

July 16, 1985



TO: ALL FELLOW EMPLOYEES  
FROM: ROBERT D. SWENSON  
PRESIDENT & CHIEF EXECUTIVE OFFICER

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

Please find enclosed a copy of our Annual Report for your review. In it, you will see the accomplishments of the past year made possible by everyone's efforts. All of our shareholders are receiving by mail a copy of the report at this time.

#### OPERATIONS

This month I want to again stress an area that is so vitally important to all of us - safety. Our success depends upon every employee using his/her background, training and plain common sense to ensure safe working conditions and safe care of our passengers. This includes strict safety control of ramp areas, passenger movements, tugs, bag carts, moving aircraft and propeller clear zones. Work areas, company equipment, hangars and ramps must also be kept clean, well maintained and be properly operated to ensure safe operations. Let's all work together to ensure safe and responsible, successful growth.

#### RESERVATIONS MOVE

We are moving our Reservations Department from Grand Rapids to Minneapolis on September 8th. This move will allow us to be more efficient as we expand the functions the Department will handle and as our inventory and bookings continue to expand, allow us to better coordinate our daily activities.

#### NEW F27 PURCHASE

As just released to the media, we have purchased our third F27. This aircraft is being refurbished by Fokker in Holland for us and we plan to take delivery of it in mid-November.

Our Fokker operations are now profitable for us and we look forward to putting additional F27 capacity on during the coming months above and beyond the third F27 just purchased.

Although we have constantly given consideration to upgrading our Beech 99 fleet into aircraft such as the Metro III's, we are unable to at this time as we continue expanding our F27 fleet.

#### OBJECTION TO IOWA DOT DECISION

With regards to Essential Air Service routes, we have formally objected to the Department of Transportation's decision to reduce our expected subsidy in Iowa last year by \$80,000. That decision, we feel, was unfairly made because they have delayed the case for over 1½ years. If their reduction of payments there stands, it means that we operated at a loss on our Iowa route. This type of problem shows the importance of generating profits in all areas of operation.

#### BID FOR THIEF RIVER FALLS

We have also put in service proposals for Essential Air Service to Thief River Falls. Two other carriers have submitted bids to serve there so we will now begin the lengthy bidding process there. Speaking of Thief River Falls, our monthly mark there is improving with every month and June's results exceeded our projections. We had forecast 300 passengers for the first full month and carried 336.

ROCHESTER WITH A GOOD FIRST MONTH

Our newest route, Rochester, is off to a good start and we are pleased with our 58% load factor there in our first month.

NEW EMPLOYEES

We would like to welcome these new employees into our Company. Thank you for joining Mesaba as we continue to expand our operations


| <u>NAME</u> -Fulltime | <u>POSITION</u>                              | <u>CITY</u> | <u>DATE</u>        |
|-----------------------|----------------------------------------------|-------------|--------------------|
| Jim Micholich         | CSA                                          | MSP         | 6/16/85            |
| Julie Titejen         | CSA                                          | MHE         | 6/16/85 (PT to FT) |
| Pat Burke             | CSA                                          | FOD         | 6/30/85 (PT to FT) |
| Kay Nordvosky         | CSA                                          | BJI         | 6/30/85 (PT to FT) |
| Douglas Fulton        | Dir., Public Relations<br>& Special Projects | MSP         | 7/8/85             |
| Greg Nelson           | Mtnce                                        | MSP         | 7/10/85            |
| Steven Summerfelt     | Pilot                                        | MSP         | 7/8/85             |
| Phil Danzey           | Pilot                                        | MSP         | 7/8/85             |
| David Rausch          | Pilot                                        | MSP         | 7/8/85             |
| James Franklin        | Pilot                                        | MSP         | 7/8/85             |
| Patrick Anderson      | Pilot                                        | MSP         | 7/8/85             |
| <u>Part-time</u>      |                                              |             |                    |
| Jim Sachariason       | PSA                                          | MKT         | 3/24/85            |
| Tracy Hoffner         | PSA                                          | DVL         | 3/23/85            |
| Joe Schultz           | PSA                                          | MSP         | 4/29/85            |
| Becky Beaver          | PSA                                          | HON         | 5/28/85            |
| David Warras          | PSA                                          | MSP         | 5/27/85            |
| Greg Jordahl          | Line                                         | MSP         | 6/6/85             |
| Joe Johnson           | PSA                                          | MSP         | 6/19/85            |
| Connie Wienk          | PSA                                          | BKX         | 6/20/85            |
| Greg Peterson         | PSA                                          | MSP         | 6/25/85            |
| Jeff Neumann          | Line                                         | MSP         | 6/27/85            |

NEW BOARDING RECORD

We set a new passenger boarding record in June of 12,765. These are impressive numbers to see and are important for all of us as we grow.

Let's have a good month in July and remember, it is only by working together that we can provide our passengers with the safest, most comfortable and convenient trip possible.

Best regards,



Robert D. Swenson  
President & Chief Executive Officer

Enclosure