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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 \$675,000 (\$0.25 per share) for fiscal 2006's third quarter ended December 31, 2005, compared to net earnings of \$485,000 (\$0.18 per share) for the third quarter of fiscal 2005. Consolidated revenues for fiscal 2006's third quarter was \$23,415,000 compared to \$18,334,000 for the similar 2005 fiscal quarter. Nine-month, year-to-date, consolidated revenues increased \$8,981,000, to \$58,767,000, while net earnings decreased \$340,000 to current year-to-date net earnings of \$1,217,000.

Consolidated revenues increased \$8,981,000 (18.0%) to \$58,767,000 and \$5,081,000 (27.7%) to \$23,415,000, respectively, for the nine and three-month periods ended December 31, 2005 compared to the equivalent 2004 periods. The nine and three-month current period net increases in revenues primarily resulted from, respective, \$5,181,000 and \$4,597,000 increases in ground equipment revenues related to increases in the number of domestic and international commercial deicer units sold, and, respective, \$3,800,000 and \$484,000 increases in air cargo revenues primarily related to increased levels of direct operating costs, passed through to the Company's Customer at cost, and from increased administrative fees associated with ATR aircraft entering revenue service.

The \$340,000 reduction in fiscal 2006's net earnings for the nine-month period ended December 31, 2005 was primarily the result of costs associated with efforts by Air T's Global Ground Support (Global) subsidiary to return to service deicing equipment at the Philadelphia Airport, partly offset by increased deicer unit sales and increased air cargo administrative fees. During the nine-month period ended December 31, 2005, Global incurred \$905,000 in costs, \$548,000 net of taxes, connected with its efforts to have deicing booms returned to service which amount is included in Global's operating expenses for the period ended December 31, 2005, of which \$117,000 in costs, \$71,000 net of taxes, were recorded in the quarter ended December 31, 2005. The \$190,000 increase in net earnings for the three-month period ended December 31, 2005 primarily reflects the above-mentioned increased deicer sales and administrative fees, and a \$126,000 gain, \$76,000 net of taxes, on retirement accrual booked in the quarter ended December 31, 2005 related to the lump-sum settlement of certain obligations in that quarter, partially offset by the boom repair cost.

Walter Clark, Chairman and Chief Executive Officer of AirT, stated, "Air T management is pleased that the Company's current third quarter earnings reflect the increased results of its fiscal 2006 operations. The above mentioned cost of returning the Philadelphia booms to service reduced the Company's earnings per share by \$0.09 per share during each of the Company's first and second quarters and \$0.03 for the third quarter. The completion of this project, complimented by increased international deicer unit sales, and the completion of the placing additional ATR aircraft into revenue service and the settlement gain on retirement accrual have increased Air T's quarter ended December 31, 2005 net earnings per share by \$0.07 (38.9%) over its equivalent fiscal 2005 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, 2005 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 timing of the completion of repair of the eleventh deicing boom to be reinstalled at the Philadelphia airport, 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	
	12/31/05	12/31/04	12/31/05	12/31/04
Operating Revenues	<u>\$ 23,415</u>	<u>\$ 18,334</u>	<u>\$ 58,767</u>	<u>\$ 49,786</u>
Net Earnings	<u>\$ 675</u>	<u>\$ 485</u>	<u>\$ 1,217</u>	<u>\$ 1,557</u>
Net Earnings Per Share - Diluted	<u>\$ 0.25</u>	<u>\$ 0.18</u>	<u>\$ 0.46</u>	<u>\$ 0.58</u>
Weighted Average Shares Outstanding	<u>2,672</u>	<u>2,694</u>	<u>2,672</u>	<u>2,700</u>