have had, since January 1, 1995, any business relationship or transaction with the Company or any of its executive officers, directors, or affiliates that is required to be reported under the rules and regulations of the Commission applicable to the Offer or (v) have entered into, since January 1, 1995, any contracts, negotiations or transactions with the Company or its affiliates, concerning a merger, consolidation or acquisition, tender offer or other acquisition of securities, an election of directors or a sale or other transfer of a material amount of assets.

As of July 20, 1998, there were issued and outstanding 7,524,740 Shares, each of which entitles the holder to one vote and not more than 586,260 Shares subject to issuance pursuant to the Company's stock option and incentive plans.

Capitalized terms used but not defined in this Annex I have the meanings assigned to such terms in the Schedule 14D-9 to which this Annex B is attached (the "Schedule 14D-9").

BOARD OF DIRECTORS AND PURCHASER DESIGNEES

PURCHASER DESIGNEES

Purchaser will choose the Purchaser Designees from the directors and officers listed on Schedule A of the Offer to Purchase, a copy of which is being mailed to stockholders together with the Schedule 14D-9. The information on such Schedule A, as well as supporting information contained in Section 8 of the Offer to Purchase, is incorporated herein by reference.

CONTINUING DIRECTORS

Set forth is certain information with respect to the current directors of the Company (the "Continuing Directors"). The business address of the Continuing Directors is c/o DeCrane Aircraft Holdings, Inc., 2361 Rosecrans Avenue, Suite 180, El Segundo, California 90245.

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth information regarding the directors of the Company as of July 15, 1998:

NAME	AGE	POSITION

R. Jack DeCrane.....	51	Chairman of the Board and Chief Executive Officer
R. G. MacDonald.....	67	Vice Chairman of the Board
James R. Bergman (a).....	55	Director
Paul H. Cascio (b).....	36	Director
Mitchell I. Quain.....	46	Director
Jonathan A. Sweemer (a)(b).....	42	Director

(a) Member of the Compensation Committee.

(b) Member of the Audit Committee.

The Company's Board is divided into three classes. Directors of each class will be elected at the annual meeting of stockholders of the Company held in the year in which the term of such class expires and will serve thereafter for three years. Messrs. MacDonald and Quain serve as class I directors for a term expiring as of the Annual Meeting in 1998. Messrs. Cascio and Bergman serve as class II directors for a term expiring as of the Annual Meeting in 1999. Messrs. DeCrane and Sweemer serve as class III directors for a term expiring as of the Annual Meeting in 2000.

R. JACK DECRANE is the founder of the Company and has been Chairman of the Board of Directors of the Company since it was founded in December 1989. Mr. DeCrane served as President of the Company, which office then included the duties of chief executive officer, until April 1993 when he was elected to the newly-created office of Chief Executive Officer. Prior to founding the Company, Mr. DeCrane held various positions at the aerospace division of B.F. Goodrich. Mr. DeCrane was a Group Vice President at the aerospace division of B.F. Goodrich with management responsibility for three business units from 1986 to 1989. Mr. DeCrane is his own appointee to the Board under the terms of an agreement between the Company and certain of its shareholders and lenders.

R. G. MACDONALD has been Vice Chairman of the Company since December 1996. Mr. MacDonald has been a member of the Board since December 1994, and was President of the Company from April 1993 until December 1996. The office of President of the Company included the duties of chief operating officer. Mr. MacDonald was a consultant to the Company from February 1993 to April 1993. Prior to joining the Company, he served as President and Chief Executive Officer of MDB Systems, Inc., a manufacturer of ruggedized computer disk systems, from 1990 to 1993.

JAMES R. BERGMAN has been a member of the Board since October 1991. He is a founder and, since 1974, has been a general partner of DSV Partners IV ("DSV"), DSV Partners III and DSV Associates. Mr. Bergman is DSV's appointee to the Board under the terms of an agreement between the Company and certain of its shareholders and lenders. In August 1996, Mr. Bergman became a general partner of Brantley Venture Partners III, L.P. (an affiliate of Brantley Venture Partners II, L.P.). He is also a director of Maxim Integrated Products, Inc. and Quad Systems Corporation.

PAUL H. CASCIO has been a member of the Board since September 1996. He is a general partner of Brantley Venture Partners II, L.P. (herein, "Brantley"). Mr. Cascio also serves as Vice President and Secretary of Brantley Capital Corporation. Mr. Cascio is Brantley's appointee to the Board under the terms of an agreement between the Company and certain of its shareholders and lenders. From December 1987 through May 1996, when he became a general partner of Brantley, Mr. Cascio was a Managing Director and head of the Industrial Manufacturing and Services Group in the corporate finance department at Dean Witter Reynolds Inc.

MITCHELL I. QUAIN has been a member of the Board since May 1997. He is an Executive Vice President of and has been a member of the board of Furman Selz LLC since May 1997. From June 1975 to May 1997, he was a Managing Director of and held other positions with Schroder & Co. Inc. Mr. Quain has more than 20 years of financial and operating experience. Certain stock options have been granted to Mr. Quain, pursuant to a Board resolution providing for such options for non-management directors who do not serve pursuant to the terms of the Shareholder Agreement.

JONATHAN A. SWEEMER has been a member of the Board since February 1996. He has been a member of Nassau Capital L.L.C., the general partner of Nassau Capital Partners, L.P. (herein, collectively with NAS Partners I, L.L.C., "Nassau") since January 1995. From May 1992 to December 1994, Mr. Sweemer was a Vice President for Princeton University Investment Co. Mr. Sweemer is Nassau's appointee to the Board under the terms of an agreement between the Company and certain of its shareholders and lenders.

CONFORMED COPY

AGREEMENT AND PLAN OF MERGER

dated as of

July 16, 1998

between

DECRANE AIRCRAFT HOLDINGS, INC.

and

DECRANE ACQUISITION CO.

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AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER dated as of July 16, 1998 between DeCrane Aircraft Holdings, Inc., a Delaware corporation (the "COMPANY"), and DeCrane Acquisition Co., a Delaware corporation ("BUYER").

WHEREAS, in furtherance of the acquisition of the Company by Buyer on the terms and subject to the conditions set forth in this Agreement, Buyer proposes to make an offer to purchase all of the outstanding shares of common stock of the Company at a purchase price of $23.00 per share, net to seller in cash, without interest thereon, upon the terms and subject to the conditions set forth in this Agreement;

WHEREAS, the respective Boards of Directors of the Company and Buyer have approved the offer and the merger of Buyer with the Company upon the terms and subject to the conditions set forth in this Agreement.

NOW THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, the parties hereto agree as follows:

ARTICLE 1

THE OFFER

SECTION 1.1. THE OFFER. (a) Provided that nothing shall have occurred that had the Offer referred to below been commenced, would give rise to a right to terminate the Offer pursuant to any of the conditions set forth in Annex I hereto, Buyer shall, as promptly as practicable after the date hereof, but in no event later than five business days following the public announcement of the terms of this Agreement, commence an offer (the "OFFER") to purchase all of the outstanding shares of common stock, par value $.01 per share (the "SHARES"), of the Company at a price of $23.00 per Share, net to the seller in cash. The Offer shall remain open for at least twenty-five business days, shall be subject to the condition that there shall have been validly tendered in accordance with the terms of the Offer prior to the expiration date of the Offer and not withdrawn a number of Shares which, together with the Shares then owned by Buyer, represents at least a majority of the Shares outstanding on a fully diluted basis (the "MINIMUM CONDITION") and to the other conditions set forth in Annex I hereto. Buyer expressly reserves the right to waive the Minimum Condition or any of the other conditions to the Offer and to make any change in the terms or conditions of the Offer; PROVIDED that no change may be made which changes the form of consideration to be paid or decreases the price per Share or the number of Shares sought in the Offer or which imposes conditions to the Offer in addition to those set forth in Annex I or which otherwise materially and adversely affects the Company or the holders of the Shares.

(b) As soon as practicable on the date of commencement of the Offer, Buyer shall file with the SEC (as defined in Section 4.07) a Tender Offer Statement on Schedule 14D-1 with respect to the Offer which will contain the offer to purchase and form of the related letter of transmittal (together with any supplements or amendments thereto, collectively the "OFFER DOCUMENTS"). Each of Buyer and the Company agrees promptly to correct any information provided by it

for use in the Offer Documents if and to the extent that it shall have become false or misleading in any material respect. Buyer agrees to take all steps necessary to cause the Offer Documents as so corrected to be filed with the SEC and to be disseminated to holders of Shares, in each case as and to the extent required by applicable federal securities laws. The Company and its counsel shall be given an opportunity to review and comment on the Schedule 14D-1 and each amendment and supplement thereto, in each case prior to the filing thereof with the SEC.

SECTION 1.2. COMPANY ACTION. (a) The Company hereby consents to the Offer and represents that its Board of Directors, at a meeting duly called and held and acting on the unanimous recommendation of a special committee of the Board of Directors of the Company comprised entirely of non-management independent directors (the "SPECIAL COMMITTEE"), has (i) unanimously determined that this Agreement and the transactions contemplated hereby, including the Offer and the Merger (as defined in Section 2.01), are fair to and in the best interest of the Company's stockholders, (ii) unanimously approved this Agreement and the transactions contemplated hereby, including the Offer and the Merger, which approval satisfies in full the requirements of the General Corporation Law of the State of Delaware (the "DELAWARE LAW") (including Section 203 thereof) and the Certificate of Incorporation of the Company with respect to the requisite approval of a board of directors, and (iii) unanimously resolved to recommend acceptance of the Offer and approval and adoption of this Agreement and the Merger by its stockholders; PROVIDED however, that such recommendation may be withdrawn, modified or amended to the extent the Board of Directors of the Company shall have concluded in good faith on the basis of written advice from outside counsel that such action by the Board of Directors is required in order to comply with the fiduciary duties of the Board of Directors to the stockholders of the Company under applicable law. The Company further represents that Warburg Dillon Read has delivered to the Company's Board of Directors its opinion that the consideration to be paid in the Offer and the Merger is fair to the holders of Shares from a financial point of view. The Company has been advised that all of its directors and executive officers who own Shares intend either to tender their Shares pursuant to the Offer or to vote in favor of the Merger, unless its recommendation shall have been withdrawn or materially modified as permitted by Section 6.04(a). The Company will promptly furnish Buyer with a list of its stockholders, mailing labels and any available listing or computer file containing the names and addresses of all record holders of Shares and lists of securities positions of Shares held in stock depositories, in each case true and correct as of the most recent practicable date, and will provide to Buyer such additional information (including, without limitation, updated lists of stockholders, mailing labels and lists of securities positions) and such other assistance as Buyer may reasonably request in order to be able to communicate the Offer to the holders of the Shares.

(b) As soon as practicable on the day that the Offer is commenced the Company will file with the SEC a Solicitation/Recommendation Statement on Schedule 14D-9 (the "SCHEDULE 14D-9") which shall reflect the recommendations of the Company's Board of Directors referred to above. The Company and Buyer each agree promptly to correct any information provided by it for use in the Schedule 14D-9 if and to the extent that it shall have become false or misleading in any

material respect. The Company agrees to take all steps necessary to cause the Schedule 14D-9 as so corrected to be filed with the SEC and to be disseminated to holders of Shares, in each case as and to the extent required by applicable federal securities laws. Buyer and its counsel shall be given an opportunity to review and comment on the Schedule 14D-9 prior to its being filed with the SEC.

SECTION 1.3. DIRECTORS. (a) Effective upon the acceptance for payment by Buyer of any Shares, Buyer shall be entitled to designate the number of directors, rounded up to the next whole number, on the Company's Board of Directors that equals the product of (i) the total number of directors on the Company's Board of Directors (giving effect to the election of any additional directors pursuant to this Section) and (ii) the percentage that the number of Shares owned by Buyer (including Shares accepted for payment) bears to the total number of Shares outstanding, and the Company shall take all action necessary to cause Buyer's designees to be elected or appointed to the Company's Board of Directors, including, without limitation, increasing the number of directors, and seeking and accepting resignations of incumbent directors. At such times, the Company will use its best efforts to cause individuals designated by Buyer to constitute the same percentage as such individuals represent on the Company's Board of Directors of (A) each committee of the Board (other than the Special Committee or any committee of the Board established to take action under this Agreement), (B) each board of directors of each Subsidiary (as defined in Section 4.06) and (C) each committee of each such board. Notwithstanding the foregoing, until such time as Buyer acquires a majority of the outstanding Shares on a fully-diluted basis, the Company shall use its reasonable efforts to ensure that all of the members of the Board of Directors and such boards and committees as of the date hereof who are not employees of the Company shall remain members of the Board of Directors and such boards and committees until the Effective Time (as defined in Section 2.01).

(b) The Company's obligations to appoint designees to the Board of Directors shall be subject to Section 14(f) of the Exchange Act (as defined in Section 4.03) and Rule 14f-1 promulgated thereunder. The Company shall promptly take all actions required pursuant to Section 14(f) and Rule 14f-1 in order to fulfill its obligations under this Section and shall include in the Schedule 14D-9 such information with respect to the Company and its officers and directors as is required under Section 14(f) and Rule 14f-1 to fulfill its obligations under this Section 1.03. Buyer will supply to the Company in writing and be solely responsible for any information with respect to itself and its nominees, officers, directors and affiliates required by Section 14(f) and Rule 14f-1.

(c) Following the election or appointment of Buyer's designees pursuant to this Section 1.03 and until the Effective Time, the approval of a majority of the directors of the Company then in office who were not designated by Buyer (the "CONTINUING DIRECTORS") shall be required to authorize (and such authorization shall constitute the authorization of the Board of Directors and no other action on the part of the Company, including any action by any other director or the Company, shall be required to authorize) any termination of this Agreement by the Company, any amendment of this Agreement requiring action by the Board of Directors, and any waiver of compliance with any of the agreements

or conditions contained herein for the benefit of the Company.

ARTICLE 2

THE MERGER

SECTION 2.1. THE MERGER. (a) At the Effective Time, Buyer shall be merged (the "MERGER") with and into the Company in accordance with the Delaware Law and this Agreement, whereupon the separate existence of Buyer shall cease, and the Company shall be the surviving corporation (the "SURVIVING CORPORATION").

(b) As soon as practicable after satisfaction or, to the extent permitted hereunder, waiver of all conditions to the Merger, the Company and Buyer will file a certificate of merger with the Secretary of State of the State of Delaware and make all other filings or recordings required by Delaware Law in connection with the Merger. The Merger shall become effective at such time as the certificate of merger is duly filed with the Secretary of State of the State of Delaware or at such later time as is specified in the certificate of merger (the "EFFECTIVE TIME").

(c) From and after the Effective Time, the Surviving Corporation shall possess all the rights, privileges, powers and franchises and be subject to all of the restrictions, disabilities and duties of the Company and Buyer, all as provided under Delaware Law.

SECTION 2.2. CONVERSION OF SHARES. At the Effective Time:

(a) each Share held by the Company as treasury stock or owned by Buyer or any subsidiary of Buyer immediately prior to the Effective Time shall be canceled, and no payment shall be made with respect thereto;

(b) each share of common stock of Buyer outstanding immediately prior to the Effective Time shall be converted into and become one share of common stock of the Surviving Corporation with the same rights, powers and privileges as the shares so converted and shall constitute the only outstanding shares of capital stock of the Surviving Corporation; and

(c) each Share outstanding immediately prior to the Effective Time shall, except as otherwise provided in Section 2.02(a) or as provided in Section 2.04 with respect to Shares as to which appraisal rights have been perfected, be converted into the right to receive $23.00 in cash or any higher price paid for each Share in the Offer, without interest (the "MERGER CONSIDERATION").

SECTION 2.3. SURRENDER AND PAYMENT. (a) Prior to the Effective Time, Buyer shall appoint a national bank or trust company (or a subsidiary thereof) reasonably acceptable to the Company to act as exchange agent (the "EXCHANGE AGENT") for the purpose of exchanging certificates representing Shares for the Merger Consideration. Buyer will make available to the Exchange Agent, as needed, the Merger Consideration to be paid in respect of the Shares. For

purposes of determining the Merger Consideration to be made available, Buyer shall assume that no holder of Shares will perfect his right to appraisal of his Shares. Promptly after the Effective Time, Buyer will send, or will cause the Exchange Agent to send, to each holder of Shares at the Effective Time a letter of transmittal for use in such exchange (which shall specify that the delivery shall be effected, and risk of loss and title shall pass, only upon proper delivery of the certificates representing Shares to the Exchange Agent).

(b) Each holder of Shares that have been converted into the right to receive the Merger Consideration, upon surrender to the Exchange Agent of a certificate or certificates representing such Shares, together with a properly completed letter of transmittal covering such Shares, will be entitled promptly upon such surrender to receive the Merger Consideration payable in respect of such Shares. Until so surrendered, each such certificate shall, after the Effective Time, represent for all purposes, only the right to receive such Merger Consideration.

(c) If any portion of the Merger Consideration is to be paid to a Person other than the registered holder of the Shares represented by the certificate or certificates surrendered in exchange therefor, it shall be a condition to such payment that the certificate or certificates so surrendered shall be properly endorsed or otherwise be in proper form for transfer and that the Person requesting such payment shall pay to the Exchange Agent any transfer or other taxes required as a result of such payment to a Person other than the registered holder of such Shares or establish to the satisfaction of the Exchange Agent that such tax has been paid or is not payable. For purposes of this Agreement, "PERSON" means an individual, a corporation, a limited liability company, a partnership, an association, a trust or any other entity or organization, including a government or political subdivision or any agency or instrumentality thereof.

(d) After the Effective Time, there shall be no further registration of transfers of Shares. If, after the Effective Time, certificates representing Shares are presented to the Surviving Corporation, they shall be canceled and exchanged for the consideration provided for, and in accordance with the procedures set forth, in this Article 2.

(e) Any portion of the Merger Consideration made available to the Exchange Agent pursuant to Section 2.03(a) that remains unclaimed by the holders of Shares one year after the Effective Time shall be returned to the Surviving Corporation, upon demand, and any such holder who has not exchanged his Shares for the Merger Consideration in accordance with this Section prior to that time shall thereafter look only to the Surviving Corporation for payment of the Merger Consideration in respect of his Shares. Notwithstanding the foregoing, Buyer shall not be liable to any holder of Shares for any amount paid to a public official pursuant to applicable abandoned property laws. Any amounts remaining unclaimed by holders of Shares two years after the Effective Time (or such earlier date immediately prior to such time as such amounts would otherwise escheat to or become property of any governmental entity) shall, to the extent permitted by applicable law, become the property of the Surviving Corporation free and clear of any claims or interest of any Person previously entitled

thereto.

(f) Any portion of the Merger Consideration made available to the Exchange Agent pursuant to Section 2.03(a) to pay for Shares for which appraisal rights have been perfected shall be returned to the Surviving Corporation, upon demand.

(g) If any certificate representing Shares shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such certificate to be lost, stolen or destroyed and, if required by Buyer, the posting by such Person of a bond in such reasonable amount as Buyer may direct as indemnity against any claim that may be made against it with respect to such certificate, the Exchange Agent shall issue in exchange for such lost, stolen or destroyed certificate the Merger Consideration.

SECTION 2.4. DISSENTING SHARES. Notwithstanding Section 2.02, Shares outstanding immediately prior to the Effective Time and held by a holder who has not voted in favor of the Merger or consented thereto in writing and who has demanded appraisal for such Shares in accordance with Delaware Law shall not be converted into a right to receive the Merger Consideration, unless such holder fails to perfect or withdraws or otherwise loses his right to appraisal. If after the Effective Time such holder fails to perfect or withdraws or loses his right to appraisal, such Shares shall be treated as if they had been converted as of the Effective Time into a right to receive the Merger Consideration. The Company shall give Buyer prompt notice of any demands received by the Company for appraisal of Shares prior to the Effective Time, and Buyer shall have the right to participate in all negotiations and proceedings with respect to such demands. The Company shall not, except with the prior written consent of Buyer, make any payment with respect to, or settle or offer to settle, any such demands.

SECTION 2.5. STOCK OPTIONS. (a) At or immediately prior to the Effective Time, each outstanding employee stock option to purchase Shares granted under any employee stock option or compensation plan or arrangement of the Company shall be canceled, and each holder of any such option, whether or not then vested or exercisable, shall be paid by the Company promptly after the Effective Time for each such option an amount determined by multiplying (i) the excess, if any, of $23.00 per Share over the applicable exercise price of such option by (ii) the number of Shares such holder could have purchased (assuming full vesting of all options) had such holder exercised such option in full immediately prior to the Effective Time.

(b) Prior to the Effective Time, the Company shall use its reasonable best efforts (i) to obtain any consents from holders of options to purchase Shares granted under the Company's stock option or compensation plans or arrangements and (ii) make any amendments to the terms of such stock option or compensation plans or arrangements that, in the case of either clauses 2.05(b)(i) or 2.05(b)(ii), are necessary to give effect to the transactions contemplated by Section 2.05(a). Notwithstanding any other provision of this Section, payment may be withheld in respect of any employee stock option until necessary consents are obtained.

ARTICLE 3

THE SURVIVING CORPORATION

SECTION 3.1. CERTIFICATE OF INCORPORATION. The certificate of incorporation of the Company in effect at the Effective Time shall be the certificate of incorporation of the Surviving Corporation until amended in accordance with applicable law.

SECTION 3.2. BYLAWS. The bylaws of Buyer in effect at the Effective Time shall be the bylaws of the Surviving Corporation until amended in accordance with applicable law.

SECTION 3.3. DIRECTORS AND OFFICERS. From and after the Effective Time, until successors are duly elected or appointed and qualified in accordance with applicable law, (a) the directors of Buyer at the Effective Time shall be the directors of the Surviving Corporation, and (b) the officers of the Company (including the chief executive officer) at the Effective Time shall be the officers of the Surviving Corporation.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to Buyer as of the date hereof and as of the Effective Time that:

SECTION 4.1. CORPORATE EXISTENCE AND POWER. The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware, and has all corporate powers and all material governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted. The Company is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction where the character of the property owned or leased by it or the nature of its activities makes such qualification necessary, except for those jurisdictions where the failure to be so qualified would not, individually or in the aggregate, have a material adverse effect on the condition (financial or otherwise), business, assets, results of operations or, insofar as can reasonably be foreseen, prospects of the Company and the Subsidiaries taken as a whole ("MATERIAL ADVERSE EFFECT"). The Company has heretofore delivered to Buyer true and complete copies of the Company's certificate of incorporation and bylaws as currently in effect.

SECTION 4.2. CORPORATE AUTHORIZATION. The execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the transactions contemplated hereby are within the Company's corporate powers and, except for any required approval by the Company's stockholders in connection with the consummation of the Merger, have been duly authorized by all necessary corporate action. This Agreement constitutes a valid and binding

agreement of the Company.

SECTION 4.3. GOVERNMENTAL AUTHORIZATION. The execution, delivery and performance by the Company of this Agreement and the consummation of the Merger by the Company require no action by or in respect of, or filing with, any governmental body, agency, official or authority other than (a) the filing of a certificate of merger in accordance with Delaware Law; (b) compliance with any applicable requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the "HSR ACT"); (c) compliance with any applicable requirements of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (the "EXCHANGE ACT"); and (d) compliance with any applicable antitrust laws and regulations in Switzerland and the UK.

SECTION 4.4. NON-CONTRAVENTION. The execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the transactions contemplated hereby do not and will not (a) contravene or conflict with the certificate of incorporation or bylaws of the Company, (b) assuming compliance with the matters referred to in Section 4.03, contravene or conflict with or constitute a violation of any provision of any law, regulation, judgment, injunction, order or decree binding upon or applicable to the Company or any Subsidiary, (c) except as set forth on Schedule 4.04 attached hereto, constitute a default under or give rise to a right of termination, cancellation or acceleration of any right or obligation of the Company or any Subsidiary or to a loss of any benefit to which the Company or any Subsidiary is entitled under any provision of any agreement, contract or other instrument binding upon the Company or any Subsidiary or any license, franchise, permit or other similar authorization held by the Company or any Subsidiary, or (d) except as set forth on Schedule 4.04 attached hereto, result in the creation or imposition of any Lien on any asset of the Company or any Subsidiary, except in the case of clauses (b), (c) and (d), to the extent that any such contravention, conflict, violation, failure to obtain any such consent or other action, default, right, loss or Lien would not, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect. For purposes of this Agreement, "LIEN" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset.

SECTION 4.5. CAPITALIZATION. The authorized capital stock of the Company consists of 9,924,950 shares of common stock, par value $.01 per share (the "COMMON STOCK") and 18,309,018 shares of preferred stock (the "PREFERRED STOCK"). As of July 15, 1998, there were outstanding 7,524,740 shares of Common Stock and no shares of Preferred Stock and employee stock options to purchase an aggregate of 536,260 Shares (of which options to purchase an aggregate of 215,204 Shares were exercisable). All outstanding shares of capital stock of the Company have been duly authorized and validly issued and are fully paid and nonassessable. Except as set forth in this Section and except for changes since July 15, 1998 resulting from the exercise of employee stock options outstanding on such date, there are outstanding (a) no shares of capital stock or other voting securities of the Company, (b) no securities of the Company convertible into or exchangeable for shares of capital stock or voting securities of the Company, and (c) no options or other rights to acquire from the Company or any Subsidiary, and no obligation of the Company or any Subsidiary to issue, any

capital stock, voting securities or securities convertible into or exchangeable for capital stock or voting securities of the Company (the items in clauses 4.05(a), 4.05(b) and 4.05(c) being referred to collectively as the "COMPANY SECURITIES"). There are no outstanding obligations of the Company or any Subsidiary to repurchase, redeem or otherwise acquire any Company Securities.

SECTION 4.6. SUBSIDIARIES. (a) Each Subsidiary is a corporation duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation, has all corporate powers and all material governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted, except to the extent the failure to have such licenses, authorizations, consents and approvals would not, in the aggregate, have a Material Adverse Effect, and, except as set forth on Schedule 4.06 attached hereto, is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction where the character of the property owned or leased by it or the nature of its activities makes such qualification necessary, except for those jurisdictions where failure to be so qualified would not, individually or in the aggregate, have a Material Adverse Effect. For purposes of this Agreement, "SUBSIDIARY" means any corporation or other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are directly or indirectly owned by the Company. All Subsidiaries and their respective jurisdictions of incorporation are identified in the Company's annual report on Form 10-K for the fiscal year ended December 31, 1997 (the "COMPANY 10-K") or on Schedule 4.06 attached hereto.

(b) Except as set forth on Schedule 4.06 attached hereto, all of the outstanding capital stock of, or other ownership interests in, each Subsidiary, is owned by the Company, directly or indirectly, free and clear of any Lien (other than Liens imposed by the lenders under the Company's bank credit facilities) and free of any other limitation or restriction (including any restriction on the right to vote, sell or otherwise dispose of such capital stock or other ownership interests), except such limitations as may be imposed by applicable securities laws. There are no outstanding (i) securities of the Company or any Subsidiary convertible into or exchangeable for shares of capital stock or other voting securities or ownership interests in any Subsidiary, and (ii) options or other rights to acquire from the Company or any Subsidiary, and no other obligation of the Company or any Subsidiary to issue, any capital stock, voting securities or other ownership interests in, or any securities convertible into or exchangeable for any capital stock, voting securities or ownership interests in, any Subsidiary (the items in clauses 4.06(b)(i) and 4.06(b)(ii) being referred to collectively as the "SUBSIDIARY SECURITIES"). There are no outstanding obligations of the Company or any Subsidiary to repurchase, redeem or otherwise acquire any outstanding Subsidiary Securities.

SECTION 4.7. SEC FILINGS. (a) The Company has delivered to Buyer (i) the Company 10-K, (ii) its quarterly report on Form 10-Q for its fiscal quarter ended March 31, 1998 (the "COMPANY 10-Q"), (iii) its proxy or information statements relating to meetings of, or actions taken without a meeting by, the stockholders of the Company since January 1, 1997, and (iv) all of its other reports, statements, schedules and registration statements filed with the

Securities and Exchange Commission (the "SEC") since January 1, 1997.

(b) As of its filing date, each such report or statement filed pursuant to the Exchange Act did not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading except for such statements or omissions as may have been modified by subsequent filings pursuant to the Exchange Act.

(c) Each such registration statement, as amended or supplemented, if applicable, filed pursuant to the Securities Act of 1933, as amended (the "SECURITIES ACT"), as of the date such statement or amendment became effective did not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading except for such statements or omissions as may have been modified by subsequent filings pursuant to the Securities Act.

SECTION 4.8. FINANCIAL STATEMENTS. The audited consolidated financial statements and unaudited consolidated interim financial statements of the Company included in the Company 10-K and the quarterly report on Form 10-Q referred to in Section 4.07 fairly present in all material respects, in conformity with generally accepted accounting principles applied on a consistent basis (except as may be indicated in the notes thereto and except as permitted by Form 10-Q under the Exchange Act with respect to the unaudited consolidated interim financial statements), the consolidated financial position of the Company and its consolidated subsidiaries as of the dates thereof and their consolidated results of operations and changes in cash flows for the periods then ended (subject to normal year-end adjustments in the case of any unaudited interim financial statements). For purposes of this Agreement, "BALANCE SHEET" means the consolidated balance sheet of the Company as of December 31, 1997 set forth in the Company 10-K and "BALANCE SHEET DATE" means December 31, 1997.

SECTION 4.9. DISCLOSURE DOCUMENTS. (a) Each document required to be filed by the Company with the SEC in connection with the transactions contemplated by this Agreement (the "COMPANY DISCLOSURE Documents"), including, without limitation, the Schedule 14D-9, the proxy or information statement of the Company containing information required by Regulation 14A under the Exchange Act (the "COMPANY PROXY STATEMENT") and, if applicable, Rule 13e-3 and Schedule 13E-3 under the Exchange Act, if any, to be filed with the SEC in connection with the Offer and/or the Merger, and any amendments or supplements thereto will, when filed, comply as to form in all material respects with the applicable requirements of the Exchange Act, except that no representation or warranty is made hereby with respect to any information supplied by Buyer expressly for inclusion in the Company Disclosure Documents.

(b) At the time the Company Proxy Statement or any amendment or supplement thereto is first mailed to stockholders of the Company, at the time such stockholders vote on adoption of this Agreement and at the Effective Time, the Company Proxy Statement, as supplemented or amended, if applicable, will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the

circumstances under which they were made, not misleading. At the time of the filing of any Company Disclosure Document other than the Company Proxy Statement and at the time of any distribution thereof, such Company Disclosure Document will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. The representations and warranties contained in this Section 4.09(b) will not apply to statements or omissions included in the Company Disclosure Documents based upon information furnished to the Company in writing by Buyer specifically for use therein.

(c) The information with respect to the Company or any Subsidiary that the Company furnishes to Buyer in writing specifically for use in the Offer Documents will not, at the time of the filing thereof, at the time of any distribution thereof and at the time of the consummation of the Offer, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

SECTION 4.10. ABSENCE OF CERTAIN CHANGES. Except as set forth in Schedule 4.10 hereto, in the Company 10-Q, or in the Prospectus included in Amendment No. 1 to Registration Statement on Form S-1, File No.333-47457 filed on March 11, 1998 (the "PROSPECTUS"), since the Balance Sheet Date, the Company and Subsidiaries have conducted their business in the ordinary course consistent with past practice and there has not been:

(a) any event, occurrence or development of a state of circumstances or facts which has had or reasonably would be expected to have a Material Adverse Effect;

(b) any declaration, setting aside or payment of any dividend or other distribution with respect to any shares of capital stock of the Company, or any repurchase, redemption or other acquisition by the Company or any Subsidiary of any outstanding shares of capital stock or other securities of, or other ownership interests in, the Company or any Subsidiary;

(c) any amendment of any material term of any outstanding security of the Company or any Subsidiary;

(d) any incurrence, assumption or guarantee by the Company or any Subsidiary of any indebtedness for borrowed money other than in the ordinary course of business and in amounts and on terms consistent with past practices;

(e) any creation or assumption by the Company or any Subsidiary of any Lien on any material asset which would materially impair the use thereof by the Company other than in the ordinary course of business consistent with past practices;

(f) any making of any loan, advance or capital contributions to or

investment in any Person other than loans, advances or capital contributions to or investments in wholly-owned Subsidiaries made in the ordinary course of business consistent with past practices;

(g) any damage, destruction or other casualty loss (whether or not covered by insurance) affecting the business or assets of the Company or any Subsidiary which, individually or in the aggregate, has had or would reasonably be expected to have a Material Adverse Effect;

(h) any transaction or commitment made, or any contract or agreement entered into, by the Company or any Subsidiary relating to its assets or business (including the acquisition or disposition of any assets) or any relinquishment by the Company or any Subsidiary of any contract or other right, in either case, material to the Company and the Subsidiaries taken as a whole, other than transactions and commitments in the ordinary course of business consistent with past practice and those contemplated by this Agreement;

(i) any change in any method of accounting or accounting practice by the Company or any Subsidiary, except for any such change required by reason of a concurrent change in generally accepted accounting principles;

(j) except as set forth on Schedule 4.10(j), any (i) grant of any severance or termination pay to any director or officer of the Company or any Subsidiary, (ii) entering into of any employment, deferred compensation or other similar agreement (or any amendment to any such existing agreement) with any director or officer of the Company or any Subsidiary, (iii) increase in benefits payable under any existing severance or termination pay policies or employment agreements or (iv) increase in compensation, bonus or other benefits payable to directors or officers of the Company or any Subsidiary, other than in the ordinary course of business consistent with past practice;

(k) any labor dispute, other than routine individual grievances, or any activity or proceeding by a labor union or representative thereof to organize any employees of the Company or any Subsidiary, which employees were not subject to a collective bargaining agreement at the Balance Sheet Date, or any lockouts, strikes, slowdowns, work stoppages or threats thereof by or with respect to such employees; or

(l) any cancellation of any licenses, sublicenses, franchises, permits or agreements to which the Company or any Subsidiary is a party, or any notification to the Company or any Subsidiary that any party to any such arrangements intends to cancel or not renew such arrangements beyond its expiration date as in effect on the date hereof, which cancellation or notification, individually or in the aggregate, has had or reasonably would be expected to have a Material Adverse Effect.

SECTION 4.11. NO UNDISCLOSED MATERIAL Liabilities. To the Company's knowledge, there are no liabilities of the Company or any Subsidiary of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or

otherwise, and there is no existing condition, situation or set of circumstances which would reasonably be expected to result in such a liability, other than:

(a) liabilities disclosed or provided for in the Balance Sheet;

(b) liabilities incurred in the ordinary course of business consistent with past practice since the Balance Sheet Date or in connection with the acquisition by the Company of Avtech Corporation and Dettmers Industries, Inc., which, in each case, would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect; and

(c) liabilities under this Agreement.

SECTION 4.12. LITIGATION. Except as set forth in Schedule 4.12 and the Prospectus, to the knowledge of the Company there is no action, suit, investigation or proceeding pending against, or threatened against or affecting, the Company or any Subsidiary or any of their respective properties before any court or arbitrator or any governmental body, agency or official which, if determined or resolved adversely to the Company or any Subsidiary in accordance with the plaintiff's demands, would reasonably be expected to have a Material Adverse Effect or which in any manner challenges or seeks to prevent, enjoin, alter or materially delay the Offer or the Merger or any of the other transactions contemplated hereby.

SECTION 4.13. TAXES. (a) Except as set forth in Schedule 4.13 attached hereto, and except where the failure to file such Return has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, all tax returns, statements, reports and forms (including estimated tax returns and reports and information returns and reports) required to be filed with any taxing authority with respect to any tax period (or portion thereof) ending on or before the Effective Time (a "PRE-CLOSING TAX PERIOD") by or on behalf of the Company or any Subsidiary of the Company (collectively, the "RETURNS"), were filed when due (including any applicable extension periods) in accordance with all applicable laws.

(b) Except as set forth in Schedule 4.13, the Company and its Subsidiaries have timely paid, or withheld and remitted to the appropriate taxing authority, all taxes shown as due and payable on the Returns that have been filed, except where the failure to so pay or withhold and remit has not had and would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect.

(c) The charges, accruals and reserves for taxes with respect to the Company and any Subsidiary for any Pre-Closing Tax Period (including any Pre-Closing Tax Period for which no Return has yet been filed) reflected on the books of the Company and its Subsidiaries (excluding any provision for deferred income taxes) are adequate to cover such taxes.

(d) Except as set forth in Schedule 4.13, there is no material claim (including under any indemnification or tax-sharing agreement), audit, action, suit, proceeding, or investigation now pending or threatened in writing against

or in respect of any tax or "TAX ASSET" of the Company or any Subsidiary. For purposes of this Section 4.13, the term "TAX ASSET" shall include any net operating loss, net capital loss, investment tax credit, foreign tax credit, charitable deduction or any other credit or tax attribute which could reduce taxes.

(e) There are no material Liens for taxes upon the assets of the Company or its Subsidiaries except for Liens for current taxes not yet due.

(f) Neither the Company nor any of its Subsidiaries has been a United States real property holding corporation within the meaning of Section 897(c)(2) of the Internal Revenue Code of 1986, as amended (the "CODE") during the applicable period specified in Section 897(c)(1)(A)(ii) of the Code.

SECTION 4.14. ERISA. (a) The Company has provided Buyer with a list identifying each "EMPLOYEE BENEFIT PLAN", as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974 ("ERISA"), which (i) is subject to any provision of ERISA and (ii) is maintained, administered or contributed to by the Company or any affiliate (as defined below) and covers any employee or former employee of the Company or any affiliate or under which the Company or any affiliate has any liability. Copies of such plans (and, if applicable, related trust agreements) and all amendments thereto and written interpretations thereof have been furnished to Buyer together with (A) the three most recent annual reports (Form 5500 including, if applicable, Schedule B thereto) prepared in connection with any such plan and (B) the most recent actuarial valuation report prepared in connection with any such plan. Such plans are referred to collectively herein as the "EMPLOYEE PLANS". For purposes of this Section, "AFFILIATE" of any Person means any other Person which, together with such Person, would be treated as a single employer under Section 414 of the Code. The only Employee Plans which individually or collectively would constitute an "EMPLOYEE PENSION BENEFIT PLAN" as defined in Section 3(2) of ERISA (the "PENSION PLANS") are identified as such in the list referred to above. The Company has provided Buyer with complete age, salary, service and related data as of a recent date for employees and former employees of the Company and any affiliate covered under the Pension Plans.

(b) Except as otherwise indicated on Schedule 4.14(b), no Employee Plan (i) constitutes a "MULTIEMPLOYER PLAN", as defined in Section 3(37) of ERISA; (ii) is maintained in connection with any trust described in Section 501(c)(9) of the Code; or (iii) is subject to Title IV of ERISA. The Company knows of no "REPORTABLE EVENT", within the meaning of Section 4043 of ERISA, and no event described in Section 4041, 4042, 4062 or 4063 of ERISA has occurred in connection with any Employee Plan. Neither the Company nor any of its affiliates has incurred any material liability under Title IV of ERISA arising in connection with the termination of, or complete or partial withdrawal from, any plan covered or previously covered by Title IV of ERISA. Nothing done or omitted to be done and no transaction or holding of any asset under or in connection with any Employee Plan has or will make the Company or any Subsidiary, or any officer or director of the Company or any Subsidiary, subject to any liability under Title I of ERISA or liable for any tax pursuant to Section 4975 of the Code.

(c) Each Employee Plan which is intended to be qualified under Section 401(a) of the Code is so qualified and has been so qualified during the period from its adoption to date, and each trust forming a part thereof is exempt from tax pursuant to Section 501(a) of the Code. The Company has furnished to the Buyer copies of the most recent Internal Revenue Service determination letters with respect to each such Plan. Each Employee Plan has been maintained in substantial compliance with its terms and with the requirements prescribed by any and all statutes, orders, rules and regulations, including but not limited to ERISA and the Code, which are applicable to such Plan.

(d) There is no contract, agreement, plan or arrangement covering any employee or former employee of the Company or any affiliate that, individually or collectively, could give rise to the payment of any amount that would not be deductible pursuant to the terms of Sections 162(a)(1) or 280G of the Code.

(e) The Company has provided Buyer with a list of each employment, severance or other similar contract, arrangement or policy and each plan or arrangement (written or oral) providing for insurance coverage (including any self-insured arrangements), workers' compensation, disability benefits, supplemental unemployment benefits, vacation benefits, retirement benefits or for deferred compensation, profit-sharing, bonuses, stock options, stock appreciation or other forms of incentive compensation or post-retirement insurance, compensation or benefits which (i) is not an Employee Plan, (ii) is entered into, maintained or contributed to, as the case may be, by the Company or any of its affiliates and (iii) covers any employee or former employee of the Company or any of its affiliates. Such contracts, plans and arrangements as are described above, copies or descriptions of all of which have been furnished previously to Buyer are referred to collectively herein as the "BENEFIT ARRANGEMENTS". Each Benefit Arrangement has been maintained in substantial compliance with its terms and with the requirements prescribed by any and all statutes, orders, rules and regulations that are applicable to such Benefit Arrangement.

(f) The Company does not provide post-employment health or medical benefits for former employees of the Company and its affiliates except as required to avoid imposition of tax under Section 4980B of the Code. No condition exists that would prevent the Company or any Subsidiary from amending or terminating any Employee Plan or Benefit Arrangement providing health or medical benefits in respect of any active employee of the Company or any Subsidiary other than limitations imposed under the terms of a collective bargaining agreement.

(g) Except as disclosed in writing to Buyer prior to the date hereof, there has been no amendment to, written interpretation or announcement (whether or not written) by the Company or any of its affiliates relating to, or change in employee participation or coverage under, any Employee Plan or Benefit Arrangement which would increase materially the expense of maintaining such Employee Plan or Benefit Arrangement above the level of the expense incurred in respect thereof for the fiscal year ended on the Balance Sheet Date.

(h) Except as set forth in Schedule 4.14(h), neither the Company nor any

Subsidiary is a party to or subject to any union contract or any employment contract or arrangement providing for annual future compensation of $150,000 or more with any officer, consultant, director or employee.

(i) Schedule 4.14(i) identifies each International Plan (as defined below). The Company has furnished to Buyer copies of each International Plan. Each International Plan has been maintained in substantial compliance with its terms and with the requirements prescribed by any and all applicable statutes, orders, rules and regulations (including any special provisions relating to qualified plans where such Plan was intended to so qualify) and has been maintained in good standing with applicable regulatory authorities. There has been no amendment to, written interpretation of or announcement (whether or not written) by the Company or any Subsidiary relating to, or change in employee participation or coverage under, any International Plan that would increase materially the expense of maintaining such International Plan above the level of expense incurred in respect thereof for the most recent fiscal year ended prior to the date hereof.

"INTERNATIONAL PLAN" means any employment, severance or similar contract or arrangement (whether or not written) or any plan, policy, fund, program or arrangement or contract providing for severance, insurance coverage (including any self-insured arrangements), workers' compensation, disability benefits, supplemental unemployment benefits, vacation benefits, pension or retirement benefits or for deferred compensation, profit-sharing, bonuses, stock options, stock appreciation rights or other forms of incentive compensation or post-retirement insurance, compensation or benefits that (i) is not an Employee Plan or a Benefit Arrangement, (ii) is entered into, maintained, administered or contributed to by the Company or any Subsidiary and (iii) covers any employee or former employee of the Company or any Subsidiary.

SECTION 4.15. COMPLIANCE WITH LAWS. To the Company's knowledge, neither the Company nor any Subsidiary is in violation of, or has since January 1, 1997 violated, and to the knowledge of the Company none is under investigation with respect to or has been threatened to be charged with or given notice of any violation of, any applicable law, rule, regulation, judgment, injunction, order or decree, except for violations that have not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

SECTION 4.16. LICENSES AND PERMITS. The Company has previously delivered to Buyer true and correct copies of each material license, franchise, permit, certificate, approval or other similar authorization affecting, or relating in any way to, the assets or business of the Company and its Subsidiaries (the "PERMITS") together with the name of the government agency or entity issuing such Permit. Except as set forth on the Schedule 4.16, (i) the Permits are valid and in full force and effect, (ii) neither the Company nor any Subsidiary is in material default under, and no condition exists that with notice or lapse of time or both would constitute a material default under, the Permits and (iii) none of the Permits will be terminated or impaired or become terminable, in whole or in part, as a result of the transactions contemplated hereby.

SECTION 4.17. INTELLECTUAL PROPERTY. (a) The Company and the Subsidiaries

own or possess adequate licenses or other rights to use all Intellectual Property Rights necessary to conduct the business now operated by them, except where the failure to own or possess such licenses or rights has not had and would not be reasonably likely to have a Material Adverse Effect. To the knowledge of the Company, the Intellectual Property Rights of the Company and the Subsidiaries do not conflict with or infringe upon any Intellectual Property Rights of others to the extent that, if sustained, such conflict or infringement has had and would be reasonably likely to have a Material Adverse Effect. For purposes of this Agreement, "INTELLECTUAL PROPERTY RIGHT" means any trademark, service mark, trade name, mask work, copyright, patent, software license, other data base, invention, trade secret, know-how (including any registrations or applications for registration of any of the foregoing) or any other similar type of proprietary intellectual property right.

(b) The Company's data processing systems will recognize, manage and manipulate data with respect to single-century formulas, multi-century formulas and leap year formulas involving dates without giving rise to any invalid or incorrect date whether used before, during or after the calendar year 2000.

SECTION 4.18. ENVIRONMENTAL MATTERS. (a) Except as set forth on Schedule 4.18 hereto and in the Prospectus:

(i) no notice, notification, demand, request for information, citation, summons, complaint or order has been received by, or, to the knowledge of the Company or any Subsidiary, is pending or threatened by any Person against, the Company or any Subsidiary nor has any material penalty been assessed against the Company or any Subsidiary with respect to any (A) alleged violation of any Environmental Law or liability thereunder, (B) alleged failure to have any permit, certificate, license, approval, registration or authorization required under any Environmental Law, (C) generation, treatment, storage, recycling, transportation or disposal of any Hazardous Substance or (D) discharge, emission or release of any Hazardous Substance;

(ii) no Hazardous Substance has been discharged, emitted, released or is present at any property now or previously owned, leased or operated by the Company or any Subsidiary, which circumstances, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect; and

(iii) there are no Environmental Liabilities that have had or may reasonably be expected to have a Material Adverse Effect.

(b) There has been no environmental investigation, study, audit, test, review or other analysis conducted of which the Company has knowledge in relation to the current or prior business of the Company or any property or facility now or previously owned or leased by the Company or any Subsidiary which has not been delivered to Buyer at least five days prior to the date hereof.

(c) Neither the Company nor any Subsidiary owns or leases or has owned or

leased any real property in New Jersey or Connecticut.

(d) For purposes of this Section, the following terms shall have the meanings set forth below:

(i) "COMPANY" and "SUBSIDIARY" shall include any entity which is, in whole or in part, a predecessor of the Company or any Subsidiary;

(ii) "ENVIRONMENTAL LAWS" means any and all federal, state, local and foreign statutes, laws, judicial decisions, regulations, ordinances, rules, judgments, orders, decrees, codes, plans, injunctions, permits, concessions, grants, franchises, licenses, agreements and governmental restrictions, relating to human health, the environment or to emissions, discharges or releases of pollutants, contaminants or other hazardous substances or wastes into the environment, including without limitation ambient air, surface water, ground water or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants or other hazardous substances or wastes or the clean-up or other remediation thereof;

(iii) "ENVIRONMENTAL LIABILITIES" means any and all liabilities of or relating to the Company and any Subsidiary, whether contingent or fixed, actual or potential, known or unknown, which (i) arise under or relate to matters covered by Environmental Laws and (ii) relate to actions occurring or conditions existing on or prior to the Effective Time; and

(iv) "HAZARDOUS SUBSTANCES" means any toxic, radioactive, corrosive or otherwise hazardous substance, including petroleum, its derivatives, by-products and other hydrocarbons, or any substance having any constituent elements displaying any of the foregoing characteristics, which in any event is regulated under Environmental Laws.

SECTION 4.19. FINDERS' FEES. Except for Warburg Dillon Read LLC a copy of whose engagement agreement has been provided to Buyer, there is no investment banker, broker, finder or other intermediary which has been retained by or is authorized to act on behalf, of the Company or any Subsidiary who might be entitled to any fee or commission from Buyer or any of its affiliates or the Company upon consummation of the transactions contemplated by this Agreement or any alternative transaction.

SECTION 4.20. INAPPLICABILITY OF CERTAIN RESTRICTIONS. Section 203 of the Delaware Law does not in any way restrict the acquisition of Shares pursuant to the Offer, the consummation of the Merger or the other transactions contemplated hereby. The adoption of this Agreement by the affirmative vote of the holders of Shares entitling such holders to exercise at least a majority of the voting power of the Shares is the only vote of holders of any class or series of the capital stock of the Company required to adopt this Agreement, or to approve the Merger or any of the other transactions contemplated hereby and no higher or additional vote is required pursuant to of the Company's Certificate of Incorporation or otherwise.

SECTION 4.21. RIGHTS PLAN. The Company has not entered into, and its Board of Directors has not adopted or authorized the adoption of, a shareholder rights or similar agreement, other than any such agreement which was terminated prior to December 31, 1997 and which is of no further force or effect.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to the Company as of the date hereof and as of the Effective Time that:

SECTION 5.1. CORPORATE EXISTENCE AND POWER. Buyer is a corporation duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation and has all corporate powers and all material governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted. Since the date of its incorporation, Buyer has not engaged in any activities other than in connection with or as contemplated by this Agreement or in connection with arranging any financing required to consummate the transactions contemplated hereby.

SECTION 5.2. CORPORATE AUTHORIZATION. The execution, delivery and performance by Buyer of this Agreement and the consummation by Buyer of the transactions contemplated hereby are within the corporate powers of Buyer and have been duly authorized by all necessary corporate and stockholder action. This Agreement constitutes a valid and binding agreement of Buyer.

SECTION 5.3. GOVERNMENTAL AUTHORIZATION. The execution, delivery and performance by Buyer of this Agreement and the consummation by Buyer of the transactions contemplated by this Agreement require no action by or in respect of, or filing with, any governmental body, agency, official or authority other than (a) the filing of a certificate of merger in accordance with Delaware Law, (b) compliance with any applicable requirements of the HSR Act; (c) compliance with any applicable requirements of the Exchange Act; and (d) compliance with any applicable antitrust laws and regulations in Switzerland and the U.K.

SECTION 5.4. NON-CONTRAVENTION. The execution, delivery and performance by Buyer of this Agreement and the consummation by Buyer of the transactions contemplated hereby do not and will not (a) contravene or conflict with the certificate of incorporation or bylaws of Buyer, (b) assuming compliance with the matters referred to in Section 5.03, contravene or conflict with any provision of law, regulation, judgment, order or decree binding upon Buyer, or (c) constitute a default under or give rise to any right of termination, cancellation or acceleration of any right or obligation of Buyer or to a loss of any benefit to which Buyer is entitled under any agreement, contract or other instrument binding upon Buyer.

SECTION 5.5. DISCLOSURE DOCUMENTS. (a) The information with respect to Buyer and its subsidiaries that Buyer furnishes to the Company in writing

specifically for use in any Company Disclosure Document will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading (i) in the case of the Company Proxy Statement at the time the Company Proxy Statement or any amendment or supplement thereto is first mailed to stockholders of the Company, at the time the stockholders vote on adoption of this Agreement and at the Effective Time, and (ii) in the case of any Company Disclosure Document other than the Company Proxy Statement, at the time of the filing thereof and at the time of any distribution thereof.

(b) The Offer Documents, when filed, will comply as to form in all material respects with the applicable requirements of the Exchange Act and will not at the time of the filing thereof, at the time of any distribution thereof or at the time of consummation of the Offer, contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, PROVIDED, that this representation and warranty will not apply to statements or omissions in the Offer Documents based upon information furnished to Buyer in writing by the Company specifically for use therein.

SECTION 5.6. LITIGATION. To the knowledge of Buyer no action, suit, investigation or proceeding pending against, or threatened against or affecting, Buyer or any of its properties before any court or arbitrator or any governmental body, agency or official, which in any manner challenges or seeks to prevent, enjoin, alter or materially delay the Offer or the Merger or any of the other transactions contemplated hereby.

SECTION 5.7. FINDERS' FEES. Except for Donaldson, Lufkin & Jenrette Securities Corporation ("DLJSC"), whose fees will be paid by Buyer, there is no investment banker, broker, finder or other intermediary who might be entitled to any fee or commission from the Company or any of its affiliates upon consummation of the transactions contemplated by this Agreement.

SECTION 5.8. FINANCING. The Company has received copies of (a) a commitment letter dated July 16, 1998 from DLJ Merchant Banking Partners II, L.P. and certain related funds pursuant to which each of the foregoing has committed, subject to the terms and conditions set forth therein, to purchase equity securities of DeCrane Holdings Co., the indirect, newly formed parent company of Buyer for an aggregate amount equal to $65,000,000, (b)(i) a letter dated July 16, 1998 from DLJ Bridge Finance, Inc. ("DLJ BRIDGE FUND") pursuant to which DLJ Bridge Fund has committed, subject to the terms and conditions set forth therein, to purchase Senior Pay-In-Kind Notes of DeCrane Holdings Co., a subsidiary of DeCrane Holdings Co. and the direct, newly formed parent company of Buyer and Senior Subordinated Notes of DeCrane Finance Co. in an aggregate amount of $134,000,000, and (ii) a commitment letter dated July 16, 1998 from DLJ Capital Funding, Inc. ("DLJ SENIOR DEBT FUND") pursuant to which DLJ Senior Debt Fund has committed, subject to the terms and conditions set forth therein, to enter into one or more credit agreements providing for loans to DeCrane Finance Co. of up to $130,000,000. As used in this Agreement, the aforementioned entities shall hereinafter be referred to as the "FINANCING ENTITIES." The

aforementioned commitments shall be referred to as the "FINANCING AGREEMENTS" and the financing to be provided thereunder shall be referred to as the "FINANCING". The aggregate proceeds of the Financing are in an amount sufficient to pay when due the aggregate purchase price for the Shares to be purchased in the Offer and the Merger Consideration, to repay all of the Company's and its Subsidiaries' indebtedness together with any interest, premium or penalties payable in connection therewith, to provide a reasonable amount of working capital financing and to pay related fees and expenses (such amounts, the "REQUIRED AMOUNTS"). As of the date hereof, none of the commitment letters relating to the Financing Agreements referred to above has been withdrawn and Buyer does not know of any facts or circumstances that may reasonably be expected to result in any of the conditions set forth in the commitment letters relating to the Financing Agreements not being satisfied.

ARTICLE 6

COVENANTS OF THE COMPANY

SECTION 6.1. CONDUCT OF THE COMPANY. Except as expressly required by this Agreement or with the prior consent of Buyer, from the date hereof until the Effective Time, the Company and the Subsidiaries shall conduct their business in all material respects in the ordinary course consistent with past practice and shall use their reasonable best efforts to preserve substantially intact their business organizations and relationships with third parties that are material to the Company and the Subsidiaries taken as a whole and to keep available the services of their present officers and employees. Without limiting the generality of the foregoing, from the date hereof until the Effective Time the Company will not, and will cause its Subsidiaries not to:

(a) adopt or propose any change in its certificate of incorporation or bylaws;

(b) except pursuant to existing agreements or arrangements

(i) acquire (by merger, consolidation or acquisition of stock or assets) any material corporation, partnership or other business organization or division thereof, or sell, lease or otherwise dispose of a material subsidiary or a material amount of assets or securities;

(ii) make any investment other than in readily marketable securities in an amount in excess of $750,000 in the aggregate whether by purchase of stock or securities, contributions to capital or any property transfer, or purchase for an amount in excess of $750,000 in the aggregate, any property or assets of any other individual or entity;

(iii) waive, release, grant, or transfer any rights of value material to the Company and the Subsidiaries taken as a whole;

(iv) modify or change in any material respect any existing license, lease, contract, or other document material to the Company and its Subsidiaries, taken as a whole;

(v) except to refund or refinance commercial paper, incur, assume or prepay an amount of long-term or short-term debt in excess of $5,000,000 in the aggregate;

(vi) assume, guarantee, endorse (other than endorsements of negotiable instruments in the ordinary course of business) or otherwise become liable or responsible (whether directly, contingently or otherwise) for the obligations of any other person (other than any Subsidiary) which, are in excess of $500,000 in the aggregate;

(vii) make any loans or advances to any other person (other than any Subsidiary) which are in excess of $100,000 in the aggregate or

(viii) authorize any new capital expenditures which, individually, is in excess of $250,000 or, in the aggregate, are in excess of $1,000,000;

(c) split, combine or reclassify any shares of its capital stock, declare, set aside or pay any dividend or other distribution (whether in cash, stock or property or any combination thereof) in respect of its capital stock, other than cash dividends and distributions by a wholly owned Subsidiary of the Company to the Company or to a subsidiary all of the capital stock which is owned directly or indirectly by the Company, or redeem, repurchase or otherwise acquire or offer to redeem, repurchase, or otherwise acquire any of its securities or any securities of its Subsidiaries;

(d) adopt or amend any bonus, profit sharing, compensation, severance, termination, stock option, pension, retirement, deferred compensation, employment or employee benefit plan, agreement, trust, plan, fund or other arrangement for the benefit and welfare of any director, officer or employee, or (except for normal increases in the ordinary course of business that are consistent with past practices and that, in the aggregate, do not result in a material increase in benefits or compensation expense to the Company) increase in any manner the compensation or fringe benefits of any director, officer or employee or pay any benefit not required by any existing plan or arrangement (including, without limitation, the granting of stock options or stock appreciation rights or the removal of existing restrictions in any benefit plans or agreements);

(e) revalue in any material respect any of its assets, including, without limitation, writing down the value of inventory in any material manner or write-off of notes or accounts receivable in any material manner;

(f) pay, discharge or satisfy any material claims, liabilities or obligations (whether absolute, accrued, asserted or unasserted, contingent or otherwise) other than the payment, discharge or satisfaction in the

ordinary course of business, consistent with past practices, of liabilities reflected or reserved against in the consolidated financial statements of the Company or incurred since the most recent date thereof pursuant to an agreement or transaction described in this Agreement (including the schedules hereto) or incurred in the ordinary course of business, consistent with past practices;

(g) except as set forth on Schedule 6.01(g), make any tax election or settle or compromise any material income tax liability;

(h) take any action other than in the ordinary course of business and consistent with past practices with respect to accounting policies or procedures other than any change in accounting policies (that is not material to the Company and its Subsidiaries taken as a whole) that is required by regulations of the SEC; or

(i) agree or commit to do any of the foregoing; or

(j) take or agree or commit to take any action that would make any representation and warranty of the Company hereunder inaccurate in any respect at, or as of any time prior to, the Effective Time.

SECTION 6.2. STOCKHOLDER MEETING; PROXY Material. The Company shall cause a meeting of its stockholders (the "COMPANY STOCKHOLDER MEETING") to be duly called and held as soon as reasonably practicable for the purpose of voting on the approval and adoption of this Agreement and the Merger unless a vote of stockholders of the Company is not required by Delaware Law. The Directors of the Company shall, subject to their fiduciary duties as advised by counsel, recommend approval and adoption of this Agreement and the Merger by the Company's stockholders. In connection with such meeting, the Company (a) will promptly prepare and file with the SEC, will use its reasonable best efforts to have cleared by the SEC and will thereafter mail to its stockholders as promptly as practicable the Company Proxy Statement and all other proxy materials for such meeting, (b) will use its reasonable best efforts to obtain the necessary approvals by its stockholders of this Agreement and the transactions contemplated hereby and (c) will otherwise comply with all legal requirements applicable to such meeting.

SECTION 6.3. ACCESS TO INFORMATION. From the date hereof until the Effective Time, the Company will give Buyer, its counsel, financial advisors, auditors and other authorized representatives full access to the offices, properties, books and records of the Company and the Subsidiaries, will furnish to Buyer, its counsel, financial advisors, auditors and other authorized representatives such financial and operating data and other information as such Persons may reasonably request and will instruct the Company's employees, counsel and financial advisors to cooperate with Buyer in its investigation of the business of the Company and the Subsidiaries; provided, however, that the Company shall not be required to grant any such access or furnish information to Buyer to the extent that such information is subject to an attorney/client or attorney work product privilege and breach thereof would have a Material Adverse Effect; and PROVIDED, further, that no investigation pursuant to this Section

shall affect any representation or warranty given by the Company to Buyer hereunder. Buyer and the Company acknowledge that such information is governed by the terms of that certain confidentiality agreement between DLJ Merchant Banking II, Inc. and the Company (the "Confidentiality Agreement"), and that such Confidentiality Agreement remains in full force and effect.

SECTION 6.4. OTHER OFFERS. (a) Neither the Company nor any of its Subsidiaries shall (whether directly or indirectly through advisors, agents or other intermediaries), nor shall the Company or any of its Subsidiaries authorize or permit any of its or their officers, directors, agents, representatives, advisors or Subsidiaries to (i) solicit, initiate or take any action knowingly to facilitate the submission of inquiries, proposals or offers from any Third Party (as defined below) (other than Buyer) which constitutes or would reasonably be expected to lead to (A) any acquisition or purchase of 30% or more of the consolidated assets of the Company and its Subsidiaries or of over 30% of any class of equity securities of the Company or any of its Subsidiaries, (B) any tender offer (including a self tender offer) or exchange offer that if consummated would result in any Third Party beneficially owning 30% or more of any class of equity securities of the Company or any of its Subsidiaries, (C) any merger, consolidation, business combination, sale of substantially all assets, recapitalization, liquidation, dissolution or similar transaction involving the Company or any of its Subsidiaries whose assets, individually or in the aggregate, constitute more than 30% of the consolidated assets of the Company other than the transactions contemplated by this Agreement, or (D) any other transaction the consummation of which would reasonably be expected to interfere with in a material way, prevent or materially delay the Merger or which would reasonably be expected to materially dilute the benefits to Buyer of the transactions contemplated hereby (collectively, "ACQUISITION PROPOSALS"), or agree to or endorse any Acquisition Proposal, (ii) enter into or participate in any discussions or negotiations regarding any of the foregoing, or furnish to any Third Party any information with respect to its business, properties or assets or any of the foregoing, or otherwise cooperate in any way with, or knowingly assist or participate in, facilitate or encourage, any effort or attempt by any Third Party (other than Buyer) to do or seek any of the foregoing, or (iii) grant any waiver or release under any standstill or similar agreement with respect to any class of equity securities of the Company or any of its Subsidiaries; PROVIDED, however, that the foregoing shall not prohibit the Company (either directly or indirectly through advisors, agents or other intermediaries) from (A) furnishing information pursuant to an appropriate confidentiality letter (which letter shall not be less favorable to the Company in any material respect (with respect to duration and standstill provisions) than the Confidentiality Agreement, and a copy of which shall be provided for informational purposes only to Buyer) concerning the Company and its businesses, properties or assets to a Third Party who has made or is seeking to initiate discussions with respect to a bona fide Acquisition Proposal, (B) engaging in discussions or negotiations with such a Third Party who has made a bona fide Acquisition Proposal, (C) following receipt of a bona fide Acquisition Proposal, taking and disclosing to its stockholders a position contemplated by Rule 14e-2(a) under the Exchange Act or otherwise making disclosure to its stockholders, (D) following receipt of a bona fide Acquisition Proposal, failing to make or withdrawing or modifying its

recommendation referred to in Section 1.02(b) and/or Section 6.02 and/or (E) taking any non-appealable, final action ordered to be taken by the Company by any court of competent jurisdiction but in each case referred to in the foregoing clauses (A) through (D) only to the extent that the Board of Directors of the Company shall have concluded in good faith on the basis of written advice from outside counsel that such action by the Board of Directors is required in order to comply with the fiduciary duties of the Board of Directors to the stockholders of the Company under applicable law; PROVIDED, FURTHER, that the Board of Directors of the Company shall not take any of the foregoing actions referred to in clauses (A) through (D) until after reasonable notice to Buyer with respect to such action and that such Board of Directors shall continue to advise Buyer after taking such action and, in addition, if the Board of Directors of the Company receives an Acquisition Proposal, then the Company shall promptly inform Buyer of the terms and conditions of such proposal and the identity of the person making it. The Company will immediately cease and cause its advisors, agents and other intermediaries to cease any and all existing activities, discussions or negotiations with any parties conducted heretofore with respect to any of the foregoing, and shall use its reasonable best efforts to cause any such parties in possession of confidential information about the Company that was furnished by or on behalf of the Company to return or destroy all such information in the possession of any such party or in the possession of any agent or advisor of any such party. As used in this Agreement, the term "THIRD PARTY" means any person, corporation, entity or "GROUP," as defined in Section 13(d) of the Exchange Act, other than Buyer or any of its affiliates.

(b) If a Payment Event (as hereinafter defined) occurs, the Company shall pay to Buyer, within two business days following such Payment Event, a fee of $6,900,000.

"PAYMENT EVENT" means (x) the termination of this Agreement by the Company or Buyer pursuant to Section 10.01(d); or (y) the occurrence of any of the following events within 12 months of the termination of this Agreement pursuant to Section 10.01(b) whereby stockholders of the Company receive, pursuant to such event, cash, securities or other consideration having an aggregate value, when taken together with the value of any securities of the Company or its Subsidiaries otherwise held by the stockholders of the Company after such event, in excess of $23.00 per Share: the Company is acquired by merger or otherwise by a Third Party; a Third Party acquires more than 50% of the total assets of the Company and its Subsidiaries, taken as a whole; a Third Party acquires more than 50% of the outstanding Shares or the Company adopts and implements a plan of liquidation, recapitalization or share repurchase relating to more than 50% of the outstanding Shares or an extraordinary dividend relating to more than 50% of the outstanding Shares or 50% of the assets of the Company and its Subsidiaries, taken as a whole.

(c) Upon the termination of this Agreement for any reason (other than a termination which would not have occurred but for the failure of Buyer to fulfill its obligations under this Agreement) the Company shall reimburse Buyer and its affiliates not later than two business days after submission of reasonable documentation thereof for 100% of their documented out-of-pocket fees and expenses (including the reasonable fees and expenses of counsel) up to

$4,250,000, in each case, actually incurred by any of them or on their behalf in connection with this Agreement and the transactions contemplated hereby (including the Merger and the arrangement, obtaining the commitment to provide or obtaining the Financing for the transactions contemplated by this Agreement (including fees payable to the Financing Entities and their respective counsel)).

(d) The Company acknowledges that the agreements contained in this Section 6.04 are an integral part of the transactions contemplated by this Agreement, and that, without these agreements, Buyer would not enter into this Agreement; accordingly, if the Company fails to promptly pay any amount due pursuant to this Section 6.04, and, in order to obtain such payment, the other party commences a suit which results in a judgment against the Company for the fee or fees and expenses set forth in this Section 6.04, the Company shall also pay to Buyer its costs and expenses incurred in connection with such litigation.

(e) This Section 6.04 shall survive any termination of this Agreement, however caused.

SECTION 6.5. NOTICES OF CERTAIN EVENTS. The Company shall promptly notify Buyer of:

(a) any notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by this Agreement;

(b) any notice or other communication from any governmental or regulatory agency or authority in connection with the transactions contemplated by this Agreement; and

(c) any actions, suits, claims, investigations or proceedings commenced or, to the best of its knowledge threatened against, relating to or involving or otherwise affecting the Company or any Subsidiary which, if pending on the date of this Agreement, would have been required to have been disclosed pursuant to Section 4.12 or which relate to the consummation of the transactions contemplated by this Agreement.

ARTICLE 7

COVENANTS OF BUYER

Buyer agrees that:

SECTION 7.1. CONFIDENTIALITY. Prior to the Effective Time and after any termination of this Agreement Buyer will hold, and will use its best efforts to cause its officers, directors, employees, accountants, counsel, consultants, advisors and agents to hold, in confidence, unless compelled to disclose by judicial or administrative process or by other requirements of law, all confidential documents and information concerning the Company and the Subsidiaries furnished to Buyer in connection with the transactions contemplated

by this Agreement, including, without limitation, the stockholder lists furnished by the Company pursuant to Section 1.02, except to the extent that such information can be shown to have been (a) previously known on a nonconfidential basis by Buyer, (b) in the public domain through no fault of Buyer or (c) later lawfully acquired by Buyer from sources other than the Company (PROVIDED that such sources are not known by Buyer to be under any obligation of confidentiality to the Company with respect to such information); PROVIDED that Buyer may disclose such information to its officers, directors, employees, accountants, counsel, consultants, advisors and agents in connection with the transactions contemplated by this Agreement and to its lenders in connection with obtaining the financing for the transactions contemplated by this Agreement so long as such Persons are informed by Buyer of the confidential nature of such information and agree to treat such information confidentially. Buyer's obligation to hold any such information in confidence shall be satisfied if it exercises the same care with respect to such information as it would take to preserve the confidentiality of its own similar information, it being understood that Buyer shall remain responsible for breach of any such agreement. If this Agreement is terminated, Buyer will, and will use its best efforts to cause its officers, directors, employees, accountants, counsel, consultants, advisors and agents to, destroy or deliver to the Company, upon request, all documents and other materials, and all copies thereof, obtained by Buyer or on its behalf from the Company in connection with this Agreement that are subject to such confidence.

SECTION 7.2. VOTING OF SHARES. Buyer agrees to vote all Shares beneficially owned by it in favor of adoption of this Agreement at the Company Stockholder Meeting.

SECTION 7.3. DIRECTOR AND OFFICER LIABILITY. For six years after the Effective Time, Buyer will cause the Surviving Corporation to (i) indemnify and hold harmless the present and former officers and directors of the Company in respect of acts or omissions occurring prior to the Effective Time (including without limitation matters related to the transactions contemplated by this Agreement) and (ii) retain limitations on personal liability of directors for monetary damages in each case, to the fullest extent provided under the Company's certificate of incorporation and bylaws in effect on the date hereof; PROVIDED that such indemnification shall be subject to any limitation imposed from time to time under applicable law. For six years after the Effective Time, Buyer will cause the Surviving Corporation to use its best efforts to provide officers' and directors' liability insurance in respect of acts or omissions occurring prior to and including the Effective Time covering each such Person currently covered by the Company's officers' and directors' liability insurance policy on terms with respect to coverage and amount no less favorable than those of such policy in effect on the date hereof, PROVIDED that in satisfying its obligation under this Section, Buyer shall not be obligated to cause the Surviving Corporation to pay premiums in excess of 150% of the amount per annum the Company paid in its last full fiscal year, which amount has been disclosed to Buyer. It is understood that such obligation to indemnify (but not to maintain insurance) shall apply to claims of which the Surviving Corporation shall have been notified prior to the expiration of such six-year period regardless of when such claims shall have been disposed of.

SECTION 7.4. EMPLOYEE MATTERS. Parent agrees that, for at least one year from the Effective Time, subject to applicable law, the Surviving Corporation and its Subsidiaries will provide benefits to their employees which will, in the aggregate, be comparable to those currently provided by the Company and its subsidiaries to their employees. Notwithstanding the foregoing, nothing herein shall obligate or require the Surviving Corporation or any of its subsidiaries to provide its employees with a plan or arrangement similar to any equity based compensation plans currently maintained by the Company and nothing herein shall otherwise limit the Surviving Corporation's right to amend, modify or terminate any Employee Plan or Benefit Arrangement.

ARTICLE 8

COVENANTS OF BUYER AND THE COMPANY

The parties hereto agree that:

SECTION 8.1. BEST EFFORTS. Subject to the terms and conditions of this Agreement, each party will use its best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate the transactions contemplated by this Agreement.

SECTION 8.2. CERTAIN FILINGS. The Company and Buyer shall cooperate with one another (a) in connection with the preparation of the Company Disclosure Documents and the Offer Documents, (b) in determining whether any action by or in respect of, or filing with, any governmental body, agency or official, or authority is required, or any actions, consents, approvals or waivers are required to be obtained from parties to any material contracts, in connection with the consummation of the transactions contemplated by this Agreement and (c) in seeking any such actions, consents, approvals or waivers or making any such filings, furnishing information required in connection therewith or with the Company Disclosure Documents or the Offer Documents and seeking timely to obtain any such actions, consents, approvals or waivers.

SECTION 8.3. PUBLIC ANNOUNCEMENTS. Buyer and the Company will consult with each other before issuing any press release or making any public statement with respect to this Agreement and the transactions contemplated hereby and, except as may be required by applicable law or any listing agreement with any national securities exchange or the rules applicable to the Nasdaq Stock Market, will not issue any such press release or make any such public statement prior to such consultation.

SECTION 8.4. FURTHER ASSURANCES. At and after the Effective Time, the officers and directors of the Surviving Corporation will be authorized to execute and deliver, in the name and on behalf of the Company or Buyer, any deeds, bills of sale, assignments or assurances and to take and do, in the name and on behalf of the Company or Buyer, any other actions and things to vest, perfect or confirm of record or otherwise in the Surviving Corporation any and

all right, title and interest in, to and under any of the rights, properties or assets of the Company acquired or to be acquired by the Surviving Corporation as a result of, or in connection with, the Merger.

ARTICLE 9

CONDITIONS TO THE MERGER

SECTION 9.1. CONDITIONS TO THE OBLIGATIONS OF EACH PARTY. The obligations of the Company and Buyer to consummate the Merger are subject to the satisfaction of the following conditions:

(a) if required by Delaware Law, this Agreement shall have been adopted by the stockholders of the Company in accordance with such Law;

(b) any applicable waiting period under the HSR Act relating to the Merger shall have expired or been terminated;

(c) no provision of any applicable law or regulation and no judgment, injunction, order or decree shall prohibit the consummation of the Merger;

(d) Buyer shall have purchased Shares pursuant to the Offer; and

(e) all actions by or in respect of or filings with any governmental body, agency, official, or authority required to permit the consummation of the Merger shall have been obtained.

SECTION 9.2. CONDITIONS TO THE OBLIGATIONS OF BUYER. The obligations of Buyer to consummate the Merger are subject to the satisfaction of the following further conditions:

(a) the Company shall have performed in all material respects all of its obligations hereunder required to be performed by it at or prior to the Effective Time;

(b) no provision of any applicable law or regulation and no judgment, injunction, order or decree shall prohibit the consummation of the Merger; and

(c) Buyer shall have received all documents it may reasonably request relating to the existence of the Company and the Subsidiaries and the authority of the Company for this Agreement, all in form and substance reasonably satisfactory to Buyer.

ARTICLE 10

TERMINATION

SECTION 10.1. TERMINATION. This Agreement may be terminated and the Merger

may be abandoned at any time prior to the Effective Time (notwithstanding any approval of this Agreement by the stockholders of the Company):

(a) by mutual written consent of the Company and Buyer;

(b) by either the Company or Buyer, if the Offer has not been consummated by the date that is 60 days after the commencement of the Offer; PROVIDED, however, that the right to terminate under this clause (b) shall not be available if Buyer shall have failed to purchase Shares in violation of the Offer;

(c) by either the Company or Buyer, if there shall be any law or regulation that makes consummation of the Merger illegal or otherwise prohibited or if any judgment, injunction, order or decree enjoining Buyer or the Company from consummating the Merger is entered and such judgment, injunction, order or decree shall become final and nonappealable; or

(d) by the Company or Buyer, if the Board of Directors of the Company shall have withdrawn or materially modified its recommendation as permitted by clause (D) of the proviso of Section 6.04(a).

The party desiring to terminate this Agreement pursuant to clauses 10.01(b), 10.01(c) or 10.01(d) shall give written notice of such termination to the other party in accordance with Section 11.01.

SECTION 10.2. EFFECT OF TERMINATION. If this Agreement is terminated pursuant to Section 10.01, this Agreement shall become void and of no effect with no liability on the part of any party hereto, except that termination of this Agreement shall be without prejudice to any rights any party may have hereunder against any other party for wilful breach of this Agreement. The agreements contained in Sections 6.04, 7.01, 11.04 and 11.06 shall survive the termination hereof.

ARTICLE 11

MISCELLANEOUS

SECTION 11.1. NOTICES. All notices, requests and other communications to any party hereunder shall be in writing (including telecopy or similar writing) and shall be given,

if to Buyer, to:

Thompson Dean
c/o DLJ Merchant Banking II, Inc.
277 Park Avenue
New York, NY 10172
Telecopy: 212-892-7272

with a copy to:

George R. Bason, Jr.
Davis Polk & Wardwell
450 Lexington Avenue
New York, New York 10017
Telecopy: (212) 450-4800

if to the Company, to:

R. Jack DeCrane
DeCrane Aircraft Holdings, Inc.
2361 Rosecrans Avenue
Suite 180
El Segundo, CA 90245
Telecopy: (310) 643-0746

with a copy to:

Melvin Epstein
Stroock & Stroock & Lavan
180 Maiden Lane
New York, NY 10038-4982
Telecopy: (212) 806-6006

and

Stephen A. Silverman
Spolin & Silverman
100 Wilshire Boulevard
Suite 940
Santa Monica, CA 90401-1113
Telecopy: 310-576-4844

or such other address or telecopy number as such party may hereafter specify for the purpose by notice to the other parties hereto. Each such notice, request or other communication shall be effective (a) if given by telecopy, when such telecopy is transmitted to the telecopy number specified in this Section and the appropriate telecopy confirmation is received or (b) if given by any other means, when delivered at the address specified in this Section.

SECTION 11.2. SURVIVAL OF REPRESENTATIONS AND WARRANTIES. The representations and warranties and agreements contained herein and in any certificate or other writing delivered pursuant hereto shall not survive the Effective Time or the termination of this Agreement except for the representations, warranties and agreements set forth in Sections 6.04, 7.01, 7.03, 10.02 and 11.04.

SECTION 11.3. AMENDMENTS; NO WAIVERS. (a) Any provision of this Agreement may be amended or waived prior to the Effective Time if, and only if, such

amendment or waiver is in writing and signed, in the case of an amendment, by the Company and Buyer or in the case of a waiver, by the party against whom the waiver is to be effective; PROVIDED that after the adoption of this Agreement by the stockholders of the Company, no such amendment or waiver shall, without the further approval of such stockholders, alter or change (i) the amount or kind of consideration to be received in exchange for any shares of capital stock of the Company, (ii) any term of the certificate of incorporation of the Surviving Corporation or (iii) any of the terms or conditions of this Agreement if such alteration or change would adversely affect the holders of any shares of capital stock of the Company.

(b) No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

SECTION 11.4. EXPENSES. Except as provided in Section 6.04, all costs and expenses incurred in connection with this Agreement shall be paid by the party incurring such cost or expense.

SECTION 11.5. SUCCESSORS AND ASSIGNS; BENEFIT. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, PROVIDED that no party may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the consent of the other parties hereto except that Buyer may transfer or assign, in whole or from time to time in part, to one or more of its affiliates, the right to purchase shares pursuant to the Offer, but any such transfer or assignment will not relieve Buyer of its obligations under the Offer or prejudice the rights of tendering stockholders to receive payment for Shares validly tendered and accepted for payment pursuant to the Offer. Nothing in this Agreement, expressed or implied, shall confer on any Person other than the parties hereto, and their respective successors and assigns, any rights, benefits, remedies, obligations, or liabilities under or by reason of this Agreement, except that the present and former officers and directors of the Company and their respective heirs and representatives shall have the rights and benefits set forth in Section 7.03 hereof.

SECTION 11.6. GOVERNING LAW. This Agreement shall be construed in accordance with and governed by the law of the State of Delaware, without giving effect to the principles of conflicts of laws thereof.

SECTION 11.7. COUNTERPARTS; EFFECTIVENESS. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each party hereto shall have received counterparts hereof signed by all of the other parties hereto.

SECTION 11.8. ENTIRE AGREEMENT. This Agreement and the Confidentiality Agreement constitute the entire agreement between the parties with respect to

the subject matter of this Agreement and supersede all prior agreements and understandings, both oral and written, between the parties with respect to the subject matter of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

DECRANE AIRCRAFT HOLDINGS, INC.

By: /S/ R. JACK DECRANE

Name: R. Jack DeCrane
Title: Chairman and Chief Executive Officer

DECRANE ACQUISITION CO.

By: /S/ THOMPSON DEAN

Name: Thompson Dean
Title: President

ANNEX I

Notwithstanding any other provision of the Offer, Buyer shall not be required to accept for payment or pay for any Shares, and may terminate the Offer, if (i) prior to the expiration date of the Offer, (A) less than a majority of the outstanding Shares on a fully diluted basis has been tendered pursuant to the Offer by the expiration of the Offer and not withdrawn, (B) the applicable waiting period under the HSR Act in respect of any of the transactions contemplated by the Merger Agreement shall not have expired or been terminated or (C) the Required Amounts (as defined in the Merger Agreement) shall not have been made available to Buyer as contemplated in Section 5.08 of the Merger Agreement or (ii) at any time on or after , 1998 and prior to the acceptance for payment of or payment for Shares, any of the following conditions exist:

(a) there shall be instituted or pending any action or proceeding by any government or governmental authority or agency, domestic or foreign, or by any other person, domestic or foreign, before any court or governmental authority or agency, domestic or foreign, (i) challenging or seeking to make illegal, to delay materially or otherwise directly or indirectly to restrain or prohibit the making of the Offer, the acceptance for payment of or payment for some of or all the Shares by Buyer or the consummation by Buyer of the Merger, or seeking to obtain material damages, (ii) seeking to restrain or prohibit Buyer's ownership or operation (or that of its respective subsidiaries or affiliates) of all or any material portion of the business or assets of the Company and its subsidiaries, taken as a whole, or of Buyer and its subsidiaries, taken as a whole, or to compel Buyer or any of its subsidiaries or affiliates to dispose of or hold separate all or any material portion of the business or assets of the Company and its subsidiaries, taken as a whole, or of Buyer and its subsidiaries, taken as a whole, (iii) seeking to impose or confirm material limitations on the ability of Buyer or any of its subsidiaries or affiliates effectively to exercise full rights of ownership of the Shares, including, without limitation, the right to vote any Shares acquired or owned by Buyer or any of its subsidiaries or affiliates on all matters properly presented to the Company's stockholders, or (iv) seeking to require divestiture by Buyer or any of its subsidiaries or affiliates of any Shares, or (v) that otherwise, in the reasonable judgment of Buyer, is likely to materially adversely affect the Company and its subsidiaries, taken as a whole; or

(b) there shall be any action taken, or any statute, rule, regulation, injunction, order or decree proposed, enacted, enforced, promulgated, issued or deemed applicable to the Offer or the Merger, by any court, government or governmental authority or agency, domestic or foreign other than the application of the waiting period provisions of the HSR Act to the Offer or the Merger, that, in the reasonable judgment of Buyer, is likely, directly or indirectly, to result in any of the consequences referred to in clauses (i) through (v) of paragraph (a) above; or

(c) any change or material worsening of any existing condition shall have occurred in the business, assets, liabilities, condition (financial or otherwise), results of operations or, insofar as can be reasonably foreseen, prospects of the Company and its subsidiaries taken as a whole that, in the reasonable judgment of Buyer, is or is likely to be materially adverse to the Company and its subsidiaries, taken as a whole; or

(d) a tender or exchange offer for more than 30% of the Shares at a price per Share in excess of $23.00 shall have been made by another person, or it shall have been publicly disclosed or Buyer shall have otherwise learned that (i) any person or "GROUP" (as defined in Section 13(d)(3) of the Exchange Act) shall have acquired or proposed to acquire beneficial ownership of more than 30% of any class or series of capital stock of the Company (including the Shares), through the acquisition of stock, the formation of a group or otherwise, or shall have been granted any option, right or warrant, conditional or otherwise, to acquire beneficial ownership of more than 30% of any class or series of capital stock of the Company (including the Shares) other than acquisitions for bona fide arbitrage purposes only and other than as disclosed in a Schedule 13D

or 13G on file with the Commission on July 16, 1998, or (ii) any such person or group which, prior to July 16, 1998, had filed such a Schedule with the Commission shall have acquired or proposed to acquire beneficial ownership of additional shares of any class or series of capital stock of the Company (including the Shares), through the acquisition of stock, the formation of a group or otherwise, constituting 10% or more of any such class or series, or shall have been granted any option, right or warrant, conditional or otherwise, to acquire beneficial ownership of additional shares of any class or series of capital stock of the Company (including the Shares) constituting 10% or more of any such class or series or (iii) any person or group shall have entered into a definitive agreement or an agreement in principle with respect to a merger, consolidation or other business combination with the Company; or

(e) the Company shall have breached or failed to perform in any material respect any of its covenants or agreements under the Merger Agreement, or any of the representations and warranties of the Company set forth in the Merger Agreement shall not be true in any material respect when made or at any time prior to consummation of the Offer as if made at and as of such time; or

(f) The Fourth Amended and Restated Shareholders Agreement and the Fifth Amended and Restated Registration Rights Agreement, in each case among the Company and certain of its shareholders, shall not have been terminated; or

(g) the Merger Agreement shall have been terminated in accordance with its terms; or

(h) the Board of Directors of the Company shall have withdrawn or materially modified its approval or recommendation of the Offer or the Merger;

which, in the reasonable judgment of Buyer in any such case, and regardless of the circumstances giving rise to any such condition, makes it inadvisable to proceed with such acceptance for payment or payment.

COMPENSATION OF DIRECTORS

In June, 1997 the Board adopted a policy of compensating any non-management directors who do not serve pursuant to the terms of the Shareholders Agreement in an amount equal to $6,000 per year plus $1,500 for each quarterly Boardmeeting attended. (See "Certain Relationships and Related Transactions--Shareholders Agreement.") At present, Mitchell I. Quain is the only director who qualifies for such compensation. The other directors of the Company do not receive annual fees or fees for attending meetings of the Board of Directors or committees thereof. However, all directors are reimbursed for out-of-pocket expenses. In June 1997, the Board also extended the DeCrane Aircraft Holdings, Inc. 1993 Share Incentive Plan to such independent non-management directors, and issued 6,000 Options to Mr. Quain under the terms of the 1993 Share Incentive Plan.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following chart provides the information available to the Company as to the beneficial ownership of Common Stock based upon disclosed ownership as of March 15, 1998, adjusted to give effect to the application of the proceeds of the secondary offering of Common Stock conducted by the Company on April 2, 1998, and including the shares sold pursuant to the supplemental overallotment option on April 29, 1998 (collectively, the "Offering"), by: (i) each director and Named Executive Officer; (ii) directors and executive officers of the Company as a group; and (iii) each person known to the Company to be the beneficial owner of 5% or more of Common Stock. Beneficial ownership is determined in accordance with the rules promulgated by the Commission and includes, among other things, shares of Common Stock which are issuable upon the exercise of stock options which are immediately exercisable or will become exercisable within 60 days of the date of measurement (May 15, 1998). However, such options are counted only for the person holding them, not as a part of the total shares outstanding upon which the percentage of ownership is computed for other holders.

<TABLE>
<CAPTION>

	OWNERSHIP OF COMMON STOCK PRIOR TO OFFER		OWNERSHIP OF COMMON STOCK AFTER OFFER	
BENEFICIAL OWNER	Number of Shares	Percentage of Ownership	Number of Shares	Percentage of Ownership
<S>	<C>	<C>	<C>	<C>
Nassau Capital Partners L.P. 22 Chambers Street Princeton, New Jersey 08542	874,633(1)	16.4%	874,633(1)	11.6%
Jonathan A. Sweemer 22 Chambers Street Princeton, New Jersey 08542	874,633(2)	16.4%	874,633(2)	11.6%
Brantley Venture Partners II, L. 20600 Chagrin Blvd., Suite 1150 Cleveland, Ohio 44122	490,928	9.2%	490,928	6.5%
Paul H. Cascio 20600 Chagrin Blvd., Suite 1150 Cleveland, Ohio 44122	490,928(3)	9.2%	490,928(3)	6.5%
Wellington Management Co., LLP 75 State Street Boston, Massachusetts 02109	485,000(4)	9.1%	685,000(4)	9.1%
Electra Investment Trust P.L.C. 65 Kings Way London, England WC2B6QT	471,639	8.9%	471,639	6.3%
Mellon Bank Corporation One Mellon Bank Center Pittsburgh, Pennsylvania 15258	436,600(5)	8.2%	436,600(5)	5.8%
Artisan Partners Limited Partnership 1000 North Water Street, #1770 Milwaukee, Wisconsin 53202	391,200	7.4%	448,000	6.0%
Artisan Investment Corporation	391,200(6)	7.4%	448,000(6)	6.0%

1000 North Water Street, #1770 Milwaukee, Wisconsin 53202				
Andrew A. Ziegler..... 1000 North Water Street, #1770 Milwaukee, Wisconsin 53202	391,200(6)	7.4%	448,000(6)	6.0%
Carlene Murphy Ziegler..... 1000 North Water Street, #1770 Milwaukee, Wisconsin 53202	391,200(6)	7.4%	448,000(6)	6.0%
The Dreyfus Corporation..... c/o Mellon Bank Corporation One Mellon Bank Center Pittsburgh, Pennsylvania	373,100(5)	7.0%	373,100(5)	5.0%
The TCW Group, Inc..... 865 South Figueroa Street Los Angeles, California 90017	304,100	5.7%	304,100	4.0%
Robert Day..... 200 Park Avenue, Suite 200 New York, New York 10166	304,100(7)	5.7%	304,100(7)	4.0%
Dreyfus Investment Advisors, Inc..... c/o Mellon Bank Corporation One Mellon Bank Center Pittsburgh, Pennsylvania 15258	273,100(8)	5.1%	273,100(8)	3.6%
Mellon Bank N.A..... One Mellon Bank Center Pittsburgh, Pennsylvania 15258	273,100(8)	5.1%	273,100(8)	3.6%
DSV Partners IV..... 1920 Main St., Suite 820 Irvine, California 92614	493,439(9)	9.3%	133,227	1.8%
James R. Bergman..... 1920 Main St., Suite 820 Irvine, California 92614	493,439(10)	9.3%	133,227(10)	1.8%
R. Jack DeCrane..... 2361 Rosecrans Avenue, Suite 180 El Segundo, California 90245	147,119(11)	2.7%	111,783(11)	1.5%
R. G. MacDonald..... 2361 Rosecrans Avenue, Suite 180 El Segundo, California 90245	65,221(12)	1.2%	65,221(12)	*
Robert A. Rankin..... 2361 Rosecrans Avenue, Suite 180 El Segundo, California 90245	20,702(13)	*	16,448(13)	*
Charles H. Becker..... 2361 Rosecrans Avenue, Suite 180 El Segundo, California 90245	19,851(14)		14,180(14)	*
Roger L. Keller..... 12442 Knott Avenue Garden Grove, California 92841	13,047(15)	*	13,047(15)	*
Mitchell I. Quain..... 230 Park Avenue New York, New York 10169	12,000(16)	*	12,000(16)	*
All directors and executive officers as a group(nine persons).....	2,136,940(17)	38.8%	1,731,467(17)	22.5%

</TABLE>

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* Less than 1%

(1) Includes 5,473 shares held by NAS Partners I L.L.C., an affiliate of Nassau Capital Partners, L.P.

(2) Represents shares held by Nassau Capital Partners, L.P. and NAS Partners I L.L.C., affiliates of Mr. Sweemer.

(3) Represents shares held by Brantley of which Mr. Cascio is a general partner of the general partner.

(4) Includes shares held by clients of Wellington, which in its capacity

as investment adviser may be deemed to control such shares.

(5) Includes 273,100 shares beneficially owned jointly among Mellon Bank Corporation, Mellon Bank N.A., The Dreyfus Corporation and Dreyfus Investment Advisors, Inc.

(6) Represents shares held by Artisan Partners Limited Partnership and beneficially owned jointly with Artisan Investment Corporation, A. A.Ziegler and C.M. Ziegler.

(7) Represents shares held by The TCW Group of which Mr. Day may be a controlling person.

(8) Represents shares beneficially owned jointly among Mellon Bank Corporation, Mellon Bank, N.A., The Dreyfus Corporation and Dreyfus Investment Advisers, Inc.

(9) Includes shares beneficially owned by, and to be distributed to, certain Partners of DSV.

(10) Represents shares held by DSV of which Mr. Bergman is a general partner.

(11) Includes 80,819 shares which may be acquired upon the exercise of stock options which are exercisable or will be exercisable prior to 60 days from May 15, 1998.

(12) Includes 56,714 shares which may be acquired upon the exercise of stock options which are exercisable or will be exercisable prior to 60 days from May 15, 1998.

(13) Includes 16,448 shares which may be acquired upon the exercise of stock options which are exercisable or will be exercisable prior to 60 days from May 15, 1998.

(14) Includes 14,180 shares which may be acquired upon the exercise of stock options which are exercisable or will be exercisable prior to 60 days from May 15, 1998.

(15) Includes 13,047 shares which may be acquired upon the exercise of stock options which are exercisable or will be exercisable prior to 60 days from May 15, 1998.

(16) Includes 2,000 shares which may be acquired upon the exercise of stock options which are exercisable or will be exercisable prior to 60 days from May 15, 1998.

(17) Includes 183,208 shares which may be acquired upon the exercise of stock options which are exercisable or will be exercisable prior to 60 days from May 15, 1998.

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

REPORT OF COMPENSATION COMMITTEE

Pursuant to regulations promulgated under the Securities Exchange Act of 1934 (the "Exchange Act"), this report shall not be deemed to be "soliciting material" or to be "filed" with the Securities and Exchange Commission ("SEC") nor shall it be incorporated by reference into any filing under the Securities Act of 1933 (the "Securities Act") or the Exchange Act.

The Compensation Committee acts as Administrator of the Share Incentive Plan, in making awards of options in Common Stock of the Company (herein, "Options") to certain parties including senior executives and key employees. See "Compensation of Directors and Executive Officers--Share Incentive Plan."

Four of the awards to key employees approved by the Committee in 1996 were implemented in January 1997, for an aggregate of Options for 12,762 shares. The Compensation Committee approved the recommendations of senior management with respect to the awards of those Options to the employees, which were based on a combination of the extent to which (i) each individual's operating unit met or exceeded its financial performance targets primarily measured by earnings before taxes, interest and certain other charges ("EBITDA") and (ii) his or her individual performance goals for the year were achieved. The awards made in January of 1997 reflected achievement of 100% or greater of the relevant unit performance goals for the previous year, and either favorable or highly favorable determinations regarding the individual's achievement of individual operating objectives. Two of the four persons receiving option awards in January 1997 had not previously received awards under the Share Incentive Plan.

In June 1997, the Compensation Committee met to extend the Share Incentive Plan for employees to independent non-management directors of the Company who are not appointed to the Board pursuant to the Shareholders Agreement, and approved the issuance of 6,000 Options to Mitchell I. Quain, the only director presently qualifying for such plan. See "Certain Relationships and Related Transactions-- Independent Director."

In December 1997, the Compensation Committee met to make awards of Options to 22 senior executives and key employees of the Company and its subsidiaries under the Share Incentive Plan. The Committee approved the award of Options for an aggregate of 157,662 shares, including Options for an aggregate of 94,000 shares to Messrs. DeCrane, MacDonald, Becker, Rankin and Keller. In evaluating Mr. DeCrane's performance, the Compensation Committee looked primarily to (i) the extent to which the Company exceeded its earnings goals for 1997 to date, (ii) the performance and integration of the Company's recent acquisitions, (iii) the continued acquisition program of the Company and (iv) the development of the Company's management team. The Compensation Committee approved the recommendations of senior management with respect to the awards of options to other executives and employees, which were based on a combination of the extent to which (i) each individual's operating unit met or exceeded its financial performance targets, primarily measured by EBITDA, and (ii) his or her individual performance goals for the year were achieved. The awards made in December of 1997 reflected achievement of between 101% and 144% of each of the relevant unit performance goals for the previous year, except for Hollingsead, and, for the most part, either favorable or highly favorable determinations regarding the individuals' achievement of individual operating objectives. At Hollingsead, the financial goals were not achieved, but modest incentives were awarded in recognition of key strategic milestones that were achieved. Nine of the 22 persons receiving Option awards in December 1997 had not previously received awards under the Share Incentive Plan, bringing the total number of persons receiving Option awards to 33.

The employment agreements between the Company and three of its senior executive officers, Messrs. DeCrane, MacDonald and Becker, specify certain cash incentive payments on an annual basis deemed earned pro rata throughout the year, as a sliding percentage of the officer's base salary, depending on the extent to which the Company (or, in the case of Mr. Becker who until recently served as President of Tri-Star, Tri-Star) approaches, meets or exceeds its financial performance targets, measured principally by pre-tax earnings. See "Compensation of Directors and Executive Officers--Employment Agreements and Compensation Arrangements." The bonuses paid during 1997 to each such officer, based on the applicable contractual formulas, reflected achievement of in excess of 110% of the relevant performance goals for the previous year.

Incentive awards to other key employees, including Mr. Rankin and Mr. Keller, were made pursuant to the terms and criteria set forth in the 1996 Incentive Plan, which provides for cash incentive payments on an annual basis deemed earned pro rata throughout the year, as a sliding percentage of the key employee's base salary, depending in part (50%) on the extent to which the key employee's operating unit approaches, meets or exceeds its financial performance targets, measured principally by EBITDA, and in part (50%) based on the key employee's achievement of his or her individual performance goals., in the discretion of the Chief Executive Officer or the President of the relevant operating subsidiary. See "Compensation of Directors and Executive Officers--1996 Incentive Plan." In December 1997, the Compensation Committee approved the recommendations of senior management to make cash incentive awards to [several] key officers and employees, which reflected achievement of in excess of 101% of the relevant financial goals for the previous year for each unit except for Hollingsead, targets, measured principally by EBITDA, and a favorable determination regarding the discretionary component of the awards and senior management's evaluation of the completion by such officers and key employees of their respective individual operating objectives.

See also "Compensation of Directors and Executive Officers--Compensation Committee Interlocks and Insider Participation" for certain information regarding certain transactions among the Company and members of the Compensation Committee.

Respectfully submitted,

James R. Bergman
Jonathan A. Sweemer

SUMMARY COMPENSATION TABLE

The following table describes all annual compensation awarded to, earned by or paid to the Company's Chief Executive Officer and the four-most highly compensated executive officers other than the Chief Executive Officer (collectively the "Named Executive Officers") for the years ended December 31,

1997, 1996 and 1995.

		ANNUAL COMPENSATION		
	Year	Salary	Bonus	Other Annual Compen-sation(1)
R. Jack DeCrane	1997	$244,744	$220,000	$ --
Chief Executive	1996	206,600	146,000	7,813
Officer and	1995	180,000	55,000	--
Chairman of the Board				
R.G. MacDonald	1997	184,859	102,000	10,536
Vice Chairman of	1996	177,437	82,000	13,200
the Board (4)	1995	173,607	35,000	8,292
Charles H. Becker	1997	174,492	102,000	6,168
President of Tri-Star and	1996	148,750	65,000	9,103
Group Vice President of	1995	137,515	16,000	1,610
Components (6)				
Robert A. Rankin	1997	149,309	103,000	7,158
Chief Financial Officer	1996	139,375	65,000	12,838
and Secretary	1995	135,000	20,000	6,628
Roger L. Keller	1997	163,866	30,000	1,682
President of Hollingsead	1996	150,000	--	2,083
and Group Vice President	1995	121,250	7,500	--
Systems (5)				

<TABLE>
<CAPTION>

	LONG TERM COMPENSATION			
	Restricted Stock Awards	Securities Underlying Options/ Sar(2)	Ltip Payouts	All Other Compen-sation(3)
<S>	<C>	<C>	<C>	<C>
R. Jack DeCrane		50,000		$29,411
Chief Executive		34,028		--
Officer and		--		--
Chairman of the Board				
R.G. MacDonald		4,000		--
Vice Chairman of		--		--
the Board (4)		--		--
Charles H. Becker		15,000		18,000
President of Tri-Star and		19,850		30,586
Group Vice President of		14,179		--
Components (6)				
Robert A. Rankin		15,000		--
Chief Financial Officer		19,850		--
and Secretary		--		80,357
Roger L. Keller		10,000		--
President of Hollingsead		19,850		--
and Group Vice President		14,179		17,405
Systems (5)				

</TABLE>

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(1) Amounts paid by the Company for premiums on health, life and long-term disability insurance and automobile leases provided by the Company for the benefit of the Named Executive Officer.

(2) Number of shares of Common Stock issuable upon exercise of options granted during the last fiscal year.

(3) Relocation costs.

(4) Mr. MacDonald served as President of the Company through December

1996. Mr. MacDonald became Vice Chairman of the Board in December 1996.

(5) Mr. Becker served as President of Tri-Star and Group Vice President of Components for the Company through April 1998. Mr. Becker became President and Chief Operating Officer in April 1998.

(6) Mr. Keller became Group Vice President of Systems in December 1996. Mr. Keller previously served (and continues to serve) as President of Hollingsead International, Inc.

STOCK OPTION/SARS GRANTS IN LAST FISCAL YEAR

The following table sets forth individual grants of stock options granted to the Named Executive Officers during the fiscal year ended December 31, 1997.

<TABLE>
<CAPTION>

NAME	NUMBER OF SECURITIES UNDERLYING OPTIONS SAR/GRANTED	% OF OPTIONS/SAR PER SHARE	EXERCISE OR BASE PRICE PER SHARE	EXPIRATION DATE	POTENTIAL REALIZABLE VALUE AT ASSUMED ANNUAL RATE OF STOCK PRICE APPRECIATION(1) 5%	10%
<S>	<C>	<C>	<C>	<C>	<C>	<C>
R. Jack DeCrane	50,000	30.6%	$ 16.75	2007	$526,699	$1,334,759
R.G. MacDonald	4,000	2.4%	16.75	2007	42,136	106,781
Charles H. Becker	15,000	9.2%	16.75	2007	158,010	400,428
Robert A. Rankin	15,000	9.2%	16.75	2007	158,010	400,428
Roger L. Keller	10,000	6.1%	16.75	2007	105,340	266,952

</TABLE>

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(1) The potential realizable value assumes a rate of annual compound stock price appreciation of 5% and 10% from the date the option was granted over the full option term. These assumed annual compound rates of stock price appreciation are mandated by the rules of the Securities and Exchange Commission and do not represent the Company's estimate or projection of future prices of the Common Stock.

AGGREGATED OPTION/SAR EXERCISES IN LAST FISCAL YEAR AND FY-END OPTION/SAR VALUES

The following table sets forth information about the stock options exercised by the Named Executive Officers of the Company during the fiscal year ended December 31, 1997.

<TABLE>
<CAPTION>

NAME	SHARES ACQUIRED ON EXERCISE	VALUE REALIZED	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS/SAR EXERCISABLE/UNEXERCISABLE	VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS/SAR AT FY-END (1) EXERCISABLE/UNEXERCISABLE
<S>	<C>	<C>	<C>	<C>
R. Jack DeCrane	--	--	$ 80,819/95,370	$ 1,329,172/655,294
R.G. MacDonald	--	--	45,372/15,342	747,324/187,814
Charles H. Becker	--	--	14,108/34,849	229,559/287,686
Robert A. Rankin	--	--	16,448/32,581	269/315/247,930
Roger L. Keller	--	--	13,047/30,982	210,897/305/098

</TABLE>

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(1) Based on the common stock share price of $16.75 per share as of December 31, 1997, the measuring date.

EMPLOYMENT AGREEMENTS AND COMPENSATION ARRANGEMENTS

R. Jack DeCrane and the Company have entered into an employment agreement pursuant to which Mr. DeCrane is to serve as Chief Executive Officer for a term of four years, effective September 1, 1994. The agreement requires Mr. DeCrane to devote his full business time to the Company and contains a covenant not to compete with the Company for a period of 12 months following termination of the agreement. The 1994 agreement provides for various benefits including: (i) an initial annual salary of $180,000, which is subject to annual review and increase, but not decrease; (ii) an annual bonus ranging from 30% to 70% of Mr. DeCrane's annual base salary depending on the level of the Company's

achievement of certain performance goals; and (iii) vested stock options to purchase 77,982 shares of Common Stock at an exercise price of $0.53 per share. Additionally, Mr. DeCrane is also entitled to life insurance (in an amount at least equal to $1,000,000), and health care benefits generally provided by the Company to other senior executives. The agreement also provides for various payments to Mr. DeCrane or his beneficiaries in the event of his death, disability, or termination without cause. In the event of his death, Mr. DeCrane's beneficiaries would be entitled to: (i) a payment equal to Mr. DeCrane's then current salary for one year plus his remaining bonus through year-end; and (ii) continuation of certain insurance benefits for one year. Upon termination due to disability, Mr. DeCrane would be entitled to: (i) receive the sum of his then current base salary for one year plus his bonus through year end; and (ii) continuation of certain health benefits for one year. In the event of a termination without cause by the Company or Mr. DeCrane's resignation due to a material breach of the agreement by the Company or the Company's request that he resign or retire, Mr. DeCrane would be entitled to: (i) his then current base salary for one year and his remaining bonus through the end of the year of termination plus an amount equal to the amount earned in the immediately preceding year; (ii) continuation of certain health benefits for a one year period; and (iii) reimbursement of certain relocation and outplacement expenses.

R. G. MacDonald and the Company entered into a letter agreement, dated June 28, 1993, pursuant to which Mr. MacDonald is to receive for an unspecified term: (i) an initial annual base salary of $150,000; (ii) an annual bonus ranging from 20% to 50% of his annual base salary depending on the Company's level of achievement of certain performance goals; and (iii) the Company's standard benefit package with the addition of an executive term life insurance policy in the amount of $200,000. Under the agreement, Mr. MacDonald received options to purchase 56,714 shares of the Company's Common Stock at an exercise price of $0.53 per share.

Charles H. Becker and Tri-Star entered into a letter agreement, dated November 28, 1994, pursuant to which Mr. Becker is to receive for an unspecified term: (i) an initial annual base salary of $140,000; (ii) an annual bonus ranging from 10% to 40% of his annual base salary depending on Tri-Star's level of achievement of certain performance goals; and (iii) other benefits available under the Company's executive benefits program. Under the agreement, Mr. Becker received options to purchase 14,179 shares of the Company's Common Stock at an exercise price of $0.53 per share.

SHARE INCENTIVE PLAN

Under the Share Incentive Plan adopted by the Company in 1993 (the "Share Incentive Plan"), the Company may grant to its eligible employees: (i) options ("Options") to purchase shares of Common Stock; (ii) shares of Common Stock that vest upon the achievement of specified service or performance conditions within a specified period of time (the "Restricted Shares"); and (iii) options to receive payments based on the appreciation of Common Stock ("SARs"). Options, Restricted Shares and SARs are collectively referred to as "Grants."

Under the Share Incentive Plan, the Company may grant Options that qualify as "incentive stock options" within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), or Options that do not so qualify. The Share Incentive Plan is to be administered by a committee selected by the Company's Board and composed of at least two members of the Board (the "Administrator"). The current members of the Administrator are Messrs. Bergman and Sweemer. Restricted Shares may be granted to key employees of the Company at the sole discretion of the Administrator. SARs may be specifically granted upon the terms and conditions specified by the Administrator.

Grants are to be made to key employees of the Company designated by the Administrator at its sole discretion. The Company has reserved 527,156 shares of Common Stock for issuance under the Share Incentive Plan. The Share Incentive Plan terminates on February 1, 2003, and thereafter no Grants may be made thereunder. In June 1997, with the approval of the Administrator, the Company extended the Share Incentive Plan to Mitchell I. Quain, an independent non-management director of the Company, and issued 6,000 Options to Mr. Quain under the terms of the Share Incentive Plan.

The exercise price of any Option may not be less than 100% (or 110% in the case of an Option granted to a person owning (within the meaning of Section 424(d) of the Code) more than 10% of the total combined voting power of all classes of stock of the Company) of the fair market value of the Common Stock at the time of the grant of the Option. No Option may be exercised after the expiration of ten years from the date of grant of such Option. No Option may be sold, pledged, assigned or transferred in any manner otherwise than by will or the laws of descent or distribution. The purchase price of any shares of Common Stock purchased under an Option must be paid in full at the time of the exercise of an Option in cash, by check or, if permitted by the Administrator, by shares of Common Stock having a fair market value on the date of the exercise equal to the purchase price or a combination thereof.

In the event that a holder of a Grant (a "Grantee") ceases to be employed by the Company for any reason other than death, retirement or disability or such employee is terminated without cause, such Grants shall terminate upon the termination of his employment, unless extended by the Administrator. In the event of termination of employment due to death, retirement or disability of a Grantee or in the event such termination is without cause, the Administrator may allow the Grantee (or his estate) to exercise Options and SARs (to the extent exercisable on the date of termination of employment) at any time within one year after the date of such termination of employment. Restricted Shares held by a Grantee will vest upon the Grantee's death and all restrictions will thereupon lapse.

1996 INCENTIVE PLAN

In 1996 the Company introduced an incentive plan (the "1996 Incentive Plan") for its management personnel tied to the Company's and each operating unit's annual budget as approved each year by the Compensation Committee of the Board. The 1996 Incentive Plan matrix provides for an annual bonus of up to 70% of the employee's base salary if the Company or its relevant operating unit achieves 110% of budget. Fifty percent of the bonus is payable solely based on performance of the Company or the relevant operating unit and the remainder is payable upon the achievement by the employee of his or her individual objectives in the discretion of the Chief Executive Officer of the Company or the President of the relevant operating unit.

401(K) RETIREMENT PLAN

Effective April 1992, the Company adopted the Lincoln National Life Insurance Company Non- Standardized 401(k) Salary Reduction Plan and Trust Prototype Plan (the "401(k)"). The 401(k) allows employees as participants to defer, on a pre-tax basis, a portion of their salary and accumulate tax deferred earnings, plus interest, as a retirement fund. The Company matched 25% of the employee contribution for the fourth quarter of 1997 for up to 6% of the employee's salary. In 1998, the Company intends to increase its matching percentage to 50% of the employee contribution for up to 6% of the employee's salary. The full amount vested in a participant's account will be distributed to a participant following termination of employment, normal retirement or in the event of disability or death.

DIRECTORS' COMPENSATION

In June 1997 the Board adopted a policy of compensating any non-management directors who do not serve pursuant to the terms of the Shareholder Agreement (see "Certain Relationships and Related Transactions--Shareholders Agreement") in an amount equal to $6,000 per year plus $1,500 for each quarterly Board meeting attended. At present, Mitchell I. Quain is the only director who qualifies for such compensation. The other directors of the Company do not receive annual fees or fees for attending meetings of the Board of Directors or committees thereof. However, all directors are reimbursed for out-of-pocket expenses. In June 1997, the Board also extended the Share Incentive Plan to such independent non-management directors, and issued 6,000 Options to Mr. Quain under the terms of the Share Incentive Plan.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

James R. Bergman, a member of the Compensation Committee, is a general partner of DSV, and DSV's nominee to the Board of Directors under the Shareholder Agreement described below. See "Certain Relationships and Related Transactions--Shareholders Agreement". Mr. Bergman may be considered the beneficial owner of all of part of the Common Stock held by DSV by virtue of his affiliation with DSV. See "Security Ownership of Certain Beneficial Owners and Management" and footnote 10 to the accompanying chart. As a part of the Offering in April, 1998, DSV registered and sold 360,212 shares of Common Stock. See "Certain Relationships and Related Transactions--Certain Selling Shareholders in Offering."

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

SHAREHOLDERS AGREEMENT

Pursuant to the Fifth Amended and Restated Shareholders Agreement dated January 10, 1997 (as amended, the "Shareholders Agreement") among the Company, Nassau, Brantley, DSV, Electra Investment Trust P.L.C. and Electra Associates, Inc. (herein, collectively, "Electra"), and certain other parties, and subject to election by the Company's stockholders, Nassau, Brantley and DSV each have the right to nominate a representative to serve as a director so long as the relevant stockholder owns at least 5% of the Common Stock. See "Directors and executive Officers." As of May 15, 1998, Nassau and Brantley beneficially own 11.6% and 6.5%, respectively, of the issued and outstanding Common Stock. The Shareholders Agreement also provides that Mr. DeCrane may nominate a director for election by the Company's stockholders for so long as he is the Chief Executive Officer of the Company.

RECAPITALIZATION; WAIVERS AND EXCHANGES OF SECURITIES

Effective immediately prior to the Company's initial public offering (the "IPO") in April 1997, certain of the Company's then-existing shareholders, including Nassau, Brantley, DSV and Electra, and holders of warrants for common stock, agreed to waive a number of rights under the agreements by which such shareholders and warrant holders acquired such Rights from the Company, releasing the Company from certain dividend payment requirements, voting requirements and certain other rights, as well as eliminating certain negative and affirmative covenants contained therein (collectively, the "Recapitalization").

The Recapitalization provided for: (i) the conversion of all 6,847,705 shares of issued and outstanding cumulative convertible preferred stock into 1,941,804 shares of Common Stock; (ii) the cashless exercise and conversion of all 52,784 and 9,355 issued and outstanding of such Preferred Stock warrants and common stock warrants, respectively, into a total of 16,585 shares of Common Stock; (iii) the cashless exercise of 508,497 mandatorily redeemable common stock warrants (the "Redeemable Warrants") into a total of 507,708 shares of Common Stock; and (iv) the cancellation of 95,368 Redeemable Warrants.

Redeemable Warrants exercisable into 208,968 common shares remained after the Recapitalization. Of this amount, 138,075 Redeemable Warrants were canceled upon the consummation of the IPO and repayment of the Company's senior subordinated debt and convertible notes in accordance with the terms of the respective warrant agreements. Redeemable Warrants exercisable into 70,893 common shares remained after the Recapitalization and the IPO and application of the net proceeds therefrom. Concurrent with the consummation of the IPO, the mandatory redemption feature of these warrants was terminated and, as a result, the value ascribed thereto was reclassified to stockholders' equity as additional paid-in capital.

In December 1997, the Company issued an additional 16,918 shares of Common Stock to Electra and 33,825 shares to Nassau to correct a disputed calculation regarding the number of shares that should have been issued as part of the Recapitalization in the conversions described above.

Upon consummation of the IPO and as part of the Recapitalization, R.G. MacDonald, Charles H. Becker, Robert A. Rankin and John Hinson, an officer of the Company, exchanged an aggregate of 75,000 shares of preferred stock of the Company for 21,268 shares of Common Stock.

INDEPENDENT DIRECTOR

In June 1997, the Company extended its Share Incentive Plan for employees to independent non- management directors of the Company who are not appointed to the Board pursuant to the Shareholders Agreement, and issued 6,000 Options to Mitchell I. Quain, the only director presently qualifying for such plan.

CERTAIN SELLING SHAREHOLDERS IN OFFERING

As a part of the Offering in April, 1998, DSV registered and sold 360,212 shares of Common Stock; and R. Jack DeCrane, Charles H. Becker and Robert A. Rankin registered and sold 35,336, 4,254 and 5,671 shares of Common Stock, respectively; in each case as selling shareholders.

EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") is made and entered into July 17, 1998 by and between DeCrane Aircraft Holdings, Inc. (the "Company") and R. Jack DeCrane ("Executive") based on the following facts:

A. Executive is currently employed by the Company in the capacity as Chief Executive Officer ("CEO") and is a key executive of the Company.

B. The Company desires to employ Executive for the term of this Agreement on the terms and conditions specified in this Agreement; Executive desires to be employed and to perform the services described herein pursuant to the terms of this Agreement.

C. The Compensation Committee of the Board of Directors (the "Committee") has recommended that Executive be employed pursuant to the terms of this Agreement and the Board of Directors of the Company (the "Board") has approved the recommendation of the Committee.

Based on the foregoing facts and circumstances and for good and valuable consideration, receipt of which is hereby acknowledged, the Company and Executive agree as follows:

1. TERM OF AGREEMENT. Except as otherwise provided herein, the term of this Agreement shall commence effective July 1, 1998 and shall continue through June 30, 2001 (the "Term").

2. DUTIES. Executive agrees to be employed as the CEO of the Company during the Term and to devote his full business time and attention to the Company. Executive may devote such of his time as reasonable to his personal investments and to civic and/or charitable activities. Executive may serve as a director or trustee of any other corporation or trust with the consent of the Board, which consent will not unreasonably be withheld. Executive's duties shall not be diminished, nor will the responsibilities be decreased from those currently in effect. The Company will not assign duties to the CEO inconsistent with those attendant to the position of a Chief Executive Officer and a director of the Company. Except as specified by the terms of this Agreement, the powers and duties of Executive may be more specifically determined by the Board from time to time.

3. COMPENSATION. During the Term, Executive shall receive the following compensation and benefits:

   A. SALARY. During the first year of the Term, the Company shall pay Executive an annual base salary of $310,000 payable on the regular payroll dates for employees of the Company; for each subsequent year during the Term, Company shall pay Executive an

annual salary in an amount at least equal to the sum of (i) Executive's annual base salary for the preceding year, plus (ii) an additional amounts as favorable to Executive as pay increases paid by the Company for other executives of the Company;

B. BONUS. During the Term, the Company shall pay Executive bonus payments annually (said bonus payments, together with Executive's salary as provided in Section 3.A., being sometimes collectively referred to herein as "Compensation"), as a percentage of his annual base salary in effect at the time of the payment of such bonus payment based upon the Company's achievement of mutually agreed performance goals as set forth in the Company's operation plan approved by the Board for such year. For the calendar year 1998, the bonus payment shall be based upon the Company's achievement of earnings before taxes, depreciation and amortization ("EBITDA") as specified in Executive's Employment Agreement dated September 1, 1994 (the 1994 Employment Agreement) and at the percentages specified in the chart below; provided, however, no portion the bonus shall be based upon EBITDA of any business for any period prior to the date such business was acquired by the Company. During each subsequent year during the Term, the bonus payments shall be based upon the Company's achievement of earnings per share ("EPS") as determined pursuant to generally accepted accounting principles ("GAAP") consistently applied and followed in connection with the preparation of the Company's audited financial statements, as follows:

Level of Achievement as a Percentage of Performance Goal	Bonus as a Percentage of Annual Base Salary
EPS equals 80%	55%
EPS equals 90%	65%
EPS equals 100%	75%
EPS equals 110%	85%
EPS equals 120%	100%

Said bonus shall be deemed earned on a pro rata basis throughout the year;

C. INCENTIVE STOCK OPTIONS. Pursuant to the Company 1993 Share Incentive Plan (the "Plan"), the Company shall from time to time make awards to Executive and Executive shall receive options to purchase shares of the Company's Common Stock subject to the terms of the Plan. The Executive is hereby awarded options to purchase 50,000 shares at the Designated Current Price, specified below (the "1998 Award"). As used herein, "Designated Current Price" means the closing price of the Company's Common Stock on the Nasdaq National Market on July 16, 1998 as notified to the Holder by the Company in a separate writing, based upon the price therefor as reported in the Wall Street Journal issue dated July 17, 1998. Subject to earlier vesting as provided in the Option Agreement, the options granted pursuant to this Section 3.C.

shall vest 1/2 on July 31, 1998, and1/2on July 31, 1999;

D. AVTECH BONUS. In consideration for the services performed by Executive in the Company's acquisition of Avtech Corporation on June 26, 1998, the Company shall concurrent with the execution of this Agreement pay to Executive $500,000.

E. EXECUTION BONUS. To induce Executive to enter into this Employment Agreement, Company shall concurrent with the execution of this Agreement, pay Executive $250,000.

F. CONTINUATION BONUS. So long as Executive is employed by the Company on January 1, 1999, Company shall pay to Executive on January 2, 1999 the sum of $150,000.

G. BENEFITS. During the Term, the Company shall provide to Executive, his spouse and his eligible dependents and maintain in full force and effect throughout the Term, group insurance (including conversion features) and benefits, including life, major medical, dental, vision and the related benefits as have been provided to Executive, his spouse and his eligible dependents during the immediately preceding year (the "Health Care Benefits"). Without limiting the Health Care Benefits provided in the foregoing sentence, the Company shall provide to Executive life insurance with a death benefit of not less than $1 million. Without limiting the Health Care Benefits to be provided to Executive, the Company may provide the Health Care Benefits pursuant to group insurance plans if available to the Company on such basis;

H. PROFIT SHARING PLAN. The Company agrees that Executive will be a participant, on the same basis as other executives, in any profit sharing or other deferred compensation or qualified retirement plan adopted or maintained during the Term;

I. TRAVEL. The Company shall reimburse or pay directly all business-related travel, entertainment and other expenses of Executive at a level of accommodation as provided to Executive during the immediately preceding year;

J. VACATION. Executive shall provide Executive annually not less than four weeks of paid vacation but not less than the amount of vacation provided to employees of the Company or any of its subsidiaries with tenure equal to that of Executive.

4. TERMINATION. The Company may terminate the employment of Executive at any time with or without "Cause." Except as provided in Section 4C, in the event that the Company terminates the employment of Executive without Cause, the Company shall be obligated to pay Executive compensation and provide benefits pursuant to Section 3.A, 3.B and 3.G for eighteen months. Executive's right to receive Compensation and

Health Care Benefits from the Company pursuant to the foregoing sentence, shall not be diminished by Executive's receipt of compensation in connection with employment by any person or entity other than the Company. In the event of termination for Cause, Executive shall not be entitled to Compensation following the last date of Executive's employment by the Company.

A. FOR CAUSE. As used in this Agreement, "Cause" shall mean (i) any material act of dishonesty constituting a felony (of which Executive is convicted or pleads guilty) which results or is intended to result directly or indirectly in substantial gain or personal enrichment to Executive at the expense of the Company, or (ii) after notice of breach delivered to Executive specifying in reasonable detail and a reasonable opportunity for Executive to cure the breaches specified in the notice, the Board, acting by a two thirds vote, after a meeting held for the purpose of making such determination and after reasonable notice to Executive and an opportunity for him together with his counsel to be heard before the Board, determines, in good faith, other than for reasons of physical or mental illness, Executive willfully and continually fails to substantially perform his duties pursuant to this Agreement and such failure results in demonstrable material injury to the Company. The following shall not constitute Cause: (i) Executive's bad judgment or negligence, (ii) any act or omission by Executive without intent of gaining therefrom directly or indirectly a profit to which Executive was not legally entitled, (iii) any act or omission by Executive with respect to which a determination shall have been made that Executive met the applicable standard of conduct prescribed for indemnification or reimbursement of payment of expenses under the By-Laws of the Company or the laws of the State of Delaware as in effect at the time of such act or omission.

B. The Company may terminate this Agreement without Cause at any time by giving Executive 90 days notice, subject to Executive's right to receive Compensation and Health Care Benefits as provided in this Section 4.

C. COMPENSATION UPON TERMINATION FOLLOWING A CHANGE OF CONTROL. In addition to the rights and benefits accruing to Executive as otherwise described in this Agreement, in the event that (i) a Change of Control shall have occurred while Executive is employed hereunder and (ii) the Executive's employment hereunder shall be involuntarily terminated for any reason other than Cause, death or disability or Executive shall terminate his employment hereunder for Good Reason, then the Company shall make the following payments to Executive within 15 days following the date of such termination of employment (the "Termination Date") (in the case of (i) and (ii) below) and provide the following benefits to Executive after the Termination Date (in the case of (iii), (iv), (v), (vi) and (vii) below), subject in each case to

any applicable payroll or other taxes required to be withheld and subject to the provisions of Section 5 relating to limitations on parachute payments:

(1) The Company shall pay Executive a lump sum amount in cash equal to $1 less than three times the sum of (a) Executive's average base salary and (b) Executive's average bonus, in each case, during the five calendar years immediately preceding the Termination Date.

(2) The Company shall pay Executive a lump sum amount in cash equal to accrued but unpaid salary and bonus through the Termination Date, and unpaid salary with respect to any vacation days accrued but not taken as of the Termination Date.

(3) The Company shall continue to provide Executive Health Care Benefits on terms no less favorable to Executive and his dependents covered thereby (including with respect to any costs borne by Executive) than the greater of (i) the coverage provided on the date of the Charge of Control or (ii) the coverage provided by the Company immediately prior to the Termination Date. Such benefits shall be provided for the beginning on the Termination Date and ending on the first to occur of (i) the date of Executive's employment (including self-employment) in a position providing substantially the same or greater benefits as Executive's assignment with the Company on the Termination Date, or (ii) the second anniversary of the Termination Date.

(4) The Company shall pay to Executive a lump sum amount in cash equal to the invested portion of the Company's contributions to Executive's account under any of the Company's plans that are "qualified" under Section 401(a) of the Internal Revenue Code of 1986, as amended (the "Code"), to which the Company makes contributions to employee accounts in effect as of the Termination Date (the "Savings Plan"), plus an amount in cash equal to two times an amount equal to the amount of the Company's annual contribution on behalf of Executive pursuant to the Savings Plans as in effect on the date of the Change of Control or the Termination Date, whichever is greater. For purposes of this Section, the Company's matching contributions to the Savings Plans shall be deemed to be at the maximum percentage contribution to which Executive could be entitled under the Savings Plans.

In addition, within five days following the Termination Date, Executive shall be paid in cash as amount equal to the Company's matching contributions determined pursuant to the Savings Plans as in effect on the date of the Change of Control or the Termination Date, whichever is greater, which

would have accrued to the benefit of Executive had he continued his participation in, and elected to make the maximum contributions under, the Savings Plans for the period of 24 months from the Termination Date or until December 31 of the year in which Executive would reach age 65, whichever is the shorter period. The benefits received by Executive pursuant to this Section are in addition to any benefits that were vested prior to the Termination Date in accordance with the terms of the Savings Plans.

(5) Within five days following the Termination Date, the Company shall pay to Executive (i) an amount in cash equal to the vested and invested amounts that have been credited to Executive's account or accounts under any deferred compensation plan that the Company maintains for its employees as of the Termination Date whether or not then vested, plus (ii) an amount equal to the total amount required to be, or actually, credited to Executive's account, including interest equivalents, for the year in which the Termination Date occurs.

(6) Within five days following the Termination Date, the Company shall select and engage at Company's expense a nationally recognized executive placement firm reasonably satisfactory to Executive to provide outplacement consulting services to Executive until the first to occur of the date of Executive's employment (including self-employment) and the second anniversary of the Termination Date.

(7) Notwithstanding anything set forth in this Section 4(C), if the benefits payable pursuant to this Agreement, either alone or together with other payments which the Executive has the right to receive either directly or indirectly from the Employer or any of its Affiliates, would constitute an excess parachute payment (the "Excess Payment") under Section 280G of the Code, the Executive hereby agrees that the benefit payable pursuant to this Agreement shall be reduced (but not below zero) by the amount necessary to prevent any such payments to the Executive from constituting an Excess Payment, as determined by such independent public accounting firm with a national reputation as the Employer shall select.

Executive is not required to seek other employment or otherwise mitigate the amount of any payments to be made by the Company pursuant to this Agreement.

As used in this Agreement, "Change of Control" shall mean an event involving the Company of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), assuming that such Schedule, Regulation and Act applied to the Company, provided that such a

Change of Control shall be deemed to have occurred at such time as: (i) any "person" (as that term is used in Sections 13(d) and 14(d)(2) of the Exchange Act) (other than an Excluded Person (as defined below)) becomes, directly or indirectly, the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) of securities representing 20% or more of the combined voting power for election of members of the Board of Directors of the then outstanding voting securities of the Company or any successor of the Company, excluding any person whose beneficial ownership of securities of the Company or any successor is obtained in a merger or consolidation not included in paragraph (iii) below; (ii) during any period of two consecutive years or less, individuals who at the beginning of such period constituted the Board of Directors of the Company cease, for any reason, to constitute at least a majority of the Board, unless the appointment, election or nomination for election of each new member of the Board (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) was approved by a vote of at least two-thirds of the members of the Board of Directors then still in office who were members of the Board at the beginning of the period or whose appointment, election or nomination was so approved since the beginning of such period; (iii) there is consummated any merger, consolidation or similar transaction to which the Company is a party as a result of which the persons who were equity holders of the Company immediately prior to the effective date of the merger or consolidation shall have beneficial ownership of less than 50% of the combined voting power for election of members of the Board of Directors (or equivalent) of the surviving entity or its parent following the effective date of such merger or consolidation; (iv) any sale or other disposition (or similar transaction) (in a single transaction or series of related transactions) of (x) 50% of more of the assets or earnings power of the Company or (y) business operations which generated a majority of the consolidated revenues (determined on the basis of the Company's four most recently completed fiscal quarters for which reports have been completed) of the Company and its subsidiaries immediately prior thereto, other than a sale, other disposition, or similar transaction to an Excluded Person or to an entity of which equityholders of the Company beneficially own at least 50% of the combined voting power; (v) any liquidation of the Company. For purposes of this definition of Change of Control, the term "Excluded Person" shall mean and include (i) any corporation beneficially owned by shareholders of the Company in substantially the same proportion as their ownership of shares of the Company and (ii) the Company.

As used in this Agreement, "Good Reason" shall mean the occurrence, following a Change of Control, of any one of the following events without Executive's consent: (i) the Company assigns Executive to any duties substantially inconsistent with his position, duties, responsibilities, status or reporting responsibility with the Company immediately prior to the Change of Control, or assigns Executive to a position that does not provide Executive with substantially the same or better compensation, status, responsibilities and duties as Executive enjoyed immediately prior to the Change of Control; (ii) the Company reduces the amount of Executive's base salary as in effect as of the date of the Change of Control or as the same may be increased thereafter from time to time, except for across-the-board salary reductions similarly affecting

all senior executives of the Company; (iii) the Company fails to pay Executive an annual bonus consistent with this Agreement and bonuses consistent with past practices are paid to any other senior executives of the Company; (iv) the Company modifies Executive's annual bonus attributable to the performance levels; (v) the Company changes the location at which Executive is employed by more than 50 miles from the location at which Executive is employed as of the date of this Agreement; or (vi) the Company breaches this Agreement in any material respect, including without limitation failing to obtain a succession agreement from any successor to assume and agree to perform this Agreement.

D. DEATH. In the event of Executive's death, the Company shall pay to Executive's personal representative for a period of one year following the death of Executive (i) Executive's annual base salary and (ii) Executive's bonus and the Company shall provide to Executive's widow and eligible dependents Health Care Benefits for such one year period.

E. DISABILITY. The Company may terminate the Executive if the Executive is unable for a period of 180 consecutive days to perform his duties as a result of being "disabled" as defined in this Section 4.E. "Disabled" shall mean (i) a determination by a physician selected by Executive and approved by the Board that Executive is suffering from total disability and (ii) the Company has given Executive 30 days notice of potential termination and within such 30 day period Executive has not returned to the full time performance of his duties.

5. MITIGATION. Executive is not required to seek other employment or otherwise mitigate the amount of any payments to be made by the Company pursuant to this Agreement.

6. ASSIGNMENT. Neither Company nor Executive shall have the right to assign its respective rights pursuant to this Agreement. The Company shall require any proposed successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by agreement in form and substance reasonably satisfactory to Executive, to expressly assume and agree to perform this agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place, concurrent with the execution of a definitive agreement with the Company to engage in such transaction.

7. This Agreement shall be binding on the inure to the benefit of Executive and his heirs and the Company and any permitted assignee. The Company shall not engage in any transaction, including a merger or sale of assets unless, as a condition to such transaction such successor organization assumes the obligations of the Company pursuant to this Agreement.

8. NOTICES.

If to Company: DeCrane Aircraft Holdings, Inc.
2361 Rosecrans Avenue, Suite 180
El Segundo, CA 90245
Attention: Chief Financial Officer
Fax: (310) 643-0746

If to Executive: R. Jack DeCrane
14020 Old Harbor Lane, Unit 208
Marina del Rey, CA 90292
Fax: (310) 822-1159

9. FACSIMILE SIGNATURES, EXECUTION AND DELIVERY. This Agreement shall be effective upon transmission of a signed facsimile by one party to the other.

10. MISCELLANEOUS. This Agreement supersedes and, except as incorporated herein, makes void any prior agreement between the parties (including but not limited to the 1994 Employment Agreement), and sets forth the entire agreement and understanding of the parties hereto with respect to the matters covered hereby, except for changes in Compensation as provided in this Agreement by action of the Committee and may not otherwise be amended or modified except by written agreement executed by the Company and the Executive. This Agreement shall be governed by and construed in accordance with the laws of the State of California. The Company has retained special counsel to review this Agreement and consented to the firm of Spolin & Silverman advising Executive; this Agreement has been authorized by resolution of the Compensation Committee of the Board of Directors of the Company.

This Agreement has been executed on the date specified in the first paragraph.

DeCRANE AIRCRAFT HOLDINGS, INC.

By: /s/ JONATHAN A. SWEEMER
Authorized Signatory

EXECUTIVE

/s/ R. JACK DECRANE
R. Jack DeCrane

June 15, 1998

VIA TELECOPIER

DeCrane Aircraft Holdings, Inc.
2361 Rosecrans Avenue, Suite 180
El Segundo, CA 90245

Attention: Mr. R. Jack DeCrane
Chairman and Chief Executive Officer

Gentlemen:

DeCrane Aircraft Holdings, Inc. ("you" or the "Company") has agreed to provide certain information concerning the Company to DLJ Merchant Banking II, Inc. ("we" or "DLJ") so that we may consider an investment in the Company (a "Transaction").

We agree to treat confidentially all oral and written information concerning the Company that we may receive from the Company or any of its affiliates or agents (the "Evaluation Material") in connection with our consideration of a Transaction. We also agree that prior to giving access to the Evaluation Material to any of our employees, officers, directors, agents, advisors or representatives (the "Representatives") we shall inform such Representatives that they are bound by the terms set forth in this letter.

Evaluation Material shall include any information you provide to us in the course of our consideration of a Transaction, whether in oral or written form. Any reports, analyses, or notes we produce that are based on, reflect or contain Evaluation Material ("Notes") shall also be held in confidence. We shall not be required to maintain the confidentiality of Evaluation Material if it (i) was or becomes generally available to the public other than through disclosure by us in violation of this agreement; (ii) was available to us on a non-confidential basis prior to your disclosure to us; or (iii) becomes available to us from a source not known to us to have a duty of confidentiality with regard to the information.

We agree to use Evaluation Material only to help us analyze and evaluate a Transaction, and shall permit our Representatives access to Evaluation Material only to the extent necessary to allow them to assist us in that analysis or evaluation.

If we or our Representatives are requested to disclose any Evaluation Material or Notes in connection with any legal or administrative proceeding or investigation, to the extent practicable, we will notify you of the request so that you may seek a protective order or other remedy or waive our compliance with this agreement We will cooperate with you on a reasonable basis in your

efforts to obtain a protective order or other remedy, but we may disclose such of the Evaluation Material or Notes we are required to disclose without liability to you upon the advise of our counsel.

We hereby acknowledge that we are aware, and our Representatives will be made aware, that the securities laws of the United State prohibit any person who has material, non-public information concerning the Company or a possible Transaction involving the Company from purchasing or selling securities in reliance upon such information or from communicating such information to any other person or entity under circumstances in which it is reasonably foreseeable that such person or entity is likely to purchase or sell such securities in reliance upon such information.

We agree that, for a period of two years from the date of this agreement, (which obligation shall survive any termination of this letter agreement) unless such shall have been specifically invited in writing by the Board of Directors of the Company, we will not, in any manner, directly or indirectly, (a) effect or seek, offer or propose (whether publicly or otherwise) to effect, or cause or participate in or in any way assist any other person to effect or seek, offer or propose (whether publicly or otherwise) to effect or participate in, (i) any acquisition of any securities (or beneficial ownership thereof) or assets of the Company or any of its subsidiaries; (ii) any tender or exchange offer or merger or other business combination involving the Company or any of its subsidiaries; (iii) any recapitalization, restructuring, liquidation, dissolution or other extraordinary transaction with respect to the Company or any of its subsidiaries; or (iv) any "solicitation" of "proxies" (as such terms are used in the proxy rules of the Securities and Exchange Commission) or consents to vote any voting securities of the Company, (b) form, join or in any way participate in a "group" (as defined under the Securities Exchange Act of 1934, as amended), (c) otherwise act, alone or in concert with others, to seek to control or influence the management, Board of Directors or policies of the Company, (d) take any action which might force the Company to make a public announcement regarding any of the types of matters set forth in (a) above, or (e) enter into any discussions or arrangements with any third party with respect to any of the foregoing. We also agree during any such period not to request the Company (or its directors, officers, employees or agents), directly or indirectly, to amend or waive any provision of this paragraph (including this sentence).

You may choose at any time to terminate our further access to Evaluation Material, and, upon your request, we will destroy or return all Evaluation Material previously delivered to us and all copies, summaries and extracts of such Evaluation material and will destroy all Notes.

Notwithstanding the foregoing, it is understood and agreed that certain of our affiliates, including without limitation, Donaldson, Lufkin & Jenrette Securities Corporation ("DLJSC"), are full service securities firms and as such, may, from time to time effect transactions for their own accounts or the account of their customers, hold positions in securities of the Company (information on which may be included in the Evaluation Material in each case in the ordinary course of their respective businesses as broker-dealers, investment advisers, block positioners, or investment bankers so long as (i) they have established a

"Chinese Wall" between individuals working on the Transaction and those individuals involved in effectuating such dealings or transactions, and (ii) and such purchases, sales or dealings are made only in accordance with such "Chinese Wall" policies and procedures and in accordance with applicable law. Nothing contained herein shall be deemed to limit or restrict DLJSC or any such affiliates in the conduct of any such activities.

Neither you nor we shall be under any legal obligation with respect to a Transaction unless and until a definitive agreement between us in executed and delivered.

We acknowledge that you are free to conduct the process for a Transaction as you may determine in your sole discretion. You may change the procedures established for a Transaction at any time without notifying us and you may accept or reject any proposal relating to a Transaction in your sole discretion.

We acknowledge that money damages may not be sufficient remedy for any breach of this agreement and agree that you shall be entitled to seek specific performance and injunctive or other equitable relief for any such breach.

This agreement shall be governed by the laws of the State of New York and may be amended or waived only in writing signed by both of us and shall terminate one year from the date hereof.

Please indicate your agreement with the foregoing by signing below and returning one copy of this Agreement.

Very truly yours

DLJ MERCHANT BANKING II, INC.

By: _____
Thompson Dean
Managing Director

Agreed and Accepted

DeCrane Aircraft Holdings, Inc.

By: _____
R. Jack DeCrane
Chairman and Chief Executive Officer

July 21, 1998

Special Committee of the Board of Directors
DeCrane Aircraft Holdings, Inc.
2361 Rosecrans Avenue, Suite 180
El Segundo, California 90245

Gentlemen:

We understand that DeCrane Aircraft Holdings, Inc., a Delaware corporation (the "Company"), has received an offer to purchase all of the outstanding shares of common stock of the Company (the "Acquisition"), par value $0.01 per share (the "Shares"), at a purchase price of $23.00 (the "Purchase Price"), net to seller in cash, without interest thereon, upon terms and subject to the conditions set forth in the Agreement and Plan of Merger (the "Agreement") between the Company and DeCrane Acquisition Co. (the "Buyer"), an affiliate of DLJ Merchant Banking Partners II, L.P. The Buyer shall within five days following the public announcement of the terms of the Agreement, commence an offer (the "Offer") to purchase all of the Shares at the Purchase Price. The Offer shall remain open for at least twenty-five business days. Subject to purchasing a majority of the Shares and a shareholder vote (if required), Buyer will be merged with and into the Company whereupon Buyer shall cease to exist and the Company shall be the surviving corporation. The terms and conditions of the Acquisition are more fully set forth in the Agreement.

You have requested our opinion as to whether the Purchase Price is fair to the stockholders of the Company from a financial point of view. You have not asked us to solicit or otherwise evaluate any other offers that may be available to the Company.

Warburg Dillon Read Inc. ("WDR") and its predecessors have provided investment banking services to the Company and received customary compensation for rendering such services. In the ordinary course of business, WDR and its affiliates actively trade and/or hold the securities of the Company for their own accounts and the accounts of their customers and, accordingly, may at any time hold a long or short position in such securities.

Our opinion does not address the Company's underlying business decision to approve the Acquisition or constitute a recommendation to any stockholder of the Company as to how such stockholder should vote with respect to the Acquisition. With your consent, we have assumed that the Acquisition will not result in taxable income to the Company and will be accounted for using purchase accounting.

At your direction, we have not been asked to, nor do we, offer any opinion as to the material terms of the Agreement or the form of the Acquisition. In rendering this opinion, we have assumed, with your consent, that the Company and

the Buyer will comply with all the material terms of the Agreement.

In arriving at our opinion, we have, among other things: (i) reviewed certain publicly available business and historical financial information relating to the Company, (ii) reviewed certain internal financial information and other data relating to the business and prospects of the Company, including financial estimates, that were provided to us by the Company and are not publicly available, (iii) reviewed certain internal financial information and other data relating to the business, including financial estimates that were provided to us by the management of the Company and are not publicly available, (iv) conducted discussions with members of the senior management of the Company with respect to the operations, financial condition, history and prospects of the Company, (v) reviewed the historical market prices and trading activity of the common stock of the Company, (vi) reviewed publicly available financial and stock market data with respect to certain other companies that we believe to be generally comparable to the Company, (vii) compared the financial terms of the Acquisition with the financial terms of certain other transactions that we believe to be relevant, (viii) considered the strategic implications of the Acquisition as presented to us by management of the Company, (x) reviewed drafts of the Acquisition Agreement, and (xi) conducted such other financial studies, analyses, and investigations, and considered such other information as we deemed necessary or appropriate.

In connection with our review and arriving at our opinion, we have not, with your consent, assumed any responsibility for independent verification of any of the information reviewed by us for the purpose of this opinion and have, with your consent, relied on its being complete and accurate in all material respects. In addition, with your consent, we have not made any independent evaluation or appraisal of any of the assets or liabilities (contingent or otherwise) of the Company nor have we been furnished with any such evaluation or appraisal. With respect to the financial estimates provided to or otherwise reviewed by or discussed with us, we have assumed, with your consent, that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of the Company's management as to the future financial performance of the Company and that they will be realized in the amounts and at the times contemplated thereby. At your direction, we have assumed that there will be no material difference between the actual financial results which will be obtained by the Company and those specified in the estimates, forecasts and projections provided to us. With respect to the business and financial information pertaining to Buyer, we have not held any independent discussions with Buyer's management as to any aspect of the information provided. Our opinion necessarily is based upon economic, monetary, market and other conditions as in effect, and the information made available to us as of, the date hereof. WDR expressly reserves its right to withdraw, revise or modify its opinion based upon additional information provided to it or obtained by it which suggests, in WDR's judgment, a material adverse change in the assumptions upon which this opinion is based.

Based upon and subject to the foregoing, it is our opinion that, as of the date hereof, the Purchase Price is fair to the stockholders of the Company from a financial point of view.

Very truly yours,

WARBURG DILLON READ LLC

By: /S/ SHARYAR AZIZ

Sharyar Aziz
Managing Director

By: /s/ WILLIS G. RYCKMAN, IV

Willis G. Ryckman, IV
Associate Director

July 22, 1998

To Our Stockholders:

On behalf of the Board of Directors of DeCrane Aircraft Holdings, Inc., (the "Company"), we are pleased to inform you that, on June 16, 1998, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with DeCrane Acquisition Co., a wholly-owned subsidiary of DLJ Merchant Banking Partners II, L.P., pursuant to which DeCrane Acquisition Co., has today commenced a cash tender offer (the "Offer") to purchase all of the outstanding shares (the "Shares") of the Company's Common Stock at $23.00 per Share. Under the Merger Agreement, the Offer will be followed by a merger (the "Merger") in which any remaining Shares will be converted into the right to receive $23.00 per Share in cash, without interest thereon.

Your Board of Directors has unanimously determined that the Offer and the Merger are fair to, and in the best interests of, the Company and its stockholders, and has approved the Offer and the Merger. The Board recommends that the Company's stockholders accept the Offer and tender their Shares pursuant to the Offer.

In arriving at its recommendation, the Board of Directors gave careful consideration to a number of factors described in the attached Schedule 14D-9 that is being filed today with the Securities and Exchange Commission, including, among other things, the terms and conditions of the Merger Agreement and the fairness opinion of Warburg Dillon Read LLC ("WDR"), the Company's financial advisor, addressed to the Special Committee of the Company's Board of Directors and the text of which is more fully described in the attached Schedule 14D-9. Holders of Shares are urged to read the WDR opinion in its entirety.

In addition to the attached Schedule 14D-9 relating to the Offer, we are also enclosing the Offer to Purchase, dated July 22, 1998, of DeCrane Acquisition Co., together with related materials, including a Letter of Transmittal, to be used for tendering your Shares. These documents set forth the terms and conditions of the Offer and the Merger and provide instructions as to how to tender your Shares. We urge you to read the enclosed materials carefully in making your decision with respect to tendering your Shares pursuant to the Offer.

On behalf of the Board of Directors,

/s/ R. JACK DECRANE
R. Jack DeCrane

Friday, July 17, 1998

DLJ MERCHANT BANKING PARTNERS II AND DECRANE AIRCRAFT HOLDINGS, INC. ANNOUNCE AGREEMENT FOR ACQUISITION OF DECRANE AIRCRAFT HOLDINGS AT $23.00 PER SHARE

July 17, 1998--Donaldson, Lufkin & Jenrette, Inc. (NYSE:DLJ) and DeCrane Aircraft Holdings, Inc. (NASDAQ: DAHX), jointly announced that DeCrane and an affiliate of DLJ Merchant Banking Partners II, DeCrane Acquisition Co., have entered into a definitive merger agreement pursuant to which DeCrane Acquisition Co. would acquire DeCrane for $23.00 per share of common stock of DeCrane. The board of directors of DeCrane has unanimously approved the transaction and resolved to recommend that DeCrane shareholders accept the offer.

Pursuant to the merger agreement, DeCrane Acquisition Co. will promptly commence a cash tender offer for all outstanding shares of common stock at $23.00 per share, net to the seller in cash. The offer is conditioned upon, among other things, a minimum of a majority of the shares being properly tendered and not withdrawn prior to the expiration of the offer. The offer is also subject to receipt of customary regulatory approvals.

In the merger to occur following the consummation of the tender offer, each share of DeCrane common stock outstanding and not tendered pursuant to the offer will be converted into the right to receive $23.00 in cash. There are currently approximately 7,500,000 shares of DeCrane common stock outstanding.

DeCrane common stock is traded on the Nasdaq Stock Exchange. The last reported sale price of the common stock on Thursday, July 16, 1998 was $17.625.

DeCrane Acquisition Co. expects that the necessary filings with the Securities and Exchange Commission in connection with the tender offer will be made within the next several days and that the offer documents will be mailed to DeCrane shareholders promptly thereafter. DLJ Securities Corporation is acting as dealer manager and D.F. King & Co., Inc. as the information agent in connection with the tender offer.

R. Jack DeCrane, Chairman and CEO of DeCrane, stated, "This transaction allows stockholders to receive cash for all their shares at a very attractive price while DLJ Merchant Banking will be a source of capital for the company to pursue acquisitions and implement its business plan."

Thompson Dean, Managing Partner of DLJ Merchant Banking Partners II, said, "We are excited to invest in a company with such rapid growth prospects and industry leading products. We look forward to providing management with the capital to aggressively grow these businesses through both internal investment and acquisitions."

DLJ Merchant Banking Partners II, a $3 billion fund dedicated to private equity and equity-related investments, seeks significant capital appreciation through domestic and international investments in common or preferred stock and debt or other securities in leveraged acquisitions and corporate joint ventures. Since its formation in November 1996, DLJ Merchant Banking II has consummated (or contracted to consummate) 22 transactions valued at approximately $10 billion, the largest of which include Ameriserve, DecisionOne, Duane Reade, Thermadyne and Von Hoffman Press.

Donaldson, Lufkin & Jenrette is a leading integrated investment and merchant bank serving institutional, corporate, government and individual clients. DLJ's businesses include securities underwriting; sales and trading; merchant banking; financial advisory services; investment research; venture capital; correspondent brokerage services; online, interactive brokerage services; and asset management. Founded in 1959 and headquartered in New York City, DLJ employs approximately 7,700 people worldwide and maintains offices in 14 cities in the United States and 10 cities in Europe, Latin America and Asia. The company's common stock trades on the New York Stock Exchange under the ticker symbol DLJ. For more information on Donaldson, Lufkin & Jenrette, refer to the company's world wide web site at http://www.dlj.com.

DeCrane Aircraft Holdings, Inc., based in El Segundo, California, is a leader in the manufacturing and integration of avionics components primarily for the commercial aircraft market, with the balance for the corporate, military, and regional airplane sectors. The firm has grown rapidly, mainly through acquisitions, and believes itself well positioned to participate in an ongoing consolidation of the fragmented aerospace-supplier industry.

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