

AIR INDUSTRIES GROUP  
Form PRE 14A  
April 25, 2019

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934

(Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-12

AIR INDUSTRIES GROUP

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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**AIR INDUSTRIES GROUP**

**1460 Fifth Avenue**

**Bay Shore, NY 11706**

May 16, 2019

Dear Stockholders:

On behalf of the Board of Directors, you are cordially invited to attend the 2019 Annual Meeting of Stockholders of Air Industries Group. The Annual Meeting will be held on Tuesday, June 25, 2019, at 10:00 a.m. Eastern Time at the offices of Air Industries Group, 1460 Fifth Avenue, Bay Shore, New York 11706. The formal Notice of Annual Meeting is set forth in the enclosed material.

The matters expected to be acted upon at the Annual Meeting are described in the attached Proxy Statement. At the Annual Meeting, stockholders will have the opportunity to ask questions and comment on our business operations.

It is important that your views be represented. If you request a proxy card, please mark, sign and date the proxy card when received and return it promptly in the self-addressed, stamped envelope we will provide. No postage is required if this envelope is mailed in the United States. You also have the option of voting your proxy via the Internet at [www.proxyvote.com](http://www.proxyvote.com) or by calling toll free via a touch-tone phone at 1-800-690-6903. Proxies submitted by telephone or over the Internet must be received by 11:59 p.m. Eastern Time on June 24, 2019. Although we encourage you to complete and return a proxy prior to the Annual Meeting to ensure that your vote is counted, you can attend the Annual Meeting and cast your vote in person. If you vote by proxy and also attend the Annual Meeting, there is no need to vote again at the Annual Meeting unless you wish to change your vote.

We appreciate your investment in Air Industries Group and urge you to cast your vote as soon as possible.

Sincerely,

/s/ Luciano Melluzzo  
*President and Chief Executive Officer*



**AIR INDUSTRIES GROUP**

**1460 Fifth Avenue**

**Bay Shore, NY 11706**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

The 2019 Annual Meeting of Stockholders of Air Industries Group will be held at the offices of Air Industries Group, 1460 Fifth Avenue, Bay Shore, New York 11706 on Tuesday, June 25, 2019, beginning at 10:00 a.m. Eastern Time for the following purposes:

1. to elect seven directors;
2. to approve an amendment to our articles of incorporation increasing the number of shares of common stock we are authorized to issue from 50,000,000 to 60,000,000;
3. to ratify the appointment of Rotenberg Meril Solomon Bertiger & Guttilla, P.C. as our independent registered public accounting firm for the fiscal year ending December 31, 2019;
4. the adoption, on an advisory basis, of a resolution approving the compensation of our named executive officers as disclosed in our Proxy Statement pursuant to Item 402 of Regulation S-K;
5. the adoption, on an advisory basis, of a proposal on the frequency of future executive compensation advisory votes; and
6. to transact such other business as may properly come before the Annual Meeting and at any adjournment or postponement thereof.

The Board of Directors has fixed the close of business on May 3, 2019 as the record date for determining stockholders entitled to notice of and to vote at the Annual Meeting.

By order of the Board of Directors,

/s/ Luciano Melluzzo  
*President and Chief Executive Officer*

May 16, 2019

Please mark, sign and date the enclosed proxy card and  
return it promptly in the enclosed self-addressed, stamped envelope.

**To vote via the Internet or telephone:**

Internet: [www.proxyvote.com](http://www.proxyvote.com)

Phone: 1-800-690-6903

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## **AIR INDUSTRIES GROUP**

**1460 Fifth Avenue**

**Bay Shore, NY 11706**

## **PROXY STATEMENT**

### **General Information**

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of Air Industries Group, a Nevada corporation (the “Company,” “we,” “our” or “us”), of proxies to be voted at our 2019 Annual Meeting of Stockholders (the “Annual Meeting” or the “Meeting”) and at any adjournment or postponement of the Meeting. The Annual Meeting will take place on Tuesday, June 25, 2019, beginning at 10:00 a.m., Eastern Time, at our offices, 1460 Fifth Avenue, Bay Shore, New York 11706.

This Proxy Statement, the Notice of Annual Meeting, our Annual Report on Form 10-K for the fiscal year ended December 31, 2018 and accompanying proxy are being furnished to holders of our common stock, par value \$0.001 per share (“Common Stock”), on or about May 16, 2019. Web links and addresses contained in this Proxy Statement are provided for convenience only, and the content on the referenced websites does not constitute a part of this Proxy Statement.

### **Frequently Asked Questions About the Annual Meeting and Voting**

#### **1. Who is entitled to vote at the Annual Meeting?**

Holders of our Common Stock as of May 3, 2019 (the “Record Date”) are entitled to receive the Notice of Annual Meeting and to vote their shares at the Meeting. Holders of our Common Stock on the Record Date are entitled to one vote for each share held of record on the Record Date.

#### **2. How many shares of Common Stock are “outstanding”?**

As of May 3, 2019, there were 28,710,983 shares of Common Stock outstanding and entitled to be voted at the Annual Meeting.

**3. What is the difference between holding shares as a stockholder of record and as a beneficial owner?**

If your shares are registered in your name with our transfer agent, Broadridge Corporate Issuer Solutions, Inc., you are the “stockholder of record” of those shares. This Notice of Annual Meeting and Proxy Statement and any accompanying materials have been provided directly to you by Air Industries Group.

If your shares are held through a broker, bank or other holder of record, you hold your shares in “street name” and you are considered the “beneficial owner” of those shares. This Notice of Annual Meeting and Proxy Statement and any accompanying documents have been provided to you by your broker, bank or other holder of record. As the beneficial owner, you have the right to direct your broker, bank or other holder of record how to vote your shares by using the voting instruction card or by following their instructions for voting by telephone or on the Internet. Absent instructions from you, under applicable regulatory requirements, your broker may vote your shares on the amendment increasing the number of shares of Common Stock we are authorized to issue (the “2019 Charter Amendment”) and the ratification of the appointment of our independent registered public accounting firm for fiscal 2019, but may not vote your shares on the election of directors, the “say-on-pay” proposals or any of the other proposals to be voted on at the Annual Meeting.

#### **4. Why did I receive a notice of internet availability of proxy materials instead of a full set of proxy materials?**

In accordance with the rules of the U.S. Securities and Exchange Commission (“SEC”), we are permitted to furnish proxy materials, including this proxy statement and our annual report, to stockholders by providing access to these documents on the Internet instead of mailing printed copies. Most stockholders will not receive printed copies of the proxy materials unless they so request. Instead, the notice provides instructions on how to access and review the proxy materials on the Internet. The notice also provides instructions on how to submit your proxy and voting instructions via the Internet. If you would like to receive a printed copy or an electronic copy (via email) of our proxy materials, please follow the instructions for requesting the materials in the notice.

#### **5. How do I vote?**

You may vote using any of the following methods:

##### ***By mail***

Complete, sign and date the accompanying proxy or voting instruction card and return it in the prepaid envelope. If you are a stockholder of record and return your signed proxy card but do not indicate your voting preferences, the persons named in the proxy card will vote the shares represented by your proxy card as recommended by the Board of Directors.

##### ***By telephone or on the Internet***

Air Industries Group has established telephone and Internet voting procedures for stockholders of record. These procedures are designed to authenticate your identity, to allow you to give your voting instructions and to confirm that those instructions have been properly recorded. Telephone and Internet voting facilities for stockholders of record will be available 24 hours a day until 11:59 p.m., Eastern Time, on June 24, 2019.

The availability of telephone and Internet voting for beneficial owners will depend on the voting processes of your broker, bank or other holder of record. We therefore recommend that you follow the voting instructions in the materials you receive.

If you vote by telephone or on the Internet, you do not have to return your proxy or voting instruction card.

*Telephone.* You can vote by calling the toll-free telephone number on your proxy card. Please have your proxy card handy when you call. Easy-to-follow voice prompts will allow you to vote your shares and confirm that your instructions have been properly recorded.

*Internet.* The website for Internet voting is [www.proxyvote.com](http://www.proxyvote.com). Please have your proxy card handy when you go to the website. As with telephone voting, you can confirm that your instructions have been properly recorded. If you vote on the Internet, you also can request electronic delivery of future proxy materials.

***In person at the Annual Meeting***

Stockholders who attend the Annual Meeting may vote in person at the Meeting. You may also be represented by another person at the Meeting by executing a proper proxy designating that person. If you are a beneficial owner of shares, you must obtain a legal proxy from your broker, bank or other holder of record and present it to the inspector of election with your ballot to be able to vote at the Annual Meeting.

Your vote is important. Please complete your proxy card promptly to ensure that your vote is received timely.

## **6. What can I do if I change my mind after I vote?**

If you are a stockholder of record, you can revoke your proxy before it is exercised by:

giving written notice to the Corporate Secretary of the Company;

delivering a valid, later-dated proxy, or a later-dated vote by telephone or on the Internet, in a timely manner; or

voting by ballot at the Annual Meeting.

If you are a beneficial owner of shares, you may submit new voting instructions by contacting your broker, bank or other holder of record. All shares for which proxies have been properly submitted and not revoked will be voted at the Annual Meeting.

## **7. How will your proxy vote your shares?**

Your proxy will vote according to your instructions. If you vote by mail and complete, sign, and return the proxy card but do not indicate your vote, your proxy will vote “FOR” each of the director nominees, “FOR” approval of the 2019 Charter Amendment, “FOR” ratification of the appointment of Rotenberg Meril Solomon Bertiger & Guttilla, P.C. as our independent registered public accounting firm for the fiscal year ending December 31, 2019, and “FOR” approval of the advisory resolution on executive compensation, which votes represent the recommendations of the Board with respect to such matters, and “FOR” voting every third year as to the frequency of an advisory vote on executive compensation, as to which the Board makes no recommendation. The Board does not intend to bring any other matter for a vote at the Annual Meeting, and neither we nor the Board knows of anyone else who intends to do so. However, on any other business that properly comes before the Annual Meeting, your proxies are authorized to vote on your behalf using their best judgment.

## **8. Where can you find the voting results?**

We intend to announce the preliminary voting results at the Annual Meeting and will publish the final results in a Current Report on Form 8-K, which we will file with the SEC no later than four business days following the Annual Meeting. If the final voting results are unavailable in time to file a current report on Form 8-K with the SEC within four business days after the Annual Meeting, we intend to file a Form 8-K to disclose the preliminary results and, within four business days after the final results are known, will file an additional current report on Form 8-K with the SEC to disclose the final voting results.

## **9. What is a broker non-vote?**

If you are a beneficial owner whose shares are held of record by a broker, you must instruct the broker how to vote your shares. If you do not provide voting instructions, your shares will not be voted on any proposal on which the broker does not have discretionary authority to vote. This is called a “broker non-vote.” In these cases, the broker can register your shares as being present at the Annual Meeting for purposes of determining the presence of a quorum but will not be able to vote on those matters for which specific authorization is required under the rules of the New York Stock Exchange (“NYSE”).

If you are a beneficial owner whose shares are held of record by a broker, your broker has discretionary voting authority under NYSE rules to vote your shares on the 2019 Charter Amendment and the ratification of Rotenberg Meril Solomon Bertiger & Guttilla, P.C. as our independent registered public accounting firm, even if the broker does not receive voting instructions from you. However, your broker does not have discretionary authority to vote on the election of directors, the “say-on-pay” proposals or any other proposal, in which case a broker non-vote will occur and your shares will not be voted on these matters.

**10. What is a quorum for the Annual Meeting?**

The presence of the holders of shares of common stock representing 14,355,492 votes, a majority of the Common Stock issued and outstanding and entitled to vote at the Annual Meeting, in person or represented by proxy, is necessary to constitute a quorum. Abstentions and broker non-votes are counted as present and entitled to vote for purposes of determining a quorum.

**11. What are the voting requirements to elect the directors and to approve each of the proposals discussed in this Proxy Statement?**

*Election of Directors*

Directors are elected by a plurality of the votes cast at the Annual Meeting. This means that the seven persons receiving the highest number of affirmative “for” votes at the Annual Meeting will be elected. Abstentions and broker non-votes are not counted as votes “for” or “against” a director nominee.

*Approval of 2019 Charter Amendment*

A majority of the outstanding shares of Common Stock is required to approve the 2019 Charter Amendment. As of May 3, 2019, we had outstanding 28,710,983 shares of Common Stock. Our directors and officers, including Michael and Robert Taglich, have agreed to vote 3,710,983 shares of Common Stock in relation to this proposal (representing the number of shares issued in excess of the 25,000,000 shares we were authorized to issue prior to the approval of an amendment to our Articles of Incorporation at our 2017 Annual Meeting) in the same proportion as the other shares voted “For” or “Against” with respect to this proposal. Approval of the 2019 Charter Amendment is considered a “routine matter” for which brokers have discretionary authority to vote shares held in “street name” in the absence of specific instructions from the beneficial owner.

*Ratification of Rotenberg Meril Solomon Bertiger & Guttilla, P.C as our independent registered public accounting firm*

The votes cast “for” must exceed the votes cast “against” to approve the ratification of Rotenberg Meril Solomon Bertiger & Guttilla, P.C as our independent registered public accounting firm. Abstentions are not counted as votes “for” or “against” this proposal.

***Adoption, on an advisory basis, of a resolution approving the compensation of our named executive officers.***

The votes cast “for” must exceed the votes cast “against” to approve, on an advisory basis, our executive compensation. Abstentions are not counted as votes “for” or “against” this proposal.

***Adoption, on an advisory basis, of a proposal on the frequency of future non-binding stockholder votes on the compensation of our named executive officers***

We will consider the frequency option (one year, two years or three years) receiving the highest number of votes cast by stockholders to be the frequency that has been recommended by stockholders. However, as described in more detail in Proposal Five, because this proposal is non-binding, the board of directors may decide that it is in the best interest of our stockholders and the company to hold future executive compensation advisory votes more or less frequently. Abstentions are not counted as votes “for” or “against” this proposal.



**12. How will my shares be voted at the Annual Meeting?**

At the Meeting, the persons named in the proxy card or, if applicable, their substitutes, will vote your shares as you instruct. If you sign your proxy card and return it without indicating how you would like to vote your shares, your shares will be voted as the Board of Directors recommends, which is:

**FOR** the election of each of the director nominees named in this Proxy Statement;

**FOR** approval of the 2019 Charter Amendment;

**FOR** ratification of the appointment of Rotenberg Meril Solomon Bertiger & Guttilla, P.C as our independent registered public accounting firm for the fiscal year ending December 31, 2019;

**FOR** approval of the advisory resolution on executive compensation; and

**FOR** voting every third year as to the frequency of an advisory vote on executive compensation.

**13. Could other matters be decided at the Annual Meeting?**

As of the date of this Proxy Statement, we did not know of any matters to be presented at the Annual Meeting, other than those referred to in this Proxy Statement.

If you return your signed and completed proxy card or vote by telephone or on the Internet and other matters are properly presented at the Annual Meeting for consideration, the individuals named as proxies on the enclosed proxy card will have the discretion to vote on your behalf.

**14. Who will pay for the cost of the Annual Meeting and this proxy solicitation?**

The Company will pay the costs associated with the Annual Meeting and solicitation of proxies, including the costs of transmitting the proxy materials. In addition to solicitation by mail, our directors, officers and regular employees (who will not be specifically compensated for such services) may solicit proxies by telephone or otherwise. Arrangements will be made with brokerage houses and other custodians, nominees and fiduciaries to forward proxies and proxy materials to their principals, and we will reimburse them for their expenses. We have retained Broadridge Issuer

Corporate Solutions, Inc. to assist in the mailing, collection and administration of proxies. We have not retained a soliciting agent to assist in the solicitation of proxies.

## MATTERS TO COME BEFORE THE ANNUAL MEETING

### PROPOSAL ONE:

#### Election of Directors

##### *Nominees*

At the Annual Meeting, seven directors, who have been nominated by the Nominating Committee of the Board of Directors, are to be elected, each to hold office (subject to our By-Laws) until the next annual meeting and until his successor has been elected and qualified. All of the nominees for director currently serve as directors.

Each nominee has consented to being named as a nominee in this proxy statement and to serve if elected. If any nominee listed in the table below should become unavailable for any reason, which the Board of Directors does not anticipate, the proxy will be voted for any substitute nominee or nominees who may be selected by the Board of Directors prior to or at the Annual Meeting, or, if no substitute is selected by the Board of Directors prior to or at the Annual Meeting, for a motion to reduce the membership of the Board of Directors to the number of nominees available. The seven nominees receiving the highest number of affirmative “for” votes at the Annual Meeting will be elected. The information concerning the nominees and their security holdings has been furnished by them to us.

Directors are nominated by our Board of Directors, based on the recommendations of the Nominating Committee. As discussed elsewhere in this proxy statement, in evaluating director nominees, the Nominating Committee considers characteristics that include, among others, integrity, business experience, financial acumen, leadership abilities, familiarity with our businesses and businesses similar or analogous to ours, and the extent to which a candidate’s knowledge, skills, background and experience are already represented by other members of our Board of Directors. Listed below are our director nominees with their biographies.

<b>Name of Nominee</b>	<b>Age</b>
Michael N. Taglich	53
Robert F. Taglich	52
David J. Buonanno	63
Peter D. Rettaliata	68
Robert C. Schroeder	52
Michael Brand	61

Michael D. Porcelain 50

*Michael N. Taglich* has been Chairman of our Board of Directors since September 22, 2008. He is Chairman and President of Taglich Brothers, a New York City based securities firm which he co-founded in 1992 and which is focused on public and private micro-cap companies. Mr. Taglich is currently Chairman of the Board of Mare Island Dry Dock LLC, a company engaged in ship repair services, and BioVentrix, Inc., a privately held medical device company whose products are directed at heart failure. He also serves as a Director of Bridgeline Digital Inc., a publicly traded company, Icagen Inc., a reporting but not trading company engaged in early stage pharmaceutical research, DecisionPoint Systems Inc., a private company engaged in Field service automation, Dilon Technologies, a private medical device company and Autonet Mobile Inc., a private company focused on connecting automobiles to the internet. Mr. Taglich's extensive experience in the capital markets and his knowledge of the aerospace industry qualify him to serve as a Director.

*Robert F. Taglich* has been a director of our company since 2008. He is a Managing Director of Taglich Brothers, which he co-founded in 1992. Prior to founding Taglich Brothers, Mr. Taglich was a Vice President at Weatherly Securities. Mr. Taglich has served in various positions in the securities brokerage industry for the past 25 years. Mr. Taglich serves on the board of privately held BioVentrix, Inc., a medical device company whose products are directed at heart failure. Mr. Taglich holds a Bachelor's degree from New York University. Mr. Taglich's extensive experience in the capital markets and his knowledge of the aerospace industry qualify him to serve as a Director.

*David J. Buonanno* has been a director of our company since 2008. He is the Founder and President of Buonanno Enterprises Consulting, providing strategic management, supply chain/operations and recruitment services to aerospace and defense industry clients. Mr. Buonanno has extensive experience in manufacturing, supply management and operations. He was employed by Sikorsky Aircraft, Inc., a subsidiary of United Technologies Corporation, as Vice President, Supply Management and International Offset (from January 1997 to July 2006) and as Director, Systems Subcontracts (from November 1992 to January 1997). From May 1987 to November 1992, he was employed by General Electric Company serving as Operations Manager and Manager, Program Materials Management of GE's Astro-Space Division. From June 1977 to May 1987, he was employed by RCA and affiliated companies. Mr. Buonanno attended Lehigh University College of Electrical Engineering and holds a B.S. in Business Administration from Rutgers University. He completed the Program for Management Development at Harvard Business School in 1996. Mr. Buonanno's extensive experience in the aerospace and defense industries and familiarity with the operations of companies in the industry qualify him to serve as a Director.

*Peter D. Rettaliata* has been a director of our company since 2005. He served as our Acting President and Chief Executive Officer from March 2, 2017 to November 15, 2017, and served as our President and Chief Executive Officer from November 30, 2005 to December 31, 2014. He also served as the President of our wholly-owned subsidiary, AIM, from 1994 to 2008. Prior to his involvement at AIM, Mr. Rettaliata was employed by Grumman Aerospace Corporation for twenty-two years, where he attained the position of Senior Procurement Officer. Professionally, Mr. Rettaliata has served as the Chairman of "ADDAPT", an organization of regional aerospace companies, as a member of the Board of Governors of the Aerospace Industries Association, and as a member of the Executive Committee of the AIA Supplier Council. He is a graduate of Niagara University where he received a B.A. in History and Harvard Business School where he completed the PMD Program. Mr. Rettaliata's extensive experience in the aerospace industry and his knowledge of our operations qualify him to serve as a Director.

*Robert C. Schroeder* has been a director of our company since 2008. He is Vice President - Investment Banking of Taglich Brothers and specializes in advisory services and capital raising for small public and private companies. Mr. Schroeder joined Taglich Brothers in April 1993 as an Equity Analyst publishing sell-side research. Prior to joining Taglich Brothers, he served in various positions in the brokerage and public accounting industry. Mr. Schroeder also serves as a director of the following publicly traded companies: DecisionPoint Systems, Inc., a private company engaged in field service automation, and Intellinetics, Inc., a provider of cloud-based enterprise content management solutions. Mr. Schroeder received a B.S. degree in accounting and economics from New York University. He is a Chartered Financial Analyst and a member of the Association for Investment Management and Research and a member of the New York Society of Security Analysts. Mr. Schroeder's extensive experience in the capital markets qualify him to serve as a Director.

*Michael Brand* has been a director of our company since 2012, and from March 2017 to November 2017 served as a consultant to our company focused on day to day production issues, scheduling of the products to be manufactured and related operational issues such as the maintenance of appropriate inventory levels. He was the President of Goodrich Landing Gear, a unit of Goodrich Corporation, from July 2005 to June 2012. Prior to joining Goodrich for over 25 years he held senior management positions in the Aerospace industry. He began his career at General Electric Corporation and rose to senior management in its jet engine manufacturing operations. Mr. Brand is a graduate of

Clarkson University, with advanced degrees and certificates from Xavier University and the Wharton School. Mr. Brand's extensive experience in the aerospace and defense industries and familiarity with the operations of companies in the industry qualify him to serve as a Director.

*Michael Porcelain* has a director of our company since October 23, 2017. Mr. Porcelain has been Senior Vice President and Chief Financial Officer of Comtech Telecommunications Corp., a publicly traded company and leading provider of advanced communication solutions for both commercial and government customers worldwide, since March 2006, and from 2002 to March 2006, he served as Vice President of Finance and Internal Audit of Comtech. From 1998 to 2002, Mr. Porcelain was Director of Corporate Profit and Business Planning for Symbol Technologies, a mobile wireless information solutions company. Previously, he spent five years in public accounting holding various positions, including Manager in the Transaction Advisory Services Group of PricewaterhouseCoopers. Since 1998, he has owned and operated The Independent Adviser Corporation, a privately held company which holds the rights to use certain intellectual properties and trademarks (including various Internet websites) related to the financial planning and advisory industry. Mr. Porcelain is an Adjunct Professor at St. John's University located in New York where he teaches graduate level accounting courses. Mr. Porcelain has a B.S. in Business Economics from State University of Oneonta, New York, a M.S. in Accounting and an M.B.A. degree from Binghamton University. Mr. Porcelain's knowledge and experience in accounting matters qualify him to serve as a Director.

Michael N. Taglich and Robert F. Taglich are brothers.

All directors hold office until the next annual meeting of stockholders and until their successors have been duly elected and qualified. Officers are elected by and serve at the discretion of the Board of Directors. Employee directors do not receive any compensation for their services as directors. Non-employee directors are entitled to receive compensation for serving as directors and may receive option grants from our company.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR  
THE ELECTION OF EACH NOMINEE UNDER PROPOSAL ONE**

**Information Concerning the Board of Directors**

***Board Leadership Structure and Risk Oversight***

The Board does not have a policy requiring separation of the roles of Chief Executive Officer and Chairman of the Board. Nevertheless, Michael Taglich is Chairman of the Board and Lou Melluzzo is Chief Executive Officer of the Company.

The Board has determined that a non-employee director serving as Chairman is in the best interests of our stockholders at this time. This structure ensures a greater role of non-employee Directors in the active oversight of our business, including risk management oversight, and in setting agendas and establishing Board priorities and procedures. This structure also allows the Chief Executive Officer to focus to a greater extent on the management of our day-to-day operations.

The Board of Directors as a whole is responsible for consideration and oversight of risks facing our company and is responsible for ensuring that material risks are identified and managed appropriately. Certain risks are overseen by committees of the Board of Directors and these committees make reports to the full Board of Directors, including reports on noteworthy risk-management issues. Members of our senior management team regularly report to the full Board about their areas of responsibility and a component of these reports is risk within the area of responsibility and the steps management has taken to monitor and control such exposures. Additional review or reporting on risks is conducted as needed or as requested by the Board or one of its committees.

***Board Independence***

Our Board of Directors has determined that Robert Schroeder, David Buonanno, Peter Rettaliata and Michael Porcelain are “independent directors” within the meaning of NYSE American Rule 803A(2).

***Director Compensation***

Non-employee Directors are entitled to receive compensation for serving as directors and may receive option grants from our company. Each Director also is entitled to be repaid or prepaid all traveling, hotel and incidental expenses reasonably incurred or expected to be incurred in attending meetings of our Board of Directors or committees of our Board of Directors or stockholder meetings or otherwise in connection with the discharge of his duties as a Director. The compensation committee will assist the directors in reviewing and approving the compensation structure for our directors.



The following table sets forth certain information regarding the compensation paid to, earned by or accrued for, our directors during the fiscal year ended December 31, 2018.

## DIRECTOR COMPENSATION

Name	Fees Earned or Paid In Cash (\$)	Stock Awards (\$) <sup>(1)</sup>	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Non-Qualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Michael Taglich	—	57,500	14,475	—	—	—	71,975
Robert Taglich	—	57,500	14,475	—	—	—	71,975
Robert Schroeder	—	31,000	14,475	—	—	—	45,475
David Buonanno	—	29,500	14,475	—	—	—	43,975
Michael Brand	—	31,000	14,475	—	—	—	45,475
Michael Porcelain	—	43,000	14,475	—	—	—	57,475
Peter Rettaliata	—	56,000	14,475	—	—	—	70,475

(1) Director fees paid in shares.

### *Board Meetings; Committees and Membership*

The Board of Directors held four meetings during the fiscal year ended December 31, 2018 (“fiscal 2018”). During fiscal 2018, each of the directors then in office attended more than 75% of the aggregate of (i) the total number of meetings of the Board of Directors and (ii) the total number of meetings of all committees of the Board on which such director served.

We maintain the following committees of the Board of Directors: the Audit Committee, the Compensation Committee and the Nominating Committee. Each committee is comprised entirely of directors who are “independent” within the meaning of NYSE American Rule 803A(2). Each committee acts pursuant to a separate written charter, and each such charter has been adopted and approved by the Board of Directors. Copies of the committee charters are available on our website at [airindustriesgroup.com](http://airindustriesgroup.com) under the heading “Investor Relations.”

**Audit Committee.** Messrs. Porcelain, Schroeder and Buonanno are members of the Audit Committee. Mr. Porcelain serves as Chairman of the Audit Committee and also qualifies as an “audit committee financial expert,” as that term is defined in Item 407(d)(5)(ii) of Regulation S-K. The Board has determined that each member of our Audit Committee meets the financial literacy requirements under the Sarbanes-Oxley Act and SEC rules and the independence requirements under NYSE American Rule 803A(2).

Our Audit Committee is responsible for preparing reports, statements and charters of audit committees required by the federal securities laws, as well as:

overseeing and monitoring the integrity of our consolidated financial statements, our compliance with legal and regulatory requirements as they relate to financial statements or accounting matters, and our internal accounting and financial controls;

preparing the report that SEC rules require be included in our annual proxy statement;

overseeing and monitoring our independent registered public accounting firm’s qualifications, independence and performance;

providing the Board with the results of its monitoring and its recommendations; and

providing to the Board additional information and materials as it deems necessary to make the Board aware of significant financial matters that require the attention of the Board.

The Audit Committee held four meetings during fiscal 2018.

**Compensation Committee.** Our Compensation Committee is composed of Messrs. Buonanno, Brand and Porcelain. The Compensation Committee is responsible for:

establishing the Company's general compensation policy, in consultation with the Company's senior management, and overseeing the development and implementation of compensation programs;

reviewing and approving corporate goals and objectives relevant to the compensation of the CEO, and evaluating the performance of the CEO at least annually in light of those goals and objectives and communicating the results of such evaluation to the CEO and the Board, and determining 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;

reviewing and approving 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;

overseeing the Board's benefit and equity compensation plans, overseeing the activities of the individuals and committees responsible for administering these plans, and discharging any responsibilities imposed on the Committee by any of these plans;

approving issuances under, or any material amendments to, 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;

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

reviewing and approving any severance or similar termination payments proposed to be made to any current or former officer of the Company; and

preparing an annual report on executive compensation for inclusion in our proxy statement for the election of directors, if required under the applicable SEC rules.

The Compensation Committee held one meeting during fiscal 2018.

**Nominating Committee.** Our Nominating Committee is composed of Messrs. Schroeder, Brand and Porcelain. The purpose of the Nominating Committee is to seek and nominate qualified candidates for election or appointment to our Board of Directors. The Nominating Committee held one meeting during fiscal 2018.

The Nominating Committee will seek candidates for election and appointment that possess the integrity, leadership skills and competency required to direct and oversee the Company's management in the best interests of its stockholders, customers, employees, communities it serves and other affected parties.

A candidate must be willing to regularly attend Committee and Board of Directors meetings, to develop a strong understanding of the Company, its businesses and its requirements, to contribute his or her time and knowledge to the Company and to be prepared to exercise his or her duties with skill and care. In addition, each candidate should have an understanding of all corporate governance concepts and the legal duties of a director of a public company.

Stockholders may contact the Nominating Committee Chairman, the Chairman of the Board or the Corporate Secretary in writing when proposing a nominee. This correspondence should include a detailed description of the proposed nominee's qualifications and a method to contact that nominee if the Nominating Committee so chooses.

### ***Stockholder Communications***

Any stockholder who desires to contact any of our Directors can write to Air Industries Group, 1460 Fifth Avenue, Bay Shore, New York 11706, Attention: Stockholder Relations. Your letter should indicate that you are an Air Industries Group stockholder. Depending on the subject matter, our stockholder relations personnel will:

forward the communication to the Director(s) to whom it is addressed;

forward the communication to the appropriate management personnel;

attempt to handle the inquiry directly, for example where it is a request for information about the Company, or it is a stock-related matter; or

not forward the communication if it is primarily commercial in nature or if it relates to an improper or irrelevant topic.

### ***Section 16(a) Beneficial Ownership Reporting Compliance***

Section 16(a) of the Securities Exchange Act of 1934 requires our Directors, Executive Officers and beneficial owners of more than 10% of our common stock to file with the SEC reports of their holdings of, and transactions in, our common stock. Based solely upon our review of copies of such reports and written representations from reporting persons that were provided to us, we believe that our officers, directors and 10% stockholders complied with these reporting requirements with respect to 2018, except that Form 4s reporting the grant of stock awards to directors in lieu of cash payment of directors' fees and the receipt by Michael Taglich and Robert Taglich of shares of Common

Stock in lieu of accrued interest on our 8% Subordinated Notes and the indirect beneficial ownership by Michael Taglich and Robert Taglich of pay-in-kind securities issued to Taglich Brothers, Inc., of which they are the principals, in lieu of payment of sales commissions for acting as placement agent for certain private placements of our securities were not timely filed.

***Policy Regarding Attendance of Directors at Annual Meetings of Stockholders***

We have not established a formal policy regarding director attendance at our annual meetings of stockholders, although we encourage our directors to attend the annual meeting.

***Code of Ethics***

We have adopted a written code of ethics that applies to our principal executive officers, senior financial officers and persons performing similar functions. Upon written request to our corporate secretary, we will provide you with a copy of our code of ethics, without cost.

## Information Concerning Executive Officers

Our Executive Officers are set forth in the table below along with their ages and positions.

<b>Name</b>	<b>Age</b>	<b>Office</b>
Luciano (Lou) Melluzzo	54	President and Chief Executive Officer
Michael E. Recca	68	Chief Financial Officer

*Luciano (Lou) Melluzzo* has been our President and Chief Executive Officer since November 15, 2017. He joined our company on September 11, 2017 as Chief Operating Officer. From November 2003 to September 2011, Mr. Melluzzo was employed in various capacities by EDAC Technologies Corporation (“EDAC”), a designer, manufacturer and distributor of precision aerospace components and assemblies, precision spindles and complex fixturing, tooling and gauging with design and build capabilities, whose shares were then listed on the Nasdaq Capital Market. He served as EDAC’s Vice President and Chief Operating Officer from November 2005 until February 2010. From September 2011 to November 2015, Mr. Melluzzo was self-employed in the residential real estate redevelopment industry. From November 2015 to January 2017, he was general manager of Polar Corporation, a privately-held company specializing in computer numeric controlled milling and turning of small hardware components for the aerospace industry.

*Michael E. Recca* has been our Chief Financial Officer since October 1, 2016. Mr. Recca has been engaged by us since September 2008 in a variety of positions related to our capital finance and acquisition programs. Most recently he served as Chief of Corporate Development & Capital Markets, a position in which he directed our acquisition program and coordinated with our lenders. Mr. Recca received a Bachelor of Arts degree from the SUNY Stony Brook and an MBA from Columbia University.

## Executive Compensation

The following summary compensation table shows, for the periods indicated, information regarding the compensation awarded to, earned by or paid to each individual that served as our principal executive officer during the fiscal year ended December 31, 2018 (the “2018 fiscal year”) and each other executive officer whose compensation for the 2018 fiscal year exceeded \$100,000 for all services rendered in all capacities to our company and its subsidiaries. The individuals listed in the following table are referred to herein collectively as our “Named Executive Officers.”

## Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock awards (\$)	Option awards (\$)	Non-equity Incentive Plan Information (\$)	Nonqualified deferred earnings (\$)	All other compensation (\$)	Total (\$)	
Luciano Melluzzo <sup>(1)</sup> President and CEO	2018	280,000	—	—	—	—	—	10,800	(2)	290,800
	2017	80,769	—	—	218,700	—	—	2,475	(2)	301,944
Michael Recca CFO	2018	203,846	—	—	—	—	—	5,400	(2)	209,246
	2017	200,000	—	—	48,100	—	—	5,400	(2)	253,500

(1) Mr. Melluzzo was appointed President and CEO on November 15, 2017.

(2) Represents car allowance.



None of our executive officers or key employees named in the above table has an employment agreement providing for a fixed term of employment. All are employees at will terminable at any time without any severance, other than that payable to employees generally.

### **Executive Compensation Policies as They Relate to Risk Management**

The Compensation Committee and management have considered whether our compensation policies might encourage inappropriate risk taking by the Company's executive officers and other employees. The Compensation Committee has determined that the current compensation structure aligns the interests of the executive officers with those of the Company without providing rewards for excessive risk taking by awarding a mix of fixed and performance based or discretionary bonuses with the performance-based compensation focused on profits as opposed to revenue growth.

During the years ended December 31, 2018 and 2017, less than 1% of the total compensation paid to employees was paid in performance-based compensation, including commissions and bonuses.

### **Equity Awards – 2018**

We did not grant any equity awards in the form of shares or options to any of the Named Executive Officers during 2018.

**Outstanding Equity Awards at 2018 Year-End**

The following table shows certain information regarding outstanding equity awards held by our Named Executive Officers as of December 31, 2018.

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Exercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Equity Incentive Plan Awards: Number of Unearned Shares, Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested
Luciano Melluzzo	90,000	180,000	\$ 1.50	09/30/2024	—	—
Michael Recca	—	50,000	1.42	7/24/2024	—	—
	25,000	25,000	10.31	5/1/2021	—	—
	56,250		6.60	8/31/2020		

**Equity Incentive Plans**

We have four equity incentive plans, the 2017 Equity Incentive Plan (the “2017 Plan”), which our Board of Directors adopted on July 24, 2017 and our stockholders approved on October 3, 2017, the 2016 Equity Incentive Plan (“the “2016 Plan”), which our Board of Directors adopted in June 2016 and our stockholders approved on November 30, 2016, the 2015 Equity Incentive Plan (the “2015 Plan”), which our Board of Directors adopted in March 2015 and our stockholders approved in June 2015, and the 2013 Equity Incentive Plan (the “2013 Plan”), which our Board of Directors adopted in May 2013 and our stockholders approved in July 2013. The Plans are virtually identical, except that the 2017 Plan authorizes the issuance of 1,200,000 shares of Common Stock, the 2016 Plan and the 2015 Plan authorize the issuance of 350,000 shares of Common Stock and the 2013 Plan authorizes the issuance of 600,000 shares of Common Stock.

The Plans permit the Company to grant stock awards and non-qualified and incentive stock options to employees, directors and consultants. The Plans are administered by the Compensation Committee of the Board and each has a term of ten years from the date it was adopted by the Board.

We adopted the Plans to provide a means by which employees, directors, and consultants of our Company and those of our subsidiaries and other designated affiliates, which we refer to together as our affiliates, may be given an opportunity to purchase our common stock, to assist in retaining the services of such persons, to secure and retain the services of persons capable of filling such positions, and to provide incentives for such persons to exert maximum efforts for our success and the success of our affiliates.

## **Transactions with Related Persons**

### ***Our Policy Concerning Transactions with Related Persons***

Under Item 404 of SEC Regulation S-K, a related person transaction is any actual or proposed transaction, arrangement or relationship or series of similar transactions, arrangements or relationships, including those involving indebtedness not in the ordinary course of business, to which we or our subsidiaries were or are a party, or in which we or our subsidiaries were or are a participant, in which the amount involved exceeded or exceeds the lesser of \$120,000 or one percent of the average of our total assets at year-end for the last two completed fiscal years and in which any of our directors, nominees for director, executive officers, beneficial owners of more than 5% of any class of our voting securities (a “significant shareholder”), or any member of the immediate family of any of the foregoing persons, had or will have a direct or indirect material interest.

We recognize that transactions between us and any of our Directors or Executives or with a third party in which one of our officers, directors or significant shareholders has an interest can present potential or actual conflicts of interest and create the appearance that our decisions are based on considerations other than the best interests of our Company and stockholders.

The Audit Committee of the Board of Directors is charged with responsibility for reviewing, approving and overseeing any transaction between the Company and any related person (as defined in Item 404 of Regulation S-K), including the propriety and ethical implications of any such transactions, as reported or disclosed to the Committee by the independent auditors, employees, officers, members of the Board of Directors or otherwise, and to determine whether the terms of the transaction are not less favorable to us than could be obtained from an unaffiliated party.

### ***Transactions***

The following includes a summary of transactions since January 1, 2018, or any currently proposed transaction, in which we were or are to be a participant and the amount involved exceeded or exceeds the lesser of \$120,000 or one percent of the average of our total assets at year-end for the last two completed fiscal years, and in which any related person had or will have a direct or indirect material interest.

From time to time when needed, we have borrowed funds from Michael Taglich and Robert Taglich, as discussed below. In addition, as discussed below, Taglich Brothers, of which Michael Taglich and Robert Taglich are principals,

has acted as placement agent for offerings of our securities and provided us with other investment banking and advisory services.

On March 29, 2018 and April 4, 2018, Michael Taglich and Robert Taglich advanced \$1,000,000 and \$100,000, respectively, to our company for use as working capital. In May 2018, these advances were applied against the purchase price of our Subordinated Notes due May 31, 2019 (the “Notes”), which we issued together with shares of Common Stock, as part of a private placement (the “Note Offering”). We issued to Michael Taglich a Note in the principal amount of \$1,000,000, together with 178,571 shares of Common Stock, for a purchase price of \$1,000,000 and we issued to Robert Taglich a Note in the principal amount of \$100,000, together with 17,857 shares of Common Stock, for a purchase price of \$100,000. In addition, we issued to Taglich Brothers, which acted as placement agent for the Note Offering, a Note in the principal amount of \$48,000 and 8,571 shares of Common Stock in lieu of cash payment for the sales commissions with respect to the Note Offering.

In September 2018, holders of a majority of the outstanding principal amount of our 8% Notes consented to an amendment to the terms of the 8% Notes to extend the maturity date to December 31, 2020 and to provide that interest on the 8% Notes, as amended (the “Amended Notes”), shall accrue and be paid on the due date of the Amended Notes or, if earlier, upon conversion of the Amended Notes into shares of our Common Stock. From and after September 30, 2018, interest on the unpaid principal amount of the Amended Notes shall accrue and be paid at the rate of six (6%) percent per annum, if paid in cash, or at the rate of eight (8%) percent per annum if converted into Common Stock.

At September 30, 2018, Michael Taglich, Robert Taglich and Taglich Brothers (collectively, the “Taglich Parties”) owned \$1,300,000, \$650,000 and \$382,000, respectively, principal amount of 8% Notes, with accrued interest thereon of \$203,613, \$120,097 and \$68,294, respectively. In consideration for waiving all defaults on the 8% Notes through the date of the amendment, the conversion price of the principal of the Amended Notes has been reduced to \$1.50 per share, subject to the anti-dilution adjustments set forth in the Amended Notes. We issued to the Taglich Parties and the other holders of the 8% Notes such number of shares of our Common Stock as are equal in value based upon a value of \$1.39 per share to the interest accrued on their 8% Notes. As a result, we issued to Michael Taglich, Robert Taglich and Taglich Brothers 146,484 shares, 86,401 shares and 49,132 shares, respectively, of our Common Stock.

For soliciting noteholders in connection with the adoption of the amendments, we have agreed to pay Taglich Brothers \$95,550, representing a fee equal to 2% of the outstanding principal amount of 8% Notes whose registered holders (other than Taglich Brothers) received shares of our Common Stock in lieu of cash payment of accrued interest on the 8% Notes as of September 30, 2018.

On October 1, 2018, we sold 800,000 shares of our Common Stock and warrants to purchase 280,000 additional shares of our Common Stock for gross proceeds of \$1,000,000 to RBI Private Investment III, LLC, an accredited investor within the meaning of Rule 501(a) of Regulation D under the Securities Act (“Regulation D”), in a private offering exempt from the registration requirements of the Securities Act under Rule 506 of Regulation D and Section 4(a)(2) of the Securities Act. We have agreed to pay Taglich Brothers \$70,000 (7% of the gross proceeds of the offering) for acting as placement agent for the offering.

On January 15, 2019, we issued our 7% senior subordinated convertible promissory notes due December 31, 2020, each in the principal amount of \$1,000,000 (together, the “7% Notes” and each a “7% Note”), to Michael Taglich and Robert Taglich, each for a purchase price of \$1,000,000. Each 7% Note bears interest at the rate of 7% per annum, is convertible into shares of our Common Stock at a conversion price of \$0.93 per share, subject to the anti-dilution adjustments set forth in the 7% Note, is subordinated to our indebtedness under our credit facility with PNC Bank, National Association, and matures at December 31, 2020, or earlier upon an Event of Default (as defined in the 7% Notes).

We paid Taglich Brothers, Inc. a fee of \$80,000 (4% of the purchase price of the 7% Notes), in the form of a promissory note having terms similar to the 7% Notes, in connection with the purchase of the 7% Notes.

On January 15, 2019, we entered into a Purchase Agreement with 15 accredited investors (the “Purchasers”) pursuant to which we assigned to the Purchasers all of our right, title and interest to \$1,136,710 in payments due from Meyer Tool, Inc. (the “Remaining Amount”) for an aggregate purchase price of \$800,000, including \$100,000 from each of Michael and Robert Taglich, and \$75,000 for the benefit of the children of Michael Taglich. The payments are based upon the net sales of AMK Welding, Inc., which we sold to Meyer Tool in January 2017. The Purchasers have the

right to demand payment from us of their pro rata portion of the unpaid Remaining Amount commencing March 31, 2023 (“Put Right”). To the extent the Purchasers exercise their Put Right, the remaining payments from Meyer will be made to us.

The Purchasers have agreed to pay Taglich Brothers, Inc. a fee equal to 2% per annum of the purchase price paid by such Purchasers, payable quarterly, to be deducted from the payments of the Remaining Amount, for acting as paying agent in connection with the assignment of our rights to the payments from Meyer Tool.

Taglich Brothers or its affiliates may in the future provide investment banking, commercial banking and/or other services to us from time to time, for which they may in the future receive customary fees and expenses.

The foregoing transactions were reviewed and approved by the Audit Committee or our Board of Directors. We believe that the terms of each transaction were not less favorable to us than those terms that could be obtained from an unaffiliated third party.

## Security Ownership of Certain Beneficial Owners and Management

The following table sets forth information known to us regarding beneficial ownership of our Common Stock as of May 3, 2019 by (i) each person known by us to own beneficially more than 5% of our outstanding Common Stock, (ii) each of our directors, (iii) our chief executive officer and the other Named Executive Officers, and (iii) all of our directors and executive officers as a group.

Except as otherwise indicated, we believe, based on information provided by each of the individuals named in the table below, that such individuals have sole investment and voting power with respect to the shares attributed to them, subject to community property laws, where applicable. As of May 3, 2019, we had outstanding 28,710,983 shares of Common Stock. Except as stated in the table, the address of the holder is c/o our company, 1460 Fifth Avenue, Bay Shore, New York 11706.

Directors and Executive Officers:	<b>Number of Shares Beneficially Owned</b>	Percent
Michael N. Taglich	6,366,354 (1)	20.24 %
Robert F. Taglich	4,332,379 (2)	14.03 %
Peter D. Rettaliata	153,186 (3)	*
David Buonanno	76,790 (4)	*
Robert Schroeder	175,321 (5)	*
Michael Brand	124,254 (6)	*
Michael Porcelain	74,697 (7)	*
Luciano Melluzzo, President and CEO	450,000 (8)	1.55 %
Michael Recca, CFO	206,250 (9)	*
All Directors and Executive Officers as a group	11,559,184(10)	33.90 %
Beneficial Ownership of More Than 5% of Shares:		
Richmond Brothers, Inc. et al. (11)	(11)	(11)

\*Less than 1%

Includes 3,590,243 shares owned by Mr. Taglich, 27,891 shares owned by Taglich Brothers, 2,282,621 shares he may acquire upon conversion of convertible notes (including 340,687 shares which may be acquired by Taglich (1)Brothers), but excluding shares for accrued interest thereon, 437,849 shares he may acquire upon exercise of warrants (including 31,469 shares which may be acquired by Taglich Brothers) and 27,750 shares he may acquire upon exercise of options, in each case exercisable within 60 days.



- Includes 2,096,834 shares owned by Mr. Taglich, 27,891 shares owned by Taglich Brothers, 44,760 shares owned by custodial accounts for the benefit of his children under the NY UGMA, 1,849,288 shares he may acquire upon conversion of convertible notes (including 340,687 shares that may be acquired by Taglich Brothers) , but
- (2)excluding shares for accrued interest thereon, 285,856 shares he may acquire upon exercise of warrants (including 31,469 shares which may be acquired by Taglich Brothers, and 3,416 shares which may be acquired as custodian for his children) and 27,750 shares he may acquire upon exercise of options, in each case exercisable within 60 days.
- (3) Includes 41,250 shares he may acquire upon exercise of options exercisable within 60 days.
- (4) Includes 1,016 shares he may acquire upon exercise of warrants and 27,750 shares he may acquire upon exercise of options, in each case exercisable within 60 days.

(5) Includes 55,278 shares he may acquire upon exercise of warrants and 27,750 shares he may acquire upon exercise of options, in each case exercisable within 60 days.

(6) Includes 77,750 shares he may acquire upon exercise of options exercisable within 60 days.

(7) Includes 28,500 shares he may acquire upon exercise of options exercisable within 60 days.

(8) Includes 380,000 shares he may acquire upon exercise of options exercisable within 60 days.

(9) Represents shares he may acquire upon exercise of options exercisable within 60 days.

(10) Includes 3,791,222 shares that may be acquired upon conversion of convertible notes, 748,530 shares that may be acquired upon exercise of warrants and 844,750 shares that may be acquired upon exercise of options, in each case exercisable within 60 days.

(11) The information set forth below is based on the amended Schedule 13D filed with the SEC and the Company on October 9, 2018 reflecting ownership as of that date. By virtue of their Joint Filing Agreement, dated October 9, 2018, the persons and entities affirm their membership in a group under SEC Rule 13d-5(b) and the group is deemed to beneficially own all of the shares beneficially owned by the group members. The beneficial ownership of each group member was disclosed as follows, based upon 27,388,914 shares outstanding:

	<b>Sole Voting Power</b>	<b>Shared Voting Power</b>	<b>Sole Dispositive Power</b>	<b>Shared Dispositive Power</b>	<b>Total</b>	<b>Percent</b>
Richmond Brothers, Inc.(a)	--	--	--	4,289,219 #	4,289,219#	15.5 %
RBI Private Investment II, LLC	15,333	--	15,333	--	15,333	*
RBI Private Investment III, LLC	1,080,000+	--	1,080,000 +	--	1,080,000+	3.9 %
RBI PI Manager, LLC(b)	1,095,333+	--	1,095,333 +	--	1,095,333+	4.0 %
Richmond Brothers 401(k) Profit Sharing Plan	67,006	--	67,006	--	67,006	*
David S. Richmond(c)	1,095,333+	67,006	1,095,333 +	4,356,225 #	5,451,558#+	19.5 %
Matthew J. Curfman(d)	--	67,006	--	4,356,225 #	4,356,225#	15.7 %

(a) Held as investment advisor to certain separately managed accounts.

(b) Includes the shares owned by RBI Private Investment II, LLC and RBI Private Investment III, LLC.

Sole voting and dispositive power includes shares owned by Mr. Richmond directly and by RBI Private Investment (c)II, LLC and RBI Private Investment III, LLC. Shared voting and dispositive power includes shares owned by Richmond Brothers, Inc. and the Profit Sharing Plan.

(d) Sole voting and dispositive power includes shares owned by Mr. Curfman. Shared voting and dispositive power includes shares owned by Richmond Brothers, Inc. and the Profit Sharing Plan.

#Includes 312,000 shares which may be acquired upon exercise of warrants.

+Includes 280,000 shares which may be acquired upon exercise of warrants.

\*Less than 1 percent

The address for Richmond Brothers, Inc., RBI Private Investment I, LLC, RBI Private Investment II, LLC, RBI PI Manager, LLC, Richmond Brothers 401(k) Profit Sharing Plan, David S. Richmond and Matthew J. Curfman is 3568 Wildwood Avenue, Jackson, Michigan 49202.

## **Audit Committee Report to Stockholders**

*Pursuant to rules adopted by the SEC designed to improve disclosures related to the functioning of corporate audit committees and to enhance the reliability and credibility of financial statements of public companies, the Audit Committee of our Board of Directors submits the following report:*

The Audit Committee of the Board of Directors is responsible for providing independent, objective oversight of the Company's accounting functions and internal controls. The Audit Committee is composed of three directors, each of whom is independent within the meaning of NYSE MKT Rule 803A(2). The Audit Committee operates under a written charter approved by the Board of Directors.

Management is responsible for the Company's internal controls over financial reporting, disclosure controls and procedures and the financial reporting process. The independent registered public accounting firm is responsible for performing an independent audit of the Company's consolidated financial statements in accordance with Public Company Accounting Oversight Board (PCAOB) standards and to issue reports thereon. The Audit Committee's responsibility is to monitor and oversee these processes. The Audit Committee has established a mechanism to receive, retain and process complaints on auditing, accounting and internal control issues, including the confidential, anonymous submission by employees, vendors, customers and others of concerns on questionable accounting and auditing matters.

In connection with these responsibilities, the Audit Committee met with management and the independent registered public accounting firm to review and discuss the December 31, 2018 audited consolidated financial statements. The Audit Committee also discussed with the independent registered public accounting firm the matters required by Statement on Auditing Standards Update No. 61, as amended (AICPA, Professional Standards, Vol. 1, AU section 380), as adopted by the PCAOB in Rule 3200T. In addition, the Audit Committee received the written disclosures from the independent registered public accounting firm required by applicable requirements of the PCAOB regarding the independent accountant's communications with the Audit Committee concerning independence, and the Audit Committee has discussed the independent registered public accounting firm's independence from the Company and its management.

Based upon the Audit Committee's discussions with management and the independent registered public accounting firm, and the Audit Committee's review of the representations of management and the independent registered public accounting firm, the Audit Committee recommended that the Board of Directors include the audited consolidated financial statements in the Company's Annual Report on Form 10-K for fiscal 2018 filed with the SEC.

The Audit Committee also has appointed, subject to stockholder ratification, Rotenberg Meril Solomon Bertiger & Guttilla, P.C. as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2019.

Respectfully submitted,

THE AUDIT COMMITTEE

Michael D. Porcelain, Chairman

Robert C. Schroeder

David J. Buonanno

The Report of the Audit Committee should not be deemed filed or incorporated by reference into any other filing of the Company under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent the Company specifically incorporates the Report of the Audit Committee therein by reference.

## **PROPOSAL TWO**

### **APPROVAL OF AN AMENDMENT TO OUR ARTICLES OF INCORPORATION**

### **INCREASING THE NUMBER OF SHARES OF COMMON STOCK**

### **WE ARE AUTHORIZED TO ISSUE**

#### **Introduction**

Under our Articles of Incorporation, as amended, we are authorized to issue 3,000,000 shares of preferred stock, par value \$0.001 per share, and 50,000,000 shares of common stock, par value \$0.001 per share. At a meeting on March 25, 2019, our Board of Directors adopted, subject to approval of our stockholders, an amendment to our Articles of Incorporation to increase the number of shares of Common Stock we are authorized to issue from 50,000,000 shares to 60,000,000 shares (the “2019 Charter Amendment”). Our Board of Directors believes that it is necessary, and in the best interests of our company and its stockholders, to approve the 2019 Charter Amendment. A copy of the Certificate of Amendment to the Articles of Incorporation is annexed as Appendix A to this Proxy Statement.

The 2019 Charter Amendment gives our Board of Directors authority to issue up to 60,000,000 shares of Common Stock. Our Board of Directors believes that it is in the best interests of our company and its stockholders to increase the number of authorized shares of Common Stock we may issue to enable it to respond quickly to opportunities to raise capital in public or private offerings, as well as to enable it to act with flexibility to issue shares of common stock in connection with strategic acquisitions, debt restructurings, equity compensation and incentives to employees and officers, and other favorable opportunities that may arise to enhance our capital structure.

We have no present arrangements, agreements or understandings for the use of the additional shares proposed to be authorized. No additional action or authorization by the stockholders would be necessary prior to the issuance of any additional shares, unless required by applicable law. We reserve the right to seek a further increase in authorized shares, from time to time in the future as appropriate.

#### **Effect of Proposal Two on Current Stockholders**

None of the rights of the holders of our Common Stock will be changed as a result of the adoption of the 2019 Charter Amendment and, therefore, the rights of the holders of our Common Stock will remain unchanged.

The issuance of any additional shares of Common Stock may, depending on the circumstances under which those shares are issued, reduce stockholders' equity per share and, unless additional shares are issued to all stockholders on a pro rata basis, will reduce the percentage ownership of Common Stock of existing stockholders. In addition, if our Board of Directors elects to issue additional shares of Common Stock, such issuance could have a dilutive effect on the earnings per share, voting power and shareholdings of current stockholders. We expect, however, to receive consideration for any additional shares of Common Stock issued, thereby reducing or eliminating any adverse economic effect to each stockholder of such dilution.

We have not entered into any agreements and do not have any understanding or arrangements for any business combination and we do not have any plans, arrangements or understandings, written or oral, to issue any of the shares that will be newly available as a result of the adoption of the 2019 Charter Amendment. The effective increase in the number of authorized but unissued shares of our Common Stock may be construed as having an anti-takeover effect by permitting the issuance of such securities to purchasers who might oppose a hostile takeover bid or oppose any efforts to amend or repeal certain provisions our Articles of Incorporation or bylaws.

### **Anti-Takeover Effects**

Although the adoption of the 2019 Charter Amendment is not motivated by anti-takeover concerns and is not considered by our Board of Directors to be an anti-takeover measure, the availability of additional authorized shares of Common Stock could enable the Board of Directors to issue additional shares defensively in response to a takeover attempt or to make an attempt to gain control of our company more difficult or time-consuming. For example, shares of Common Stock could be issued to purchasers who might side with management in opposing a takeover bid that the Board of Directors determines is not in our best interests, thus diluting the ownership and voting rights of the person seeking to obtain control of our company. In certain circumstances, the issuance of Common Stock without further action by the stockholders may have the effect of delaying or preventing a change in control of our company, may discourage bids for our common stock at a premium over the prevailing market price and may adversely affect the market price of our common stock. As a result, increasing the authorized number of shares of our Common Stock could render more difficult and less likely a hostile takeover, tender offer or proxy contest, assumption of control by a holder of a large block of our stock, and the possible removal of our incumbent management. We are not aware of any proposed attempt to take over our company or of any present attempt to acquire a large block of our Common Stock.

### ***No Dissenter or Appraisal Rights***

Stockholders do not have any dissenter or appraisal rights in connection with the 2019 Charter Amendment under Nevada law.

### **Supplemental Information Relating to the Approval of An Amendment to our Articles of Incorporation at the 2017 Annual Meeting Increasing the Number of Authorized Shares of Common Stock we are authorized to Issue**

At the 2017 Annual Meeting of Stockholders (the “2017 Meeting”), we submitted to stockholders for approval an amendment to our Articles of Incorporation increasing the number of shares of Common Stock we are authorized to issue from 25,000,000 shares to 50,000,000 shares (the “2017 Charter Amendment”). Approval of the 2017 Charter Amendment required the affirmative approval of 8,441,889 votes cast, representing a majority of the total voting power of our Series A Preferred Stock and Common Stock.

The proxy statement for the 2017 Meeting (the “2017 Proxy Statement”) stated that brokers did not have discretionary authority to vote shares held in “street name” and that those shares would be treated as “broker-non-votes” and not be counted in the vote totals, unless the brokers received specific instructions from the beneficial owners of those shares instructing them as to how to vote those shares on the proposal to approve the 2017 Charter Amendment. However,



Rule 452 of the NYSE provides that brokers have discretionary authority to vote shares held in “street name” on certain routine matters unless they receive specific instructions from the beneficial owners of those shares within ten days prior to the meeting. We understand that brokers considered the proposal to approve the 2017 Charter Amendment to be a “routine matter.” Rule 451 of the NYSE requires that a broker transmit to the beneficial owners of the shares they hold a request for voting instructions and, as to matters which may be voted without instructions under Rule 452, a statement to the effect that, if such instructions are not received by the tenth day before the meeting, the proxy may be given at discretion by the owner of record of the stock. In tabulating the votes cast on that proposal, the vote totals included votes cast “For” approval of the 2017 Charter Amendment with respect to shares held “in street” name pursuant to the discretionary authority granted to brokers under the rules of the NYSE. The 2017 Charter Amendment was approved with 11,425,117 votes “For” the proposal, 1,175,636 votes “Against” the proposal and 271,965 abstentions.

## **Stockholder Litigation**

On October 15, 2018, we were served with a complaint filed by a purported stockholder in the United States District Court for the Eastern District of New York (Michael Kishmoian vs. Air Industries et al Case No. 18cv5757) seeking, among other relief, cancellation of the 2017 Charter Amendment and rescission of all shares issued in excess of the 25,000,000 shares authorized prior to the adoption of the 2017 Charter Amendment. The complaint purports to allege violations of the federal securities laws based upon the contention that the vote to approve the 2017 Charter Amendment was obtained as a result of votes cast by brokers with discretionary authority, notwithstanding the statement in the 2017 Proxy Statement that brokers were not allowed to exercise discretionary authority over shares held in “street name” absent specific instructions from a beneficial owner.

We are voluntarily making the supplemental information disclosure set forth above. Nothing in this proxy statement shall be deemed an admission of any of the claims or allegations made in the complaint described above or of the legal necessity or materiality under applicable laws of any of the supplemental information disclosures set forth herein. After consulting with Mr. Kishmoian’s counsel we believe that approval of Proposal Two at the 2019 Annual Meeting will address the stated concerns surrounding approval of the 2017 Charter Amendment.

We believe that approval of the 2019 Charter Amendment will remove any concerns as to our ability to issue shares of Common Stock, and as to the validity of shares issued in excess of the 25,000,000 authorized pursuant to the adoption of the 2017 Charter Amendment.

Subsequent to the record date for the 2017 Meeting and prior to May 3, 2019, the record date for the 2019 Annual Meeting (the “Record Date”), we issued approximately 14,458,163 shares of Common Stock. As of May 3, 2019, the record date for the 2019 Annual Meeting, we had outstanding 28,710,983 shares of Common Stock, 3,710,983 more than the 25,000,000 shares we were authorized to issue prior to the adoption of the 2017 Charter Amendment. In addition, we are obligated to issue shares upon conversion of our outstanding convertible notes and upon the exercise of outstanding warrants and options.

## **Required Vote**

Approval of the 2019 Charter Amendment requires the receipt of the affirmative vote of a majority of the outstanding shares of Common Stock. Our directors and officers, including Michael and Robert Taglich, have agreed to vote 3,710,983 shares of Common Stock, including 1,058,919 shares they acquired subsequent to the record date for the 2017 Meeting, in the same proportions as the other shares voted “For” or “Against” with respect to this proposal. We understand that approval of the 2019 Charter Amendment will be considered a “routine matter” for which brokers have

discretionary authority to vote shares held in “street name” in the absence of specific instructions from the beneficial owner.

### **Consequences if Charter Amendment Is Not Approved by Stockholders**

If stockholders do not approve the 2019 Charter Amendment at the Annual Meeting, the due authorization of outstanding shares of Common Stock issued by us in excess of 25,000,000 would remain open to question and we may determine to forebear on issuing any additional shares of Common Stock in the future to finance operations, when and as required, to effect strategic acquisitions to expand our business, to incentivize our independent directors, executives and other key employees pursuant to our equity compensation plans, and to take advantage of other favorable opportunities that may arise to enhance our capital structure, until such questions have been resolved.

**THE BOARD RECOMMENDS A VOTE FOR APPROVAL OF THE 2019 CHARTER AMENDMENT**

**PROPOSAL THREE:**

**Independent Registered Public Accounting Firm**

The Audit Committee has appointed Rotenberg Meril Solomon Bertiger & Guttilla, P.C. to serve as our independent registered public accounting firm and to audit our consolidated financial statements for the fiscal year ending December 31, 2019. Rotenberg Meril Solomon Bertiger & Guttilla, P.C. does not expect to have a representative present at the Annual Meeting.

We are asking our stockholders to ratify the selection of Rotenberg Meril Solomon Bertiger & Guttilla, P.C. as our independent registered public accounting firm for the fiscal year ending December 31, 2019. Although ratification is not required by our By-laws or otherwise, the Board is submitting the selection of Rotenberg Meril Solomon Bertiger & Guttilla, P.C. to our stockholders for ratification because we value our stockholders' views on our independent registered public accounting firm and as a matter of good corporate practice. In the event that our stockholders fail to ratify the selection, it will be considered as a direction to the Board of Directors and the Audit Committee to consider the selection of a different firm. Even if the selection is ratified, the Audit Committee in its discretion may select a different independent registered public accounting firm at any time during the year if it determines that such a change would be in our best interests and the best interests of our stockholders.

***Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Registered Public Accounting Firm***

As required by our Audit Committee charter, our Audit Committee pre-approved the engagement of Rotenberg Meril Solomon Bertiger & Guttilla, P.C. for all audit and permissible non-audit services. The Audit Committee annually reviews the audit and permissible non-audit services performed by our principal accounting firm and reviews and approves the fees charged by our principal accounting firm. The Audit Committee has considered the role of Rotenberg Meril Solomon Bertiger & Guttilla, P.C. in providing tax and audit services and other permissible non-audit services to us and has concluded that the provision of such services, if any, was compatible with the maintenance of such firm's independence in the conduct of its auditing functions.

During fiscal year 2018 and fiscal year 2017, the aggregate fees which we paid to or were billed by Rotenberg Meril Solomon Bertiger & Guttilla, P.C. for professional services were as follows:

	Year Ended	
	December 31,	
	2018	2017
Audit Fees <sup>(1)</sup>	\$612,372	\$832,000
Audit Related Fees <sup>(2)</sup>	94,236	--
Tax Fees <sup>(3)</sup>	65,000	72,000
	\$771,608	\$904,000

Fees for services to perform our annual audit of financial statements, review of financial statements included in our quarterly filings on Form 10-Q, and fees for services that are normally provided by the accountant for statutory and regulatory filings. This category includes fees for services rendered that only the auditor reasonably can provide, including comfort letters, consents, assistance with and review of documents filed with the SEC and accounting and financial reporting consultations billed as audit services. The annual audit fee included in this category was \$367,482 and \$500,000 for 2018 and 2017, respectively. Registration statements, consents and comfort letter fees were \$0 and \$93,000 for 2018 and 2017, respectively. The balance of the fees in this category were for the reviews of our quarterly financial statements.

(2) Fees for assurance and related services that are traditionally performed by our independent registered public accounting firm, such as due diligence services related to mergers and acquisitions, accounting consultation and audits in connections with acquisitions, consultation concerning financial accounting and reporting standards not classified as audit fees and attest services not required by statute or regulation.

(3) Fees for tax compliance, tax advice and planning. Tax compliance generally involves preparation of original and amended tax returns, claims for refunds and tax payment-planning services. Tax planning and tax advice encompass a diverse range of services, including assistance with tax audits and appeals, tax advice related to mergers and acquisitions and requests for rulings or technical advice from taxing authorities.

The proposal to ratify the Audit Committee's selection of Rotenberg Meril Solomon Bertiger & Guttilla, P.C. as our independent registered public accounting firm will require the affirmative vote of the holders of a majority of the outstanding shares of common stock cast in person or by proxy.

## **THE BOARD OF DIRECTORS RECOMMENDS**

### **A VOTE FOR THE ADOPTION OF PROPOSAL THREE**

#### **PROPOSAL FOUR:**

#### **ADVISORY VOTE ON NAMED EXECUTIVE OFFICER COMPENSATION**

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank") requires reporting companies to provide their stockholders with the opportunity to vote, in an advisory capacity, on the compensation of their named executive officers. This requirement is commonly known as a "say on pay" vote.

We are asking stockholders to approve, on an advisory basis, the compensation of our named executive officers for the fiscal year ended December 31, 2018, as disclosed in this Proxy Statement pursuant to Item 402 of Regulation S-K. Shareholders are urged to read the Summary Compensation Table and other related compensation narrative disclosure that describe the compensation of our most highly-compensated executive officers in fiscal year 2012.

Stockholders will be asked to cast a vote to approve, on an advisory basis, our executive compensation program through the following resolution:

RESOLVED, that the stockholders of Air Industries Group approve, on an advisory basis, the compensation of the named executive officers of Air Industries Group, as disclosed pursuant to Item 402 of Regulation S-K, including the Summary Compensation Table and the accompanying narrative disclosure, all as set forth in the Air Industries Group proxy statement for the 2019 Annual Meeting of Stockholders.

The “say on pay” vote is advisory only, meaning that it is non-binding on the Company. However, as a matter of good corporate governance and in compliance with Dodd-Frank, our Board and Compensation Committee will carefully consider the voting results of this proposal in determining the future compensation of our named executive officers.

**OUR BOARD RECOMMENDS A VOTE FOR THE APPROVAL OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS.**

**PROPOSAL FIVE:**

**ADVISORY VOTE ON FREQUENCY OF FUTURE ADVISORY VOTES ON NAMED EXECUTIVE OFFICER COMPENSATION**

In addition to the advisory approval of compensation for our named executive officers, we are asking stockholders to cast an advisory vote regarding the frequency of future executive compensation advisory votes. Stockholders may vote for a frequency of every one, two or three years, or may abstain. Dodd-Frank requires we hold this advisory vote on the frequency of future executive compensation advisory votes at least once every six years.

Accordingly, our Board is asking shareholders to vote, on a non-binding advisory basis, on the following resolution:

RESOLVED, that the shareholders recommend, in a non-binding vote, that the frequency with which the stockholders of the Company shall have an advisory vote on executive compensation is:

Choice 1—every one year;

Choice 2—every two years;

Choice 3—every three years; or

Choice 4—abstain from voting;

and that the option of once every one, two or three years that receives the highest number of votes cast will be considered to be the preferred frequency of the stockholders with which the Company is to hold future non-binding stockholder advisory votes on executive compensation.

Stockholders are not voting to approve or disapprove of the Board's recommendation.

Our Board will take into consideration the outcome of this vote in making a determination about the frequency of future executive compensation advisory votes. However, because this vote is advisory and non-binding, our Board



may decide that it is in the best interests of our stockholders and the Company to hold the advisory vote to approve executive compensation more or less frequently.

We seek and are open to input from our shareholders regarding board and governance matters, as well as our executive compensation policies. We believe this outreach to stockholders, and our stockholders' ability to contact us at any time to express specific views on executive compensation, hold us accountable to stockholders and reduce the need for and value of more frequent advisory votes on executive compensation.

Since we desire to hear the views of our stockholders concerning the frequency for holding non-binding stockholder votes to approve the compensation of our named executive officers, our Board of Directors makes no recommendation with respect to this proposal.

Instead, each proxy card provides for four choices with respect to this proposal: a one, two or three year frequency, or stockholders may abstain from voting on the proposal and you are being asked only to express your preference for a one, two or three year frequency or to abstain from voting.

Your vote on this proposal will be non-binding on us and the Board of Directors and will not be construed as overruling a decision by us or the Board of Directors. Your vote will not create or imply any change to our fiduciary duties or create or imply any additional fiduciary duties for us or the Board of Directors. However, the Board of Directors values the opinions that our stockholders express in their votes and will consider the outcome of the vote when making such future compensation decisions as it deems appropriate.

**THE BOARD OF DIRECTORS MAKES NO RECOMMENDATION WITH RESPECT TO PROPOSAL FIVE.**

## **STOCKHOLDER PROPOSALS**

Stockholders wishing to include proposals in the proxy materials in relation to our 2020 Annual Meeting of Stockholders must submit the same in writing, by mail, first-class postage pre-paid, to Air Industries Group, 1460 Fifth Avenue, Bay Shore, NY 11706, Attention: Corporate Secretary, which must be received at our executive office on or before January 15, 2020 (unless we hold our annual meeting more than 30 days earlier next year, in which case the deadline will be a reasonable period of time prior to the date we begin to print and send our proxy materials for the annual meeting). Our Board of Directors will review any stockholder proposals that are filed as required and, with the assistance of our Corporate Secretary, will determine whether such proposals meet the criteria prescribed by Rule 14a-8 under the Exchange Act for inclusion in our 2020 proxy solicitation materials or consideration at the 2020 Annual Meeting. If the stockholder does not also comply with the requirements of Rule 14a-4(c) under the Exchange Act, we may exercise discretionary voting authority under proxies we solicit to vote in accordance with our best judgment on any such stockholder proposal or nomination.

## **OTHER MATTERS**

Our Board of Directors does not know of any matter to be brought before the Annual Meeting other than the matters set forth in the Notice of Annual Meeting of Stockholders and matters incident to the conduct of the Annual Meeting. If any other matter should properly come before the Annual Meeting, the persons named in the enclosed proxy card will have discretionary authority to vote all proxies with respect thereto in accordance with their best judgment.

## **ANNUAL REPORT**

A copy of our Annual Report on Form 10-K for the year ended December 31, 2018, as amended (the “2018 Form 10-K”), is enclosed with this Proxy Statement and is available on our website (<http://www.airindustriesgroup.com>). We will provide copies of the exhibits to the 2018 Form 10-K upon payment of a nominal fee to cover the reasonable expenses of providing those exhibits. Requests should be directed to our Corporate Secretary by phone at (631) 881-4920 or by mail to Air Industries Group, 1460 Fifth Avenue, Bay Shore, NY 11706. The 2018 Form 10-K and the exhibits thereto also are available free of charge from the SEC’s website (<http://www.sec.gov>). The Annual Report is not to be considered as proxy solicitation material.

By Order of the Board of Directors,

May 16, 2019 /s/ Luciano Melluzzo  
*President and Chief Executive Officer*



**Appendix A**

**BARBARA K. CEGAVSKE**  
Secretary of State  
202 North Carson Street  
Carson City, Nevada 89701-4201  
(775) 684-5708

**Website: [www.nvsos.gov](http://www.nvsos.gov)**

**Certificate of Amendment**  
(PURSUANT TO NRS 78.385  
AND 78.390)

**USE BLACK INK ONLY - DO NOT HIGHLIGHT ABOVE SPACE IS FOR OFFICE USE ONLY**

**Certificate of Amendment to Articles of Incorporation**

**For Nevada Profit Corporations**

**(Pursuant to NRS 78.385 and 78.390 - After Issuance of Stock)**

1. Name of corporation:

Air Industries Group

2. The articles have been amended as follows: (provide article numbers, if available)

Article 3 is amended to read as follows:

“3. Authorized Stock.

The Corporation shall be authorized to issue 63,000,000 shares of capital stock, of which 60,000,000 shares shall be shares of common stock, \$0.001 par value, and 3,000,000 shares shall be shares of preferred Stock, \$0.001 par value.

3. The vote by which the stockholders holding shares in the corporation entitling them to exercise at least a majority of the voting power, or such greater proportion of the voting power as may be required in the case of a vote by classes or series, or as may be required by the provisions of the articles of incorporation\* have voted in favor of the amendment is:

a majority of voting  
power

4. Effective date and time of filing: (optional) Date: Time:  
(must not be  
later than 90  
days after the  
certificate is  
filed)

5. Signature: (required)

X  
**Signature of Officer**

\* If any proposed amendment would alter or change any preference or any relative or other right given to any class or series of outstanding shares, then the amendment must be approved by the vote, in addition to the affirmative vote otherwise required, of the holders of shares representing a majority of the voting power of each class or series affected by the amendment regardless to limitations or restrictions on the voting power thereof.

**IMPORTANT:** Failure to include any of the above information and submit with the proper fees may cause this filing to be rejected.

*This form must be accompanied by appropriate fees.*

Nevada Secretary of State Amend Profit-After  
**Reset** Revised: 1-5-15

**YOU HAVE THE OPTION OF VOTING YOUR PROXY VIA THE INTERNET AT WWW.PROXYVOTE.COM OR TOLL FREE VIA TOUCH-TONE PHONE AT 1-800-690-6903. YOU MAY VOTE UP UNTIL 11:59 P.M. EASTERN TIME ON JUNE 24, 2019.**

**ALTERNATIVELY, STOCKHOLDERS MAY CHOOSE TO VOTE BY MAIL VIA PROXY. IF YOU WISH TO VOTE BY PROXY, WE WILL PROMPTLY DELIVER, UPON ORAL OR WRITTEN REQUEST, A COPY OF THE PROXY MATERIALS TO YOU. WE WILL FILL YOUR REQUEST IN THREE BUSINESS DAYS. YOU MAY REQUEST PAPER OR E-MAIL DELIVERY BY CALLING 1-800-579-1639 OR BY MAIL TO AIR INDUSTRIES GROUP, 1460 FIFTH AVENUE, BAY SHORE, NY 11706.**

**UPON RECEIPT OF A PROXY CARD, YOU ARE REQUESTED TO DATE AND SIGN THE PROXY CARD AND RETURN IT IN THE SELF-ADDRESSED ENVELOPE WHICH WE WILL PROVIDE. NO POSTAGE IS REQUIRED IF MAILED IN THE UNITED STATES. YOUR PROMPT RESPONSE WILL BE HELPFUL, AND YOUR COOPERATION WILL BE APPRECIATED.**

**VOTE BY INTERNET - [www.proxyvote.com](http://www.proxyvote.com)**

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time on June 24, 2019. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS**

If you would like to reduce the costs incurred by Air Industries Group in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

**VOTE BY PHONE - 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time on June 24, 2019. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

**AIR  
INDUSTRIES  
GROUP**

**1460 Fifth  
Avenue**

**Bay Shore, NY  
11706**

TO VOTE, MARK BLOCKS BELOW IN BLUE M46399-P18838  
OR BLACK INK AS FOLLOWS:

KEEP THIS PORTION FOR YOUR RECORDS

-----  
DETACH AND RETURN THIS PORTION ONLY

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.**

**AIR INDUSTRIES GROUP**

**The Board of Directors recommends you vote**

FOR the following:

<b>For</b>	<b>Withhold</b>	<b>For</b>	To withhold authority to vote for any individual nominee(s), mark "For All Except" and write the number(s) of the nominee(s) on the line below.
<b>All</b>	<b>All</b>	<b>All</b>	
		<b>Except</b>	

1. Election of Directors

- |                         |                          |
|-------------------------|--------------------------|
| 01) Michael N. Taglich  | 05) Robert C. Schroeder  |
| 02) Peter D. Rettaliata | 06) Michael Brand        |
| 03) Robert F. Taglich   | 07) Michael D. Porcelain |
| 04) David J. Buonanno   |                          |

**The Board of Directors recommends you vote FOR items 2, 3 and 4.**

- |  |                            |
|--|----------------------------|
| 2. Approval of the 2019 Amendment increasing the number of shares we are authorized to issue to 60,000,000.  | <b>FOR AGAINST ABSTAIN</b> |
| 3. Ratification of the appointment of Rotenberg Meril Solomon Bertiger & Guttilla, P.C. as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2019. | <b>FOR AGAINST ABSTAIN</b> |
| 4. Adoption, on an advisory basis, of a resolution approving the compensation of the Named Executive Officers for 2018.  | <b>FOR AGAINST ABSTAIN</b> |

**The Board makes no recommendation with respect to the following proposal.**      **1 YR 2 YRS 3 YRS      ABSTAIN**

5. Adoption, on an advisory basis, of a proposal on the frequency of future executive compensation.

NOTE: The shares represented by this proxy when properly executed will be voted in the manner directed herein by the undersigned Stockholder(s) and, in the discretion of the proxies, upon such other business as may properly come before the meeting. If no direction is made, this proxy will be voted FOR the nominees for the Board of Directors listed in item 1, and FOR items 2, 3 4 and 5 (with every 3 years as to the frequency of an advisory vote on executive compensation).

**YES    NO**

Please indicate if you plan to attend this meeting.

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name, by authorized officer.

Signature [PLEASE SIGN WITHIN  
BOX]

Date

Signature (Joint Owners)

Date



**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:**

The Annual Report to Stockholders, including Annual Report on Form 10-K, Notice of Annual Meeting of Stockholders and Proxy Statement are available at [www.proxyvote.com](http://www.proxyvote.com).

M46400-P18838

**AIR INDUSTRIES GROUP**

**Annual Meeting of Stockholders**

**June 25, 2019**

**This Proxy is Solicited on Behalf of the Board of Directors**

The stockholder(s) hereby appoint(s) Luciano Melluzzo and Michael E. Recca, and each of them, as proxies, each with the power of substitution, and hereby authorize(s) them to represent and to vote, as designated on the reverse side of this ballot, all of the shares of Common Stock of Air Industries Group (the "Company") that the stockholder(s) is/are entitled to vote at the Annual Meeting of Stockholders to be held at 10:00 A.M., Eastern Time, on June 25, 2019, at the offices of the Company, 1460 Fifth Avenue, Bay Shore, New York 11706, and at any adjournment or postponement thereof.

**THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED AS DIRECTED BY THE STOCKHOLDER(S). IF NO SUCH DIRECTIONS ARE MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF THE NOMINEES FOR THE BOARD OF DIRECTORS LISTED ON THE REVERSE SIDE, AND FOR PROPOSALS 2, 3, 4 and 5 (with every 3 years as to the frequency of an advisory vote on executive compensation).**

**PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY CARD PROMPTLY USING THE ENCLOSED REPLY ENVELOPE.**

**Continued and to be signed on reverse side**