

Mesaba Airlines

January 30, 1986

TO: ALL FELLOW EMPLOYEES

FROM: ROBERT D. SWENSON
PRESIDENT & CHIEF EXECUTIVE OFFICER

2002 AIRPORT ROAD
GRAND RAPIDS, MN 55744

218/326-6657

Greetings! Let's hope that on Ground Hog Day this Sunday, it's overcast so that we don't get thirty more days of winter.

As everyone knows by now, Northwest has acquired Republic pending Department of Transportation approval. No doubt, all of our personnel are wondering how this major event will affect our working relationship with Northwest and I want you to know that I believe it will be very positive. However, because of the time required to sort through all of the possibilities, it will be awhile before we will have a firm plan developed. Because of the success of our program, Northwest has begun several other Airlink programs and as you know, Northwest Aircraft, Inc. has loaned us \$2.5 million dollars that is convertible into Mesaba common stock at \$3.96 per share. Such a conversion would make Northwest Aircraft, Inc., our largest shareholder owning approximately 18 percent of our Company's stock. The past year was a successful one in that we connected approximately one out of every two passengers on our system with Northwest. This excellent working relationship with Northwest should further benefit our Company as we move forward with progress. During this transition period, I believe it is important for all of our personnel to avoid any speculation at all with the public or other employees - positive or negative. Should any major developments occur, I will do the best I can to keep you informed.

Right now we are firming up our financing plans on the Metro III acquisition and we have until February 7 to secure such financing satisfactory to the bank's and our approval. We are very pleased with the program and are making good progress in finalizing the purchase of the Metros and the trade-in of our Beech fleet. These aircraft will give us excellent speed, fuel efficiency, comfort, reliability, baggage and cargo space, all the while increasing our seats available on the current Beech system by approximately 50 percent. We plan to have all of these aircraft on line by the end of June.

We are very pleased with our progress in Duluth and Aberdeen, as we are exceeding our original projections in Duluth and we have excellent advanced bookings in both markets. We have been playing catch up in Aberdeen with the fares and we are now competitively priced there.

For the three-month period ending December 31, 1985, our Company recorded a loss of \$21,396 on revenues of \$3,324,111. Revenues this year versus last year were up 41.5 percent for the same period.

We believe that January should be a record passenger boarding month; however, we have added alot more capacity and we need to carry additional passengers to improve upon our financial position.

It appears as though we lost our bid to serve Thief River Falls with a subsidy and that it went to Bemidji for \$91,000 per year with 3 daily Beech 99 roundtrips. Has anyone seen Bemidji flying a Beech 99 yet? We plan to stay in the market with our present service; however, we may be modifying the service pattern in the future.

Gate 15 in Minneapolis is looking great and soon we shall have the employee office area on the lower level completed. We are targeting March 31 for completion of our Minneapolis station facilities. Your support as we continue to finish this project is greatly appreciated.

We are also working with the architects at this time regarding the construction of our new hangar and shop office facilities in Minneapolis. The location of this is planned next to the new MLT/Sun Country hangar off of 494 next to Republic's hangars. We are hopeful of moving into this facility by next Christmas.

I would like to thank the following people for joining our Company and ask that everyone give them a warm welcome!

FULL TIME:

<u>NAME</u>	<u>POSITION</u>	<u>CITY</u>	<u>DATE</u>
Ronald Brown	PSA	ABR	11/23
Joseph LaDuke	PSA	MSP	12/2
Debra Lindquist	Res Agent	MSP	12/2 (From PT)
Jackie Koupal	PSA	ABR	12/3
Mark Burckhard	Pilot	MSP	12/9
Scott Gill	Pilot	MSP	12/9
Rick Panozzo	Pilot	MSP	12/9
Steven Williamson	Pilot	MSP	12/9
James Bosiger	Asst. Dispatcher	MSP	12/9
Jim Sackariason	PSA	MSP	12/9
Scott Nelson	Mechanic	MSP	12/10
Kevin Smythe	PSA	MSP	12/15 (From PT)
Dennis Edwards	PSA	PIR	12/15
Glenn Erickson	Mechanic	MSP	12/16
Valerie Schilz	Flight Opns Clerk	MSP	12/16
Darlyn Fuller	Flight Attendant	MSP	12/16
Greg Barnes	Flight Attendant	MSP	12/16
Joyce Walz	Flight Attendant	MSP	12/16
Richard Doyle	Mechanic	MSP	12/16
Cindy Moss	PSA	PIR	12/19
Billy Joe Workman	Director, Mtncce Plng	MSP	12/23
James Jernberg	Maintenance	MSP	12/26
			<u>1986</u>
George Sedlack	Line Crew	MSP	1/2
John Bauer	PSA	MSP	1/2
Gary Schaak	BSA	MSP	1/2 (From PT)
Lawrence Takin	PSA	MSP	1/2 (From PT)
Merrilee Schaaf	PSA	MSP	1/2
Carl Millican	Asst Dir, Mtncce	MSP	1/2
Kevin Daly	PSA	MSP	1/2
Howard Schroeder	PSA	MSP	1/2
William Bennert	PSA	MSP	1/3 (From PT)
Deborah Kaeder	Pilot	MSP	1/5
Bradley Berndsten	Pilot	MSP	1/5
Russ Saign	Mechanic	MSP	1/10
John Wier	Mechanic	MSP	1/10
Kenneth Steltzner	Mechanic	MSP	1/13
Kenneth Bursaw	Mechanic	MSP	1/13
Gary Folz	Mechanic	MSP	1/13
Rose Schuer	Parts Clerk	MSP	1/13
Janice Jensen	Mtncce Plng Clerk	MSP	1/13
Douglas Fischer	Mechanic	MSP	1/13
Brian Jensen	Mechanic	MSP	1/13
Troy Pittman	PSA	MSP	1/15
Lawrence Rogers	Training Mgr	MSP	1/20
Michael Chase	Mechanic	MSP	1/24

CCNT. FULL TIME

<u>NAME</u>	<u>POSITION</u>	<u>CITY</u>	<u>DATE</u>
Tracy Knight	Parts Clerk	MSP	1/20 (Tsfr from GPZ)
Melvin Dierking	Mechanic	MSP	1/27
David Steinke	Mechanic	GPZ	1/27
Robert Burney	Mechanic	MSP	1/27
Steve Ries	PSA	FOD	1/27 (From PT)
Susan Houdyshell	PSA	MSP	1/29
Nancy Morgan	PSA	BRD	1/29
Thomas Rathe	PSA	MSP	1/29

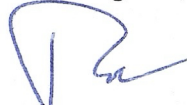
<u>PART TIME</u>	<u>NAME</u>	<u>POSITION</u>	<u>CITY</u>	<u>DATE</u>
	David Peterson	PSA	MSP	12/2/85
	Rodney Bergerson	Line Crew	MSP	12/10/85
	Gregory Roisland	Line Crew	MSP	12/19/85
	Ronald Vetter	PSA	MKT	12/29/85
	David Weier	PSA	MSP	1/2/86
	Gerard Schoen	PSA	MSP	1/2
	Claudia Hovland	PSA	DLH	1/6 (From FT)
	Holly Valentine	PSA	DLH	1/21
	Chris Delanoit	PSA	FOD	1/25
	Jack Reed	PSA	MSP	1/29

This may be my last official employee newsletter following this format since we are planning to implement a scheduled monthly employee newsletter that will be done by our Public Relations Department. In this new format, there will be a place for my comments and I will continue to keep you informed of Company and industry developments. I feel that this will be a better and more systematic way of handling and disseminating information to all of our employees. So, look for this newsletter in the next month.

It's been a tough time for all of us as we've battled the cold weather this year and faced reliability problems. Although it may not seem like it, we have begun to make progress in our reliability areas and the completion and ontime reports for January are much improved over December. We will return to being among the best in the industry for running ontime again soon.

I look for an exciting year for Mesaba and thank you for your active support and participation in our Company's growth.

Best regards,



Robert D. Swenson
President & Chief Executive Officer

P.S. Please find enclosed an Employee/Flow Survey that I would appreciate you filling out and sending back to Alice Ferdinand in Personnel. Please write in your position or classification and station or location on the survey before returning. Your attention to this is greatly appreciated.