

RCM TECHNOLOGIES INC
Form DEFC14A
October 30, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant

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 Under Rule 14a-12

RCM TECHNOLOGIES, INC.
(Name of Registrant as Specified in Its Charter)

IRS PARTNERS NO. 19, L.P.
THE LEONETTI/O'CONNELL FAMILY FOUNDATION
M2O, INC.
THE MICHAEL F. O'CONNELL AND MARGO L. O'CONNELL REVOCABLE TRUST
MICHAEL F. O'CONNELL
LEGION PARTNERS ASSET MANAGEMENT, LLC
CHRISTOPHER S. KIPER
BRADLEY S. VIZI
ROGER H. BALLOU
(Name of Persons(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.

“ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials:

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount previously paid:

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

(3) Filing Party:

(4) Date Filed:

LEGION PARTNERS ASSET MANAGEMENT, LLC
IRS PARTNERS NO. 19, L.P.

October 30, 2013

Dear Fellow Stockholder:

Legion Partners Asset Management, LLC, a Delaware limited liability company, IRS Partners No. 19, L.P., a Delaware limited partnership, and the other participants in this solicitation (collectively, “we”) are the beneficial owners of an aggregate of 1,647,849 shares of common stock, par value \$0.05 per share, of RCM Technologies, Inc., a Nevada corporation (the “Company” or “RCM”), representing approximately 13.3% of the shares of common stock outstanding. For the reasons set forth in the attached Proxy Statement, we do not believe certain members of the Board of Directors of the Company (the “Board”) are acting in the best interests of its stockholders. We are therefore seeking your support at the 2013 annual meeting of stockholders scheduled to be held at the offices of Morgan, Lewis & Bockius LLP, 1701 Market Street, Philadelphia, Pennsylvania 19103 on Thursday, December 5, 2013, at 6:00 p.m., local time, including any adjournment or postponement thereof and any meeting which may be called in lieu thereof (the “2013 Annual Meeting”), for the following:

1. To elect our slate of two director nominees in opposition to two of the Company’s nominees to serve until the Company’s next annual meeting of stockholders or until their successors have been duly elected and qualified;
2. To ratify the Audit Committee’s selection of EisnerAmper LLP as the Company’s independent registered public accounting firm for the fiscal year ending December 28, 2013;
3. To approve, on an advisory basis, the compensation paid to the Company’s named executive officers;
4. To select, on an advisory basis, the frequency of future advisory votes on the compensation paid to the Company’s named executive officers;
5. To approve our non-binding proposal to request that the Board adopt a policy that the Board’s Chairman be an independent director according to the definition set forth in the NASDAQ listing standards; and
6. To transact any other business that may properly come before the 2013 Annual Meeting or any adjournment or postponement thereof.

We urge you to carefully consider the information contained in the attached Proxy Statement and then support our efforts by signing, dating and returning the enclosed GOLD proxy card today. The attached Proxy Statement and the enclosed GOLD proxy card are first being furnished to the stockholders on or about October 30, 2013.

If you have already voted for management's slate on the White proxy card, you have every right to change your vote by signing, dating and returning a later dated GOLD proxy card or by voting in person at the 2013 Annual Meeting. Please vote each and every GOLD proxy card you receive.

If you have any questions or require any assistance with your vote, please contact Okapi Partners LLC, which is assisting us, at their address and toll-free numbers listed below.

Thank you for your support,

Bradley S. Vizi
Legion Partners Asset Management, LLC

Michael F. O'Connell
IRS Partners No. 19, L.P.

If you have any questions, require assistance in voting your GOLD proxy card, or need additional copies of the Stockholder Group's proxy materials, please contact Okapi Partners at the phone numbers or email listed below.

OKAPI PARTNERS LLC
437 Madison Avenue, 28th Floor
New York, NY 10022
(212) 297-0720
Call Toll-Free at: (877) 566-1922
E-mail: info@okapipartners.com

2013 ANNUAL MEETING OF STOCKHOLDERS
OF
RCM TECHNOLOGIES, INC.

PROXY STATEMENT
OF

LEGION PARTNERS ASSET MANAGEMENT, LLC
AND
IRS PARTNERS NO. 19, L.P.

PLEASE SIGN, DATE AND MAIL THE ENCLOSED GOLD PROXY CARD TODAY

Legion Partners Asset Management, LLC, a Delaware limited liability company (“Legion Partners”), together with IRS Partners No. 19, L.P., a Delaware limited partnership (“IRS Partners”), and the other participants in this solicitation (collectively, the “Stockholder Group” or “we”) are significant stockholders of RCM Technologies, Inc., a Nevada corporation (“RCM” or the “Company”). We believe that the Board of Directors of the Company (the “Board”) is not acting in the best interests of the Company’s stockholders. We are therefore seeking your support at the annual meeting of stockholders scheduled to be held at the offices of Morgan, Lewis & Bockius LLP, 1701 Market Street, Philadelphia, Pennsylvania 19103 on Thursday, December 5, 2013, at 6:00 p.m., local time, including any adjournment or postponement thereof and any meeting which may be called in lieu thereof (the “2013 Annual Meeting”), for the following:

1. To elect the Stockholder Group’s director nominees, Roger H. Ballou and Bradley S. Vizi (each a “Nominee” and collectively, the “Nominees”), in opposition to two of the Company’s director nominees, to serve until the Company’s next annual meeting of stockholders or until their respective successors have been duly elected and qualified;
2. To ratify the Audit Committee’s selection of EisnerAmper LLP as the Company’s independent registered public accounting firm for the fiscal year ending December 28, 2013;
3. To approve, on an advisory basis, the compensation paid to the Company’s named executive officers (the “Say-on-Pay Proposal”);
4. To select, on an advisory basis, the frequency of future advisory votes on the compensation paid to the Company’s named executive officers (the “Say-on-Pay Frequency Proposal”);

5. To approve the Stockholder Group's non-binding proposal to request that the Board adopt a policy that the Board's Chairman be an independent director according to the definition set forth in the NASDAQ listing standards (the "Independent Chairman Proposal"); and
6. To transact any other business that may properly come before the 2013 Annual Meeting or any adjournment or postponement thereof.

For the past 18 years, until October 18, 2013, the Company maintained a classified Board, consisting of two Class A directors, two Class B directors, and two Class C directors. However, in consideration of our proposal to eliminate the classification of the Board beginning with the 2014 annual meeting of stockholders (the "2014 Annual Meeting") and to require that all directors stand for election annually, which we intended to bring before the 2013 Annual Meeting, the Board approved an amendment to its Bylaws, on October 18, 2013, to provide that directors will, beginning with the 2013 Annual Meeting, be elected to one-year terms. Accordingly, two directors are up for election at the 2013 Annual Meeting. All nominees for election to the Board at the 2013 Annual Meeting and at the 2014 and 2015 annual meetings of stockholders will be elected to serve for one-year terms and until their successors have been elected and qualified. The Company's directors who were previously elected to three-year terms will continue to serve until the end of their terms, which expire in 2014 and 2015.

We are seeking your support at the 2013 Annual Meeting to elect our two Nominees in opposition to the Company's two director nominees to serve a one-year term or until their respective successors have been duly elected and qualified. If elected, such Nominees will represent a minority of the members of the Board, and therefore it is not guaranteed that they can implement the actions that they believe are necessary to enhance stockholder value. However, we believe the election of our Nominees is an important step in the right direction for enhancing long-term value at the Company. The enclosed GOLD proxy card may only be voted for our Nominees and does not confer voting power with respect to the Company's nominees. You can only vote for the Company's nominees by signing and returning a proxy card provided by the Company. Stockholders should refer to the Company's proxy statement for the names, backgrounds, qualifications and other information concerning the Company's nominees.

IRS Partners, together with The Leonetti/O'Connell Family Foundation, a Delaware non-profit corporation (the "Foundation"), M2O, Inc., a California corporation ("M2O"), The Michael F. O'Connell and Margo L. O'Connell Revocable Trust (the "Trust", together with IRS Partners, the Foundation, and M2O, the "O'Connell Entities"), Michael F. O'Connell ("Mr. O'Connell"), Christopher S. Kiper ("Mr. Kiper"), Bradley S. Vizi ("Mr. Vizi"), and Roger H. Ballou (Mr. Ballou), are members of a group led by Legion Partners, formed in connection with this proxy solicitation. Each of such members is deemed a participant in this proxy solicitation.

The Company has set the record date for determining stockholders entitled to notice of and to vote at the 2013 Annual Meeting as October 18, 2013 (the "Record Date"). The mailing address of the principal executive offices of the Company is 2500 McClellan Avenue, Suite 350, Pennsauken, New Jersey 08109. Stockholders of record at the close of business on the Record Date will be entitled to vote at the 2013 Annual Meeting. According to the Company, as of the Record Date, there were 12,365,673 shares of Common Stock, par value \$0.05 per share (the "Shares"), outstanding and entitled to vote at the 2013 Annual Meeting. As of the Record Date, the Stockholder Group owned an aggregate of 1,647,849 Shares, which represents approximately 13.3% of the Shares outstanding. We intend to vote such Shares FOR the election of the Nominees, FOR the ratification of the appointment of EisnerAmper LLP, AGAINST the Say-on-Pay Proposal, for future advisory votes on executive compensation to be held every ONE year with respect to the Say-on-Pay Frequency Proposal, and FOR the Independent Chairman Proposal, as further described herein.

THIS SOLICITATION IS BEING MADE BY THE STOCKHOLDER GROUP AND NOT ON BEHALF OF THE BOARD OR MANAGEMENT OF THE COMPANY. WE ARE NOT AWARE OF ANY OTHER MATTERS TO BE BROUGHT BEFORE THE 2013 ANNUAL MEETING OTHER THAN AS DESCRIBED HEREIN. SHOULD OTHER MATTERS, WHICH WE ARE NOT AWARE OF A REASONABLE TIME BEFORE THIS SOLICITATION, BE BROUGHT BEFORE THE 2013 ANNUAL MEETING, THE PERSONS NAMED AS PROXIES IN THE ENCLOSED GOLD PROXY CARD WILL VOTE ON SUCH MATTERS IN THEIR DISCRETION.

WE URGE YOU TO SIGN, DATE AND RETURN THE GOLD PROXY CARD IN FAVOR OF THE ELECTION OF OUR NOMINEES.

IF YOU HAVE ALREADY SENT A PROXY CARD FURNISHED BY COMPANY MANAGEMENT OR THE BOARD, YOU MAY REVOKE THAT PROXY AND VOTE FOR EACH OF THE PROPOSALS DESCRIBED IN THIS PROXY STATEMENT BY SIGNING, DATING AND RETURNING THE ENCLOSED GOLD PROXY CARD. THE LATEST DATED PROXY IS THE ONLY ONE THAT COUNTS. ANY PROXY MAY BE REVOKED AT ANY TIME PRIOR TO THE 2013 ANNUAL MEETING BY DELIVERING A WRITTEN NOTICE OF REVOCATION OR A LATER DATED PROXY FOR THE 2013 ANNUAL MEETING OR BY VOTING IN PERSON AT THE 2013 ANNUAL MEETING.

Important Notice Regarding the Availability of Proxy Materials
for the 2013 Annual Meeting

This Proxy Statement and GOLD proxy card are available at
www.okapivote.com/RCMTechnologies

IMPORTANT

Your vote is important, no matter the number of Shares you own. We urge you to sign, date, and return the enclosed GOLD proxy card today to vote FOR the election of our Nominees and FOR the Independent Chairman Proposal.

- If your Shares are registered in your own name, please sign and date the enclosed GOLD proxy card and return it to IRS Partners, c/o Okapi Partners LLC (“Okapi”) in the enclosed postage-paid envelope today.
- If your Shares are held in a brokerage account or bank, you are considered the beneficial owner of the Shares, and these proxy materials, together with a GOLD voting form, are being forwarded to you by your broker or bank. As a beneficial owner, you must instruct your broker, trustee or other representative how to vote. Your broker cannot vote your Shares on your behalf without your instructions.
- Depending upon your broker or custodian, you may be able to vote either by toll-free telephone or by the Internet. Please refer to the enclosed voting form for instructions on how to vote electronically. You may also vote by signing, dating and returning the enclosed voting form.

Since only your latest dated proxy card will count, we urge you not to return any proxy card you receive from the Company. Even if you return a RCM proxy card marked “withhold” as a protest against the incumbent directors, it will revoke any proxy card you may have previously sent to us. Remember, you can vote for our independent Nominees only on our GOLD proxy card, and we ask that you vote each GOLD card that you receive in the mail. Please make certain that the latest dated proxy card you return is the GOLD proxy card.

If you have any questions, require assistance in voting your GOLD proxy card, or need additional copies of the Stockholder Group’s proxy materials, please contact Okapi Partners at the phone numbers or email listed below.

OKAPI PARTNERS LLC
437 Madison Avenue, 28th Floor
New York, NY 10022
(212) 297-0720
Call Toll-Free at: (877) 566-1922
E-mail: info@okapipartners.com

BACKGROUND TO THE SOLICITATION

The following is a chronology of the material events leading up to this proxy solicitation.

- On February 10, 2011, Messrs. Vizi and Kiper had an introductory call with Leon Kopyt, the Company's Chairman, President and Chief Executive Officer, to discuss RCM's business strategy and weaknesses in its IT segment. Mr. Vizi indicated that Legion Partners was an active investor dedicated to increasing stockholder value.
- In March 2011, Messrs. Vizi and Kiper had several calls with Kevin Miller, the Company's Chief Financial Officer, regarding RCM's business strategy, key business drivers, issues within its business segments, past acquisitions, capital allocation, capital spending budget, nuclear power outlook, IT sales hiring plan, and business prospects, particularly in engineering and specialty healthcare. Mr. Miller sent business unit brochures as a follow-up to these conversations.
- On April 12, 2011, Messrs. Vizi and Kiper met with Messrs. Miller and Kopyt at RCM's headquarters and discussed RCM's strategy for each business segment, the Company's capital allocation, and the Company's capital spending program.
- In June 2011, Messrs. Vizi and Kiper had a follow up call with Mr. Miller on RCM's strategy. Mr. Miller sent to Messrs. Vizi and Kiper, copies of the report by Institutional Shareholder Services Inc. ("ISS"), a leading proxy advisory firm, related to the Company's prior year annual meeting and a list of primary competitors to RCM's engineering segment.
- In August 2011, Legion Partners communicated with the Company's management regarding the Company's second quarter 2011 results and raised the concept of returning excess cash to stockholders. Legion Partners sent Mr. Miller a presentation on its views with respect to improving the Company's capital allocation. In the presentation, Legion Partners expressed its belief that good capital allocation could drive increased investor interest in the Company's stock and argued the benefits of companies with large cash balances returning cash to stockholders through buybacks and/or dividends.
- In January 2012, Messrs. Vizi and Kiper had several meetings with management, including Michael Saks, the Company's Senior Vice President and General Manager of Healthcare, Rocco Campanelli, the Company's Senior Vice President and General Manager of Engineering, Tim Brandt, the Company's Senior Vice President and General Manager of Information Technology, Mr. Miller and Mr. Kopyt, in which the parties discussed, among other things, the Company's sales efforts, staffing and capital allocation.
- In April 2012, Mr. Vizi had a call with Mr. Kopyt and formally requested Board representation on behalf of the Stockholder Group.

- On May 22, 2012, Mr. Vizi had several calls with Mr. Kopyt regarding the Company's nomination process for Board representation. Messrs. Vizi and Kopyt also discussed setting up a meeting between Mr. Vizi and the entire Board.
- On June 13, 2012, Mr. Vizi had a casual dinner meeting with all of the current Board members and Messrs. Kopyt, Miller and Campanelli. The Company's 2012 annual meeting of stockholders was held the following day.
- In June and August 2012, Mr. Vizi and Mr. Kopyt exchange emails regarding an agreement to provide the Stockholder Group with representation on the Board in order to avoid a proxy contest.
- On September 5, 2012, Mr. Kopyt sent Mr. Vizi a draft agreement in which Mr. Vizi would be appointed to the Board in exchange for the Stockholder Group agreeing not to, among other things, take any action seeking to acquire the Company, engage in a proxy solicitation in opposition to the Board's recommendation, or seek to control or influence the Board or management, until the 2015 annual meeting of stockholders. The Stockholder Group believed that the agreement would not result in meaningful change to the Board and would maintain the status quo while preventing the group from exercising its rights as a stockholder and holding the Board accountable in the future for the Company's performance.
- On September 25, 2012, Mr. Vizi sent Mr. Kopyt a letter rejecting RCM's proposed agreement. Mr. Vizi indicated that as the Company's largest stockholder, the Stockholder Group would actively monitor the performance of its investment and continue to be constructive in future conversations.
- On January 2, 2013, IRS Partners delivered a letter (the "Original Notice") notifying the Company of its intent to nominate the Nominees for election to the Board and submit the following three business proposals for consideration at the 2013 Annual Meeting: (i) that the Board amend the Company's Bylaws to eliminate the classification of the Board and to require that all directors stand for election annually beginning with the 2014 Annual Meeting, (ii) that the Board amend the Company's Bylaws to provide that director nominees be elected by the affirmative vote of the majority of votes cast at an annual meeting of stockholders, with a plurality vote standard retained for contested director elections, that is, when the number of director nominees exceeds the number of board seats, and (iii) the Independent Chairman Proposal. The Stockholder Group proposed implementation of the declassification proposal beginning with the 2014 Annual Meeting because such proposal was non-binding and could only be implemented after the 2013 Annual Meeting if the Board agreed to amend the Company's Bylaws.

- On January 10, 2013, Legion Partners received a letter from Leon Kopyt acknowledging receipt of the Original Notice and suggesting that Messrs. Vizi and Kiper meet with the Company to discuss the Stockholder Group's views on RCM and the purposes for the group's nominations and proposals set forth in the Original Notice.
- On January 24, 2013, Mr. Vizi and Mr. Kopyt had a meeting to discuss the Stockholder Group's concerns about the Company's financial performance and the purposes for the Stockholder Group's nominations and proposals set forth in the Original Notice. At the meeting, Mr. Kopyt offered to add Mr. Vizi to the Board at the 2013 Annual Meeting, holding the title Vice Chairman, and to offer suggestions as to an additional independent director to replace one director who is scheduled to be up for election at the 2014 Annual Meeting of stockholders, if the Stockholder Group signed a sufficient standstill.
- On January 25, 2013, Mr. Vizi and Mr. Kopyt had a telephone conversation as a follow up to the meeting held a day earlier. Mr. Vizi reiterated that there was no possibility of a settlement that did not entail meaningful change to the Board's composition.
- On January 31, 2013, the Company announced that on January 30, 2013, the Board adopted a stockholder rights plan (the "Rights Plan"), declaring a dividend distribution of one right for each outstanding share of common stock upon a person or group acquiring 15% or more of the outstanding common stock of the Company, whereby each right would entitle the holder thereof to purchase from the Company a unit consisting of one-hundredth of a share of Series A-2 Junior Participating Preferred Shares, par value \$1.00 per share, of the Company, or a combination of securities and assets of equivalent value, at a purchase price of \$15.00 per unit. As of January 31, 2013, the Stockholder Group owned in the aggregate approximately 12.4% of the Company.
- Also on January 31, 2013, Mr. Vizi received a letter from Mr. Kopyt purporting to summarize the matters discussed at their meeting on January 24, 2013 and telephone conversation on January 25, 2013. In the letter, Mr. Kopyt alleged that the Stockholder Group was interested in exploring an acquisition of RCM and had the goal of seeking to control RCM.

- On February 4, 2013, Mr. Vizi responded on behalf of the Stockholder Group to Mr. Kopyt's letter dated January 31, 2013 and the recent corporate governance actions taken by the Board. In the letter, Mr. Vizi corrected Mr. Kopyt's misimpressions surrounding the intent of the Stockholder Group's nomination of the Nominees. Mr. Vizi clarified that the Stockholder Group was not proposing to acquire or obtain control of the Company. Instead, Mr. Vizi stated that the Stockholder Group believes that meaningful change is warranted at the Board level to address the Company's poor financial performance, ill-advised acquisition strategy which has resulted in approximately \$150 million in write-offs associated with goodwill and other intangibles, and questionable corporate governance practices, including having a classified Board and the adoption of a Rights Plan without stockholder approval, among other things. Mr. Vizi also questioned the independence of the Board's independent directors in light of their approval of executive severance agreements with the Company's Executive Vice President and Chief Financial Officer, notwithstanding the Company's poor financial performance. Mr. Vizi then clarified that the enhancement of stockholder value is the Stockholder Group's primary concern and that the Stockholder Group believes greater stockholder representation on the Board is necessary to ensure the proper coalescence of interests between the Board and stockholders.
- On February 8, 2013, Mr. Vizi received a letter from Mr. Kopyt claiming again that the Stockholder Group's motive was to acquire control over RCM. Mr. Kopyt also indicated that the Board's previous offer was to add one Nominee and one additional independent member at the 2013 Annual Meeting.
- On February 11, 2013, Mr. Vizi responded on behalf of the Stockholder Group to Mr. Kopyt's letter dated February 8, 2013. Mr. Vizi again clarified that the Stockholder Group is not proposing to acquire or obtain control of the Company. Mr. Vizi further clarified that expanding the Board by one Director, signing a standstill, and perpetuating the status quo would not result in meaningful change.
- On May 15, 2013, the Stockholder Group issued a press release calling upon management to schedule the 2013 Annual Meeting and requesting a detailed reason for the delay in scheduling the 2013 Annual Meeting. In the press release, Mr. Vizi argued that given the number of challenges facing the Company, it was not the time to perpetuate the status quo or disenfranchise stockholders. Mr. Vizi also expressed his disappointment with the Company's adoption of a poison pill with a 15% threshold without stockholder approval and its delay of the 2013 Annual Meeting, which he believes is further evidence of an entrenched board that warrants change.
- On May 28, 2013, the Board announced that it had approved an amendment to its previously adopted Rights Plan to add a qualified offer/stockholder redemption provision. The Board also announced that it intended to submit the Rights Plan for ratification at the 2013 Annual Meeting.
- On June 12, 2013, the Company announced the appointment of Robert B. Kerr to serve as lead independent director, a director who has served on the Board for nineteen (19) years.

- From July until September 2013, the Stockholder Group and RCM discussed a possible settlement of the director election contest. A settlement could not be reached which, in the opinion of the Stockholder Group, would adequately address the significant concerns and issues it had raised and result in meaningful improvement in the Board's alignment of interests with the Company's stockholders. In the Company's proxy materials, the Company claims that we insisted that the Company delay the declassification of the Board until the 2014 Annual Meeting. We believe this is a complete mischaracterization of our settlement discussions. To set the record straight, we were amenable to the implementation of the declassification proposal at the 2013 Annual Meeting if the Company in turn agreed that all directors would stand for re-election to serve one-year terms at the 2014 Annual Meeting (not just the Stockholder Group's two Nominees).
- On October 1, 2013, the Company announced that it had scheduled a date for the 2013 Annual Meeting. Since the date of the 2013 Annual Meeting was scheduled more than 30 days after the anniversary of the Company's 2012 annual meeting of stockholders (in fact almost six (6) months after the anniversary of the Company's 2012 annual meeting of stockholders), the Company required stockholders to resubmit written notice of its intention to bring business or nominate director candidates for election at the 2013 Annual Meeting by October 15, 2013.
- On October 3, 2013, IRS Partners resubmitted notice of its intention to nominate the Nominees for election to the Board and present the same three business proposals set forth in its Original Notice for consideration at the 2013 Annual Meeting.
- On October 18, 2013, the Company filed preliminary proxy materials relating to the 2013 Annual Meeting. In the Company's proxy materials, the Board announced that on October 18, 2013, in consideration of the Stockholder Group's proposals, it had determined to amend the Company's Bylaws to (i) eliminate the classification of the Board and to require that all directors stand for election annually beginning with the 2013 Annual Meeting and (ii) provide that director nominees be elected by the affirmative vote of the majority of votes cast at an annual meeting of stockholders, with a plurality vote standard retained for contested director elections. The Board also announced that it was against the adoption of the Independent Chairman Proposal. Further, the Board did not include in its proxy materials a proposal asking stockholders to ratify the Rights Plan, despite its prior announcement that it intended to allow stockholders to vote upon the Rights Plan at the 2013 Annual Meeting. As discussed above, we believe that the Company's characterization of our settlement discussions in its proxy materials, that we insisted that the Company delay implementation of the declassification of the Board until the 2014 Annual Meeting, is inaccurate. We were amenable to the implementation of the declassification proposal at the 2013 Annual Meeting if the Company in turn agreed that all directors would stand for re-election to serve one-year terms at the 2014 Annual Meeting (not just the Stockholder Group's two Nominees). We note that while the Company has agreed to declassify the Board at the 2013 Annual Meeting, only two director seats are up for election at the 2013 Annual Meeting and the other incumbent directors who were previously elected to three-year terms will continue to serve until the end of their terms, which expire in 2014 and 2015.

REASONS FOR OUR SOLICITATION

Legion Partners, together with IRS Partners and the other participants named herein, have formed a group for the purpose of maximizing the long-term value of RCM for the benefit of all stockholders. Collectively, the Stockholder Group owns approximately 13.3% of the outstanding shares of RCM, making us the largest stockholder of the Company. We are soliciting your support to elect our two Nominees at the 2013 Annual Meeting because we believe the Board has not acted in your best interests. As discussed in more detail below, we have serious concerns with the Company's poor stock performance, poor operating performance, pursuit of an ill-advised acquisition strategy, poor corporate governance practices, and questionable compensation practices. We do not believe these concerns will be remedied unless the Board is reconstituted with new, independent directors. Our Nominees are committed to exercising their independent judgment in all matters before the Board and, if elected, they will attempt to work constructively with the other members of the Board to address these concerns and to ensure that the interests of all stockholders are protected.

We are concerned with RCM's poor stock performance.

RCM's shares have declined by almost 50%, from a high of \$9.99 in fiscal 2007, to a closing price of \$5.15 on December 31, 2012, the last trading day before we announced our nomination of the Nominees for election to the Board at the 2013 Annual Meeting, resulting in the destruction of more than \$60 million in stockholder value. We believe the stock price would have declined even further if it were not for the combination of the Company's share buyback program and stock purchases by the Stockholder Group, which accounted for a material portion of the Company's trading volume over the past nine fiscal quarters.

Since December 31, 2012, RCM's stock has remained depressed, recently closing on October 14, 2013 at \$6.07.

We are concerned with the Company's poor operating performance which we believe is a result of poor execution and the Board's failed acquisition strategy.

The current Board and management have overseen an approximate 27% decline in revenues since 2007 and an approximate 40% decline in net income over the same period. In addition, EBITDA has declined from \$11.6 million to \$7.3 million or 37% during the same period. We believe the Company's poor operating performance can largely be attributed to poor execution and a failed acquisition strategy. We believe the Board's inability to effectively acquire and integrate companies has resulted in deteriorating sales and profits over the long-term..

Notwithstanding a current market capitalization of roughly \$73 million, the Company has made approximately \$160 million worth of acquisitions from 1997 through 2012, but has written off \$149.3 million, or nearly ever dollar spent on acquisitions. As indicated by the Company's financial statements the only years since 2000 that the Company did not make acquisitions were in 2001, 2002, 2004, 2010, and 2011. Though the Company provides very limited disclosure regarding acquisitions in its public filings, given the substantial write-offs recorded from 2000 through 2008, and the fact that EBITDA has decreased nearly 70% since 2000, we do not believe these acquisitions have been additive to the Company. Despite the fact that the Company's last write-off occurred in 2008, it continues to raise serious concerns given the Company's increasing cash balance and inability to grow the business organically. We believe a disciplined, well vetted approach to acquiring companies could have built significant value for the Company over the long-term. Instead, the Company has seen significant declines in revenues, EBITDA, and net income. In fact, EBITDA is now less than one-third of what it was in 2000, declining from approximately \$23.6 million in 2000 to \$7.3 million as of June 30, 2013.

While the Company's acquisition program has slowed over the past 5 years, we believe the risk of failed acquisition activity continues to be significant given the Company's over-equitized balance sheet and inability to grow the business organically. We do not position, our underwriter will consider, among other things, the price of securities available for purchase in the open market as compared to the price at which it may purchase securities through the over-allotment option. If our underwriter sells more securities than could be covered by the over-allotment option, a naked short position, the position can be closed out only by buying our securities in the open market. A naked short position is more likely to be created if our underwriter is concerned that there could be downward pressure on the price of our securities in the open market after pricing that could adversely affect investors who purchase in the offering. o Penalty bids permit our underwriter to reclaim a selling concession from a selling group member when the securities originally sold by the selling group member are purchased in a stabilizing or syndicate covering transaction to cover syndicate short positions. These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of our securities or preventing or retarding a decline in the market price of our securities. As a result, the price of our securities may be higher than the price that might otherwise exist in the open market. These transactions may be effected on The American Stock Exchange or otherwise and, if commenced, may be discontinued at any time. Legal Matters The validity of the issuance of the common shares offered hereby have been passed upon for CPI Aerostructures, Inc. by Graubard Miller, Davis & Gilbert LLP has served as counsel to the underwriter in connection with this offering. Experts The financial statements for the years ended December 31, 2000 and 2001 appearing in this prospectus and registration statement have been audited by Goldstein Golub Kessler LLP, independent auditors, as set forth in their report thereon appearing elsewhere herein. Disclosure of Commission Position on Indemnification for Securities Act Liabilities Our by-laws and certificate of incorporation include provisions permitted under New York law by which our officers and directors are to be indemnified against various liabilities. We have also entered into indemnification agreements with our executive officers. We believe that these provisions and agreements will facilitate our ability to continue to attract and retain qualified individuals to serve as our directors and officers. Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to our directors, officers and controlling persons, we have been advised that, in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. 34 Where You Can Find Additional Information We intend to

furnish our shareholders with annual reports, which will include financial statements audited by our independent accountants, and other periodic reports as we may determine to furnish or as may be required by law, including Sections 13(a) and 15(d) of the Exchange Act. As permitted by the rules and regulations of the Commission, this prospectus does not contain all of the information set forth in the Registration Statement and in the exhibits and schedules thereto. For further information with respect to CPI Aerostructures, Inc. and the common shares offered hereby, reference is made to the Registration Statement and the exhibits thereto. The Registration Statement, including the exhibits and schedules thereto, may be obtained at the address noted below. We file annual and other periodic reports pursuant to the requirements of the Securities Exchange Act of 1934, as amended. Such reports and other information filed by us may be inspected and copied at the public reference facilities of the Commission in Washington, D.C., and can be read or obtained from the Public Reference Section of the Commission, 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The Commission maintains a website that contains reports, proxy and information statements and other information regarding issuers that file electronically with the Commission at [HTTP://WWW.SEC.GOV](http://www.sec.gov).

35 CPI AEROSTRUCTURES, INC. AND SUBSIDIARY INDEX TO CONSOLIDATED FINANCIAL STATEMENTS -----
 Independent Auditor's Report F-2 Consolidated Financial Statements: Balance Sheet as of September 30, 2002 (unaudited) and December 31, 2001 F-3 Statement of Operations for the Nine Months Ended September 30, 2002 and 2001 (unaudited) and for the Years Ended December 31, 2001 and 2000 F-4 Statement of Shareholders' Equity/Deficiency for the period from January 1, 2000 through September 30, 2002 F-5 Statement of Cash Flows for the Nine Months Ended September 30, 2002 and 2001 (unaudited) and for the Years Ended December 31, 2001 and 2000 F-6 Notes to Consolidated Financial Statements F-7 - F-18 F-1 INDEPENDENT AUDITOR'S REPORT To the Board of Directors CPI Aerostructures, Inc. We have audited the accompanying consolidated balance sheet of CPI Aerostructures, Inc. and Subsidiary as of December 31, 2001 and the related consolidated statements of operations, shareholders' deficiency, and cash flows for each of the two years in the period ended December 31, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion. In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CPI Aerostructures, Inc. and Subsidiary as of December 31, 2001, and the results of their operations and their cash flows for each of the two years in the period ended December 31, 2001 in conformity with accounting principles generally accepted in the United States of America. /s/ Goldstein Golub Kessler GOLDSTEIN GOLUB KESSLER LLP New York, New York March 29, 2002, except for the last paragraph of Note 5, as to which the date is April 12, 2002 and Note 6(a) and the first paragraph of Note 13, as to which the date is June 22, 2002 F-2
 CPI AEROSTRUCTURES, INC. AND SUBSIDIARY CONSOLIDATED BALANCE SHEET

		September 30, 2002		2001	
		(Unaudited)			
		ASSETS			
		Current Assets:			
Cash	\$ 121,002	\$ 180,578	Accounts receivable	2,852,597	2,168,369
Costs and estimated earnings in excess of billings on uncompleted contracts	10,214,846	6,967,385	Deferred income taxes	253,000	758,000
Prepaid expenses and other current assets	23,745	84,895	Assets held for sale - discontinued operations	280,676	3,217,984
		Total current assets			
		13,745,866		13,377,211	
Property, Plant and Equipment, net	110,340	101,260	Deferred Income Taxes, net of valuation allowance of \$2,074,000	172,000	Other Assets
	179,226	180,226	-----		
T o t a l A s s e t s	\$	14,035,432	\$	13,830,697	

LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY) Current Liabilities: Accounts payable \$ 4,985,799 \$ 4,195,530 Accrued expenses 152,692 535,054 Line of credit - 1,700,000 Debt 8,341,071 9,607,284
 Deferred income taxes - 147,000 ----- Total current

Edgar Filing: RCM TECHNOLOGIES INC - Form DEFC14A

liabilities 13,479,562 16,184,868 ----- Commitments and Contingencies Shareholders' Equity (Deficiency): Preferred shares - \$.001 par value; authorized 3,000,000 shares, issued and outstanding 0 and 0, respectively; Common shares - \$.001 par value; authorized 50,000,000 shares, issued and outstanding 2,755,670 and 2,657,046 shares, respectively 2,756 2,657 Additional paid-in capital 12,495,872 12,367,020 Accumulated deficit (11,942,758) (14,723,848)

----- Shareholders' equity (deficiency) 555,870 (2,354,171) ----- Total Liabilities and Shareholders' Equity (Deficiency) \$ 14,035,432 \$ 13,830,697

===== See Notes to Consolidated Financial Statements F-3 CPI AEROSTRUCTURES, INC. AND SUBSIDIARY CONSOLIDATED STATEMENT OF OPERATIONS

----- For the Nine Months For the Year Ended September 30, Ended December 31, 2002 2001 2001 2000 (Unaudited)

Revenue \$17,988,748 \$10,631,958 \$ 15,024,027 \$8,261,351 Cost of sales 12,549,892 7,015,993 10,955,264 5,676,229 ----- Gross profit 5,438,856 3,615,965 4,068,763 2,585,122

Selling, general and administrative expenses 1,800,643 1,145,607 1,479,421 1,421,758 -----

Income from operations 3,638,213 2,470,358 2,589,342 1,163,364 -----

Other (income) expense: Interest income (3,642) 9,223 (2,431) - Interest expense 331,765 126,707 155,825 106,157 Other (income) expense, net - - 4,051 2,333,428 -----

Total other expenses, net 328,123 135,930 157,445 339,585 -----

Income from continuing operations before benefit for income taxes 3,310,090 2,334,428 2,431,897 823,779 (Provision for) benefit from income taxes (529,000) 934,000 - (126,000) -----

Income before operations of discontinued segment 2,781,090 1,400,428 2,431,897 949,779 Income (loss) from operations of discontinued segment - (1,571,481) (3,647,200) 979,427 Loss on disposal of assets - discontinued segment - (10,422,816) -----

Net income (loss) \$ 2,781,090 \$ (171,053) \$ (11,638,119) \$ 1,929,206

Basic net income (loss) per common share: Income before discontinued operations \$ 1.03 \$.53 \$.92 \$.36 Income (loss) from operations of discontinued segment - (.59) (1.37) .37 Loss on disposal of assets - discontinued segment - (3.94) -----

Earnings (loss) per common share - basic \$ 1.03 \$ (.06) \$ (4.39) \$.73

Diluted net income per common share: Income before discontinued operations \$.89 - \$.34 Income from operations of discontinued segment .36 -----

Earnings per common share - diluted \$.89 - \$.70

Shares used in computing earnings per common share: Basic 2,704,082 2,652,355 2,653,538 2,648,509 Diluted 3,139,923 2,652,355 - 2,763,888

See Notes to Consolidated Financial Statements F-4 CPI AEROSTRUCTURES, INC. AND SUBSIDIARY CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY/DEFICIENCY ----- Years ended December 31, 2000 and 2001

----- Additional Total

Edgar Filing: RCM TECHNOLOGIES INC - Form DEFC14A

	Common	Paid-in	Accumulated	Shareholders'	Shares	Amount	Capital	Deficit	Deficiency
	Balance at January								
1, 2000	2,648,509	\$2,649	\$12,206,024	\$ (5,014,935)	\$ 7,193,738	Net income - - -	1,929,206	1,929,206	Amortization
	of fair value of warrants issued in conjunction with consulting agreement - - 113,650 - 113,650								
	Balance at								
December 31, 2000	2,648,509	2,649	12,319,674	(3,085,729)	9,236,594	Net loss - - -	(11,638,119)	(11,638,119)	Amortization
	of fair value of warrants issued in conjunction with consulting agreement 8,537 8 47,346 - 47,354								
	Balance at								
December 31, 2001	2,657,046	2,657	12,367,020	(14,723,848)	(2,354,171)	(unaudited) Net income	2,781,090	2,781,090	Common stock issued for bank debt
	70,000 70 38,997 - 39,067 Common stock issued for exercise of stock								
	options and warrants 28,624 29 84,073 - 84,102 Warrants issued for consulting services - - 5,782 - 5,782								
	Balance at								
September 30, 2002	2,755,670	\$2,756	\$12,495,872	\$(11,942,758)	\$ 555,870				

See Notes to Consolidated Financial Statements F-5 CPI AEROSTRUCTURES, INC. AND SUBSIDIARY
C O N S O L I D A T E D S T A T E M E N T O F C A S H F L O W S

	For the Nine	Months	For the Year	Ended	September 30,	Ended	December 31,	2002	2001	2001	2000
	(Unaudited)										
(Audited) Cash flows from operating activities:	Net income before operations of discontinued segment \$ 2,781,090 \$										
	1,400,428 \$ 2,431,897 \$ 949,779 Adjustments to reconcile net income before operations of discontinued segment to										
	net cash provided by (used in) operating activities: Depreciation and amortization 30,931 26,362 35,653 30,194										
	Warrants issued for consulting fees 5,782 47,346 47,354 113,650 Stock issued for bank debt 39,067 - - Loss on										
	disposal of fixed assets - 6,158 6,157 - Deferred portion of provision (benefit) for income taxes 530,000 - 92,000										
	(879,000) Bad debts - - 301,377 Changes in operating assets and liabilities: Increase in accounts receivable (684,228)										
	(326,206) (1,336,061) (410,591) Decrease in income tax refund receivable - - - 29,597 Increase in costs and estimated										
	earnings in excess of billings on uncompleted contracts (3,247,461) (2,260,561) (2,563,606) (465,250) (Increase)										
	decrease in prepaid expenses and other current assets 61,150 9,969 (63,816) 761,672 (Increase) decrease in other										
	assets 1,000 (1,000) (1,000) (70,259) Increase in accounts payable and accrued expenses 407,907 180,090 1,028,720										
	144,878 Decrease in income taxes payable - (34,000) (33,000) (13,383)										
	Net cash										
	provided by (used in) operating activities (74,762) (951,414) (355,702) 492,664										
	Cash flows from										
	investing activities: Purchase of property, plant and equipment (40,011) (14,507) (19,307) (70,838) Proceeds from										
	s a l e o f f i x e d a s s e t s - 1 , 8 0 0 1 , 8 0 0 -										
	Net cash used in										
	i n v e s t i n g a c t i v i t i e s (4 0 , 0 1 1) (1 2 , 7 0 7) (1 7 , 5 0 7) (7 0 , 8 3 8)										
	Cash flows from										
	financing activities: Proceeds from line of credit - - - 1,325,000 Net repayment of long-term debt (2,966,213)										
	(1,274,018) (895,958) (1,056,959) Proceeds from exercise of stock options 84,102 - - -										
	Net cash										
	provided by (used in) financing activities (2,882,111) (1,274,018) (895,958) 268,041										
	Net cash from										
	continuing operations (2,996,884) (2,238,139) (1,269,167) 689,867 Net cash provided by (used in) discontinued										
	o p e r a t i o n s 2 , 9 3 7 , 3 0 8 2 , 3 8 6 , 5 6 9 1 , 3 8 6 , 7 6 6 (8 1 4 , 5 3 4)										
	Net increase										
	(decrease) in cash (59,576) 148,430 117,599 (124,667) Cash at beginning of period 180,578 62,979 62,979 187,646										
	Cash at end of										
	p e r i o d \$ 1 2 1 , 0 0 2 \$ 2 1 1 , 4 0 9 \$ 1 8 0 , 5 7 8 \$ 6 2 , 9 7 9										

Supplemental disclosures of cash flow information: Cash paid during the period for: Interest \$ - \$ 167,015 \$ 589,762 \$ -

I n c o m e t a x e s \$ 1 3 , 3 5 5 \$ 3 6 , 0 5 0 \$ - \$ -

Supplemental schedule of noncash financing activity: Financing obligation incurred in connection with the acquisition of equipment \$ - \$ 1 4 3 , 9 0 8 \$ - \$ -

See Notes to Consolidated Financial Statements F-6 CPI AEROSTRUCTURES, INC. AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

----- 1. PRINCIPAL The Company consists of CPI Aerostructures, Inc. ("CPI") and BUSINESS its wholly owned subsidiary, Kolar, Inc. ("Kolar"), ACTIVITY AND collectively, the "Company." SUMMARY OF SIGNIFICANT CPI's operations consist of the design and production of ACCOUNTING design and production of complex aerospace structural POLICIES: subassemblies under U.S. government and commercial contracts. The length of the Company's contracts varies but is typically between one and two years for U.S. government contracts and up to 10 years for commercial contracts. Kolar's principal business was the precision computer numerical control machining of metal products on a contract-order basis. CPI's revenue is recognized based on the percentage of completion method of accounting for long-term contracts measured by the percentage of total costs incurred to date to estimated total costs at completion for each contract. Contract costs include all direct material, labor costs, tooling and those indirect costs related to contract performance, such as indirect labor, supplies, tools, repairs and depreciation costs. Selling, general and administrative costs are charged to expense as incurred. Estimated losses on uncompleted contracts are recognized in the period in which such losses are determined. Changes in job performance may result in revisions to costs and income and are recognized in the period in which revisions are determined to be required. In accordance with industry practice, costs and estimated earnings in excess of billings on uncompleted contracts, included in the accompanying consolidated balance sheet, contain amounts relating to contracts and programs with long production cycles, a portion of which will not be realized within one year. CPI's recorded revenue may be adjusted in later periods in the event that CPI's cost estimates prove to be inaccurate or a contract is terminated. Kolar's revenue was recognized when goods were shipped to customers. The Company maintains cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash. Depreciation and amortization of property, plant and equipment is provided for by the straight-line method over the estimated useful lives of the respective assets or the life of the lease, for leasehold improvements. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates by management. Actual results could differ from these estimates. In accordance with the provisions of Statement of Financial Accounting Standards ("SFAS") No. 123, Accounting for Stock-Based Compensation, the Company has elected to apply APB Opinion ("APB") No. 25 and related interpretations in accounting for its stock options issued to employees and, accordingly, does not recognize additional compensation cost as required by SFAS No. 123. The Company, however, has provided the pro forma disclosures as if the Company had adopted the cost recognition requirements. F-7 CPI AEROSTRUCTURES, INC. AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

----- Basic earnings per common share is computed using the weighted-average number of shares outstanding. Diluted earnings per common share is computed using the weighted-average number of shares outstanding adjusted for the incremental shares attributed to outstanding options and warrants to purchase common stock. Incremental shares of 115,379 were used in the calculation of diluted earnings per common share in 2000. In 2001, diluted earnings per share is not presented as the result is antidilutive. In July 2001, the Financial Accounting Standards Board (the "FASB") issued SFAS No. 141, Business Combinations, and SFAS No. 142, Goodwill and Other Intangible Assets. SFAS No. 141 addresses financial accounting and reporting for business combinations. This statement requires the purchase method of accounting to be used for all business combinations, and prohibits the pooling-of-interests method of accounting. This statement is effective for all business combinations initiated after June 30, 2001 and supersedes APB No. 16, Business Combinations, as well as No. 38, "Accounting for Preacquisition Contingencies of Purchased Enterprises. SFAS No. 142 addresses how

intangible assets that are acquired individually or with a group of other assets should be accounted for in financial statements upon their acquisition. This statement requires goodwill to be periodically reviewed for impairment rather than amortized, beginning on January 1, 2002. SFAS No. 142 supersedes APB No. 17, Intangible Assets. The Company believes that SFAS No. 142 will not be applicable to its future financial statements because all goodwill has been entirely written down in conjunction with the sale of Kolar's assets (see Note 5). In August 2001, the FASB issued SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. This statement addresses financial accounting and reporting for the impairment or disposal of long-lived assets. This statement supersedes SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of, and amends the accounting and reporting provisions of APB No. 30, Reporting the Results of Operations, Reporting the Effect of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions, for the disposal of a segment of a business. The provisions of SFAS No. 144 will be effective for fiscal years beginning after December 15, 2001. Pursuant to the effective dates and transitions stated in SFAS No. 144, the Company is currently evaluating the implications of its adoption, and anticipates adopting the provisions for its fiscal year beginning January 1, 2002.

F-8 CPI AEROSTRUCTURES, INC. AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -----					
The financial statements as of September 30, 2002 and for the nine months ended September 30, 2002 and 2001 are unaudited; however, in the opinion of the management of the Company, these financial statements reflect all adjustments (consisting solely of normal recurring adjustments) necessary to present fairly the financial position of the Company and the results of operations for such interim periods and are not necessarily indicative of the results to be obtained for a full year.					
2. COSTS AND EARNINGS IN EXCESS OF BILLINGS ON UNCOMPLETED CONTRACTS					
	September 30,	2002	December 31,	2001	
					(unaudited) U.S. U.S.
					Government Commercial Total Government Commercial Total

Costs incurred on uncompleted contracts	\$18,413,197	\$13,017,710	\$31,430,907	\$7,359,234	\$12,485,185
Estimated earnings	7,810,645	5,947,898	13,758,543	2,040,413	6,728,158
					8,768,571

					26,223,842
					18,965,608
	45,189,450	9,399,647	19,213,343	28,612,990	Less billings to date
	18,063,324	16,911,280	34,974,604	5,425,681	
	16,219,924	21,645,605	-----		
Costs and estimated earnings in excess of billings on uncompleted contracts	\$ 8,160,518	\$ 2,054,328	\$10,214,846		
	\$ 3,973,966	\$ 2,993,419	\$ 6,967,385		

Unbilled costs and estimated earnings are billed in accordance with applicable contract terms. As of December 31, 2001 and September 30, 2002, approximately \$1,203,000 and \$1,137,000 (unaudited) of the balances above are not expected to be collected within one year, respectively. Amounts not paid or billed under retainage provisions are not material.

3. PROPERTY					
Property, plant and equipment, at cost, consists of the PLANT AND EQUIPMENT: Estimated December 31, 2001 Useful Life -----					
Machinery and equipment	\$304,306	5 to 10 years	Computer equipment	134,019	9 years
Furniture and fixtures	19,504				
Automobiles and trucks	23,488	5 years	Leasehold improvements	71,591	3 years

					552,908
					Less accumulated depreciation and amortization
					451,648

					\$ 101,260

===== F-9 CPI AEROSTRUCTURES, INC. AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -----

Depreciation and amortization expense for the years ended December 31, 2001 and 2000 was \$35,653 and \$30,194, respectively.

4. RELATED PARTY In October 2000, the Company adopted a Greit Plan for the TRANSACTIONS: purpose of offering senior management a deferred compensation death benefit plan (the "Plan") that provides a tax-free benefit and which is tax-neutral to the Company. Pursuant to the Plan, the Company made a noninterest-bearing loan to an employee in the amount of \$150,000, which was used to purchase the Plan. This Plan has since been terminated and the surrender value has been returned to the employee who has placed the proceeds from the surrender value in an annuity, which will mature to

\$150,000. The employee also assigned to the Company an insurance policy on his life in the amount of \$150,000 and agreed to maintain it until the date upon which the annuity matures to \$150,000, and is included in other assets at December 31, 2001. Accordingly, the loan to the employee will be repaid upon the maturity date of the annuity or upon the death of the employee, whichever occurs first. 5. DISCONTINUED On January 22, 2002, the Company announced a decision made OPERATIONS: by the board of directors as of December 31, 2001 to close the Kolar facilities located in Ithaca, New York, and liquidate Kolar's assets through a public auction of its machinery and equipment and a private sale of its real estate. On February 21, 2002, Kolar sold a substantial portion of its machinery and equipment at an auction conducted by Daley-Hodkin Corporation at Kolar's main facility in Ithaca, New York. In connection with the discontinuance of Kolar's operations, the Company incurred a one-time charge of \$10,422,816 related to the write-off of Kolar's assets, net of expected proceeds, and an accrual for estimated losses during the phase-out period. Proceeds from actual and future sales of machinery, equipment and real property are estimated to be approximately \$3,970,000. The disposition of Kolar's operations represents a disposal of a business segment under APB No. 30. Accordingly, results of the operation have been classified as discontinued, and prior periods have been restated. For business segment reporting purposes, Kolar's business results were previously classified as the "Machining" segment. Net sales and income (loss) from the discontinued operations are as follows: For the nine months ended September 30, 2002 2001 ----- Net sales \$ --- \$6,840,056

===== Pretax loss from discontinued operations \$ --- \$2,505,481 Income tax benefit --- 934,000 ----- Net loss from discontinued operations \$ - - - \$ 1,571,481

===== F-10 CPI AEROSTRUCTURES, INC. AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

----- For the three months ended September 30, 2002 2001 ----- Net sales \$ --- \$2,624,512

===== Pretax loss from discontinued operations \$ --- \$ 779,997 Income tax benefit --- 534,000 ----- Net loss from discontinued operations \$ - - - \$ 245,997

===== Assets of the discontinued operations are as follows: September 30, 2002 ----- Property, plant and equipment, net \$ 280,676

===== Year ended December 31, 2001 2000 ----- Net sales \$8,291,690 \$20,360,330

===== Pretax income (loss) from discontinued operations \$(3,647,200) \$ 729,427 Pretax loss on disposal of business segment (10,422,816) - Income tax benefit - 250,000 ----- Net income (loss) from discontinued operations \$ (14,070,016) \$ 979,427

===== Assets of the discontinued operations were as follows: Year ended December 31, 2001 ----- Current assets \$ 610,492 Property, plant and equipment, net 2,607,492 ----- Total assets of discontinued operations \$ 3,217,984

===== Proceeds from the auction sale were approximately \$1,350,000 for the machinery and equipment owned by Kolar. These proceeds have been applied to the reduction of certain bank debt having a principal amount of \$2,260,000 outstanding immediately prior to the auction. After giving effect to the applications of the proceeds to the bank debt, the remaining outstanding principal of the bank debt is \$910,000. F-11 CPI AEROSTRUCTURES, INC. AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. DEBT: Debt consists of the following: September 30, December 31, 2002 2001 (unaudited) ----- Note payable - bank (a) \$2,431,571 \$2,438,500 Note payable - bank (b) 259,077 805,320 Note payable - seller (c) 624,484 Note payable - seller (d) 4,898,035 4,691,202 Capitalized lease obligations payable (e) 127,904 1,672,262 ----- \$8,341,071 \$9,607,284

===== (a) The note, as amended in June 2002, is payable to a commercial bank in monthly installments from \$50,000 to \$100,000 through May 30, 2003, and the remaining unpaid balance at June 30, 2003, plus monthly interest at the bank's published prime rate (4.75% at

September 30, 2002) plus 3.5%. This note is collateralized by substantially all of the assets of the Company. Approximately \$1,249,000 of this loan was repaid upon the sale of certain assets at auction. The note requires the Company to maintain specified levels of working capital and other financial ratios, as defined. The line of credit of \$1,700,000 previously listed separately on the balance sheet is now incorporated into this note. In April 2002, the Company agreed to issue 70,000 common shares valued at \$110,950, the fair market value on the date of issue, to the bank in consideration for the bank amending and extending this note. The value of the shares will be charged to interest expense over the remaining period of the note. (b) The note is payable to a commercial bank in monthly installments of \$9,847, including interest at 8.3%. This note is collateralized by Kolar's land and buildings. The Company sold certain of the underlying land and buildings during 2002 at an aggregate selling price of approximately \$555,000. The Company estimates that the sale of the remaining land and buildings will yield proceeds sufficient to repay the note in full. (c) The note is payable to a commercial bank in monthly installments of \$20,000 through May 30, 2003, and the remaining unpaid balance at June 30, 2003, plus monthly interest at the bank's published prime rate (4.75% at September 30, 2002) plus 3.5%. This note is collateralized by substantially all of the assets of the Company and was previously included in the capitalized lease obligations payable of the Company. (d) In 1997, the Company acquired substantially all of the assets of Kolar Machine Inc. The acquisition was partially financed through a \$4,000,000 note payable to the seller ("Seller") of Kolar Machine Inc. The note payable to the Seller bears interest at 8% per annum. The note matures on September 30, 2003. Until then, it will continue to accrue interest, which will be paid at maturity together with the principal amount, pursuant to the terms of the subordination agreement between the bank lenders and the Seller. The Seller is presently prohibited from receiving current payments of interest on its note. The note payable - seller is convertible into 333,334 shares of the Company's common stock at any time prior to the maturity of the note. The note is subordinated to the notes payable - bank. (e) The Company leases equipment under a capital lease which expires October 24, 2003. The lease requires a monthly payment of \$10,227.02, including interest at 9.35%. As of September 30, 2002, proceeds of approximately \$674,000 were received upon the sale of certain leased equipment, which amount was remitted to the owners of the equipment.

F-12 CPI AEROSTRUCTURES, INC. AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

----- 7. LINE OF CREDIT: The Company has an aggregate \$1,700,000 line of credit agreement, expiring June 30, 2002, with JP Morgan Chase and Mellon Bank for working capital and other corporate purposes as needed. Borrowings are subject to limits based on amounts of accounts receivable, as defined. Interest is at the banks' prime rate (4.75% at December 31, 2001) plus 3.5%. The line of credit is collateralized by substantially all of the assets of the Company. 8. COMMITMENTS: The Company has employment agreements with four employees. The aggregate future commitment under these agreements is as follows: Year ending December 31, 2002 \$ 765,200 2003 495,100 2004 468,280 ----- \$ 1,728,580

===== These agreements provide for additional bonus payments that are calculated as defined. 9. INCOME TAXES: The benefit for income taxes consists of the following: Year ended December 31, 2000 ----- Current: Federal \$ 4,000 State and local 10,000 ----- 14,000 ----- Deferred: Federal (101,000) State and local (39,000) ----- (140,000) -----

\$(126,000) ===== F-13 CPI AEROSTRUCTURES, INC. AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

----- The difference between the income tax provision (benefit) computed at the federal statutory rate and the actual tax provision (benefit) is accounted for as follows: December 31, 2001 2000 ----- Taxes (benefit) computed at the federal statutory rate \$(3,957,000) \$ 280,000 State income taxes, including deferred, net of federal benefit - 7,000 Other, including officers' life insurance and various permanent differences - 59,000 Utilization of net operating loss carryforward - (472,000) Valuation allowance 3,957,000 ----- \$ - 0 - \$(126,000) ===== The components of deferred income tax assets and liability at December 31, 2001 are as follows: Current Noncurrent ----- Assets: Federal and state net operating loss carryforwards \$ 758,000 \$ 2,246,000 Valuation allowance - (2,074,000) ----- \$ 758,000 \$

172,000 ===== Liability - long-term contracts \$ 147,000 \$ - 0 - ===== As of December 31, 2001, the Company had net operating loss carryforwards of approximately \$8,035,000 and \$5,672,000 for federal and state income tax purposes, respectively, expiring through 2021. 10. EMPLOYEE STOCK In April 1992, the Company adopted the 1992 Stock Option OPTION PLANS: Plan (the "1992 Plan"). The 1992 Plan, for which 83,334 common shares are reserved for issuance, provides for the issuance of either incentive stock options or nonqualified stock options to employees, consultants or others who provide services to the Company. The initial options granted to employees and directors with three or more years of service became exercisable as to one-third of the shares each year beginning on September 16, 1992. The initial options granted to those with less than three years of service became exercisable as to one-third of the shares each year beginning on September 16, 1993. The options may not be exercised more than five years from the date of issuance. In 1995, the option price for all outstanding F-14 CPI AEROSTRUCTURES, INC. AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

----- employees' and directors' stock options was lowered to \$9.00. In 1995, the Company adopted the 1995 Stock Option Plan (the "1995 Plan"), as amended, for which 200,000 common shares are reserved for issuance. The 1995 Plan provides for the issuance of either incentive stock options or nonqualified stock options to employees, consultants or others who provide services to the Company. The options' exercise price is equal to the closing price of the Company's shares on the day of issuance, except for incentive stock options granted to the Company's president, which are exercisable at 110% of the closing price of the Company's shares on the date of issuance. In 1998, the Company adopted the 1998 Stock Option Plan (the "1998 Plan"). The 1998 Plan, as amended, reserved 463,334 common shares for issuance. The 1998 Plan provides for the issuance of either incentive stock options or nonqualified stock options to employees, consultants or others who provide services to the Company. The options' exercise price is equal to the closing price of the Company's shares on the day of issuance, except for incentive stock options granted to the Company's president, which are exercisable at 110% of the closing price of the Company's shares on the date of issuance. In 2000, the Company adopted the 2000 Stock Option Plan (the "2000 Plan"). The 2000 Plan, as amended, reserved 830,000 common shares for issuance. The 2000 Plan provides for the issuance of either incentive stock options or nonqualified stock options to employees, consultants or others who provide services to the Company. The options' exercise price is equal to the closing price of the Company's shares on the day of issuance, except for incentive stock options granted to the Company's president, which are exercisable at 110% of the closing price of the Company's shares on the date of issuance. The Company has 6,779 options available for future grant under the 1992 Plan, 40,640 options available for grant under the 1995 Plan, 12,332 options available for grant under the 1998 Plan, and 250,000 options available for grant under the 2000 Plan. If the Company had elected to recognize compensation cost based on the fair value of the options granted at grant date as prescribed by SFAS No. 123, net income (loss) and earnings (loss) per share would have been adjusted to the pro forma amounts indicated in the table below: As Reported Pro Forma 2001 2000 2001 2000

----- Net income (loss)
 \$ (1 1 , 6 3 8 , 1 1 9) \$ 1 , 9 2 9 , 2 0 6 \$ (1 1 , 9 3 7 , 3 9 5) \$ 1 , 8 3 2 , 0 0 0

Earnings (loss) per share: Basic \$ (4.39) \$.73 \$ (4.50) \$.69 Diluted \$ (4.39) \$.70 \$ (4.50) \$.66

F-15 CPI AEROSTRUCTURES, INC. AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ----- A summary of the status of the Company's four stock option plans as of December 31, 2001 and 2000 and changes during those years is as follows:

Year ended December 31, 2001	2000	Weighted-	Weighted-	average	average	Exercise	Exercise	Fixed	Options	Options	Price	Options	Price
894,312	\$3.54	515,313	\$4.27	Granted during year	225,000	1.29	408,000	2.67	Exercised	- - -	Forfeited	20,640	4.95
29,001	4.11											Outstanding at end of year	
1 , 0 9 8 , 6 7 2	\$ 3 . 0 6				8 9 4 , 3 1 2	\$ 3 . 5 4							

The following table summarizes information about stock options outstanding and exercisable at December 31, 2001: Weighted Weighted- Number Average Weighted- Outstanding Remaining average Range of and Contractual Exercise

Exercise Price Exercisable Life Price -----
 \$ 1 . 2 0 - \$ 8 . 4 6 1 , 0 9 8 , 6 7 2 4 . 9 9 y e a r s \$ 3 . 0 6

The Company's assumptions used to calculate the fair values of options issued were (i) risk-free interest rate of 5.25%, (ii) expected life of five years, (iii) expected volatility of 174.71% and (iv) expected dividends of zero. 11. WARRANTS In February 1997, the Company issued options to purchase AND OPTIONS: 3,334 shares of common stock to two directors at an exercise price of \$6.18 per share of common stock. These options expired in 2002. In January 1998, the Company issued options to purchase 25,000 shares of common stock to a consultant, who was also a director, at an exercise price of \$7.50 per share of common stock. In February 1998, the Company issued options to purchase 3,334 shares of common stock to two directors at an exercise price of \$6.93 per share of common stock. These options expire in 2003. In March 1998, the Company issued 33,334 warrants to Gaines Berland, Inc. (now known as Ladenburg Capital Management Inc.) as compensation for acting as the Company's investment banker pursuant to a consulting agreement. These warrants entitle the investment banker to purchase 33,334 shares of common stock at an exercise price of \$7.50 during the five-year period commencing April 1, 1998. This agreement F-16 CPI AEROSTRUCTURES, INC. AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ----- was terminated in 1999. In 1999, the Company recorded a charge to operations of \$198,734 to write off the unamortized portion of warrants issued under this agreement. In May 1999, the Company issued 100,000 warrants to Catalyst Financial Corp. as partial compensation in the amount of \$227,300 for acting as the Company's investment banker pursuant to a consulting agreement. These warrants entitle the investment banker to purchase 100,000 shares of common stock at an exercise price of \$1.875 during the five-year period commencing May 4, 1999. In 2001, 8,537 of these warrants were exercised. In December 1999, the Company issued options to purchase 15,000 shares of common stock to a consultant at the exercise price of \$2.53 per share of common stock. Also in December 1999, the Company issued options to purchase 10,000 shares of common stock to two directors at an exercise price of \$2.53 per share of common stock. In February 2002, the Company issued 5,000 options to a consultant as compensation related to a one-year consulting agreement. The options are exercisable at \$1.65 per share through February 2007. The options are valued at \$7,845, which will be expensed over the life of the agreement, based on the Company's assumptions as follows: (i) risk-free interest rate of 5.25%, (ii) expected life of five years, (iii) expected volatility of 170.84%, and (iv) expected dividends of zero. 12. EMPLOYEE On September 11, 1996, CPI's board of directors instituted a BENEFIT PLANS: defined contribution plan under Section 401(k) of the Internal Revenue Code (the "Code"). On October 1, 1998, the Company amended and standardized both the CPI and Kolar plans as required by the Code. Pursuant to the amended plan, qualified employees may contribute a percentage of their pretax eligible compensation to the Plan and the Company will match a percentage of each employee's contribution. Additionally, the Company has a profit-sharing plan covering all eligible employees. Contributions by the Company are at the discretion of management. The amount of contributions recorded by the Company in 2001 and 2000 amounted to \$88,412 and \$184,373, respectively. 13. CONTINGENCIES: Kolar is currently in the process of liquidating all of its assets through an auction of its fixed assets and the private sale of its real estate. The proceeds of this liquidation will be used to reduce Kolar's liabilities on certain bank debt. The bank debt and Kolar's obligations to its previous owner are secured by liens on the assets and real estate to be sold and are guaranteed by the Company. Various creditors have made claims against Kolar. There can be no assurance that satisfactory payment terms will be made with any of Kolar's creditors or with the banks regarding the balance of portions of the debt, which is currently due no later than June 30, 2003. From time to time, the Company is subject to routine litigation incidental to its business. The Company believes that the settlement of any pending legal proceedings will not have a material adverse effect on the Company's financial condition. F-17 CPI AEROSTRUCTURES, INC. AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ----- 14. MAJOR Approximately 92% and 76% of the Company's consolidated net CUSTOMERS: sales in 2001 and 2000 were to the U.S. government. Sales to a significant commercial customer accounted for approximately 24% of the Company's consolidated net sales for the year ended December 31, 2000. At December 31, 2001, approximately 77% of accounts receivable was due from the U.S. government. F-18 ----- No dealer, salesperson or any other person is authorized to give any information or make any representations in connection with this offering other than those contained in this prospectus CPI AEROSTRUCTURES, INC. and, if given or made, the information or

representations must not be relied upon as having been authorized by us. This [LOGO] prospectus does not constitute an offer to sell or a solicitation of an offer to buy any security other than the 2,000,000 Common Shares securities offered by this prospectus, or an offer to sell or a solicitation of an offer to buy any securities by anyone in any jurisdiction in which ----- the offer or solicitation is not authorized or is unlawful. The delivery PROSPECTUS of this prospectus will not, under any circumstances, create any implication ----- that the information is correct as of any time subsequent to the date of this prospectus. -----

TABLE OF CONTENTS Page Summary.....3 Risk Factors.....7 Use of Proceeds.....12 Capitalization.....13 Management's Discussion and Analysis of Financial Condition and Results of Operations.....14 Business.....18 Management.....24 Principal Shareholders.....29 Description of Our Capital Shares.....30 Underwriting.....33 Legal Matters.....34 EarlyBirdCapital, Inc. Experts.....34 Disclosure of Commission Position on Indemnification for Securities Act Liabilities.....34 Where You Can Find Additional Information.....35 February __, 2003 Index to Financial Statements..F-1 -----

Part II Information Not Required in Prospectus ITEM 24. Indemnification of Directors and Officers Sections 721 through 726, inclusive, of the Business Corporation Law of New York ("BCL") authorizes New York corporations to indemnify their officers and directors under certain circumstances against expenses and liabilities incurred in legal proceedings involving such persons because of their being or having been officers or directors and to purchase and maintain insurance for indemnification of such officers and directors. Section 402(b) of the BCL permits a corporation, by so providing in its certificate of incorporation, to eliminate or limit directors' personal liability to the corporation or its shareholders for damages arising out of certain alleged breaches of their duties as directors. The BCL, however, provides that no such limitation of liability may affect a director's liability with respect to any of the following: (1) acts or omissions made in bad faith or which involved intentional misconduct or a knowing violation of law; (2) any transaction from which the director derived a financial profit or other advantage to which he was not legally entitled; (3) the declaration of dividends or other distributions or purchase or redemption of shares in violation of the BCL; or (4) the distribution of assets to shareholders after dissolution of the corporation without paying or adequately providing for all known liabilities of the corporation or making loans to directors in violation of the BCL. The Registrant's Certificate of Incorporation, as amended, provides that the personal liability of the directors of the Registrant is eliminated to the fullest extent permitted by Section 402(b) of the BCL. In addition, the Amended and Restated By-laws of the Registrant provide in substance that, each director and officer shall be indemnified by the Registrant against reasonable expenses, including attorney's fees, and any liabilities that he or she may incur in connection with any action to which he or she may be made a party by reason of his or her being or having been a director or officer of the Registrant. The indemnification provided by the Registrant's By-laws is not deemed exclusive of or in any way to limit any other rights which any person seeking indemnification may be entitled. The Registrant also has directors' and officers' liability insurance. In addition, the Registrant has entered into Indemnification Agreements with each of its executive officers and directors which provide that the Registrant will indemnify and advance expenses to such officer or director to the fullest extent permitted by law and provides the procedure for entitlement of indemnification. ITEM 25. Other Expenses of Issuance and Distribution The estimated expenses actually paid and payable by us in connection with the distribution of the securities being registered are as follows: SEC Registration and Filing Fee..... \$ 996.92 NASD Filing Fee..... 1,583.61 American Stock Exchange Additional Listing Fee..... 22,500.00 Legal Fees and Expenses..... 200,000.00 Accounting Fees and Expenses..... 50,000.00 Financial Printing and Engraving..... 20,000.00 Transfer Agent and Registrar Fees..... 3,500.00 Nonaccountable Expense Allowance..... 255,000.00 Miscellaneous..... 125,419.47 ----- TOTAL..... \$679,000.00

ITEM 26. Recent Sales of Unregistered Securities CPI Aerostructures, Inc. made the following sales of unregistered securities during the past three years: -----
----- Consideration Received and Description of If Option, Underwriting or Warrant or Other Discounts to Convertible Market Price Exemption from Security, Terms Afforded to Registration of Exercise or Date of Sale Title of Security Number Sold Purchasers Claimed Conversion -----

05/18/00 Options to purchase 115,000 Options granted to 4(2) Immediately common shares employees - no exercisable until other consideration 12/31/04 at an received by Company exercise price of until exercise \$2.79 per share ----- 05/31/00

Options to purchase 350,000 Options granted to 4(2) Immediately common shares employees - no exercisable until other consideration 5/31/10 at an received by Company exercise price of until exercise \$2.59 per share -----

----- 04/18/01 Common Shares 25,000

Option granted to 4(2) Fully exercisable employee - pursuant upon the date of to the Performance grant Equity Plan 2000; no cash consideration received by us -----

----- 05/31//01 Common Shares 8,537 Common Shares 4(2) N/A issued to consultant upon the exercise of options; no cash consideration received by us as a result of cashless exercise provision -----

----- 08/14/01 Common Shares 200,000

Option granted to 4(2) Fully exercisable employee pursuant upon the date of to the Performance grant Equity Plan 2000; no cash consideration received by us -----

----- ii -----

----- Consideration Received and Description of If Option, Underwriting or Warrant or Other Discounts to Convertible Market Price Exemption from Security, Terms Afforded to Registration of Exercise or Date of Sale Title of Security Number Sold Purchasers Claimed Conversion -----

----- 2/1/02-6/18/02 Common Shares 300,000 Options granted to 4(2) Fully exercisable employees and upon the date of directors pursuant grant for five or to the Performance ten years at Equity Plan 2000 exercise prices and 1998 Stock ranging from Option Plan; no \$1.65 to \$6.35 cash consideration received by us -----

----- 2/1/02 Common Shares 5,000 Non-Plan Option 4(2) Fully exercisable issued to upon the date of consultant to grant until purchase common February 1, 2007 shares; no cash consideration received by us -----

----- 4/18/02 Common Shares 50,000 Common Shares 4(2) N/A issued to bank in consideration of extending due date of loan; no cash consideration received by us -----

----- 5/21/02 Common Shares 20,833 Common Shares 4(2) N/A issued to employees upon the exercise of options; \$84,102 cash consideration received by us -----

----- 6/03/02 Common Shares 2,653 Common Shares 4(2) N/A issued to consultants upon the cashless exercise of warrants; no cash consideration received by us -----

----- 6/24/02 Common Shares 4,137 Common Shares 4(2) N/A issued to consultants upon the cashless exercise of warrants; no cash consideration received by us -----

----- iii -----

----- Consideration Received and Description of If Option, Underwriting or Warrant or Other Discounts to Convertible Market Price Exemption from Security, Terms Afforded to Registration of Exercise or Date of Sale Title of Security Number Sold Purchasers Claimed Conversion -----

----- 8/16/02 Common Shares 20,000 Common Shares 4(2) N/A issued to bank in consideration of services; no cash consideration received by us -----

----- 09/09/02 Common Shares 1,000 Common Shares 4(2) N/A issued to employee upon the exercise of options; \$2,870 cash consideration received by us -----

----- 11/11/02 Common Shares 30,000 Common Shares 4(2) N/A issued to employee upon the exercise of options; \$93,900 cash consideration received by us -----

----- 1/23/03 Common Shares 20,000 Common Shares 4(2) N/A issued to bank in consideration of services; no cash consideration received by us -----

----- ITEM 27. Exhibits Exhibit Number Name of Exhibit No. in Document -----

----- ***1.1 Form of Underwriting Agreement 1.1 3.1 Certificate of Incorporation of the Company, as amended. (1) 3.1 3.1(a) Certificate of Amendment of Certificate of Incorporation filed on July 14, 1998. (2) 3.1(a) 3.2 Amended and Restated By-Laws of the Company. (1) 3.2 ***4.7 Form of Warrant issued to Underwriter 4.7 ***5.1 Opinion of Graubard Miller 5.1 10.1 1992 Stock Option Plan. (1) 10.3 10.2 1995 Employee Stock Option Plan. (3) 10.4 10.3 Form of military contract. (1) 10.7 10.4 Asset Purchase Agreement, dated September 9, 1997 by and among Kolar Machine, Inc., a 10.19 New York corporation, Daniel Liguori, the Company and Kolar, Inc., a Delaware corporation and wholly-owned subsidiary of the Company. (5) iv Exhibit Number Name of Exhibit No. in Document -----

----- 10.5 1998 Performance Equity

Plan. (2) 10.28 10.6 Performance Equity Plan 2000. (4) 10.29 10.7 Stock Option Agreement, dated August 14, 2001, between Edward J. Fred and the Company. 10.35 (5) 10.8 Stock Option Agreement, dated August 14, 2001, between Arthur August and the Company. 10.36 (6) 10.9 Employment Agreement, dated August 14, 2001, between Edward J. Fred and the Company. 10.37 (7) 10.10 Employment Agreement, dated August 14, 2001, between Arthur August and the Company. (7) 10.38 10.11 Peaceful Possession Agreement, by and among Kolar, Inc., JP Morgan Chase Bank f/k/a/ 10.38 the Chase Manhattan Bank and JP Morgan Leasing, Inc., dated January 24, 2002 (without schedule). (8) 10.12 Auction Sale Agreement, among Daley-Hodkin Corporation, Kolar, Inc., JP Morgan Chase 10.40 and JP Morgan Leasing, Inc., dated January 10, 2002. (8) 10.13 Amended and Restated Credit Agreement, among the Borrowers, the Lenders and JP Morgan, 10.43 dated June 25, 2002. (9) 10.14 Form of Replacement Term Note, between Kolar and JP Morgan, dated June 25, 2002. (9) 10.44 10.15 Tranche C Intercreditor and Subordination Agreement, among the Lenders, the Borrowers 10.45 and JP Morgan, dated June 25, 2002. (9) 10.16 Tranche C Term Note, among the Borrowers and JP Morgan, dated June 25, 2002. (9) 10.46 10.17 Amendment to Intercreditor and Subordination Agreement, among the Subordinated Lenders 10.47 (as therein defined), the Borrowers and JP Morgan, dated June 25, 2002. (9) 10.18 Amendment to Guarantee and Collateral Agreement among the Borrowers and JP Morgan, 10.48 dated June 25, 2002. (9) 10.19 Tranche C Mortgage, Fixture Filing and Assignment of Leases and Rents, between Kolar 10.49 and JPMorgan, dated June 25, 2002. (9) 10.20 Amendment to Security Agreement, between the Borrowers and Ralok, dated June 25, 2002. 10.50 (9) 10.21 Amended and Restated Seller Note, between the Borrowers and Ralok, dated June 25, 10.51 2002. (9) 10.22 CPI Seller Guaranty Amendment, among CPI and Ralok, dated June 25, 2002. (9) 10.52 10.23 Seller Mortgage Subordination Agreement, between Ralok and JPMorgan, dated June 25, 10.53 2002. (9) v Exhibit Number Name of Exhibit No. in Document -----
----- 10.24 Mortgage Modification Agreement, between Kolar and JPMorgan, dated June 25, 2002. (9) 10.54 ***10.25 Agreement among Ralok, Inc., the Company and Green & Selfler, as Escrow Agent, dated 10.25 November 26, 2002, regarding right to purchase note. ***10.26 Form of Merger & Acquisition Agreement, between the Underwriter and the Company. 10.26 ***10.27 Registration Rights Agreement, between the Registrant and GECapital CFE, Inc. dated 10.27 February 26, 2002. ***10.27.1 Schedule of Omitted Document in the form of Exhibit 10.27.1 10.27, including material detail in N/A which such document differs from Exhibit 10.27. ***10.28 Letter Agreement Amending Employment Agreement, between Edward J. Fred and the Company, 10.28 dated December 12, 2002. ***10.29 Letter Agreement Amending Employment Agreement, between Edward J. Fred and the Company, 10.29 dated January 1, 2003. ***10.30 Letter Agreement Amending Employment Agreement, between Arthur August and the Company, 10.30 dated January 1, 2003. ***21.1 Subsidiaries of the Registrant. 21.1 ***23.1 Consent of Graubard Miller (included as part of its opinion). N/A *23.2 Consent of Goldstein Golub Kessler LLP. N/A ***24.1 Power of Attorney (included on signature page). N/A ***99.1 Consent of Person to Become Director. 99.1 ----- * Filed herewith. ** To be filed by amendment. *** Previously filed. (1) Filed as an exhibit to the Company's Registration Statement on Form S-1 (No. 33-49270) declared effective on September 16, 1992 and incorporated herein by reference. (2) Filed as an exhibit to the Company's Annual Report on Form 10-KSB for December 31, 1998 and incorporated herein by reference. (3) Filed as an exhibit to the Company's Annual Report on Form 10-KSB for December 31, 1995 and incorporated herein by reference. (4) Filed as an exhibit to the Company's Annual Report on Form 10-KSB for December 31, 2000 and incorporated herein by reference. (5) Filed as an exhibit to Schedule 13D filed on behalf of Edward J. Fred on October 19, 2001 and incorporated herein by reference. (6) Filed as an exhibit to Schedule 13D filed on behalf of Arthur August on October 19, 2001 and incorporated herein by reference. (7) Filed as an exhibit to the Company's Quarterly Report on Form 10-QSB for September 30, 2001 and incorporated herein by reference. (8) Filed as an exhibit to the Company's Current Report on Form 8-K for January 22, 2002, as amended, and incorporated herein by reference. (9) Filed as an exhibit to the Company's Current Report on Form 8-K for June 27, 2002. (10) Filed as an exhibit to the Company's Annual Report on Form 10-K for December 31, 1992 and incorporated herein by reference. (11) Filed as an exhibit to the Company's Current Report on Form 8-K for April 29, 1994, as amended, and incorporated herein by reference. vi ITEM 28. Undertakings The Company will: (1) File, during any period in which it offers or sells securities, a post-effective amendment to this Registration Statement to: (i) Include any prospectus required by Section 10(a)(3) of the Securities Act; (ii) Reflect in the prospectus any facts or events which, individually or together, represent a fundamental change in the information in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low

or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" Table in the effective registration statement. (iii) Include any additional or changed material information on the plan of distribution. (2) For determining liability under the Securities Act, treat each post-effective amendment as a new registration statement of the securities offered, and the offering of the securities at that time to be the initial bona fide offering. (3) File a post-effective amendment to remove from registration any of the securities that remain unsold at the end of the offering. (4) For determining any liability under the Securities Act, treat the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Company under Rule 424(b)(1) or (4), or 497(h) under the Securities Act as part of this registration statement as of the time the Commission declared it effective. (5) For determining any liability under the Securities Act, treat each post-effective amendment that contains a form of prospectus as a new registration statement for the securities offered in the registration statement, and that the offering of the securities at that time as the initial bona fide offering of those securities. Insofar as indemnification for liabilities arising under Securities Act may be permitted to directors, officers and controlling persons of Registrant pursuant to the provisions of its Articles of Incorporation, its By-Laws, or otherwise, Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against liabilities (other than the payment by Registrant for expenses incurred or paid by an officer, director or controlling person of Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

vii SIGNATURES Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing this Form SB-2/A and authorized this registration statement to be signed on its behalf by the undersigned, hereunto duly authorized, in Edgewood, New York on February 11, 2003. CPI AEROSTRUCTURES, INC. By /s/ Arthur August -----

Arthur August Chairman of the Board (Principal Executive Officer) Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the date indicated. /s/ Arthur August Chairman of the Board February 11, 2003 ----- (Principal Executive Officer) Arthur August /s/ Edward J. Fred Chief Executive Officer, February 11, 2003 ----- President, Chief Financial Officer and Secretary (Principal Accounting Officer) and Director * Director February 11, 2003 ----- Walter Paulick * Director February 11, 2003 ----- Kenneth McSweeney *By: /s/ Edward J. Fred ----- Edward J. Fred, as Attorney in Fact

viii Table of Exhibits Exhibit Number Name of Exhibit No. in Document ----- ***1.1 Form of Underwriting Agreement 1.1 3.1 Certificate of Incorporation of the Company, as amended. (1) 3.1 3.1(a) Certificate of Amendment of Certificate of Incorporation filed on July 14, 1998. (2) 3.1(a) 3.2 Amended and Restated By-Laws of the Company. (1) 3.2 ***4.7 Form of Warrant issued to Underwriter 4.7 ***5.1 Opinion of Graubard Miller 5.1 10.1 1992 Stock Option Plan. (1) 10.3 10.2 1995 Employee Stock Option Plan. (3) 10.4 10.3 Form of military contract. (1) 10.7 10.4 Asset Purchase Agreement, dated September 9, 1997 by and among Kolar Machine, Inc., a 10.19 New York corporation, Daniel Liguori, the Company and Kolar, Inc., a Delaware corporation and wholly-owned subsidiary of the Company. (5) 10.5 1998 Performance Equity Plan. (2) 10.28 10.6 Performance Equity Plan 2000. (4) 10.29 10.7 Stock Option Agreement, dated August 14, 2001, between Edward J. Fred and the Company. 10.35 (5) 10.8 Stock Option Agreement, dated August 14, 2001, between Arthur August and the Company. 10.36 (6) 10.9 Employment Agreement, dated August 14, 2001, between Edward J. Fred and the Company. 10.37 (7) 10.10 Employment Agreement, dated August 14, 2001, between Arthur August and the Company. (7) 10.38 10.11 Peaceful Possession Agreement, by and among Kolar, Inc., JP Morgan Chase Bank f/k/a/ 10.38 the Chase Manhattan Bank and JP Morgan Leasing, Inc., dated January 24, 2002 (without schedule). (8) 10.12 Auction Sale Agreement, among Daley-Hodkin Corporation, Kolar, Inc., JP Morgan Chase 10.40 and JP Morgan Leasing, Inc., dated January 10, 2002. (8) 10.13 Amended and Restated Credit Agreement, among the Borrowers, the Lenders and JP Morgan, 10.43 dated June 25, 2002. (9) i Exhibit Number Name of Exhibit No. in Document ----- 10.14 Form of

Replacement Term Note, between Kolar and JP Morgan, dated June 25, 2002. (9) 10.44 10.15 Tranche C Intercreditor and Subordination Agreement, among the Lenders, the Borrowers 10.45 and JP Morgan, dated June 25, 2002. (9) 10.16 Tranche C Term Note, among the Borrowers and JP Morgan, dated June 25, 2002. (9) 10.46 10.17 Amendment to Intercreditor and Subordination Agreement, among the Subordinated Lenders 10.47 (as therein defined), the Borrowers and JP Morgan, dated June 25, 2002. (9) 10.18 Amendment to Guarantee and Collateral Agreement among the Borrowers and JP Morgan, 10.48 dated June 25, 2002. (9) 10.19 Tranche C Mortgage, Fixture Filing and Assignment of Leases and Rents, between Kolar 10.49 and JPMorgan, dated June 25, 2002. (9) 10.20 Amendment to Security Agreement, between the Borrowers and Ralok, dated June 25, 2002. 10.50 (9) 10.21 Amended and Restated Seller Note, between the Borrowers and Ralok, dated June 25, 10.51 2002. (9) 10.22 CPI Seller Guaranty Amendment, among CPI and Ralok, dated June 25, 2002. (9) 10.52 10.23 Seller Mortgage Subordination Agreement, between Ralok and JPMorgan, dated June 25, 10.53 2002. (9) 10.24 Mortgage Modification Agreement, between Kolar and JPMorgan, dated June 25, 2002. (9) 10.54 ***10.25 Agreement among Ralok, Inc., the Company and Green & Selfler, as Escrow Agent, dated 10.25 November 26, 2002, regarding right to purchase note. ***10.26 Form of Merger & Acquisition Agreement, between the Underwriter and the Company. 10.26 ***10.27 Registration Rights Agreement, between the Registrant and GECapital CFE, Inc. dated 10.27 February 26, 2002. ***10.27.1 Schedule of Omitted Document in the form of Exhibit 10.27.1 10.27, including material detail in N/A which such document differs from Exhibit 10.27. ***10.28 Letter Agreement Amending Employment Agreement, between Edward J. Fred and the Company, 10.28 dated December 12, 2002. ***10.29 Letter Agreement Amending Employment Agreement, between Edward J. Fred and the Company, 10.29 dated January 1, 2003. ***10.30 Letter Agreement Amending Employment Agreement, between Arthur August and the Company, 10.30 dated January 1, 2003. ***21.1 Subsidiaries of the Registrant. 21.1 ***23.1 Consent of Graubard Miller (included as part of its opinion). N/A *23.2 Consent of Goldstein Golub Kessler LLP. N/A ii Exhibit Number Name of Exhibit No. in Document -----
----- ***24.1 Power of Attorney (included on signature page). N/A ***99.1 Consent of Person to Become Director. 99.1 ----- * Filed herewith. ** To be filed by amendment. *** Previously filed. (1) Filed as an exhibit to the Company's Registration Statement on Form S-1 (No. 33-49270) declared effective on September 16, 1992 and incorporated herein by reference. (2) Filed as an exhibit to the Company's Annual Report on Form 10-KSB for December 31, 1998 and incorporated herein by reference. (3) Filed as an exhibit to the Company's Annual Report on Form 10-KSB for December 31, 1995 and incorporated herein by reference. (4) Filed as an exhibit to the Company's Annual Report on Form 10-KSB for December 31, 2000 and incorporated herein by reference. (5) Filed as an exhibit to Schedule 13D filed on behalf of Edward J. Fred on October 19, 2001 and incorporated herein by reference. (6) Filed as an exhibit to Schedule 13D filed on behalf of Arthur August on October 19, 2001 and incorporated herein by reference. (7) Filed as an exhibit to the Company's Quarterly Report on Form 10-QSB for September 30, 2001 and incorporated herein by reference. (8) Filed as an exhibit to the Company's Current Report on Form 8-K for January 22, 2002, as amended, and incorporated herein by reference. (9) Filed as an exhibit to the Company's Current Report on Form 8-K for June 27, 2002. (10) Filed as an exhibit to the Company's Annual Report on Form 10-K for December 31, 1992 and incorporated herein by reference. (11) Filed as an exhibit to the Company's Current Report on Form 8-K for April 29, 1994, as amended, and incorporated herein by reference. iii