

2002 AIRPORT ROAD
GRAND RAPIDS, MN 55744
218/326-6657

May 21, 1985

TO: All Fellow Employees

FROM: Robert D. Swenson
President & Chief Executive Officer

We set a new record for passenger boardings in April of 10,029! Although I'm repeating the message recently sent over the Polaris system, it is fantastic. It looks as though we can set another new record this month if all goes well.

The 10,000 passengers per month mark is important to us at our present level of operations because it represents a figure that should return us to profitable operations. After several months of not being profitable, we are back in the black and this is vital to the health of our company and our futures. With profitable operations, we will be able to grow and expand once again. This is incredibly important for everyone who desires to grow and stay with Mesaba.

For your information, I have included a "1984 Commuter/Regional Ranking by Traffic Results". There are really two interesting concepts contained in the figures that I wish to explore with you.

One, is that of the top 50 - 65 carriers, Mesaba was the 4th fastest growing carrier in terms of percentage growth, (as far as passengers were concerned), and the 3rd fastest growing carrier as far as Revenue Passenger Mile, (RPM), growth was concerned. The fact that we were one of the fastest growing airlines in 1984 in the whole Country is something we can be proud of.

The second concept is that although we are all working hard to grow and expand, we are not an Air Wisconsin, or a Mississippi Valley, or even a Midstate yet. For example, Air Wisconsin carried 12.7 times as many passengers as we did, MVA 8.6 times and Midstate even 3.2 times.

We have a ways to go to catch these companies in a number of areas, including: passengers carried, aircraft operated, number of employees, etc. We are, however, way ahead of those companies in terms of opportunities as we successfully generate profits and grow. Whereas personnel may wait several years to upgrade to another position in one of these larger companies, due to our growth, opportunities for advancement often occur here in a fraction of the time. We're a very competitive carrier in all respects for our size and we plan to remain competitive with other companies our size as we continue to grow. With your continued cooperation and willingness to work together, we can be the best regional in the Midwest. Remember, we're one of the fastest growing airlines in the Country.

For your information, new June 3rd services coming up include one more heavily booked Beech 99 roundtrip between Minneapolis/St. Paul and Sioux Falls, as well as, new Rochester Beech 99 service that shows good advanced bookings. These new additions, together with the Thief River Falls service, will really help our passenger growth this June and Summer.

Since questions arise from time to time regarding the Essential Air Service issue and our involvement in the program, I want to give you the following update.

At this time the program is probably 95% assured of funding through the next year and it looks very promising through 1988. The funding for the Essential Air Service program has passed through both the House and Senate committees and appears to have excellent support there. Further it is my understanding that there is so much support for the program, that DOT has not found any Congressmen willing to introduce the required Bill to eliminate the program.

Although it has taken a lot of effort from a lot of different people, the program's continuation appears to be assured at this time.

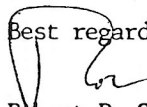
Further, from a high of plus forty percent of our total revenues two years ago, subsidy now accounts for only about twenty percent of our total revenues.

In summary, I believe that the Essential Air Service program will survive for another year and very possibly to 1988, as originally planned.

Finally, it is our desire to add an additional F27 to our fleet sometime during the next six months. A return to profitable operations and improvements in our on-time and reliability will both help us move forward once again.

Your cooperation and help as we do this is greatly appreciated. Let's set another passenger boarding record this month!

Best regards,


Robert D. Swenson
President & Chief Executive Officer

1984 COMMUTER/REGIONAL RANKING BY TRAFFIC RESULTS

Airline	Passengers	%Chg	RPMs	%Chg	1983 Rank
1. Mid Pacific	1,338,284	7.2	167,058,000	7.3	1
2. Provincetown-Boston	1,331,491	42.9	196,270,282	70.7	3
3. Britt	1,204,885	26.9	250,000,000	93	2
4. Air Wisconsin	1,095,000	36	162,986,000	36	4
5. Empire	1,073,452	53	239,466,708	47.8	5
6. Metro*	844,839	37.9	135,106,873	48.4	7
7. Horizon	769,625	95.8	152,801,996	104.9	11
8. Mississippi Valley	741,279	26.6	106,894,000	28.7	8
9. Henson	733,566	5	97,412,261	4	6
10. Sky West/Sun Aire**	652,698	32.3	95,492,053	27.3	21
11. Atlantic Southeast	613,900	71.5	97,951,759	83.9	18
12. Prinair	568,832	-1.3	54,509,372	8.3	9
13. Ransome	566,754	6.8	88,882,421	-2.1	10
14. Rocky Mountain	481,619	20.8	61,289,984	34.6	15
15. Air Midwest	475,586	22.4	90,665,460	19.1	16
16. Pennsylvania	464,462	15	54,347,267	23.4	13
17. Aspen	443,958	21.2	80,917,000	73.6	17
18. Comair	417,601	37	82,975,924	38	22
19. Rio	408,798	.94	NA	NA	12
20. Royale	400,361	80	78,573,370	107	31
21. Cascade	389,279	12	85,486,677	16	19
22. Simmons	376,134	75.8	69,989,073	75.8	33
23. Wings West	360,075	42	51,843,622	47.2	29
24. Suburban	346,226	19	31,791,390	30.4	23
25. Wright	307,998	-24	48,450,168	-25	14
Pilgrim	301,406	6	54,647,355	4.4	24
Imperial	293,845	-14.5	29,520,000	-16.7	20
Bar Harbor	297,875	12	56,046,080	15	27
Midstate	277,413	22	60,000,000	22	30
Brockway***	276,322	40.9	49,849,693	36.7	43
Chautauqua	269,091	44.4	NA	NA	38
Command	258,585	22.8	36,374,000	24.9	35
Air Virginia	248,102	14.3	45,864,625	9.7	25
Scheduled Skyways	225,196	1.3	47,027,000	-1	32
Gull Air	223,294	133	14,985,716	237	60
Crown	211,813	24.7	17,327,800	27.6	40
Royal Hawaiian	202,451	-5	16,343,198	-4	34
Fischer Bros	192,635	14.2	20,771,236	18.6	41
Pocono	191,938	59	25,331,789	71	48
American Central	174,386	54.8	35,955,459	83.9	51
Chaparral	165,370	30.2	34,377,000	37.5	44
Southern Jersey	161,411	27.1	NA	NA	47
NewAir	142,696	15	21,116,990	16	45
Precision	140,657	15	17,481,373	18	49
Pacific Coast	140,063	32.2	31,313,618	35.7	55
San Juan	121,000	24.5	NA	NA	59
New York Helicopter	115,200	-.1	1,840,000	6.3	50
Air Kentucky	104,071	31.8	13,615,317	30.6	70
Scenic	95,958	7	17,291,965	5	63
50 Mesaba	86,285	83	18,522,452	126	89
Jetstream International	80,545	106.6	16,182,282	200.7	93
Sunbird	67,565	-17.4	8,235,249	-30.1	67
Aero Coach	66,001	46.5	NA	NA	91
Big Sky	51,536	32.8	12,707,808	36	95
Tennessee Airways	51,436	-4.1	9,731,883	7.4	81
Christman	33,834	37.7	6,219,147	33.7	107
Flamenco	28,712	14	942,500	14	101
Pompano****	27,343	-69.6	5,987,367	NA	62
Golden Pacific	22,044	67.1	2,597,176	60.7	122
Las Vegas	12,421	-13	4,003,228	-25	119
BAS	11,622	-5	1,732,991	-3	126
Valley	7,218	70.9	1,368,299	88.1	140
Direct Air	2,593	6	360,427	6	146

*Metro traffic includes Eastern Metro Express.

**Sky West bought Sun Aire in October 1984 and is reporting combined statistics. They ranked numbers 42 and 21, respectively, in 1983.

***Formerly Air North and Clinton Aero ranked 43 and 90 in 1983, respectively.

****Pompano, under new management since 1983 figures were released, disputes the 1983 totals provided to the RAA and says there is no way it could have flown 92,000 passengers that year.