



MESABA HOLDINGS, INC.



2002 Annual Report



Letter to the Shareholders

Fiscal 2002 will be remembered as a defining period for the airline industry, Mesaba Holdings and its subsidiary, Mesaba Aviation. The events of September 11 have redefined what it means to provide safe and efficient service.

After September 11 and due to the economic recession, Aviation's operations were restructured to address the realities of the industry. Aviation worked with Northwest to reduce scheduled flying by 20 percent to match the decrease in passenger demand. It immediately reduced its labor force and refocused on aggressive cost controls.

Despite the enormous challenges of fiscal 2002, the people of Mesaba accomplished many objectives that position both Holdings and Aviation well for the future. Specifically, the companies:

- Improved operating performance to be one of the best in the industry. A completion factor of 98.3% and an on-time performance of 86.8% (as measured by arrivals within 14 minutes of schedule) were manifestations of investments in people, process improvements and systems.
- Implemented the "Pit Crew" process to improve the efficiency of the Minneapolis and Detroit hubs. This process discipline standardizes all ground activities performed from "wheels down" to "wheels up."
- Opened a new training facility in Eagan, Minnesota in February. This facility, which includes two Saab and one Avro pilot training simulators, will significantly reduce training costs and position the companies for growth.
- Opened the new Midfield Terminal in Detroit in February. This facility includes a 25-gate regional terminal that allows Aviation to provide better service.
- Expanded operations at the Memphis hub with the addition of 11 Saab 340B aircraft.
- Signed a four-year contract in March with the Association of Flight Attendants, which represents our 550 flight attendants.
- Became the first regional carrier to win the FAA's Diamond Award with 100 percent of mechanics participating in FAA approved training programs.

FISCAL 2003 AND BEYOND

Holdings is charged with protecting and enhancing the value of the company. As we look ahead to fiscal 2003 and beyond, growth for Holdings can occur in a variety of ways – at the current airline subsidiary, Aviation, and/or through new ventures under the Holdings umbrella. Aviation's operating excellence makes both companies an attractive regional partner for either Northwest or any other major airline.

Aviation's operations are contractually limited to flying for Northwest. Aviation continues to pursue growth with Northwest, but it is presently constrained by the depressed airline industry and the uncertainty of Aviation's ongoing pilot negotiations which delays Aviation's ability to bid for additional Northwest business. Once the negotiations have concluded, Aviation will be in a better position to compete for Northwest expansion. It is our belief that management and labor will work together to reach an agreement that promotes growth and maintains the profitability at Aviation.

Simultaneously, Holdings expects to initiate a diversification plan that will create opportunities for growth at other subsidiaries. We will keep shareholders informed as these plans are executed.

With all that we faced in fiscal 2002 and the challenges identified for fiscal 2003, Holdings is looking forward to the future. Holdings was profitable in fiscal 2002 and expects to be profitable in the coming year. Holdings has a strong balance sheet and is well positioned for growth.

This year, more than ever, we salute the people of Mesaba Aviation, whose patience and commitment enabled us to meet the challenges of this most difficult year.



Paul F. Foley
President and CEO



M E S A B A H O L D I N G S

C o r p o r a t e I n f o r m a t i o n

ADDRESS

Mesaba Holdings, Inc.
7501 26th Avenue South
Minneapolis, Minnesota 55450

TRANSFER AGENT

Wells Fargo Shareowner Services
Minneapolis, Minnesota

CORPORATE COUNSEL

Briggs and Morgan
Minneapolis, Minnesota

FISCAL YEAR 2002 AUDITORS

Arthur Andersen LLP,
Minneapolis, Minnesota

FORM 10-K

A copy of the Company's annual report on Form 10-K will be provided free of charge to any shareholder upon written request to:

Mesaba Holdings, Inc.
Attn: Investor Relations
7501 26th Avenue South
Minneapolis, Minnesota 55450

ANNUAL MEETING

The annual meeting of shareholders will be held at 10:00 a.m. Thursday, August 22, 2002, at the Marriott City Center, Minneapolis, Minnesota.

BOARD OF DIRECTORS

Carl R. Pohlاد
Chairman of the Board,
President and Director
Marquette Financial Companies

Paul F. Foley
President and Chief
Executive Officer
Mesaba Holdings, Inc.

Richard H. Anderson
Chief Executive Officer
Northwest Airlines, Inc.

Donald E. Benson
Executive Vice President
and Director
Marquette Financial Companies

Pierson M. Grieve
Member
Palladium Equity Partners, LLC

Robert C. Pohlاد
Chairman and
Chief Executive Officer
PepsiAmericas, Inc.

Douglas M. Steenland
President
Northwest Airlines, Inc.

Raymond W. Zehr, Jr.
Executive Vice President
Pohlاد Companies

CORPORATE OFFICERS

Carl R. Pohlاد
Chairman of the Board

Paul F. Foley
President and Chief
Executive Officer

Robert E. Weil
Vice President,
Chief Financial Officer
and Treasurer

John G. Spanjers
Chief Operating Officer
and Vice President
Flight Operations
Mesaba Aviation, Inc.

Robert T. Meekin
Vice President
People and Process
Mesaba Aviation, Inc.

Scott R. Bussell
Vice President
Technical Operations
Mesaba Aviation, Inc.

Jeffrey W. Wehrenberg
Vice President
Minneapolis Hub Operations
Mesaba Aviation, Inc.

William T. Poerstel
Vice President
Detroit Hub Operations
Mesaba Aviation, Inc.

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