

FIRST AVIATION ANNOUNCES SETTLEMENT OF LITIGATION

WESTPORT, CONNECTICUT, December 17, 2001 – First Aviation Services Inc. (NASDAQ: FAVS), a leading provider of services to the aerospace industry worldwide, today announced that the parties to the action entitled First Aviation Services Inc., et al. v. Gulf Insurance Company in the United States District Court for the District of Connecticut have settled their claims against each other with neither party admitting any liability whatsoever to the other. The parties have reached a compromise in the action with First Aviation Services receiving \$950,000 and all claims and counterclaims having been dismissed with prejudice. The income related to the settlement will be recorded in the fourth quarter when the settlement was reached.

The litigation had sought reimbursement for costs incurred in the Company's successful defense against claims made by John F. Risko, a former officer and director.

First Aviation, located in Westport, Connecticut is a worldwide leader in providing aerospace products and services to aircraft operators of some of the most widely used commercial and general aviation aircraft. Its operations include API, based in Memphis, Tennessee. In addition to the product lines it distributes, API offers overhaul and repair services for brakes and starter/generators, and builds custom hose assemblies. API also is a leading provider of supply chain management and customized third party logistics services. With locations in the U.S., Canada and Asia Pacific, plus partners throughout the world, API continues to be the fastest growing provider of aviation products and inventory management solutions in the industry.

More information about First Aviation can be found on the World Wide Web at <http://www.firstaviation.com> and, <http://www.apiparts.com>.

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