



AIR T, INC.

**CHARTER OF THE
AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS
(Restated)**

There shall be a committee of the Board of Directors to be known as the audit committee.

Role and independence

The audit committee of the board of directors assists the board in fulfilling its responsibility for oversight of:

- (1) the quality and integrity of the accounting, auditing and reporting practices of the corporation;
- (2) the audits of the corporation's financial statements and the independent auditor's qualifications, independence and performance;
- (3) the corporation's systems of internal control over financial reporting;
- (4) the corporation's compliance with legal and regulatory requirements;
- (5) the performance of the corporation's internal audit function;

and such other duties as directed by the board. The membership of the committee shall consist of at least three directors who are generally knowledgeable in financial and auditing matters, and including at least one member who is an "audit committee financial expert" under Securities Exchange Commission regulations if one or more members of the board would qualify as an "audit committee financial expert" and would be eligible to serve on the audit committee. Each member shall be free of any relationship that, in the opinion of the board, would interfere with his or her individual exercise of independent judgment and shall meet the independence requirements of the NASDAQ Stock Market applicable to membership on the audit committee.

The committee is expected to maintain free and open communication (including regular private executive sessions) with the independent auditor, the internal auditors and the management of the corporation and to provide each group with full access to the committee (and the board) to report on any and all appropriate matters. In discharging its oversight role, the committee is empowered to investigate any matter brought to its attention, with full power to retain outside counsel or other experts for this purpose and to have the corporation pay all reasonable fees of such advisors.

Responsibilities

The audit committee's primary responsibilities include:

- Selecting and retaining the independent accounting firm that audits the financial statements of the corporation and approving the scope of the proposed audit for each fiscal year and the fees and other compensation to be paid therefor. In so doing, the committee will discuss and consider the auditor's written affirmation that the auditor is in fact independent and the nature and rigor of the audit process and receive and review all reports from management and the current auditor relevant to these determinations.
- Reviewing and periodically discussing with the independent auditor all significant relationships the firm and members of the engagement team have with the corporation and others that may affect the auditor's independence.
- Preapproving all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the corporation by its independent auditor, subject to such exceptions for non-audit services as permitted by applicable laws and regulations. The committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant preapprovals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant preapprovals shall be presented to the full committee at its next scheduled meeting.
- Reviewing financial statements (including quarterly reports) with management and the independent auditor. It is anticipated that these discussions will include quality of earnings, review of reserves and accruals, consideration of the suitability of accounting principles, review of highly judgmental areas, audit adjustments (whether or not recorded) and such other inquiries as may be appropriate. Annually, after satisfactory review by the committee, the company's audited financial statements will be approved by the board of directors for inclusion in the annual report of Form 10-K to be filed with the Securities and Exchange Commission.
- Reviewing with management Management's Discussion and Analysis of Financial Condition and Results of Operations to be included in the corporation's annual report on Form 10-K or quarterly report on Form 10-Q, as applicable.
- Discussing with management and the auditors the quality and adequacy of the company's internal controls over financial reporting and reporting processes.
- Discussing with the independent auditor its judgments about the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting.
- Reviewing and discussing with management and the independent auditor, as appropriate, earnings press releases, and financial information and earnings guidance provided by the Corporation to analysts and rating agencies.

- Discussing with management, the internal auditors and the independent auditor policies with respect to risk assessment and risk management, significant risks or exposures of the corporation and the steps that have been taken to minimize such risks. It is anticipated that such discussions will include the status of pending litigation, taxation matters and other areas of oversight of the legal and compliance area as may be appropriate.
- Establishing procedures for the receipt, retention and treatment of complaints received by the corporation regarding accounting, internal control over financial reporting or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- Approving any letter to be included in the Corporation's annual report or proxy statement that describes the Committee's composition and responsibilities and how they were discharged.
- Reporting on audit committee activities to the full board and issuance annually of a summary report (including appropriate oversight conclusion) suitable for submission to the shareholders.
- Reviewing any "related party transactions," as defined by applicable NASDAQ rules, and determining whether to ratify or approve such transactions.
- Performing any other activities consistent with this charter, the corporation's bylaws and governing law that the committee or the board may deem necessary or appropriate.
- Conducting an annual review of this charter and updating it as appropriate.

Revised and restated as of June 1, 2009.