

July 2, 1984

TO: ALL FELLOW EMPLOYEES

FROM: ROBERT D. SWENSON
PRESIDENT & CHIEF EXECUTIVE OFFICER

We have all accomplished alot during the month of June. To begin with, congratulations on carrying 7,301 passengers during the month! This number is second only to January of this year when we carried 7,420 passengers. Were it not for the rash of maintenance and weather problems during the month, we could have set a new boarding record. We can easily break the record during July and August, if we maintain high reliability and performance levels.

With everyone's help, we have also finished our F.A.R. Part 121 "Route Proving Runs" and plan to be operational with F27's, as early as July 5th under "Domestic Air Carrier" authority. Specifically, we are planning to operate flights 523 and 526 on July 5th between MSP-FSD-PIR with the Friendship's. At the same time, we will be cancelling the FSD-PIR stub end flights, (numbers 521 and 528 that had been averaging only 3.7 passengers per flight), and we will base the overnight Beech 99 in Pierre rather than Sioux Falls. This will allow for an early morning PIR-FSD-MSP and late afternoon MSP-FSD-PIR Beech flight to complement the midday F27 roundtrip service.

The "Proving Runs" went well for us and we had a chance to thoroughly check our procedures, manuals, training, aircraft and personnel in action. The success of these runs demonstrated how closely all departments work together as a team to keep our aircraft flying. It is this ability of ours to work together and our commitment to be the best regional carrier in this part of the country that will enable us to continue forward.

With regards to specific route work, the following updates apply:

1. The Clinton and Ottumwa, Iowa route, with service to Chicago, was awarded to American Central. After we entered the bidding process, one of the two cities supported us and American Central dropped their subsidy request by approximately \$100,000. This placed their final bid slightly lower than ours and the CAB awarded the route to them as the incumbent carrier.
2. A CAB decision should be coming during July regarding the Fairmont, Mankato, Worthington case. Even though we lowered our subsidy rate for continued service and know what is required for us to operate profitably in the market, we are the high bidder in the case. We do have the support of all cities involved and I believe we have a very good chance of being awarded this route.
3. Brookings, Huron and Mitchell are coming up for a rebid this Summer and we have already submitted an initial proposal. At this time we have nothing specific to report and the case should take several months.

4. Fort Dodge and Mason City are pending before the Board and we have no idea when a final decision could be reached. We have lowered our subsidy needs substantially in these markets because the traffic has responded to our service. We have the support of the cities involved in this case.
5. Frontier Commuter has recently announced plans to service North Platte and Scottsbluff, but we are still proceeding with plans to file a proposal to serve these cities with F27 service to Omaha and Denver. Al Hamm and I have personally met with city officials out there and discussed possible service patterns.

At this time I would like to list the new employees who have joined our Company over the past few months. Please welcome aboard the following personnel. Thank you for joining the rest of us at Mesaba!

Randy Vold	Maintenance	GPZ	4/16/84
Dennis Vicha	Maintenance	MSP	4/16/84
John Londborg	Maintenance	MSP	4/16/84
Roger Lein	Maintenance	MSP	4/23/84
Holly Van Zant	Director-Inflight Services	MSP	4/30/84
Kathleen Satko	Accounting	GPZ	5/2/84
David Aslesen	FBO	GPZ	5/15/84
Richard Rudnick	Line Crew	GPZ	5/22/84
Milton Allen	Line Crew	GPZ	5/23/84
Mary Prigge	Flight Attendant (From PT to FT)	MSP	6/4/84
Wendy Welch	Flight Attendant	MSP	6/5/84
Tracy Rima	Accounting	GPZ	6/18/84

Additionally, we are finalizing the work to be done at our newly leased Hangar #1 in the Twin Cities and anticipate being moved in by August 15. The work on the enlarged hangar door to accommodate the F27's is moving on schedule.


With respect to those departments conducting annual reviews, although we are running a bit behind with all of our extra ongoing projects, all approved hourly increases will be retroactive to June 15th and any salary increases will be retroactive to July 15th. Everyone's cooperation as we finish these reviews is appreciated.

Further, sometime by the end of August, we hope to have an updated employee handbook out for everyone. Until then, if you have any specific questions, please contact your supervisor.

There are a lot of things to keep track of right now with our new hangar project, F27 certification, existing route work, Annual Shareholder Reports to get out, upcoming Annual Meeting, reviews and the normal workloads. Everything will be especially busy until September when hopefully a more normal routine will settle in for awhile.

Thank goodness for the challenges and competition we face, for without them how would we recognize success. Your help, dedication and ideas as we successfully continue forward are greatly appreciated. Best wishes for a safe and festive "Fourth of July".

Sincerely,



Robert D. Swenson
President & Chief Executive Officer