

August 4, 2006  
Contact: John Gioffre  
Chief Financial Officer  
3524 Airport Road  
Maiden, NC 28650  
(828) 464-8741 Ext. 6677

FOR IMMEDIATE RELEASE

AIR T, INC. REPORTS UNAUDITED FIRST QUARTER EARNINGS

MAIDEN, NC - Air T, Inc. (Air T) (NASDAQ: AIRT) today reported consolidated net earnings of \$734,000 (\$0.27 per diluted share) for fiscal 2007's first quarter ended June 30, 2006, a \$456,000 (164%) increase compared to consolidated net earnings of \$278,000 (\$0.10 per diluted share) for the similar fiscal 2006 period. During the quarter ended June 30, 2005, Air T's Global Ground Support (Global) subsidiary recorded \$373,000 (\$227,000 net after tax) in costs in connection with its efforts to return certain deicing equipment to service. Global has commenced litigation against the subcontractor that designed and fabricated these booms to recover these repair expenses and other damages. No boom repair related costs were incurred in the quarter ended June 30, 2006.

Consolidated revenues decreased \$1,132,000 (6.6%) to \$16,084,000 for the quarter ended June 30, 2006 compared to the same quarter in the prior fiscal year. The decrease in revenues resulted from a \$2,647,000 decrease in air cargo maintenance revenues, primarily related to decreased direct operating costs, passed through to the Company's customer at cost, offset by a \$1,520,000 increase in ground equipment revenues related to increased deicer sales.

Walter Clark, Chairman and Chief Executive Officer of Air T, commented, "Although approximately half of the improvement in net earnings was due to the impact last year of the reserve for the repair of the de-icing booms in Philadelphia, the remaining increase was principally the result of increased sales by Global. The increase in Global's revenues was the result of both an increase in the number of de-icing units sold, as well as a change in the mix of the units sold in the fiscal 2007 quarter. The decrease in overall revenues was principally attributable to a decrease in maintenance services and acquisition of aircraft parts in our air cargo operations, primarily due to the wind-down and completion of our air cargo customer's fleet modernization and the associated conversion of the newer, replacement ATR aircraft from passenger to cargo configuration during fiscal 2006."

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 is currently in the process of transitioning 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 June 30, 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 legal actions against the Company relating to the collapsed boom at the Philadelphia airport and the Company's legal action against the subcontractor that designed, manufactured and warranted the deicing booms initially sold by Global for installation at the Philadelphia airport, 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)

	<u>Three Months Ended (Unaudited)</u>	
	<u>06/30/2006</u>	<u>06/30/2005</u>
Operating Revenues	<u>\$ 16,084</u>	<u>\$ 17,216</u>
Net Earnings	<u>\$ 734</u>	<u>\$ 278</u>
Net Earnings Per Share - Diluted	<u>\$ 0.27</u>	<u>\$ 0.10</u>
Average Common Shares Outstanding	<u>2,671</u>	<u>2,671</u>