

MESABA NEWSLETTER

A MONTHLY NEWSLETTER PUBLISHED ESPECIALLY FOR EMPLOYEES OF MESABA AIRLINES

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NEWS UPDATE

Mesaba Reselected as E.A.S. Carrier in ND and SD

Mesaba Airlines was notified in July by the Federal Department of Transportation that it has been reselected to continue serving both the Essential Air Service routes of Jamestown and Devils Lake, North Dakota and Huron, Brookings and Mitchell, South Dakota. Both orders represent two more years of continuing service by Mesaba to the routes under the Essential Air Service program.

In North Dakota, Mesaba was selected as the E.A.S. carrier over Bemidji Airlines, the other bidding airline for the route. Mesaba's accepted bid includes public funding of \$711,898 for the first year of service and the second year to be negotiated. In South Dakota, where Mesaba was the only carrier bidding for the route, (after Midwest Aviation, an interested airline withdrew its bid), an annual subsidy rate for the first year was set at \$437,614 and for the second year, \$326,813.

The news of being reselected as the Essential Air Service Carrier for the two routes was welcomed by Mesaba. Recent traffic increases on both routes seems to indicate that the new Metro III service is helping to build a better knowledge of service and passenger acceptance for Mesaba's service.

Northwest Buy Out of Republic Approved

On July 31st, Secretary Elizabeth Dole with the U.S. Department of Transporta-

NAME THIS NEWSLETTER AND WIN A DINNER FOR TWO

No Newsletter is complete without a good catchy name right? Well, here is your chance to share your creativity and enthusiasm. Submit your title suggestions for this newsletter before September 1 to: **Name that Newsletter, Public Relations Department, Comat MSP General Office**, and you could win dinner for two if your suggestion is chosen. The winning title will begin being used on September's newsletter.

Participants must be employed by Mesaba Airlines. More than one suggestion may be submitted by persons. Newsletter Publisher reserves the right to judge entries.

tation, as expected, gave final approval for Northwest to complete the acquisition of Republic Airlines. While President Reagan still needs to review the International routes of Republic (Mexico and Canada) that will be involved in the merger of the two carriers' route systems, Secretary Dole approved the domestic routes without any conditions.

For Mesaba, the acquisition means a greater domestic route system to which to feed regional traffic. After the two majors' schedules and operations are integrated, an operation that Northwest says will be completed by October 1, a total of 130 cities and 18 countries will make up the new Northwest route system. Minneapolis/St. Paul, of course, will continue to be one of Northwest's strongest hubs and will continue to have a great need for regional feed traffic to its major flights.

First Annual Picnic is a Success

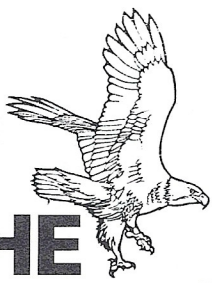
VOLLEYBALL TOURNAMENT: ACTION PACKED

In the first Annual Mesaba summer picnic, a larger number than expected of Mesaba employees, friends and family members turned out to enjoy a warm day of fun, games and relaxation. The day's activities were dashed only slightly by two quick rain showers but the shelter of the overhead pavilion and the fresh smell of cooking hamburgers and bratwursts kept persons occupied while the hot sun momentarily hid in the clouds.

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Picnic Follies: The volleyball court brought out the competition in all of the departments. In this game, the Flight Department overcame the strength and size of the Customer Service personnel and were victorious.



THE EAGLE'S NEST

LETTER FROM THE PRESIDENT

By Robert D. Swenson

Greetings to All Employees

Greetings to you and best wishes for an enjoyable August/September. Everyone had a great time at our Company picnic and special thanks to Andrea Peura and Doug Fulton for all their work and efforts in putting on this gathering. In addition, thanks to Mike Wind, Jackie Norbury, Charlean Sabo, Theresa Read, Dee Punton and Alice Ferdinand and everyone else who worked hard to make this a success. Also, thanks to the officers who helped cook all of the great food!

Congratulations to everyone for their efforts in setting a new passenger record in July of 28,311. We have a good chance of improving upon the record during August, so let's work hard to set a new one!

Progress has been made towards our seeking a transition rule in Congress regarding our Metro III leases and allowing the Investment Tax Credit on these aircraft. We have resolutions from all of the Minnesota Congressmen and all of the Senators in Minnesota, North Dakota and South Dakota, supporting such a transition rule. The support we have received from our elected officials has been excellent and we hope to hear positive results on this issue in the upcoming weeks.

During the first quarter of our fiscal year, (April, May and June), we reported a net loss of \$197,113 compared with a net income of \$181,804 one year ago. Total revenues for the quarter were \$4,505,610, up 48% over total revenues of \$3,036,906 last year. This past quarter was an important one for our Company due to the economic mass we achieved. During the quarter, we successfully introduced our new fleet of seven Metro IIIs, added a fifth F27, exited six smaller markets and entered four major new markets; all at a time when yields were adversely affected by industry-wide fare wars. Although our load factor for the quarter was down, higher traffic levels and load factors in June, July and August have reflected the improved passenger acceptance for our new aircraft and our increasing presence in many major new markets.

As you well know, Secretary Dole signed approval for the Northwest-Republic acquisition on July 31, without any special conditions. This approval is great for all of us at Mesaba and our service area. As the original Airlink partner, trust me when I say that our future with Northwest is brighter than ever.

Due to some of the difficulties associated with the merger regarding the cities that we serve, I requested a statement from Northwest clarifying some of this. The following statement was furnished to me by Northwest:

"In preparation for the merger of Northwest and Republic Airlines, Northwest signs, schedules and other Northwest identification supplies have been delivered to Republic locations not served by Northwest. These materials were also shipped, in error, to locations served by Republic Express, including stations already served by Northwest Orient Airlink/Mesaba. This action does not in any way signify a change in the choice of airlink carrier at these locations."

I will continue to keep you informed of our progress during the upcoming transition period.

As I said before, Northwest was founded 60 years ago and Mesaba was founded 42 years ago. Together, we will continue to make a great team. During this transition, "Keep your pride, keep your poise and keep your patience."

This next year will be a good year for our Company and our employees.

Best Regards,
Robert D. Swenson.

PICNIC, continued

The most exciting moment of the day came when the flight department backed up their earlier threats of intimidation on the volleyball court, by winning back to back, championship games against both the Customer Service and Maintenance departments. Rich Lawrence, captain of the elated winning flight team, attributed the win to, "the flight department's experience in maneuvering their bodies in the air." Embarrassed, but not broken by the defeat, Larry McCabe, mentor of the Customer Service team, said that his team would be practicing for a grudge match later in the summer.

Many thanks to all of the employees who took the time to share the day with other Company personnel. With the first annual picnic out of the way, next year's promises to be even better.

Mesaba Shareholder Meeting Slated for September 12th

Mesaba's annual shareholders meeting is slated for September 12th and will be held at 3:00 p.m. at the Minneapolis Marriott / City Center. All Mesaba employees who are participants in the Company's shareholder program or who are holders of Mesaba stock are invited to attend this year's meeting.



"Squiggles the clown stole the show during the picnic"

June / July Traffic Increases

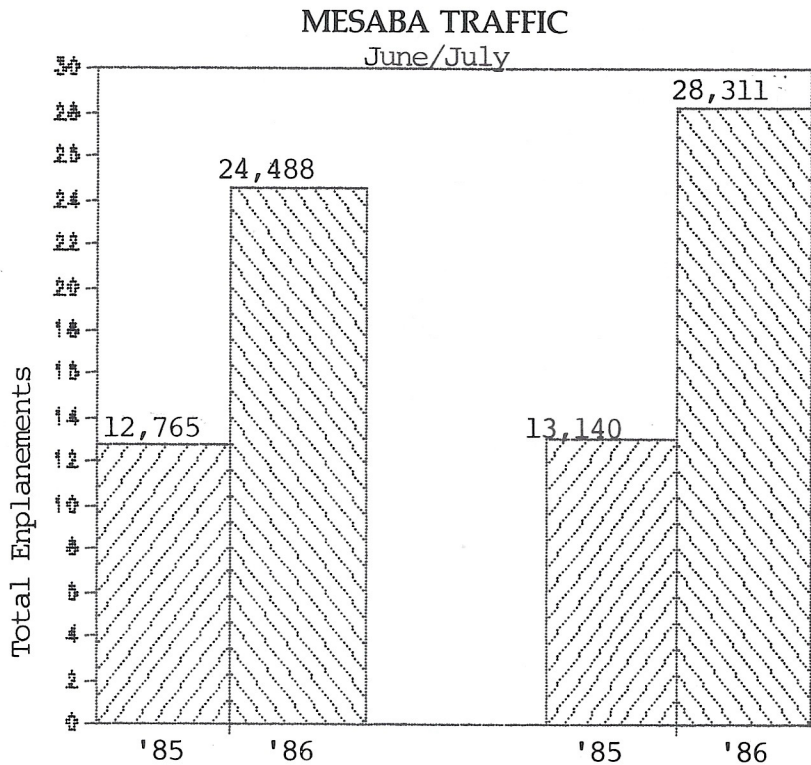
Traffic in June and July reflected great increases over traffic flown during the same months one year ago. In June, Mesaba carried 24,488 passengers compared to 12,765 carried during the same month last year. In July, Mesaba boarded 28,311, up from 13,140 flown last July. Both months were record setting boarding months for the Company.

Corporate Safety Committee Formed

A Corporate Safety Committee was formed and met for the first time on July 21. The purpose of the committee is to discover, discuss and advise corporate divisions on potential safety problems at Mesaba.

Currently the committee is working on a Safety Manual to be distributed to all divisions. The Manual will be used in conjunction with division operational manuals. Future issues the committee will address are safety education, accident prevention and OSHA regulations.

If you have ideas or concerns regarding corporate safety, please contact Mike Wind, Buck Rogers, Dee Punton, Jackie Granthe, Doug Swanberg, Jay Loeffler, Carl Millican or Alice Ferdinand. We will include your ideas in



future committee meetings.

Please remember: Safe operations lead to successful ones.

Mesaba and Thrifty Announce New Fly / Drive Offer

Mesaba and Thrift Car Rental recently announced an exciting marketing agreement which offers exclusive car rental rates to passengers who fly Mesaba/Northwest Airlink and rent a car with Thrifty. A new promotional flyer will soon be found in plane seatbacks and system travel agencies.

Under the agreement, Mesaba/Northwest Airlink passengers who rent a car with Thrifty are eligible for car rental rates as low as \$19.98 a day in addition to earning bonus miles in Northwest's Free Flight Plan. Free Flight Plan and Top Flight Club members automatically receive 1,000 Free Flight Plan miles plus a 500 mile Bonus for any rental of 24-hours or longer.

Look for the Mesaba/Northwest Airlink Pre-Rental forms located in Mesaba planes and at Mesaba's counters. Just fill one out and you will be on your way to economical and convenient connections by flying and driving. Thrifty currently is located at the Minneapolis/St. Paul International Airport and in Sioux Falls, South Dakota.

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NORTHWEST ORIENT
AIRLINK**

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\$29.99 A DAY



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RATES
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Thrifty
car rental

The Mesaba monthly newsletter is published, written and circulated by Mesaba's Public Relations department. Any comments regarding the contents of the newsletter may be directed to: Newsletter, Comat MSP, XJ.

A MESABA CLOSE-UP

Neil Chapel: City Station Manager's Growth is On Track

Neil Chapel, Minneapolis/St. Paul Station Manager for Mesaba, seems to be right on track both with his own personal growth and with the growth of Mesaba, which is continuing to challenge the manager of Mesaba's busiest station. But Chapel, who has served as manager of the Twin Cities station since November of 1985, says his experience with growth and excitement in other fields has "helped him meet the demands of Mesaba's expansion."

Indeed, to say that Chapel's past experiences have been exciting would be a bit of an understatement. He used to spend his weekends and spare time racing "Formula Ford" race cars because it gave him a "sense of accomplishment and a feeling of self-control." He has also spent the past 10 years exploring different fields and work opportunities. For five years he worked in Milwaukee in position with Northwestern Mutual Life Insurance. In 1979, he went to work for a Minneapolis brokerage firm where he studied the airline industry. Then, Neil said, he finally got the "airline bug," and decided to pursue his interests in the industry.

"If I wasn't reading about the industry, I was thinking about it."

In 1980, he attended Inver Hills Community College where he received his degree in Business Aviation. He used it to secure a position with Wings Inc., a flight training school located at the St. Paul city airport. He worked his way up to office manager in his 3 years there before taking a part time position with Mesaba in November of 1984. He started full-time one month later in December 1984.

"I was always interested in getting involved with the industry," said



Neil Chapel
Minneapolis/St. Paul
Station Manager

Chapel. "If I wasn't reading about the airline industry, I was thinking about it." He said his move to a regional airline was a natural one, especially after his experience with Wings Inc. Natural or not, it was certainly a good fit. He ascended to Minneapolis ramp supervisor in July of 1985 and then to Station manager this past December. Today, he is the manager of a crew of nearly 60 Customer Service Agents as well as a station turning nearly 32 flights a day.

At age 35, Chapel says he enjoys the growth and the personal challenges facing him as Mesaba expands its operations and fleet of aircraft. When asked if he felt any pressure in becoming manager of the Minneapolis station, he said that "naturally a few growing pains were in line." But he added, "All of the agents have been very supportive and have worked well together during the recent growth of the airline." He winked and added that the only hard part was readjusting to the Company's new and additional capacity whenever things start running smoothly. But he said, "the growth is what keeps everyone going."

A native of Minneapolis and a graduate of St. Cloud Tech High School and Southwestern State college in Marshall, Chapel says he is very excited about his current responsibilities with Mesaba. He says that his hands are full with the Company's new growth, but he "feels confident that the Twin Cities operations will successfully grow with all of the areas."

Chapel also said he misses not being able to race his "Formula Ford" as often as he used to. Reminiscing back to the summer of 1984, and his best race of his career when he placed 11th out of 70 cars in a sprint in Elkhart, Indiana, Chapel says that he has put his racing interests on "the back burners for a few years." But he said that he would race again some day when he has "more time . . . and money."

For Neil Chapel, whether in a race car or in his manager uniform with Mesaba, he seems to be on the right track.

Mesaba Softball Team Records Less Than Perfect Season

As the softball season draws to a close, members of Mesaba's 1986 summer softball team report, begrudgingly, that their season record was less than perfect; 4 wins and 12 losses.

But Doug Lind, Captain of the team, says the less than 500 season is not a true reflection of the team's ability to play good ball. "We had to forfeit several games due to lack of players and, being our rookie year, we had several areas where we lacked experience." But he promised, "Next year we will be back, a stronger and more powerful team."

The team wants to thank all of the support they received during the year from loyal fans and friends.

Members of the team:

Tony Launer	Mark Schneewind
Lee Meitrodt	Bob Oberstar
Dennis Schroeder	Ray Ragsdale
Matt Yarusso	Bill Ashton
Doug Lind	Tom Talbot
Tom Radke	Mark Neuman
Neil Chapel	Harold Sellie
Brian Bahn	Dave Warras
Gerry Schoen	Mitch Hagan
Spencer Pribble	Jim Mikolich
*Kim Nordaune	Howard Nelson

*Tracy Knight

*Team Coaches/Score Keepers

A Word from Mesaba Travel Agency

By Lori Dauphinais

"We'll kick off our Winter season during the weekend of September 5th, with the Grand Rapids Expo. That is when, officially, we will get everyone thinking about the long, cold Winter that is on its way. We will hope to show everyone that we can get away from it all to the Sun and Fun!

It is hard to say where the hot spots will be this year, but we can always count on Arizona and Florida to be a large part of the market.

The town Companies are now finalizing their Winter packages, so before long we will have "good deals" for all.

Looking forward to the busy season ahead."

ACKNOWLEDGMENT: Lori is the manager of Mesaba Travel Agency located in Grand Rapids, Mn.