

AIR INDUSTRIES GROUP
BOARD OF DIRECTORS
COMPENSATION COMMITTEE
CHARTER

This Charter governs the operations of the Compensation Committee of the Board of Directors of Air Industries Group. The purpose of the Committee is to assist the Board in fulfilling its responsibilities regarding executive compensation, director compensation, and employee benefit, bonus and stock plans.

Organization

The Committee will consist of at least three members, or such greater number as may be determined from time to time by the Board. All members of the Committee shall satisfy “independence” requirements under applicable rules and regulations. At least two of the members shall qualify as “non-employee” directors within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended, and as “outside directors” within the meaning of Internal Revenue Code Section 162(m). Members will serve at the pleasure of the Board and for such term or terms as the Board may determine.

Structure and Process

The Board will designate one member of the Committee as its chairperson. In the event of a tie vote on any issue, the chairperson’s vote will decide the issue. The Committee will meet in person or telephonically at least twice a year, and such meetings may be held in conjunction with regularly scheduled meetings of the Board and at such other regularly scheduled times and places as may be determined by the Committee chairperson, with further meetings to occur, or actions to be taken by unanimous written consent, when deemed necessary or desirable by the Committee or its chairperson.

The Committee may, to the extent consistent with the maintenance of the confidentiality of compensation discussions, invite the Company’s Chief Executive Officer (“CEO”) to participate in meetings of the Committee, but if present during any deliberations of the Committee, the CEO may not vote. The CEO may not be present during any discussions and deliberations of the Committee regarding the CEO’s compensation.

Duties and Responsibilities

The following are the duties and responsibilities of the Committee:

1. To establish the Company’s general compensation policy, in consultation with the Company’s senior management, and to oversee the development and implementation of compensation programs.
2. To review and approve corporate goals and objectives relevant to the compensation of the CEO, and to evaluate the performance of the CEO at least annually in light of those goals and objectives and to communicate the results of such evaluation to the CEO and the Board, and to have the sole authority to determine the CEO’s compensation level based on this evaluation,

subject to ratification by the independent directors on the Board. In determining the incentive component of CEO compensation, the Committee will consider, among other factors, the Company's performance and relative stockholder return, the value of similar incentive awards to CEOs at comparable companies, the awards given to the CEO in past years, and such other factors as the Committee may determine to be appropriate.

3. To review and approve the compensation of all other executive officers of the Company, such other managers as may be directed by the Board, and the directors of the Company.

4. To oversee the Board's benefit and equity compensation plans, to oversee the activities of the individuals and committees responsible for administering these plans, and to discharge any responsibilities imposed on the Committee by any of these plans.

5. To approve issuances under, or any material amendment of, any stock option or other similar plan pursuant to which a person not previously an employee or director of the Company, as an inducement material to the individual's entering into employment with the Company, will acquire stock or options.

6. In consultation with management, to oversee regulatory compliance with respect to compensation matters, including overseeing the Company's policies on structuring compensation programs to preserve related tax objectives.

7. To review and approve any severance or similar termination payments proposed to be made to any current or former officer of the Company.

8. To prepare and issue the evaluations and reports required under "Committee Reports" below.

9. To perform any other duties or responsibilities expressly assigned to the Committee by the Board from time to time relating to the Company's compensation programs.

Committee Reports

The Committee will produce the following reports and provide them to the Board.

1. An annual report of the Compensation Committee on executive compensation for inclusion in the Company's annual proxy statement in accordance with applicable SEC rules and regulations.

2. An annual performance evaluation of the Committee, which evaluation must compare the performance of the Committee with the requirements of this charter. The performance evaluation should also recommend to the Board any improvements to this charter deemed necessary or desirable by the Committee.

3. A summary of the actions taken at each Committee meeting, which will be presented to the Board as minutes of the committee as soon as reasonably practicable thereafter, but in any event no later than at the next Board meeting. At each regularly scheduled meeting of the Board, the Chair of the Committee shall provide the Board with a comprehensive report of the Committee's activities.

Resources and Authority of the Committee

The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate, and approve the fees and other retention terms of compensation consultants, outside counsel, or other experts or consultants, as it deems appropriate, without seeking approval of the Board or management. The authority to retain compensation consultants to assist in the evaluation of director, CEO or executive officer compensation shall be vested solely in this Committee, and the Committee shall have the sole authority to approve the fees and other terms of engagement.

Any action duly and validly taken by the Committee pursuant to the power and authority conferred under this Charter shall for all purposes constitute an action duly and validly taken by the Board of Directors and may be certified as such by the Secretary or other authorized officer of the Company.

Meetings

The Committee shall hold regular meetings at least two times each year, and such special meetings as the Chair of the Committee or the Chairman of the Board may direct. Regular meetings may be held in conjunction with the regular scheduled meetings of the Board of Directors.

Amendment

This Charter and any provision contained herein may be amended or repealed by the Board of Directors.