Exhibit 10  
MEMORANDUM OF UNDERSTANDING  
  
  
 This MEMORANDUM OF UNDERSTANDING is entered into as of August  
18, 1998 among the plaintiff ("Plaintiff") in the Action (as defined herein),  
and XxXxxxx Aircraft Holdings, Inc. ("XxXxxxx"), members of XxXxxxx'x Board of  
Directors (including directors constituting the special committee ("Special  
Committee")), Xxxxxxxxx Lufkin Xxxxxxxx, Inc. ("DLJ") and XxXxxxx Acquisition  
Co. ("XxXxxxx Acquisition") (collectively, "Defendants") by the undersigned  
attorneys. Except as otherwise stated in this Memorandum of Understanding,  
capitalized terms herein have the meaning given them in the Agreement and Plan  
of Merger dated as of July 16, 1998 among XxXxxxx and XxXxxxx Acquisition (the  
"Merger Agreement").  
  
 WHEREAS, there is now pending an action in the Court of  
Chancery of the State of Delaware, styled Taam Associates, Inc.  
x. XxXxxxx, et al., C.A. No. 16551-NC ("the Action "); and  
  
 WHEREAS, the Action was filed as a putative class action on  
behalf of the public holders of XxXxxxx common stock, relating to the proposed  
merger (the "Transaction") of XxXxxxx into XxXxxxx Acquisition, as set forth in  
the Merger Agreement; and  
  
 WHEREAS, the Action names as defendants XxXxxxx, DLJ, XxXxxxx  
Acquisition, and individual members of the XxXxxxx Board of Directors; and  
  
 WHEREAS, the Action seeks declaratory and injunctive relief,  
monetary damages and/or rescission with respect to the Transaction based upon  
the allegation, inter alia, that the conduct of the members of the XxXxxxx Board  
of Directors in connection with the Transaction constitutes a breach of their  
fiduciary duties, aided and abetted by DLJ; and  
  
 WHEREAS, the defendants deny that they have committed or have  
attempted to commit any violation of law or breach of duty, including breach of  
any duty to DeCrane shareholders, or have otherwise acted in any improper  
manner; and  
  
 WHEREAS, following document production and arms-length  
negotiations between the parties, counsel for the parties have reached an  
agreement in principle providing for the proposed settlement of the Action on  
the terms and conditions set forth below (the "Settlement"); and  
  
  
  
  
 WHEREAS, counsel for the parties believe that the proposed  
Settlement is in the best interests of the public shareholders of XxXxxxx;  
  
 NOW THEREFORE, IT IS HEREBY AGREED IN PRINCIPLE AS  
FOLLOWS:  
  
 1. Principal terms of Settlement. Subject to the  
additional conditions, terms and limitations described herein, as  
a result of the bringing of the Action, the parties agree in  
principle as follows:  
  
 a. Regardless of whether XxXxxxx is legally required to do so,  
XxXxxxx agrees that it will promptly amend the Schedule 14D-9 dated July 22,  
1998 to provide additional disclosure concerning further contacts and  
negotiations with other potential acquirers of XxXxxxx.  
  
 x. XxXxxxx also agrees that it will promptly amend the  
Schedule 14D-9 to provide additional disclosure regarding the financial analyses  
presented to and considered by the Special Committee in evaluating the  
Transaction, and the Special Committee's conclusions regarding later assertions  
by XxXxxxx'x then-chief financial officer relating to the fairness opinion  
received by XxXxxxx from its financial advisor.  
  
 x. XxXxxxx also agrees that it will promptly amend the  
Schedule 14D-9 to provide additional disclosure regarding financial projections  
disclosed to DLJ or other potential acquirers of XxXxxxx.  
  
 x. XxXxxxx also agrees that it will promptly amend the  
Schedule 14D-9 to include information regarding the financial results of XxXxxxx  
for the quarter ended June 30, 1998.  
  
  
  
  
 x. XxXxxxx agrees that it will mail the amended Schedule 14D-9  
to XxXxxxx shareholders as soon as practicable.  
  
 f. Reasonably promptly following the execution of this  
Memorandum of Understanding by the parties, XxXxxxx shall publicly disclose the  
terms of the proposed Settlement set forth herein in a manner deemed reasonable  
by XxXxxxx.  
  
 2. Stipulation of Settlement. The parties to the Action will  
attempt in good faith to agree upon and execute an appropriate Stipulation of  
Settlement (the "Stipulation") and such other documentation as may be required  
in order to obtain Final Court Approval (as defined below) of the Settlement and  
the dismissal of the Action upon the terms set forth in this Memorandum of  
Understanding (collectively, the "Settlement Documents"). The Stipulation will  
expressly provide, inter alia, that Plaintiff will petition the Court for  
certification of a non-opt out settlement class pursuant to Delaware Court of  
Chancery Rules 23(b)(1) and (b)(2) of XxXxxxx shareholders and their successors  
in interest and transferees, immediate and remote, from July 16, 1998 through  
and including the Effective Time (as defined in the Merger Agreement) (the  
"Class"); for entry of a judgment dismissing the Action "with prejudice"; for a  
complete release and settlement of all claims, whether asserted directly,  
derivatively or otherwise, against defendants or any of their families, parent  
entities, affiliates, subsidiaries, predecessors, successors or assigns, and  
each and all of their respective past, present or future officers, directors,  
associates, stockholders, controlling persons, representatives, employees,  
attorneys, financial or investment advisors, consultants, accountants,  
investment bankers, commercial bankers, engineers, advisors or agents, heirs,  
executors, trustees, general or limited partners or partnerships, personal  
representatives, estates or administrators, which have been, or could have been,  
asserted relating to the Transaction or Merger Agreement, the actions of  
XxXxxxx, the XxXxxxx Board (including each member of the XxXxxxx Board), DLJ or  
XxXxxxx Acquisition relating to the Transaction, the related disclosure  
materials, disclosures, facts and allegations that are or could (insofar as such  
transactions, disclosures, facts and allegations relate to, or occurred in  
connection with, the subject matter of the Action) be the subject of the Action;  
that defendants have denied and continue to deny that they have committed or  
attempted to commit any violations of law or breaches of duty of any kind; that  
defendants are entering into the Stipulation solely because the proposed  
Settlement as described above would eliminate the burden, risk and expense of  
further litigation, and is in the best interests of XxXxxxx and all its  
shareholders; and that any of the defendants shall have the right to withdraw  
from the   
  
  
  
  
proposed Settlement in the event that (x) any claims related to the Transaction  
or the subject matter of the Action (whether direct, derivative or otherwise)  
are commenced against any person in any court prior to Final Court Approval of  
the Settlement, and such claims are not dismissed or stayed in contemplation of  
dismissal or (y) any of the additional conditions set forth in paragraph 4 below  
shall not have been satisfied. The parties agree to use their good faith efforts  
to obtain the dismissal or stay in contemplation of dismissal of any action  
covered by clause (x) in the foregoing sentence and further agree that the  
defendants shall have the right to withdraw from this Memorandum of  
Understanding if such efforts do not result in the dismissal or stay in  
contemplation of dismissal of such an action.  
  
 3. Notice and Court Approval. Subject to prior Court approval  
of the Stipulation and the form of the Settlement Documents, the parties to the  
respective Action will present the Settlement Documents to the Delaware Court of  
Chancery for approval as soon as practicable following appropriate notice of the  
proposed Settlement to the XxXxxxx shareholders as to all claims asserted in the  
Action by the named Plaintiff and the shareholders of XxXxxxx on whose behalf  
the Action was brought, without costs to any party except as provided herein.  
XxXxxxx shall pay the costs and expenses related to providing notice of the  
Settlement to the XxXxxxx shareholders. As used herein, "Final Court Approval"  
of the Settlement means that the Delaware Court of Chancery has entered an order  
approving the Settlement and that such order is finally affirmed on appeal or is  
no longer subject to appeal and the time for any petition for reargument, appeal  
or review, by certiorari or otherwise, has expired. Plaintiff's counsel intend  
to apply to the Delaware Court of Chancery for an award of attorneys' fees and  
reasonable out-of-pocket disbursements. Subject to the terms and conditions of  
this Memorandum of Understanding and the contemplated Stipulation of Settlement,  
Plaintiff's counsel will apply for an award of fees and expenses in an amount  
not exceeding $375,000, which the defendants and other releasees will not  
oppose, to be paid by XxXxxxx to Xxxxxxxxx Xxxxxxxx & Lifshitz, as receiving  
agent for Plaintiff's counsel within five (5) business days of Final Court  
Approval of the Settlement.  
  
 4. Other Conditions. The consummation of the Settlement is  
subject to: (a) consummation of the Transaction, as contemplated in the Merger  
Agreement as such may be amended from time to time; (b) the drafting and  
execution of the Settlement Documents and the other agreements necessary to  
effectuate the terms of the proposed Settlement; (c) the completion by Plaintiff  
of appropriate discovery in the Action reasonably satisfactory to Plaintiff's  
counsel; and (d) Final Court Approval (as defined above) of the Settlement and  
dismissal of the Action with prejudice and without awarding costs to any party,  
except as provided herein. This Memorandum of Understanding shall be null and  
void and of no force and effect if (i) any of these conditions are not met or  
(ii) Plaintiff's counsel in the   
  
  
  
  
Action determine that the Settlement is not fair and reasonable. In such event,  
this Memorandum of Understanding shall not be deemed to prejudice in any way the  
positions of the parties with respect to the Action, shall be subject to Rule  
408 of the Delaware Rules of Evidence, and shall not entitle any party to  
recover any costs or expenses incurred in connection with the implementation of  
this Memorandum of Understanding.  
  
 5. Interim Stay of the Action. The parties to the Action agree  
that except as expressly provided herein, the Action shall be stayed pending  
submission of the proposed Settlement to the Court for its consideration.  
Plaintiff's counsel agree that the defendants' time to answer or otherwise  
respond to the amended complaint in the Action is extended without date. Counsel  
shall enter into such documentation as shall be required to effectuate the  
foregoing agreements.  
  
 6. Miscellaneous. (a) This Memorandum of Understanding may be  
executed in counterparts by any of the signatories hereto and as so executed  
shall constitute one agreement; (b) this Memorandum of Understanding and the  
Settlement contemplated by it shall be governed by and construed in accordance  
with the laws of the State of Delaware without regard to that State's rules  
concerning conflict of laws; (c) this Memorandum of Understanding shall be  
binding upon and inure to the benefit of the parties and their respective  
agents, executors, heirs, successors and assigns, subject to the conditions set  
forth herein; (d) Plaintiff and its counsel represent and warrant that none of  
the claims or causes of action asserted in the Action have been assigned,  
encumbered or in any manner transferred, in whole or in part; (e) except as  
provided herein, the defendants in the Action shall bear no expenses, costs,  
damages or fees alleged or incurred by the Plaintiff, any member of the Class or  
their respective attorneys, experts, advisors, agents or representatives; and  
(f) the provisions contained in this Memorandum of Understanding shall not be  
deemed a presumption, concession or admission by any defendant in the Action of  
any breach of duty, liability, default or wrongdoing as to any facts or claims  
alleged or asserted in the Action, or in any other actions or proceedings, and  
shall not be interpreted, construed, deemed, invoked, offered or received in  
evidence or otherwise used by any person in the Action or in any other action or  
proceeding of any nature whatsoever.  
  
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