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# **MAIR**

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*HOLDINGS, Inc.*



MESABA AIRLINES

1944 **60** 2004  
YEARS

# M A I R H O L D I N G S , I N C .

## *Letter to the Shareholders*

The entire airline industry has been confronted with a series of challenges over the past three years. Despite these constraints, in fiscal 2004 we delivered another year of profitable performance as we successfully resolved several key issues.

- Our Mesaba Aviation subsidiary reached a competitive, five-year labor agreement with the Air Line Pilots Association. During negotiations, 624 flights were grounded, which negatively affected our fourth quarter performance.
- Mesaba also reached an agreement with Northwest Airlines to avert early termination of the Regional Jet Services Agreement and to restore the five Avro RJ85 regional jets that had been removed from service. The Regional Jet Services Agreement continues through April 2007.


Despite the year's tumultuous events, MAIR Holdings' two subsidiaries – Mesaba and Big Sky Transportation Co. – continued to deliver strong operational performance. I thank everyone at both organizations for their commitment to safety and customer service, which has contributed to the longevity of both organizations. Big Sky celebrates its 25th anniversary this year, while Mesaba will mark its 60th. I congratulate each and every team member.

We concluded fiscal 2004 with \$160 million in cash and investments with minimal debt. We maintain sound cash generation capability and have the flexibility to pursue new opportunities. As we continue to examine options for growth, we are pleased to welcome two experienced leaders to our board of directors: Mickey P. Foret, an industry consultant and former executive vice president and chief financial officer at Northwest Airlines, and Douglas M. Steenland, president of Northwest Airlines. Mr. Steenland served on MAIR Holdings' board from October 1999 to September 2003.

Although the industry faces many continuing challenges in fiscal 2005, our operating contracts shield us from one of the most vexing: higher fuel prices. For the year ahead we plan to further enhance safety and customer service, continue delivering superior operating performance, strengthen financial results and seek growth opportunities which meet our risk/reward targets.

We are grateful for your continued support and confidence.

Paul F. Foley  
President and CEO



# MAIR HOLDINGS, INC.

## Corporate Information

### ADDRESS

MAIR Holdings, Inc.  
150 South Fifth Street  
Suite 1720  
Minneapolis, Minnesota 55402

### TRANSFER AGENT

Wells Fargo Shareowner Services  
South St. Paul, Minnesota

### CORPORATE COUNSEL

Briggs and Morgan  
Minneapolis, Minnesota

### AUDITORS

Deloitte & Touche 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:

MAIR Holdings, Inc.  
Attn: Investor Relations  
150 South Fifth Street  
Suite 1720  
Minneapolis, Minnesota 55402

### ANNUAL MEETING

The annual meeting of shareholders will be held at 10:00 a.m. on Wednesday, August 18, 2004, at the Crowne Plaza Northstar Hotel Minneapolis, Minnesota.

### CORPORATE OFFICERS

**Carl R. Pohlada**  
Chairman of the Board

**Paul F. Foley**  
President and Chief Executive Officer

**Robert E. Weil**  
Chief Financial Officer

### BOARD OF DIRECTORS

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

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

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

**Mickey P. Foret**  
Airline Industry Consultant

**Pierson M. Grieve**  
Member  
Palladium Equity Partners, LLC

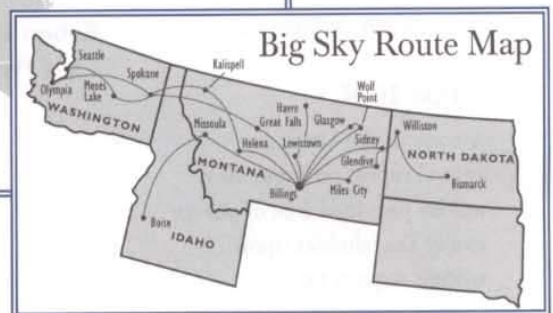
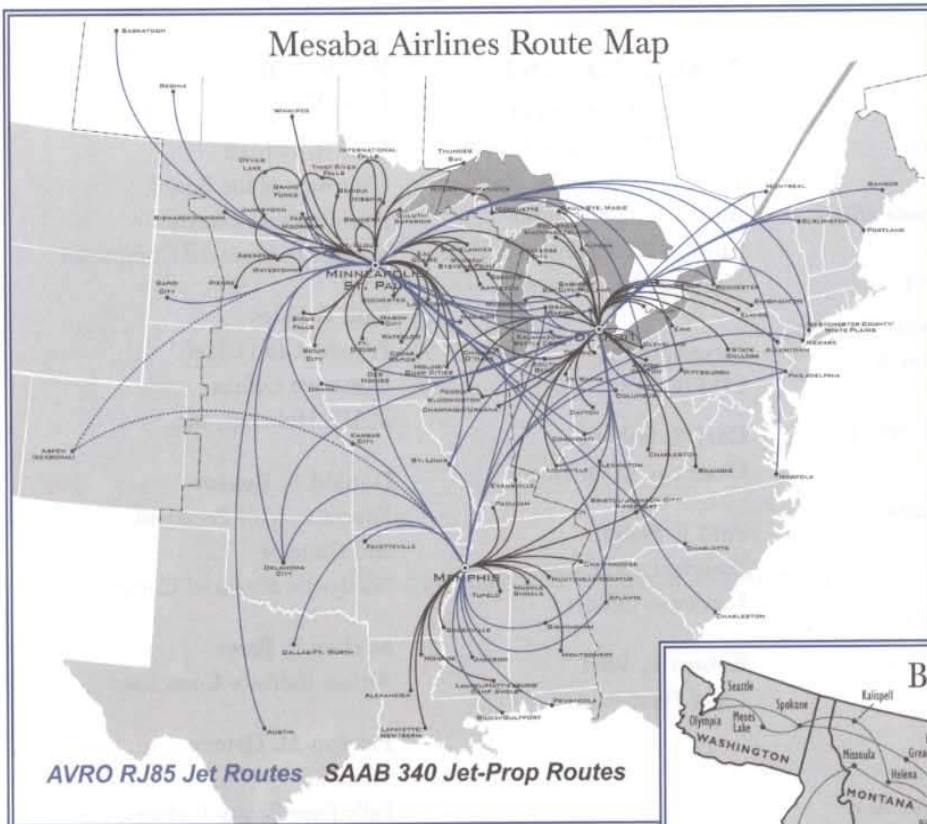
**Robert C. Pohlada**  
Chairman and Chief Executive Officer  
PepsiAmericas, Inc.

**Douglas M. Steenland**  
President  
Northwest Airlines, Inc.

**Raymond W. Zehr, Jr.**  
Executive Vice President and Treasurer  
Pohlada Companies

# MAIR HOLDINGS, INC.

150 South Fifth Street, Suite 1720 • Minneapolis, Minnesota 55402 • Telephone (612) 333-0021



## ABOUT MAIR HOLDINGS

MAIR Holdings, Inc. is traded under the symbol MAIR on the NASDAQ National Market. More information about MAIR Holdings is available on the internet at <http://www.mairholdings.com>. MAIR Holdings' primary business units are its regional airline subsidiary Mesaba Aviation, Inc., d/b/a Mesaba Airlines, and its regional airline subsidiary Big Sky Transportation Co., d/b/a Big Sky Airlines.

Mesaba Aviation operates as a Northwest Jet Airliner and Airliner partner under service agreements with Northwest Airlines. Currently, the airline serves 106 cities in 29 states and Canada from Northwest's and Mesaba Aviation's three major hubs: Detroit, Minneapolis/St. Paul, and Memphis. Mesaba Aviation

operates an advanced fleet of regional jet and jet-prop aircraft, consisting of the 69 passenger Avro RJ85 and the 30-34 passenger Saab SF340. Mesaba Aviation maintains a web site at <http://www.mesaba.com>.

Big Sky serves 19 cities in Montana, North Dakota, Washington, and Idaho using 10 Fairchild Metro III/23, 19 seat aircraft. Big Sky is based in Billings, Montana and has codeshare agreements with Northwest Airlines, Alaska Airlines, and America West Airlines. Big Sky is a significant provider of air service under the Essential Air Service program administered by the Department of Transportation. Big Sky maintains a web site at <http://www.bigskyair.com>.