



## **AIR T, INC.**

### **CHARTER OF THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS**

#### **I. PURPOSE**

The Compensation Committee (the “Committee”) has the primary function of assisting the Board of Directors (the “Board”) of Air T, Inc. (the “Corporation”) in discharging its responsibilities related to compensation of the Corporation’s directors and executive officers.

#### **II. COMPOSITION**

The Committee shall be comprised of three or more directors, appointed by the Board, who meet the independence requirements of applicable SEC regulations, Nasdaq Stock Market listing standards applicable to members of a compensation committee and such other criteria as the Board may establish, subject only to limited exceptions provided by applicable regulations. In addition, each member of the Committee shall be a “Non-Employee Director” under Rule 16b-3 of the Exchange Act and an “outside director” for purposes of Section 162(m) of the Internal Revenue Code. Notwithstanding the foregoing, no action of the Committee will be void or invalid because of the participation of a director who does not meet these requirements.

Unless the Board appoints a Chair of the Committee, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

#### **III. MEETINGS**

The Committee shall meet as frequently as circumstances dictate. The Committee may ask members of management or others to attend any meeting and provide information or advice as needed.

#### **IV. ACTIVITIES**

To fulfill its responsibilities, the Committee shall:

- (1) Evaluate, develop, approve and report to the Board regarding the Corporation’s overall compensation philosophy and strategy, including the balance among various components of compensation, such as base salaries, cash-based and equity-based incentive compensation, and other benefits.
- (2) Determine, or recommend to the Board for its determination, the compensation, including salary, bonus, incentive and equity compensation to be paid to the Chief

Executive Officer (provided that the Chief Executive Officer may not be present during voting or deliberations on his or her compensation).

- (3) Determine, or recommend to the Board for its determination, the compensation, including salary, bonus, incentive and equity compensation to be paid to the other executive officers of the Corporation.
- (4) Review director fees and other compensation paid to non-employee members of the Board on a periodic basis and effect, or recommend to the Board, any changes the Committee deems appropriate.
- (5) Periodically review the Corporation's equity-based and other incentive plans and revise such plans, or recommend revisions or new plans to the Board, as the Committee deems appropriate.
- (6) Determine and recommend to the Board for approval any performance targets and participation levels for the Corporation's management in any incentive plan for which such targets and levels are to be set.
- (7) When delegated such authority by the Board, exercise the full authority of the Board to administer the Corporation's equity-based and other incentive, compensation or benefit plans.
- (8) Review and approve all formal employment agreements with the Corporation's executive officers.
- (9) Review the Corporation's overall compensation policies and practices for all employees as they relate to the Corporation's risk.

## **V. PROCESSES**

After each Committee meeting, the Committee shall report its actions and recommendations to the Board.

The Committee shall review this Charter periodically and recommend any proposed revisions to the Board for its approval.

The Committee shall have the authority to delegate any of its responsibilities to subcommittees.

The Committee shall have the sole authority to engage compensation consultants and other advisors, as it deems appropriate, to advise the Committee and to set the terms (including approval of fees and expenses) of all such engagements, and to terminate any such engagements. The Corporation shall provide for appropriate funding, as determined by the Committee, for paying fees to such advisors engaged by the Committee.

Adopted: June 3, 2013