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FOR IMMEDIATE RELEASE

AIR T, INC. REPORTS UNAUDITED THIRD QUARTER RESULTS

MAIDEN, NC - Air T, Inc. (AirT) (NASDAQ: AIRT) today reported unaudited consolidated net earnings of \$304,000 (\$0.11 per share) for fiscal 2007's third quarter ended December 31, 2006, compared to net earnings of \$675,000 (\$0.25 per share) for the third quarter of fiscal 2006. The Company reported consolidated net earnings for the nine months ended December 31, 2006 of \$1,402,000 (\$0.52 per share), an increase of \$185,000 over prior year earnings for the same period.

Consolidated revenues decreased \$10,568,000 (18%) and \$6,021,000 (26%), respectively, for the nine and three-month periods ended December 31, 2006, compared to the equivalent prior periods. The nine and three-month current period decreases in revenues resulted from \$4,166,000 and \$4,316,000, respectively, in decreases in ground equipment revenues related primarily to the completion of international commercial deicer contracts in fiscal 2006. Air cargo revenues for the nine and three-month periods ended December 31, 2006 decreased by \$4,165,000 (16%) and \$1,705,000 (16%) primarily related to decreased levels of maintenance and direct operating costs, passed through to the Company's air cargo customer at cost, relating to the fleet conversion and modernization program that was completed in fiscal 2006.

The \$185,000 increase in net earnings for the nine-month period ended December 31, 2006 was the result of a number of factors. During the nine-month period ended December 31, 2005, Air T's Global Ground Support (Global) subsidiary incurred and expensed \$905,000 in costs connected with the February 2005 Philadelphia airport de-icing boom collapse and the Company's efforts to return to service the other de-icing booms installed at the airport. The Company has incurred minimal cost in fiscal 2007 related to this matter and continues to pursue recovery of its costs incurred. The Company has also experienced a significant decrease in international deicer sales in fiscal 2007 although as a result of increased margins on fiscal 2007 domestic sales, the effect on fiscal 2007 earnings has been minimal. The Company's air cargo segment has also seen a decrease in earnings as a result of decreased maintenance revenues in fiscal 2007, as the Company's fleet conversion and modernization program was completed in fiscal 2006. Finally, in fiscal 2007, as a result of the Company's adoption of Financial Accounting Standards Board (FASB) Statement No. 123(R), the Company has recorded equity-based compensation expense in the nine-month period ended December 31, 2006 of \$185,864. No expense for stock option grants was recognized in fiscal 2006.

The \$371,000 decrease in net earnings for the three-month period ended December 31, 2006 primarily reflects the above-mentioned decrease in international deicer sales and air cargo maintenance revenues and to a lesser extent the effects of FASB 123(R) and the Philadelphia airport incident. The Company also had a \$126,000 gain on settlement of a retirement obligation in the quarter ended December 31, 2005. In addition, during the three-month period ended December 31, 2006, the Company expensed \$172,000 in executive severance and transition costs and additional severance pay and benefits to air cargo employees. Now that the fleet conversion and modernization program is largely completed, the Company has taken action to reduce salaries and other overhead costs and expects to begin realizing the full benefits of this cost reduction program beginning in the fourth quarter.

Walter Clark, Chairman and Chief Executive Officer of AirT, stated, "Air T management is not satisfied with the results of the third quarter, but we do believe there are a number of positive aspects to report. While Global

sales revenues have not matched the prior year, and we have not been able to renew the international sales, Global has increased its margins and increased its profitability, on reduced sales and increased service work. Air cargo revenues are also down, as expected, as a result of our customer completing their fleet conversion program in fiscal 2006. As noted in the previous quarter, now that the fleet conversion program is complete, cost cutting measures have been undertaken, and we expect to begin realizing the full financial benefits of these measures in the fourth quarter.”

The Company operates in two business segments. Air T, through its subsidiaries, provides overnight air freight service to the express delivery industry, and manufactures, sells and services aircraft ground support and special purpose industrial equipment. Air T is one of the largest, small-aircraft air cargo operators in the United States. Air T’s Mountain Air Cargo (MAC) and CSA, Air subsidiaries currently operate a fleet of single and twin-engine turbo-prop aircraft nightly in the eastern half of the United States, South America, Puerto Rico and the Caribbean Islands. MAC has recently transitioned a portion of its customer’s aircraft fleet from older Fokker F-27 aircraft to more modern ATR 42/72 aircraft. Air T’s Global subsidiary manufactures, services and supports aviation ground support and specialized military and industrial equipment on a worldwide basis.

For a more detailed presentation and discussion of the Company’s results of operations and financial condition, please read the Company’s Quarterly Report on Form 10-Q for the quarter ended December 31, 2006 filed earlier today with the Securities and Exchange Commission. Copies of the Form 10-Q may be accessed on the Internet at the SEC’s website, <http://www.sec.gov>.

Statements in this press release, which contain more than historical information, may be considered forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995) which are subject to risks and uncertainties. Actual results may differ materially from those expressed in the forward-looking statements because of important potential risks and uncertainties, including but not limited to the risk that contracts with major customers will be terminated or not extended, uncertainty regarding the Company’s legal action against the subcontractor that designed, manufactured and warranted the deicing booms initially sold by Global to the Philadelphia airport, the future economic conditions, inflation rates, competition, changes in technology or government regulation, and the impact of future terrorist activities in the United States and abroad. A forward-looking statement is neither a prediction nor a guarantee of future events or circumstances, and those future events or circumstances may not occur. We are under no obligation, and we expressly disclaim any obligation, to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise.

FINANCIAL HIGHLIGHTS
(In thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	12/31/06	12/31/05	12/31/06	12/31/05
Operating Revenues	<u>\$ 17,395</u>	<u>\$ 23,415</u>	<u>\$ 49,188</u>	<u>\$ 58,767</u>
Net Earnings	<u>\$ 304</u>	<u>\$ 675</u>	<u>\$ 1,402</u>	<u>\$ 1,217</u>
Net Earnings Per Share - Diluted	<u>\$ 0.11</u>	<u>\$ 0.25</u>	<u>\$ 0.52</u>	<u>\$ 0.46</u>
Weighted Average Shares Outstanding-diluted	<u>2,668</u>	<u>2,672</u>	<u>2,671</u>	<u>2,672</u>