

CPI AEROSTRUCTURES, INC.

Compensation Committee Charter

Purpose of the Committee

The purposes of the Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of CPI Aerostructures, Inc. (the “Company”) shall be to oversee the Company’s compensation and employee benefit plans and practices, including its executive, director and other incentive and equity-based compensation plans, to review and discuss with management disclosure related to compensation to be included in the Company’s annual proxy statement or annual report on Form 10-K filed with the Securities and Exchange Commission (“SEC”), and to prepare the Compensation Committee Report as required by the rules and regulations of the SEC.

This Charter is intended as a tool within which the Board, assisted by its committees, directs the affairs of the Company. While it should be interpreted in the context of all applicable laws, regulations and listing requirements, as well as in the context of the Company’s charter and bylaws (“Governing Documents”), it is not intended to establish by its own force any legally binding obligations.

Composition of the Committee

The members of the Committee shall be appointed by the Board. The Board may designate one member of the Committee as its Chairperson and in the absence of any such designation by the Board, the Committee shall designate by majority vote of the full Committee one member of the Committee as its Chairperson. Vacancies on the Committee shall be filled by majority vote of the Board at the next meeting of the Board following the occurrence of the vacancy or by written consent of the Board. No member of the Committee shall be removed except by majority vote of the Board. The Board may remove any member from the Committee at any time with or without cause.

The Committee shall be comprised of at least three directors, each of whom (i) meets the independence requirements established by the Board and applicable laws, regulations and listing requirements, (ii) is a “non-employee director” within the meaning of Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended (“Exchange Act”), and (iii) is an “outside director” within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended. Each member shall also be free of any relationship that, in the judgment of the Board, would interfere with the exercise of his or her independent judgment.

Meetings and Procedures of the Committee

The Committee may fix its own rules of procedure, which shall be consistent with the Governing Documents. The Committee shall meet at least annually, or more frequently as circumstances require. The Chairperson of the Committee or a majority of the members of the Committee may also call a special meeting of the Committee. A majority of the members of the Committee shall be present in person or by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other shall constitute a quorum. Any action required or permitted to be taken at any meeting of the Committee may be taken without a meeting, if all members of the Committee consent thereto in writing, and the writing or writings are filled with the minutes of proceedings of the Committee.

The Committee may request that any directors, officers or employees of the Company, or other persons whose advice and counsel are sought by the Committee, attend any meeting of the Committee to provide such pertinent information as the Committee requests. The Company's Chief Executive Officer ("CEO") shall not attend the portion of any meeting where the CEO's performance or compensation are discussed, unless specifically invited by the Committee.

The Compensation Committee shall report to the Board on Committee findings, recommendations and other matters the Committee deems appropriate or the Board requests. The Committee shall keep written minutes of its meetings, which minutes shall be maintained with the books and records of the Company.

Delegation of Authority

The Committee may form subcommittees for any purpose that the Committee deems appropriate and may delegate to such subcommittees such power and authority as the Committee deems appropriate; provided, however, that the Committee shall not delegate to a subcommittee any power or authority required by any law, regulation or listing standard to be exercised by the Committee as a whole.

Based on recommendations from the CEO, the Committee may also recommend to the board to make grants of equity-based compensation to individuals who are not executive officers.

Committee Responsibilities

The primary responsibilities of the Committee shall be to:

- Ensure that the Company's executive compensation programs are designed to enable it to recruit, retain and motivate a large group of talented and diverse domestic and international executives.

- Ensure that the Company's executive compensation programs are appropriately competitive, support organization objectives and stockholder interests, and ensure executive compensation is adequately designed to align the interests of executive officers with the long-term performance of the Company.
- Review and report to the Board for its consideration any cash incentive compensation plans, option plans or other equity based plans that provide for payment in the Company's stock or are based on the value of the Company's stock, subject to any approvals required by the stockholders of the Company.
- Oversee all employee benefit plans and programs of the Company, its subsidiaries and divisions, including the authority to adopt, amend and terminate such plans and programs (subject to approval by the Board or stockholders as required by law).
- Review and approve annual corporate goals and objectives relevant to the CEO's compensation; evaluate the CEO's performance in light of those goals and objectives; and recommend for approval by the independent members of the Board, the CEO's compensation level based on this evaluation.
- Evaluate and recommend for Board approval, on an annual basis, the individual elements of total compensation for the executive officers (within the meaning of Section 16 of the Exchange Act).
- Evaluate and recommend for Board approval any mandatory stock ownership guidelines.
- Review the compensation paid to non-employee directors and make recommendations to the Board for any adjustments.
- Make all approvals necessary under Section 16, Section 162(m) and other regulatory provisions.
- Review and discuss with management disclosure related to compensation to be included in the Company's annual proxy statement.
- Annually assess and report to the Board on the performance and effectiveness of the Committee.
- Review this Charter on an annual basis, update it as appropriate, and submit it for the approval of the Board when updated.

- Undertake such other responsibilities or tasks as the Board may delegate or assign to the Committee from time to time.
- Ensure that any compensation plan for key executives does not encourage undue risk-taking.

Investigations and Studies; Outside Advisers

The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities, and may retain, at the Company's expense, such independent legal counsel or other consultants or advisers as it deems necessary and appropriate, including compensation consultants to advise the Committee with respect to amounts or forms of executive or director compensation, and may rely on the integrity and advice of any such counsel or other advisers. The Committee shall have the authority, subject to Board approval to retain a compensation consultant to assist the Committee in carrying out its responsibilities, including authority to approve the consultant's fees and other retention terms, such fees to be borne by the Company, and to terminate any such consultant. It is the Committee's intention that any compensation consultant engaged to advise the Committee with respect to executive and director compensation will not engage in work for the Company that is unrelated to executive and director compensation advisory services without prior approval of the Committee Chairperson.