

Mesaba Airlines

2002 AIRPORT ROAD
GRAND RAPIDS, MN 55744

218/326-6657

May 10, 1983

TO: ALL EMPLOYEES

FROM: ROBERT D. SWENSON
PRESIDENT & CHIEF EXECUTIVE OFFICER

Special greetings to you. Although I wish that I could report to you a successful outcome regarding the Thief River Falls case, as you know, it just is not so. It is frustrating for all of us to work so hard and long on a case and then not get it. In this particular instance, the member of the Board who voted finally to give the case a 3 - 2 decision, did so only after desiring our three nonstop roundtrip proposal as his first choice. However, when he found that he could not get the best service pattern for the city, he tossed his vote in with the least dollars.

CAB CHOOSES BEMIDJI AIRLINES TO REPLACE REPUBLIC AT MINNESOTA POINT

CAB voted 3-2 at its open meeting yesterday to select Bemidji Airlines to replace Republic for essential service at Thief River Falls, Minn. Board Office of Congressional, Community and Consumer Affairs recommended Mesaba for the EAS on either a nonstop or one-stop basis, but the Board decided to go with the recommendation of the Bureau of Domestic Aviation. Mesaba proposed the nonstop service for \$495,000 annual subsidy and one-stop for \$375,000 annually, using Beech 99s. Bemidji proposed service with a smaller Beech Queen Air for \$240,000 annually.

Members Jim Smith and Gloria Schaffer supported the Mesaba nonstop proposal, while Member Diane Morales preferred the Mesaba one-stop option. Lacking majority support for the nonstop proposal, Smith voted with CAB Chairman Dan McKinnon and Member Elizabeth Bailey for the less expensive Bemidji proposal.

(AVIATION DAILY - MAY 4, 1983)

Originally, the City of Thief River Falls had been guaranteed 56 seats each way, each day. The seats necessary to fill this need could be reduced if the aircraft to be used was larger than 7 to 8 seats, (Bemidji flies a 9-seat aircraft). If the aircraft is large enough, the seats required by the Civil Aeronautics Board would be at 45. Our three roundtrip nonstop proposal met this level of service perfectly. Our competitor was selected, however, with providing 5 roundtrips in a 9-seat aircraft with three or four of these flights stopping in Bemidji, (thereby utilizing seats in the Bemidji market). It appears as though a precedent may have been set at the Board and that the City of Thief River Falls suffered. At this time, I am putting together comments which will be forwarded to the CAB and I believe the City of Thief River Falls will be appealing the decision. Needless to say, there are other factors in addition to the discussed seats determination that enter into the case. Although there is a chance that the decision could be overturned, at the moment, the Board's decision is final. For your information, during the Board's official meeting, the gentleman in charge of the staff for the CAB stated that, "Mesaba is probably the finest Essential Air Service carrier in the country". So although we lost the bid on dollars, it is no reflection on the excellent job we are doing every day. We must all continue to build upon our efficiencies and our utilization, for only the most efficient and profitable carriers will survive over the long haul. We must always be a little bit lean, if we are to protect our company and our jobs. During the last several years and into the future, I have desired rather each of us pull an extra load rather than ever have to lay off personnel, as we see happening about us in the airline industry. We are strong because of all of our excellent personnel, our financial base and our profitability. We are in an excellent position for future growth and are constantly working on plans to continue doing so.

Currently, we have taken delivery of our sixth Beech 99 and it is in our shop at this time. This is a leased 99 from Mississippi Valley Airlines and we are preparing this aircraft to turn into service during the months of July or August.

The Company has also filed a proposal to provide the Essential Air Service for the cities of Devils Lake and Jamestown, North Dakota, with service to Minneapolis/St. Paul. We submitted three service patterns for the cities of Devils Lake and Jamestown, North Dakota and the Civil Aeronautics Board to consider. One of these service patterns includes three weekday roundtrips between Devils Lake/ Jamestown and Minneapolis/St. Paul with weekend service on both Saturday and Sunday.

Additionally, at our regular meeting of the Board of Directors last Thursday, Al Hann was promoted to Vice President of Marketing and Customer Service. This consolidation of Marketing and Customer Services should strengthen all of these areas. Al, along with Roger Tuttle as Director of Stations and Customer Services, and Mike Wind, as Assistant Director of Stations and Customer Services, will be coordinating the efforts of all of our Customer Services personnel. We are proud of all our personnel in Customer Services, Marketing and Reservations and believe that this consolidation will mutually strengthen all of these areas and help the company as we ready for future growth. Please find enclosed a copy of our press release.

FOR RELEASE IMMEDIATELY

MAY 10, 1983

MESABA AIRLINES PROMOTES MR. ALLAN A. HANN
TO VICE PRESIDENT, MARKETING & CUSTOMER SERVICES

Mr. Allan A. Hann, Director of Marketing for Mesaba Airlines, has been promoted to the position of Vice President, Marketing and Customer Service.

Prior to joining Mesaba Airlines, Mr. Hann served as Staff Assistant to the Vice President of Marketing with Republic Airlines. His experience in the airline industry includes over twenty-seven years with North Central Airlines and later Republic Airlines, in schedules, tariffs and long-range planning.

Mr. Allan A. Hann has been with Mesaba Airlines since October 1, 1982, and has relocated in Grand Rapids, Minnesota, with his wife, Ramona.

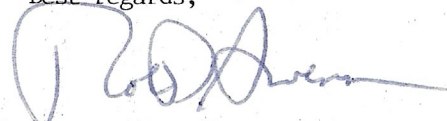
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I would also like to welcome the following new employees at this time. Thank you for choosing Mesaba as your place of employment and welcome aboard!

4/6/83	Debra Peck	Huron	PSA
4/19/83	Kevin Campbell	Grand Rapids	Line Crew

Finally, in closing, I want all of you to know that I was present at the Dash 8 rollout in Toronto last month and that the aircraft is beautiful, even more so than any pictures or models can depict. Just as the DC-3, or Convair, changed Regional Air Transportation, so will this generation of aircraft. We are down to only 24 months before the scheduled deliveries of these excellent aircraft begin. By working together, we can grow from being one of the best commuter/regional airlines in the North Central Region to one of the finest in the country. Let's continue on that path.

Best regards,



Robert D. Swenson
President & Chief Executive Officer