

CPI AEROSTRUCTURES INC

Form DEF 14A

April 30, 2009

SCHEDULE 14A
(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant X
Filed by a Party other than the Registrant

Check the appropriate box:

<input type="checkbox"/> Preliminary Proxy Statement	Confidential, For Use of the
<input checked="" type="checkbox"/> Definitive Proxy Statement	Commission Only (as
<input type="checkbox"/> Definitive Additional Materials	permitted by Rule
<input type="checkbox"/> Soliciting Material Under Rule 14a-12	14a-6(e)(2))

CPI AEROSTRUCTURES, INC,
(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.
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- (1) Title of each class of securities to which transaction applies:
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- (4) Proposed maximum aggregate value of transaction:
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(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

CPI AEROSTRUCTURES, INC.
60 Heartland Blvd.
Edgewood, New York 11717
(631) 586-5200

Notice of Annual Meeting of Shareholders
to be held on June 11, 2009

To the Shareholders of CPI Aerostructures, Inc.:

You are cordially invited to attend the annual meeting of shareholders of CPI Aerostructures, Inc. to be held at the offices of Graubard Miller, our general counsel, located at The Chrysler Building, 405 Lexington Avenue, 19th Floor, New York, New York 10174, on Thursday, June 11, 2009, at 9:00 a.m., to consider and act upon the following matters:

- (1) To elect two Class II directors to serve for the ensuing three-year period until their successors are elected and qualified; and
- (2) To approve the CPI Aerostructures, Inc. Performance Equity Plan 2009 (the "Performance Equity Plan 2009"); and
- (3) To transact such other business as may properly come before the meeting and any and all postponements or adjournments thereof.

Only shareholders of record at the close of business on April 24, 2009 will be entitled to notice of, and to vote at, the meeting and any postponements or adjournments thereof.

You are urged to read the attached proxy statement, which contains information relevant to the actions to be taken at the meeting. Whether or not you expect to attend the meeting, you are earnestly requested to date, sign and return the accompanying form of proxy in the enclosed addressed, postage-prepaid envelope. Returning a proxy will not affect your right to vote in person if you attend the meeting. You may revoke your proxy if you so desire at any time before it is voted. We would greatly appreciate the prompt return of your proxy as this will assist us in preparing for the meeting.

By Order of the Board of Directors

Vincent Palazzolo, Secretary
Edgewood, New York
April 30, 2009

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL
MEETING OF SHAREHOLDERS TO BE HELD ON JUNE 11, 2009

Our proxy statement and our annual report on Form 10-K for the fiscal year ended December 31, 2008 are available at
<http://www.cpiaero.com/ir.php> under “Annual Reports” and “Proxy”

CPI AEROSTRUCTURES, INC.

PROXY STATEMENT

Annual Meeting of Shareholders

to be held on June 11, 2009

This proxy statement and the accompanying form of proxy is furnished to shareholders of CPI Aerostructures, Inc. in connection with the solicitation of proxies by our board of directors for use in voting at our annual meeting of shareholders to be held at the offices of Graubard Miller, our general counsel, located at The Chrysler Building, 405 Lexington Avenue, 19th Floor, New York, New York 10174, on Thursday, June 11, 2009, at 9:00 a.m., and at any and all postponements or adjournments.

This proxy statement, the accompanying notice of meeting of shareholders, the proxy and the annual report to shareholders for the year ended December 31, 2008 are being mailed on or about April 30, 2009 to shareholders of record on April 24, 2009. We are bearing all costs of this solicitation.

What matters am I voting on?

You are being asked to vote on the following matters:

- (1) to elect two Class II directors to serve for the ensuing three-year period until their successors are elected and qualified; and
- (2) to approve the CPI Aerostructures, Inc. Performance Equity Plan 2009 (the "Performance Equity Plan 2009"); and
- (3) any other business that may properly come before the meeting and any and all postponements or adjournments.

Who is entitled to vote?

Holders of our common stock as of the close of business on April 24, 2009, the record date, are entitled to vote at the meeting. As of the record date, we had issued and outstanding 5,995,465 shares of common stock, our only class of voting securities outstanding. Each holder of our common stock is entitled to one vote for each share held on the record date.

What is the effect of giving a proxy?

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Proxies in the form enclosed are solicited by and on behalf of our board. The persons named in the proxy have been designated as proxies by our board. If you sign and return the proxy in accordance with the procedures set forth in this proxy statement, the persons designated as proxies by the board will vote your shares at the meeting as specified in your proxy.

If you sign and return your proxy in accordance with the procedures set forth in this proxy statement but you do not provide any instructions as to how your shares should be voted, your shares will be voted FOR the election of the nominees listed below under Proposal 1 and FOR the approval of the Performance Equity Plan 2009 described below under Proposal 2.

If you give your proxy, your shares also will be voted in the discretion of the proxies named on the proxy card with respect to any other matters properly brought before the meeting and any postponements or adjournments. If any other matters are properly brought before the meeting, the persons named in the proxy will vote the proxies in accordance with their best judgment.

May I change my vote after I return my proxy card?

You may revoke your proxy at any time before it is exercised by:

- delivering written notification of your revocation to our secretary;
- voting in person at the meeting; or
- delivering another proxy bearing a later date.

Please note that your attendance at the meeting will not alone serve to revoke your proxy.

What is a quorum?

A quorum is the minimum number of shares required to be present at the meeting for the meeting to be properly held under our bylaws and New York law. The presence, in person or by proxy, of a majority of the votes entitled to be cast at the meeting will constitute a quorum at the meeting. A proxy submitted by a shareholder may indicate that all or a portion of the shares represented by the proxy are not being voted (“shareholder withholding”) with respect to a particular matter. Similarly, a broker may not be permitted to vote stock (“broker non-vote”) held in street name on a particular matter in the absence of instructions from the beneficial owner of the stock. The shares subject to a proxy which are not being voted on a particular matter because of either shareholder withholding or broker non-vote will not be considered shares present and entitled to vote on that matter. These shares, however, may be considered present and entitled to vote on other matters and will count for purposes of determining the presence of a quorum if the shares are being voted with respect to any matter at the meeting. If the proxy indicates that the shares are not being voted on any matter at the meeting, the shares will not be counted for purposes of determining the presence of a quorum. Abstentions are voted neither “for” nor “against” a matter, but are counted in the determination of a quorum.

How many votes are needed for approval of each matter?

The election of directors The election of directors requires a plurality vote of the votes cast at the meeting. “Plurality” means that the individuals who receive the largest number of votes cast “FOR” are elected as directors. Consequently, any shares not voted “FOR” a particular nominee, whether as a result of a direction of the shareholder to withhold authority, abstentions or a broker non-vote, will not be counted in the nominee’s favor.

The approval of the Performance Equity Plan 2009 The Performance Equity Plan 2009 must be approved by the affirmative vote of a majority of the votes cast at the meeting. Abstentions from voting are counted as “votes cast” with

respect to the proposal and, therefore, have the same effect as a vote against the proposal. Shares deemed present at the meeting but not entitled to vote because of either shareholder withholding or broker non-vote are not deemed “votes cast” with respect to the proposal, and therefore will have no effect on the vote.

How do I vote?

You may vote your shares in one of three ways: by mail, facsimile or in person at the meeting. The prompt return of the completed proxy card will assist us in preparing for the meeting. Date, sign and return the accompanying proxy in the postage-prepaid envelope enclosed for that purpose. You can specify your choices by marking the appropriate boxes on the proxy card. If you attend the meeting, you may deliver your completed proxy card in person or fill out and return a ballot that will be supplied to you. If you wish to fax your proxy, please copy both the front and back of the signed proxy and fax it to American Stock Transfer & Trust Co. at (718) 234-2287 (phone: (718) 921-8278).

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The table and accompanying footnotes set forth certain information as of April 24, 2009 with respect to the ownership of our common shares by:

- each person or group who beneficially owns more than 5% of our common shares;
 - each of our directors;
- our chief executive officer and chief financial officer, our only executive officers (collectively, the “named executive officers”); and
 - all of our directors and executive officers as a group.

A person is deemed to be the beneficial owner of securities that can be acquired by the person within 60 days from the record date upon the exercise of options or warrants. Accordingly, common shares issuable upon exercise of options and warrants that are currently exercisable or exercisable within 60 days of April 24, 2009 have been included in the table with respect to the beneficial ownership of the person owning the options or warrants, but not with respect to any other persons.

Name and Address of Beneficial Owner(1)	Shares Beneficially Owned(2)	Percent of Class(3)
Edward J. Fred	410,464(4)	6.4%
Vincent Palazzolo	75,719(5)	1.3%
Walter Paulick	66,000(6)	1.1%
Kenneth McSweeney	69,334(7)	1.2%
Harvey J. Bazaar	79,333(8)	1.3%
Eric Rosenfeld c/o Crescendo Partners 825 Third Avenue, 40th Floor New York, NY 10022	1,084,334(9)	17.6%
Rutabaga Capital Management 64 Broad Street, 3rd Floor Boston, MA 02109	720,844(10)	12.0%
Skiritai Capital, LLC 388 Market Street, Suite 700 San Francisco, CA 94111	443,127(11)	7.4%
Royce & Associates, LLC 1414 Avenue of the Americas New York, NY 10019	401,800(12)	6.7%
All directors and executive officers as a group (six persons)	1,785,184(13)	26.3%

*

Less than 1%.

- (1) Unless otherwise noted, the business address of each of the following persons is c/o CPI Aerostructures, Inc., 60 Heartland Blvd., Edgewood, New York 11717.
- (2) Unless otherwise noted, we believe that all persons named in the table have sole voting and investment power with respect to all common shares beneficially owned by them, subject to community property laws, where applicable.
- (3) There are 5,995,465 shares currently issued and outstanding. Each person beneficially owns a percentage of our outstanding common shares equal to a fraction, the numerator of which is the number of common shares held by such person plus the number of common shares that such person can acquire within 60 days of April 24, 2009 upon the exercise or conversion of options, warrants or convertible securities and the denominator of which is 5,995,842 (the number of common shares currently outstanding) plus the number of shares such person can so acquire during such 60-day period.
 - (4) Includes 385,000 common shares that Mr. Fred has the right to acquire upon exercise of options.
 - (5) Includes 66,666 common shares that Mr. Palazzolo has the right to acquire upon exercise of options. Excludes options to purchase 8,334 common shares that are not exercisable within 60 days of the record date.
 - (6) Includes 55,000 common shares that Mr. Paulick has the right to acquire upon exercise of options.
 - (7) Includes 50,000 common shares that Mr. McSweeney has the right to acquire upon exercise of options.
 - (8) Includes 78,333 common shares that Mr. Bazaar has the right to acquire upon exercise of options.
 - (9) Represents (a) 46,000 common shares beneficially owned as joint tenants by Mr. Rosenfeld and his wife, (b) 883,334 shares held by Crescendo Partners II, L.P. Series L (“Crescendo Partners II”) and (c) 150,000 common shares that Mr. Rosenfeld has the right to acquire upon exercise of options. Mr. Rosenfeld is the senior managing member of the sole general partner of Crescendo Partners II. Mr. Rosenfeld disclaims beneficial ownership of the shares held by Crescendo Partners II, except to the extent of his pecuniary interest therein.
- (10) The information with respect to Rutabaga Capital Management is derived from an Amendment to Schedule 13G filed with the Securities and Exchange Commission on February 5, 2009.
- (11)

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The information with respect to Royce & Associates is derived from an Amendment to Schedule 13G filed with the Securities and Exchange Commission on January 23, 2009.

- (12) The information with respect to Skiritai Capital, LLC is derived from a Schedule 13G filed with the Securities and Exchange Commission on July 17, 2008.
- (13) Includes an aggregate of 784,999 common shares that Messrs. Fred, Palazzolo, Paulick, McSweeney, Bazaar and Rosenfeld have the right to acquire upon exercise of outstanding options.

PROPOSAL 1

ELECTION OF DIRECTORS

Our board of directors is divided into three classes with only one class of directors being elected in each year and each class serving a three-year term. The term of office of the second class of directors (Class II), consisting of Walter Paulick and Eric Rosenfeld, will expire at this year’s annual meeting. The term of office of the third class of directors (Class III), consisting of Edward J. Fred, will expire at our annual meeting in 2010. The term of office of the first class of directors (Class I), consisting of Kenneth McSweeney and Harvey J. Bazaar, will expire at our annual meeting in 2011.

Unless authority is withheld, the proxies solicited by our board of directors will be voted “FOR” the reelection of Walter Paulick and Eric Rosenfeld. Our management has no reason to believe that Messrs. Paulick and Rosenfeld will not be candidates or will be unable to serve. However, if either should become unable or unwilling to serve as a director, the proxy will be voted for the election of another person as shall be designated by the board of directors.

Information About Directors, Nominees, Executive Officers and Significant Employees

Our directors, executive officers and significant employees are as follows:

Name	Age	Position
Eric Rosenfeld (1)(2)(4)	51	Chairman of the Board of Directors (non-executive)
Edward J. Fred (1)	50	Chief Executive Officer, President and Director
Vincent Palazzolo	45	Chief Financial Officer
Walter Paulick (2)(3)(4)	62	Director
Kenneth McSweeney (2)(3)(4)	77	Director
Harvey J. Bazaar (3)	68	Director
Significant Employee		
Douglas McCrosson	46	Senior Vice President of Operations

-
- (1) Member of strategic planning committee.
 - (2) Member of compensation committee.
 - (3) Member of audit committee.
 - (4) Member of nominating committee.

Eric S. Rosenfeld has been the non-executive chairman of our board of directors since January 2005 and a director and chairman of our strategic planning committee since April 2003. Mr. Rosenfeld has been the President and Chief Executive Officer of Crescendo Partners, L.P., a New York based investment firm, since its formation in November 1998. Prior to forming Crescendo Partners, he held the position of Managing Director at CIBC Oppenheimer and its predecessor company Oppenheimer & Co., Inc for fourteen years. He was Chairman of the Board of Spar Aerospace Limited from 1999 through 2001.

Mr. Rosenfeld is chairman of the board of Computer Horizons Corp., an IT Services Company. He is also a director of Primoris Services Corporation, a NASDAQ listed specialty construction firm that went public by merging with Rhapsody Acquisition Corporation. In addition, Mr. Rosenfeld is a director of Hill International, a NYSE listed construction management firm that went public by merging with Arpeggio Acquisition Corporation. Both Rhapsody and Arpeggio were blank check companies of which Mr. Rosenfeld was chairman, president and CEO. He is also a director of Matrikon Inc, a Toronto Stock Exchange listed company that is a provider of industrial intelligence solutions and a director of DALSA Corp., a Toronto Stock Exchange listed digital imaging and semiconductor firm. He is also a director of Cott Corporation, a NYSE and Toronto Stock Exchange listed beverage company.

Mr. Rosenfeld was a director of Emergis Inc., a Toronto Stock Exchange-listed electronic commerce company until its recent acquisition by Telus. He was a director of Sierra Systems Group Inc., a Toronto Stock Exchange-listed information technology, management consulting and systems integration firm until it was acquired in early 2007. He served as a director of the Geac Computer Corporation Limited, a Toronto Stock Exchange and NASDAQ listed enterprise software company until it was sold in 2006. Mr. Rosenfeld served as a director and head of the special committee of Pivotal Corporation, a Vancouver based customer relations management software company. Until its sale in 2004 to Kronos Incorporated, he was also a director of AD OPT Technologies, Inc., a company based in Montreal that provides advanced workforce planning, scheduling and management solutions. Mr. Rosenfeld is a regular guest lecturer at Columbia Business School and he is a faculty member at the Directors College. He has served on numerous panels at Queen's University Business Law School Symposia, McGill Law School, the World Presidents' Organization, the Canadian Corporate Counsel Association Conference and the Canadian Foundation for Investor Education. He has also been a regular guest host on CNBC. Mr. Rosenfeld received an MBA from Harvard University and an AB degree in economics from Brown University.

Edward J. Fred has been an officer since February 1995 and a member of our board of directors since January 1999. He was our controller from February 1995 to April 1998, when he was appointed chief financial officer, a position he held until June 2003 and then from January 2004 to May 2004. He was executive vice president from May 2000 until December 2001 and was appointed to the position of president in January 2002 and to the position of chief executive officer in January 2003. For approximately ten years prior to joining CPI Aero, Mr. Fred served in various positions for the international division of Grumman, where he last held the position of controller. Mr. Fred holds a Bachelor of Business Administration in Accounting from Dowling College and an Executive MBA from Hofstra University.

Vincent Palazzolo has been our chief financial officer since May 2004 and our secretary since March 2008. From December 2003 to May 2004, he was employed by J. H. Cohn LLP as an audit partner. From 1988 through November 2003, Mr. Palazzolo was employed by Goldstein Golub Kessler LLP (“GGK”), where he was an audit partner from September 1999 through November 2003. While employed by GGK, from September 1999 to November 2003, Mr. Palazzolo also served as a managing director of American Express Tax and Business Services, Inc. Mr. Palazzolo holds a Bachelor of Business Administration in Accounting from Hofstra University, is a certified public accountant and is a member of the American Institute of Certified Public Accountants and the New York State Society of Certified Public Accountants.

Walter Paulick has been a director since April 1992 and chairman of our nominating committee since March 2004. From June 2006 until April 2007, he served as chairman of our audit committee. Mr. Paulick is currently a self-employed real estate development consultant. From 1982 to November 1992, Mr. Paulick was a vice president of Parr Development Company, Inc., a real estate development company. From 1980 to 1982, Mr. Paulick was employed by Key Bank, where he last held the position of vice president. From 1971 to 1980, Mr. Paulick was a vice president of National Westminster U.S.A. Mr. Paulick holds an associate degree in Applied Science from Suffolk Community College and Bachelor of Business Administration from Dowling College.

Kenneth McSweeney has been a director since February 1998 and chairman of our compensation committee since April 2003. Mr. McSweeney has been an independent consultant to the aerospace industry since January 1995. From 1961 to 1995, Mr. McSweeney served in various management positions for Northrop Grumman Corporation, most recently as the vice president of its Aerostructures Division and a director of business development for the Mideast and gulf coast region. Mr. McSweeney has extensive experience in aerostructures and logistics support products and is a licensed professional engineer in New York State.