MESA AIR GROUP INC
Form 424B4
August 10, 2018
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Filed pursuant to Rule 424(b)(4)

Registration No. 333-226173

PROSPECTUS

9,630,000 Shares

Mesa Air Group, Inc.

Common Stock

This is the initial public offering of our common stock. We are offering 9,630,000 shares.

The initial public offering price is $12.00 per share. Our common stock has been approved for listing on the Nasdaq Global Select Market under the symbol MESA.

We are an emerging growth company as defined under the federal securities laws, and, as such, we are subject to reduced public company reporting requirements. See *Prospectus Summary Implications of Being an Emerging Growth Company*.

Investing in our common stock involves risks. See *Risk Factors* beginning on page 19 to read about factors you should consider before buying shares of our common stock.

	Per Share	Total
Initial public offering price	$ 12.00	$ 115,560,000
Underwriting discounts and commissions(1)	$ 0.84	$ 8,089,200
Proceeds to us (before expenses)	$ 11.16	$ 107,470,800

(1) The underwriters will receive no underwriting discount or commission with respect to 900,000 shares sold to certain related parties. See the *Underwriting* section beginning on page 151 for additional information regarding underwriting compensation.

We and the selling shareholders identified in this prospectus have granted the underwriters the right to purchase up to an additional 1,444,500 shares of common stock at the initial public offering price, less underwriting discounts and commissions. The underwriters can exercise this option within 30 days from the date of this prospectus. If the overallotment option is exercised, an aggregate of up to 777,833 shares will be purchased directly from us, and an aggregate of up to 666,667 shares will be purchased directly from the selling shareholders. We will not receive any of the proceeds from the sale of any shares sold by the selling shareholders if the overallotment option is exercised.

Neither the Securities and Exchange Commission, nor any state securities commission, nor any other regulatory body has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares to the purchasers on or about August 14, 2018.

RAYMOND JAMES **BofA Merrill Lynch**

Cowen **Stifel** **Imperial Capital**

Prospectus dated August 9, 2018.

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We are responsible for the information contained in this prospectus or contained in any free writing prospectus prepared by or on behalf of us to which we have referred you. Neither we, the underwriters, nor the selling shareholders have authorized anyone to provide you with additional information or information different from that contained in this prospectus or in any free writing prospectus filed with the Securities and Exchange Commission and we take no responsibility for any other information that others may give you. We and the selling shareholders are offering to sell, and seeking offers to buy, shares of our common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our common stock. Our business, operating results or financial condition may have changed since such date.

Until September 4, 2018 (25 days after the date of this prospectus), all dealers that buy, sell, or trade shares of our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to the dealer s obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

For investors outside the United States: Neither we nor any of the underwriters have taken any action that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. You are required to inform yourselves about and to observe any restrictions relating to this offering and the distribution of this prospectus.

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We have obtained federal registration of the Mesa Airlines® trademark. American® and American Eagle® are trademarks of American Airlines, Inc. United® and United Express® are trademarks of United Airlines, Inc. All other trade names, trademarks, and service marks appearing in this prospectus are the property of their respective holders. We have omitted the ® and designations, as applicable, for the trademarks used in this prospectus.

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary sets forth the material terms of the offering, but does not contain all of the information that you should consider before investing in our common stock. You should read the entire prospectus carefully before making an investment decision, especially the risks of investing in our common stock described under Risk Factors. Unless the context otherwise requires, the terms we, us, our, the Company and Mesa refer to Mesa Air Group, Inc. and its predecessors, direct and indirect subsidiaries and affiliates. Our airline operations are conducted through our subsidiary, Mesa Airlines, Inc. (Mesa Airlines). Certain terms related to the airline industry are described under Glossary of Airline Terms at the end of this prospectus.

Our Company

Mesa Airlines is a regional air carrier providing scheduled passenger service to 110 cities in 38 states, the District of Columbia, Canada, Mexico, Cuba and the Bahamas. All of our flights are operated as either American Eagle or United Express flights pursuant to the terms of capacity purchase agreements we entered into with American Airlines, Inc. (American) and United Airlines, Inc. (United) (each, our major airline partner). We have a significant presence in several of our major airline partners key domestic hubs and focus cities, including Dallas, Houston, Phoenix and Washington-Dulles. We have been the fastest growing regional airline in the United States over our last five fiscal years, based on fleet growth, with a cumulative increase in aircraft of 137%.

As of March 31, 2018, we operated a fleet of 145 aircraft with approximately 610 daily departures. We operate 64 CRJ-900 aircraft under our capacity purchase agreement with American (our American Capacity Purchase Agreement) and 20 CRJ-700 and 60 E-175 aircraft under our capacity purchase agreement with United (our United Capacity Purchase Agreement). Over the last five calendar years, our share of the total regional airline fleet of American and United has increased from 7% to 11% and from 4% to 15%, respectively. Driven by this fleet growth, our total operating revenues have grown by 55% from $415.2 million in fiscal 2013 to $643.6 million in fiscal 2017, respectively. We believe we have expanded our share with our major airline partners because of our competitive cost structure, access to pilots under our labor agreements and track record of reliable performance. All of our operating revenue in our 2017 fiscal year and the six months ended March 31, 2018 was derived from operations associated with our American and United Capacity Purchase Agreements.

Our long-term capacity purchase agreements provide us guaranteed monthly revenue for each aircraft under contract, a fixed fee for each block hour and flight flown, and reimbursement of certain direct operating expenses, in exchange for providing regional flying on behalf of our major airline partners. Our capacity purchase agreements shelter us from many of the elements that cause volatility in airline financial performance, including fuel prices, variations in ticket prices, and fluctuations in number of passengers. In providing regional flying under our capacity purchase agreements, we use the logos, service marks, flight crew uniforms and aircraft paint schemes of our major airline partners. Our major airline partners control route selection, pricing, seat inventories, marketing and scheduling, and provide us with ground support services, airport landing slots and gate access, allowing us to focus all of our efforts on delivering safe, reliable and cost-competitive regional flying.

Regional aircraft are optimal for short and medium-haul scheduled flights that connect outlying communities with larger cities and act as feeders for domestic and international hubs. In addition, regional aircraft are well suited to serve larger city pairs during off-peak times when load factors on larger jets are low. The lower trip costs and operating efficiencies of regional aircraft, along with the

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competitive nature of the capacity purchase agreement bidding process, provide significant value to major airlines. According to the Regional Airline Association, we were the fifth largest regional airline company in the United States in 2016, as measured by passenger enplanements, and our flights accounted for approximately 8.4% of all passengers carried on U.S. regional airlines.

Regional airlines play a daily, essential role in the U.S. air travel system. According to the Regional Airline Association, 42% of all scheduled passenger flights in the United States in 2016 were operated by regional airlines. Of all the U.S. airports with passenger airline service, 64% are served exclusively by regional airlines. Some of the most popular U.S. airports have more than half of all their flights on regional airlines, including New York-LaGuardia, Philadelphia, Washington-Dulles, Charlotte, Houston-Bush and Chicago-O Hare.

Our Competitive Strengths

We believe that our primary strengths are:

Low-Cost Operator. We believe that we are among the lowest cost operators of regional jet service in the United States. There are several key elements that contribute to our cost efficiencies:

- *Efficient Fleet Composition*. We exclusively operate large regional aircraft with 70+ passenger seats on a single FAA certificate. Operating large regional aircraft allows us to enjoy unit cost advantages over smaller regional aircraft. Larger regional aircraft require less fuel and crew resources per passenger carried, and may also have maintenance cost efficiencies.

- *Cost Effective, Long-Term Collective Bargaining Agreements*. Our pilots and flight attendants ratified new four-year collective bargaining agreements effective as of July 13, 2017 and October 1, 2017, respectively, which are among the longest in the regional airline industry and include labor rate structures through 2023 for our pilots and 2022 for our flight attendants. We believe that our collective bargaining agreements and favorable labor relationships are critical for pilot retention and will provide more predictable labor costs into 2023. We derive cost advantages from efficient work rules and the relatively low average seniority of our pilots.

- *Low Corporate Overhead.* Our general and administrative expenses per block hour have decreased by more than 35% over the five-year period ended September 30, 2017. We have significantly reduced our overhead costs by operating with a modest administrative and corporate team, offering cost-effective benefit programs and implementing automated solutions to improve efficiency.

- *Competitive Procurement of Certain Operating Functions.* We have long-term maintenance agreements with expirations extending from December 2020 to December 2027 with AAR Aircraft Services, Inc. (AAR), GE Engine Services, LLC (GE), StandardAero Limited (StandardAero), Aviall Services, Inc. (Aviall) and Bombardier Aerospace (Bombardier), respectively, to provide parts procurement, inventory and engine, airframe and component overhaul services. We expect that our long-term agreements with these and other strategic vendors will provide predictable high-quality and cost-effective solutions for most maintenance categories over the next several years. In prior periods, we also invested in long-term engine overhauls on certain aircraft, which we believe will reduce related maintenance obligations in future periods.

Advantages in Pilot Recruitment and Retention. We believe that we are well positioned to attract and retain qualified pilot candidates. Following the ratification of our collective bargaining agreements in July 2017, the average number of new pilot applications per month has increased by 45.3%

compared to the six months prior to such ratification. In addition, our average pilot attrition has decreased by 16.2% over the same period.

The following chart presents our cumulative increase in new pilots who have completed training, net of attrition, from July 2017 through June 2018:

We believe that the increased number of new pilot applications per month will continue with the introduction of our Career Path Program (CPP) with United. In addition to offering competitive compensation, bonuses and benefits, we believe the following elements contribute to our recruiting advantage:

Career Path Program. We recently announced our CPP with United, which is designed to provide our qualified current and future pilots a path to employment as a pilot at United. We believe that our CPP will help us continue to attract qualified pilots, manage natural attrition and further strengthen our decades-long relationship with United.

Modern, Large-Gauged Regional Jets. We exclusively operate large regional aircraft with advanced flight deck avionics. We believe that pilot candidates prefer advanced flight deck avionics because they are similar to those found in the larger commercial aircraft types flown by major airlines.

Opportunities for Advancement. We believe that our career progression is among the most attractive in the regional airline industry. During fiscal 2017, our pilots had the opportunity to be promoted from first officer to captain in as little as 12 months.

Stable Labor Relations. Throughout our long operating history, we believe that we have had constructive relationships with our employees and their labor representatives. We have never been the subject of a labor strike or labor action that impacted our operations.

Enthusiastic and Supportive Culture. Our pilots helping pilots philosophy helps us attract, retain and inspire our next generation of pilots. Our team-oriented culture, as demonstrated by the mentorship of our senior pilots, is both encouraged and expected. We strive to create an environment for our personnel where open communication is customary and where we celebrate our successes together.

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Stable, Long-Term Revenue-Guarantee Capacity Purchase Agreements. We have long-term capacity purchase agreements with American and United that extend beyond 2020 for 94 of our 144 aircraft in scheduled service (with 34 aircraft expiring between June and December 2019 and 16 aircraft expiring between January and August 2020, if not extended prior to contract expiration). Both of our capacity purchase agreements are capacity purchase, rather than revenue sharing arrangements. This contractual structure provides us with a predictable revenue stream and allows us to increase our profit margin to the extent that we are able to lower our operating costs below the costs anticipated by the agreements. In addition, we are not exposed to price fluctuations for fuel, certain insurance expenses, ground operations or landing fees as those costs are either reimbursed under our capacity purchase agreements or paid directly to suppliers by our major airline partners.

Fleet Exclusively Comprised of Large, Efficient Regional Jets. We exclusively operate large regional aircraft with 70+ passenger seats. These aircraft are the highest in demand across the regional airline industry and provide us with best-in-class operating efficiencies, providing our major airline partners greater flexibility in route structuring and increased passenger revenues. As of March 31, 2018, we had 145 aircraft (owned and leased) consisting of the following:

	Embraer Regional Jet-175 (76 seats)[(1)]	Canadair Regional Jet-700 (70 seats)	Canadair Regional Jet-900 (76-79 seats)	Canadair Regional Jet-200 (50 seats)[(2)]	Total
American Eagle			64		64
United Express	60	20			80
Subtotal	60	20	64		144
Unassigned				1	1
Total	60	20	64	1	145

(1) In February 2018, we mutually agreed with United to temporarily remove two aircraft from service under our United Capacity Purchase Agreement. These aircraft were placed back in service in July 2018 and are reflected here.

(2) CRJ-200 is an operational spare not assigned for service under our capacity purchase agreements.

Longstanding Relationships with American and United. We began flying for United in 1991 and American, through its predecessor entities, in 1992. Since 2013, we have added 26 aircraft to our American Capacity Purchase Agreement and 60 aircraft to our United Capacity Purchase Agreement.

Strong Recent Record of Operational Performance. We were ranked the number one regional airline for on-time performance by DOT Air Travel Consumer Report for three of the first four months of 2018. In addition, we believe that we were the number one regional airline for on-time performance in 2016 and 2017 based on a comparison of our internal data to publicly available DOT data for reporting airlines. Under our capacity purchase agreements, we may receive financial incentives or incur penalties based upon our operational performance, including controllable on-time departures and controllable completion percentages.

Experienced, Long-Tenured Management Team. Our senior management team has extensive operating experience in the regional airline industry. Our Chief Executive Officer and President/Chief Financial Officer have served us in senior officer positions since 1998, and our management team has helped us navigate through and emerge successfully from bankruptcy in early 2011. From 2013 to September 30, 2017, we have significantly grown the business in the following ways:

- achieved revenue growth of 55%;
- expanded the number of aircraft flown under our American Capacity Purchase Agreement from 38 to 64;

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expanded the number of aircraft flown under our United Capacity Purchase Agreement from 20 to 80;

closed the first enhanced equipment trust certificate (EETC) financing by a regional airline; and

improved our operating efficiencies and maintained our cost advantage.

Our Business Strategy

Our business strategy consists of the following elements:

Maintain Low-Cost Structure. We have established ourselves as a low-cost, efficient and reliable provider of regional airline services. We intend to continue our disciplined cost control approach through responsible outsourcing of certain operating functions, by flying large regional aircraft with associated lower maintenance costs and common flight crews across fleet types, and through the diligent control of corporate and administrative costs. Additionally, we expect our long-term collective bargaining agreements to protect us from significant labor cost increases over the next five years. These efficiencies, coupled with the low average seniority of our pilots, has enabled us to compete aggressively on price in our capacity purchase agreement negotiations.

Attractive Work Opportunities. We believe our employees have been, and will continue to be, a key to our success. Our ability to attract, recruit and retain pilots has supported our industry-leading fleet growth. We intend to continue to offer competitive compensation packages, foster a positive and supportive work environment and provide opportunities to fly state-of-the-art, large-gauged regional jets to differentiate us from other carriers and make us an attractive place to work and build a career.

Maintain a Prudent and Conservative Capital Structure. We intend to continue to maintain a prudent capital structure. We believe that the strength of our balance sheet and credit profile will enable us to optimize terms with lessors and vendors and, when preferred by our major airline partners, allow us to procure and finance aircraft on competitive terms. Also, once we complete this offering, our financial resources and publicly traded securities may allow us to take advantage of attractive acquisition opportunities should they arise. We may use a portion of the offering proceeds to purchase some of our leased aircraft. The purchase of leased aircraft would allow us to lower our operating costs and avoid lease-related use restrictions and return conditions.

Minimize Tail Risk. We have structured our aircraft leases and financing arrangements to minimize or eliminate, as much as possible, so-called tail risk, which is the amount of aircraft-related lease obligations or projected negative equity existing beyond the term of that aircraft s corresponding capacity purchase agreement. We currently have 18 aircraft with leases extending past the term of their corresponding capacity purchase agreements with an aggregate exposure of less than $33.0 million and no financing arrangements with projected negative equity. We intend to continue to align the terms of our aircraft leases and financing agreements with the terms of our capacity purchase agreements in order to maintain low tail risk.

Our Growth Opportunities

During our last five fiscal years, our total operating revenues grew at a compounded annual rate of 11.6% and our fleet size increased from 59 to 140 regional aircraft, a cumulative growth rate of 137%. We believe that our cost discipline, strong operational performance and financial resources will provide additional opportunities to expand our operations, including:

Expand Flying With New and Existing Airline Partners. We enjoy strong relationships with our major airline partners and have significantly expanded our fleet size and flight operations with

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American and United over the last five years. As the demand for air travel among our major airline partners continues to grow, we expect to have the opportunity to increase our flight services for each major airline partner. In addition, over the next five years, we expect that capacity purchase agreements representing up to 300 aircraft currently flown by our competitors on behalf of major airlines will expire by their terms and be subject to rebidding or replacement by more desirable types of aircraft. We believe that our cost structure and operational efficiencies position us well to compete for this flying. Additionally, we intend to pursue opportunities to provide regional flying to other major airlines with hub cities that do not overlap with our existing major airline partners. In addition, if a market for regional flying on behalf of low-cost and ultra low-cost carriers materializes, we believe that we are well positioned to partner with them, as one of the lowest cost regional airlines in the United States.

Acquisitions of Other Regional Airlines. In the future, we may evaluate the strategic acquisition of other regional air carriers. The opportunity to make an acquisition may arise if, for example, a major airline makes a divestiture of a captive regional airline, as major airlines have done in the past.

Opportunities in the Air Cargo and Express Package Sector. We believe that our cost structure and business model may be successfully deployed in the burgeoning air cargo and express shipping sectors. Amazon.com, Inc. and several of the largest integrated logistics companies, including United Parcel Service, Inc., FedEx Corporation and DHL International GmbH, utilize contractual arrangements similar to our capacity purchase agreements with regional air cargo carriers to service outlying areas. We intend to explore future regional air cargo opportunities.

Regulatory Relief. We actively support the efforts of trade organizations, industry leaders, policymakers and other airlines to encourage regulatory reforms related to the current shortage of qualified pilots, lowering the cost of pilot training and providing access to air service for small communities. While the regulatory reform agenda and policies of the current administration are not fully known, it is possible that favorable regulatory changes may take place. We believe that favorable regulatory changes by the current administration, were they to occur, could increase the number of qualified pilots, lower our operating costs and create incremental opportunities for us with our existing and other potential future major airline partners.

Recent Developments

Buyout of Leased Aircraft and Refinancing

On June 27, 2018, we refinanced $16.0 million of debt on six CRJ-900 aircraft (due in 2019), with $27.5 million of debt, resulting in net cash proceeds to us of $10.4 million after transaction related fees. The notes payable require quarterly payments of principal and interest through fiscal 2022 bearing interest at LIBOR plus 3.50%. We expect that these new borrowings will increase our interest expense by approximately $1.0 million per year through fiscal 2021.

On June 28, 2018, we purchased nine CRJ-900 aircraft, which were previously leased under the GECAS Lease Facility (as defined below), for $76.5 million. We financed the aircraft purchase with $69.6 million in new debt and proceeds from the June 27, 2018 aircraft refinancing. The notes payable of $69.6 million require quarterly payments of principal and interest through fiscal 2022 bearing interest at LIBOR plus a spread ranging from 3.50% for the senior promissory notes to 7.50% for the subordinated promissory notes (those notes, the Subordinated GECAS Notes). We recorded non-cash lease termination expense of $15.1 million in connection with the lease buyout. Also, as part of the transaction, we (i) received $4.5 million of future goods and services credits and $5.6 million of loan

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forgiveness for loans with a maturity date in 2027 from the aircraft manufacturer, and (ii) mutually agreed with GE Capital Aviation Services LLC to terminate a warrant to purchase 250,000 shares of our common stock with an exercise price of $3.20 per share and a five-year maturity (the GE Warrant). We expect that this lease buyout and aircraft acquisition will increase our pre-tax income by approximately $5.5 million per year through fiscal 2021.

Third Quarter 2018 Outlook

Our condensed consolidated financial statements for the quarter ended June 30, 2018 are not yet available. We have presented preliminary estimated ranges of certain of our financial results and operating data below for the quarter ended June 30, 2018 based on information currently available to management. Our financial closing procedures for the quarter ended June 30, 2018 are not yet complete. As a result, our actual results for the quarter ended June 30, 2018 may differ materially from the preliminary estimated financial results set forth below upon the completion of our financial closing procedures, final adjustments, and other developments that may arise prior to the time our financial results are finalized. You should not place undue reliance on these estimates. The preliminary estimated financial results and operating data set forth below have been prepared by, and are the responsibility of, management and are based on a number of assumptions. Our independent registered certified public accounting firm, Deloitte & Touche LLP, has not audited, reviewed, compiled, or performed any procedures with respect to the preliminary estimated financial results. Accordingly, Deloitte & Touche LLP does not express an opinion or provide any other form of assurance with respect thereto. See *Risk Factors*, *Management s Discussion and Analysis of Financial Condition and Results of Operations*, and *Cautionary Note Regarding Forward-Looking Statements* for additional information regarding factors that could result in differences between the preliminary estimated ranges of certain of our financial results and operating data presented below and the actual financial results we will report for the quarter ended June 30, 2018.

Our preliminary estimated ranges of certain of our financial results include a one-time, non-cash lease termination expense of $15.1 million related to our acquisition of nine CRJ-900 aircraft, which were previously leased under our GECAS Lease Facility, for $76.5 million. See *Buyout of Leased Aircraft and Refinancing* and *Management s Discussion and Analysis of Financial Condition and Results of Operations Commitments and Contractual Obligations* for additional information regarding the aircraft acquisition and refinancing.

Our preliminary estimated ranges of certain of our financial results reflect a one-time, non-cash increase in accrued compensation of approximately $14.2 million related to an increase in the value of our stock appreciation rights (SARs) associated with an increase in fair value of our common stock as well as a change in accounting methodology from the intrinsic value method to the fair value method as described in *Management s Discussion and Analysis of Financial Condition and Results of Operations Accounting Methodology for Stock Appreciation Rights.* These changes will result in a general and administrative expense of approximately $11.7 million as well as an offset of approximately $2.5 million to retained earnings as a result of the change in accounting methodology.

The preliminary estimated financial results set forth below should not be viewed as a substitute for full financial statements prepared in accordance with generally accepted accounting principles in the United States (GAAP). We will not publicly file our actual condensed consolidated financial statements and related notes for the quarter ended June 30, 2018 with the U.S. Securities and Exchange Commission (the SEC) until after completion of this offering. In addition, the preliminary estimated financial results set forth below are not necessarily indicative of results we may achieve in any future period. While we currently expect that our actual results will be within the ranges described below, it is possible that our actual results may not be within the ranges we currently estimate. Refer to

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Management s Discussion and Analysis of Financial Condition and Results of Operations for additional information regarding our historical financial results.

We have presented the following preliminary estimated ranges of certain of our financial results for the quarter ended June 30, 2018:

	Quarter Ended June 30, 2018 Low	High
	(in thousands)	
Consolidated Statements of Operations Data:		
Operating revenues:		
Contract revenue	$ 159,700	$ 159,700
Pass-through and other	11,800	11,800
Total operating revenues	171,500	171,500
Total operating expenses	174,300	171,300
Operating (loss) income	(2,800)	200
Total other expense	(14,100)	(14,100)
Loss before taxes	(16,900)	(13,900)
Non-GAAP financial data:		
Loss before taxes	(16,900)	(13,900)
Revaluation of liability awards	12,000	10,000
Lease termination costs	15,100	15,100
Income before taxes, excluding lease termination costs and revaluation of liability awards	$ 10,200	$ 11,200
Adjusted EBITDA(1)	$ 40,300	$ 41,300
Adjusted EBITDAR(1)	$ 58,200	$ 59,200

(1) We define Adjusted EBITDA as earnings before interest, income taxes, and depreciation and amortization, adjusted for the impact of revaluation of liability awards and lease termination costs. We define Adjusted EBITDAR as earnings before interest, income taxes, depreciation and amortization and aircraft rent, adjusted for the impact of revaluation of liability awards and lease termination costs. The most directly comparable GAAP measure is income before taxes.

We present Adjusted EBITDA and Adjusted EBITDAR, which are not recognized financial measures under GAAP, as supplemental disclosures because our senior management believes that these are well recognized valuation metrics in the airline industry that are frequently used by companies, investors, securities analysts and other interested parties in comparing companies in our industry. You are encouraged to evaluate these adjustments and the reasons we consider them appropriate for supplemental analysis. In evaluating Adjusted EBITDA and Adjusted EBITDAR, you should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in our presentation of Adjusted EBITDA and Adjusted EBITDAR. Our presentation of Adjusted EBITDA and Adjusted EBITDAR should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. There can be no assurance that we will not modify the presentation of Adjusted EBITDA or Adjusted EBITDAR following this offering, and any such modification may be material.

Adjusted EBITDA and Adjusted EBITDAR have limitations as analytical tools. Some of the limitations applicable to these measures include: (i) Adjusted EBITDA and Adjusted EBITDAR do not reflect the impact of certain cash charges resulting from matters we consider not to be indicative of our ongoing operations; (ii) Adjusted EBITDA and Adjusted EBITDAR do not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments; (iii) Adjusted EBITDA and Adjusted EBITDAR do not reflect changes in, or cash requirements for, our working capital needs; (iv) Adjusted EBITDA and Adjusted EBITDAR do not reflect the interest expense, or the cash requirements necessary to service interest or principal payments, on our debts; (v) although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future; and (vi) Adjusted EBITDA and Adjusted EBITDAR do not reflect any cash requirements for such replacements and other companies in our industry may calculate Adjusted EBITDA and Adjusted EBITDAR differently than we do, limiting its usefulness as a comparative measure. Because of these limitations, Adjusted EBITDA and Adjusted EBITDAR should not be considered in isolation or as a substitute for

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performance measures calculated in accordance with GAAP. In addition, Adjusted EBITDAR should not be viewed as a measure of overall performance because it excludes aircraft rent, which is a normal, recurring cash operating expense that is necessary to operate our business. For the foregoing reasons, each of Adjusted EBITDA and Adjusted EBITDAR has significant limitations which affect its use as an indicator of our profitability. Accordingly, you are cautioned not to place undue reliance on this information.

The following table presents a reconciliation of income before taxes to estimated Adjusted EBITDA and Adjusted EBITDAR for the period presented.

	Quarter Ended June 30, 2018	
	Low	High
	(in thousands)	
Reconciliation:		
Loss before taxes	$ (16,900)	$ (13,900)
Revaluation of liability awards	12,000	10,000
Lease termination costs	15,100	15,100
Interest expense	14,100	14,100
Depreciation and amortization	16,000	16,000
Adjusted EBITDA	40,300	41,300
Aircraft rent	17,900	17,900
Adjusted EBITDAR	58,200	59,200

	Quarter Ended June 30, 2018	
	Low	High
	(in thousands)	
Balance Sheet Data:		
Cash and cash equivalents	$ 41,700	$ 41,700
Accrued compensation	24,000	22,000
Long-term debt, including current portion	994,100	994,100

	Quarter Ended June 30, 2018
Operating Data	
Block hours	102,939
Departures	57,782

Effectiveness of Stock Split and Increase in Authorized Shares

On August 8, 2018, we filed our second amended and restated articles of incorporation, which, among other things: (i) effected a 2.5-for-1 stock split of our common stock; and (ii) increased the authorized number of shares of our common and preferred stock to 125,000,000 and 5,000,000, respectively. Except as otherwise noted, all references to share and per share amounts related to common stock, equity awards and non-equity awards in this prospectus, our consolidated financial statements and our condensed consolidated financial statements reflect the stock split and increase in authorized shares.

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Risks Affecting Us

Our business is subject to numerous risks and uncertainties, including those highlighted in the section of this prospectus titled Risk Factors immediately following this prospectus summary. These risks include, but are not limited to:

- the supply and retention of qualified airline pilots;
- the volatility of pilot attrition;
- dependence on, changes to, or non renewal of, our capacity purchase agreements;
- increases in our labor costs;
- reduced utilization under our capacity purchase agreements;
- the financial strength of our major airline partners;
- direct operation of regional jets by our major airline partners;
- limitations on our ability to expand regional flying within the flight systems of our major airline partners and those of other major airlines;
- our significant amount of debt and other contractual obligations;
- our compliance with ongoing financial covenants under our credit facilities; and
- our ability to keep costs low and execute our growth strategies.

Corporate Information

We are a Nevada corporation with our principal executive office in Phoenix, Arizona. We were founded in 1982 and reincorporated in Nevada in 1996. In addition to operating Mesa Airlines, we also wholly own Mesa Air Group Airline Inventory Management, LLC, (MAG-AIM), an Arizona limited liability company, which was established to purchase, distribute and manage Mesa Airlines inventory of spare rotable and expendable parts. MAG-AIM s financial results are reflected in our consolidated financial statements.

Our principal executive offices are located at 410 North 44th Street, Suite 700, Phoenix, Arizona 85008, and our telephone number is (602) 685-4000. Our website is located at www.mesa-air.com. The information on, or accessible through, our website does not constitute part of, and is not incorporated into, this prospectus.

Implications of Being an Emerging Growth Company

As a company with less than $1.07 billion in revenue during our last fiscal year, we qualify as an emerging growth company as defined in the Jumpstart Our Business Startups Act (the JOBS Act), enacted in April 2012. An emerging growth company may take advantage of reduced reporting requirements that are otherwise applicable to public companies. These provisions include, but are not limited to:

- being permitted to present only two years of audited financial statements and only two years of related Management s Discussion and Analysis of Financial Condition and Results of Operations in this prospectus;

- not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as amended (the Sarbanes-Oxley Act);

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- reduced disclosure obligations regarding executive compensation in our periodic reports, proxy statements and registration statements; and

- exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

We may take advantage of these provisions until the last day of our fiscal year following the fifth anniversary of the completion of this offering. However, if certain events occur prior to the end of such five-year period, including if we become a large accelerated filer, our annual gross revenue exceeds $1.07 billion or we issue more than $1.0 billion of non-convertible debt in any three-year period, we will cease to be an emerging growth company prior to the end of such five-year period.

We have elected to take advantage of certain of the reduced disclosure obligations in the registration statement of which this prospectus is a part and may elect to take advantage of other reduced reporting requirements in future filings. As a result, the information that we provide to our shareholders may be different than you might receive from other public reporting companies in which you hold equity interests.

In addition, the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. We have irrevocably elected not to avail ourselves of this exemption and, therefore, we will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

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THE OFFERING

Common stock offered by us	9,630,000 shares.
Common stock to be outstanding after the offering	34,131,142 shares (or 34,908,975 shares, if the underwriters exercise in full their overallotment option as described below).
Underwriters option to purchase additional shares	We and the selling shareholders may sell up to an aggregate of 1,444,500 additional shares if the underwriters exercise their option to purchase additional shares.
Use of proceeds	We estimate that we will receive net proceeds from this offering of approximately \$104.9 million (or approximately \$113.6 million if the underwriters exercise their overallotment option) after deducting estimated underwriting discounts and commissions and estimated expenses of this offering payable by us.
	We intend to use the net proceeds from this offering to: (i) repay all outstanding indebtedness under our CIT Revolving Credit Facility in the amount of \$25.7 million; (ii) repay from \$20.0 to \$40.0 million of existing indebtedness under our Spare Engine Facility and the Subordinated GECAS Notes; and (iii) in connection with the repayment, refinance the remaining portion of indebtedness under our Spare Engine Facility and the Subordinated GECAS Notes. For a further description of our CIT Revolving Credit Facility, Spare Engine Facility and Subordinated GECAS Notes, see *Management s Discussion and Analysis of Financial Condition and Results of Operations Commitments and Contractual Obligations* elsewhere in this prospectus. We intend to use any remaining proceeds for general corporate purposes, which may include the repayment or refinancing of indebtedness, working capital and capital expenditures, including flight equipment acquisitions and lease buyouts. See *Use of Proceeds*.
	We will not receive any of the proceeds from the sale of any shares sold by the selling shareholders if the underwriters exercise their option to purchase additional shares. See *Principal and Selling Shareholders*.
Risk factors	See *Risk Factors* beginning on page 19 and the other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in our common stock.

NASDAQ trading symbol	MESA

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The number of shares of our common stock outstanding after this offering is based on 12,394,215 shares outstanding as of March 31, 2018, 10,890,905 shares issuable upon exercise of warrants with an exercise price of $0.004 per share, 250,000 shares issuable upon exercise of warrants with an exercise price of $3.20 per share (which were terminated in June 2018) and 966,022 shares of restricted common stock to be issued under our 2018 Equity Incentive Plan (the 2018 Plan) immediately following the completion of this offering in exchange for vested SARs previously issued under the Mesa Air Group, Inc. Amended and Restated Stock Appreciation Rights Plan (the SAR Plan), and excludes:

- 744,497 awarded and unvested shares of common stock under the Mesa Air Group, Inc. 2011 Stock Incentive Plan (the 2011 Plan) as of March 31, 2018;
- 20,843 awarded and unvested shares of common stock under the Mesa Air Group, Inc. 2017 Stock Plan (the 2017 Plan) as of March 31, 2018;
- 323,048 awarded and unvested restricted stock units under the Mesa Air Group, Inc. Restricted Phantom Stock Units Plan (the RSU Plan) as of March 31, 2018; and
- 300,012 shares of restricted common stock to be issued under our 2018 Plan, in exchange for unvested SARs previously issued under our SAR Plan.

We expect that an aggregate of 105,275 shares will vest under our 2011 Plan, 2017 Plan and RSU Plan, net of new awards granted, between March 31, 2018 and the completion of this offering. In addition, immediately following the completion of this offering, the remaining unvested equity awards then outstanding under the 2011 Plan, 2017 Plan and RSU Plan will be cancelled and exchanged for 983,113 shares of restricted common stock under our 2018 Plan, and will remain subject to vesting on the same terms set forth in the prior vesting schedules. The SARs previously issued under our SAR Plan, which currently settle only in cash, will be cancelled and exchanged for an aggregate of 1,266,034 shares of restricted common stock under our 2018 Plan (collectively, the 2018 Plan Issuances), of which 966,022 will be fully vested upon issuance and are included in the number of shares of our common stock outstanding after this offering. See *Shares Eligible for Future Sale Proposed Equity Exchange and 2018 Plan Issuances* elsewhere in this prospectus.

Except as otherwise indicated, information in this prospectus reflects or assumes the following:

- the filing and effectiveness of our second amended and restated articles of incorporation in Nevada and the adoption of our amended and restated bylaws, each of which occurred on August 8, 2018;
- no exercise of the underwriters option to purchase up to 1,444,500 additional shares of our common stock from us and the selling shareholders; and
- a 2.5-for-1 forward stock split of our common stock effected on August 8, 2018.

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SUMMARY HISTORICAL CONSOLIDATED FINANCIAL AND OPERATING DATA

The following tables summarize the financial and operating data for our business for the periods presented. You should read this summary consolidated financial data in conjunction with *Management s Discussion and Analysis of Financial Condition and Results of Operations* and our consolidated financial statements and related notes, all included elsewhere in this prospectus.

The summary historical consolidated statement of operations data for our fiscal years ended September 30, 2016 and 2017 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The summary historical consolidated balance sheet data for the six months ended March 31, 2018 has been derived from our unaudited consolidated financial statements appearing elsewhere in this prospectus. The summary historical consolidated statements of operations data for our fiscal years ended September 30, 2013, 2014 and 2015 have been derived from our consolidated financial statements that are not included in this prospectus. Our historical results are not necessarily indicative of the results to be expected in the future, and results for the six months ended March 31, 2018 are not indicative of the results expected for the full year.

	Year Ended September 30,					Six Months Ended March 31,	
	2013[(1)]	**2014[(1)]**	**2015**	**2016**	**2017**	**2017**	**2018**
	(in thousands, except per share data)						
Operating revenues:							
Contract revenue	$ 382,125	$ 407,408	$ 481,168	$ 569,373	$ 618,698	$ 309,711	$ 310,904
Pass-through and other	33,131	28,617	24,931	18,463	24,878	9,619	21,420
Total operating revenues	**415,256**	**436,025**	**506,099**	**587,836**	**643,576**	**319,330**	**332,324**
Operating expenses:							
Flight operations	78,685	93,092	118,600	141,422	155,516	72,349	103,807
Fuel	13,531	6,092	1,017	753	766	400	198
Maintenance	102,473	123,506	142,643	225,130	210,729	117,422	105,756
Aircraft rent	77,243	80,942	69,083	71,635	72,551	36,060	36,582
Aircraft and traffic servicing	28,363	20,817	13,274	3,936	3,676	1,580	1,744
Promotions and sales[(2)]	5,406	2,795	11				
General and administrative	31,598	34,501	39,940	42,182	38,996	20,676	21,267
Depreciation and amortization	32,945	33,425	42,296	46,020	61,048	29,600	31,598
Asset impairment	7,942						
	378,186	**395,170**	**426,864**	**531,078**	**543,282**	**278,087**	**300,952**

Total operating expenses														
Operating income		**37,070**		**40,855**		**79,235**		**56,758**		**100,294**		**41,243**		**31,372**
Other (expense) income, net:														
Interest expense		(9,043)		(9,881)		(16,984)		(32,618)		(46,110)		(21,840)		(27,474)
Interest income		71		14		21		325		32		15		19
Other income (expense), net		2,458		(475)		975		381		(514)		(394)		(102)
Total other (expense) income, net		**(6,514)**		**(10,342)**		**(15,988)**		**(31,912)**		**(46,592)**		**(22,219)**		**(27,557)**
Income before taxes		30,556		30,513		63,247		24,846		53,702		19,024		3,815
Income tax (benefit) expense		(11,078)		11,749		24,248		9,926		20,874		7,110		(21,181)
Net income	**$**	**41,634**	**$**	**18,764**	**$**	**38,999**	**$**	**14,920**	**$**	**32,828**	**$**	**11,914**	**$**	**24,996**
Net income per share attributable to common shareholders:														
Basic(3)	$	5.83	$	2.53	$	5.03	$	1.56	$	3.01	$	1.11	$	2.18
Diluted(3)	$	1.81	$	0.82	$	1.61	$	0.62	$	1.40	$	0.51	$	1.06
Pro forma net income per share attributable to common shareholders (unaudited)(4):														
Basic									$	1.61			$	1.24
Diluted									$	1.00			$	0.78
Weighted-average common shares outstanding:														
Basic		7,146,165		7,425,165		7,749,665		9,558,242		10,918,527		10,780,678		11,441,271
Diluted		23,029,960		22,983,286		24,161,935		24,082,114		23,385,778		23,443,541		23,562,884
Non-GAAP financial data:														
EBITDA(5)	$	72,473	$	73,805	$	122,506	$	103,159	$	160,828	$	70,449	$	62,868

EBITDAR(5)	$ 149,716	$ 154,747	$ 191,589	$ 174,794	$ 233,379	$ 106,509	$ 99,450

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(1) Our operations data for our fiscal years ended September 30, 2013 and 2014 include results from our historical *go!* operations. We operated *go!* as an inter-island air carrier in Hawaii from 2006 to 2014.
(2) Promotion and sales primarily consists of reservations and marketing costs related to our historical *go!* operations. We do not pay promotion and sales expenses under our capacity purchase agreements.
(3) See Note 10 to our consolidated financial statements included elsewhere in this prospectus for an explanation of the method used to calculate the basic and diluted earnings per share.
(4) Pro forma net income per share attributable to common shareholders data is presented for our fiscal year ended September 30, 2017 and the six months ended March 31, 2018 to give effect to: (i) the issuance of 9,630,000 shares of our common stock pursuant to this offering; (ii) our application of the net proceeds from this offering as set forth under *Use of Proceeds*, based on the initial public offering price of $12.00 per share; and (iii) the issuance of shares of restricted common stock under our 2018 Plan immediately following the completion of this offering as part of the 2018 Plan Issuances. For a description of the method used to calculate the number of shares of restricted common stock to be issued under the 2018 Plan immediately after this offering, see *Shares Eligible for Future Sale Proposed Equity Exchange and 2018 Plan Issuances* elsewhere in this prospectus. See *Use of Proceeds* for a description of the assumptions underlying the pro forma data related to our anticipated use of proceeds. This pro forma net income per share attributable to common shareholders data is presented for informational purposes only and does not purport to represent what our pro forma net income (loss) or net income (loss) per share attributable to common shareholders actually would have been had this offering or the 2018 Plan Issuances been completed on October 1, 2016, or to project our net income or net income per share attributable to common shareholders for any future period.
(5) We define EBITDA as earnings before interest, income taxes, and depreciation and amortization. We define EBITDAR as earnings before interest, income taxes, depreciation and amortization and aircraft rent. EBITDA and EBITDAR are included as supplemental disclosure because our senior management believes that they are well recognized valuation metrics in the airline industry that are frequently used by companies, investors, securities analysts and other interested parties in comparing companies in our industry.

EBITDA and EBITDAR have limitations as analytical tools. Some of the limitations applicable to these measures include: (i) EBITDA and EBITDAR do not reflect the impact of certain cash charges resulting from matters we consider not to be indicative of our ongoing operations; (ii) EBITDA and EBITDAR do not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments; (iii) EBITDA and EBITDAR do not reflect changes in, or cash requirements for, our working capital needs; (iv) EBITDA and EBITDAR do not reflect the interest expense, or the cash requirements necessary to service interest or principal payments, on our debts; (v) although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future; and (vi) EBITDA and EBITDAR do not reflect any cash requirements for such replacements and other companies in our industry may calculate EBITDA and EBITDAR differently than we do, limiting its usefulness as a comparative measure. Because of these limitations, EBITDA and EBITDAR should not be considered in isolation or as a substitute for performance measures calculated in accordance with GAAP. In addition, EBITDAR should not be viewed as a measure of overall performance because it excludes aircraft rent, which is a normal, recurring cash operating expense that is necessary to operate our business. For the foregoing reasons, each of EBITDA and EBITDAR has significant limitations which affect its use as an indicator of our profitability. Accordingly, you are cautioned not to place undue reliance on this information.

The following table sets forth a reconciliation of net income and basic and diluted shares used to calculate pro forma basic and diluted net income per share attributable to common shareholders:

	Year Ended September 30, 2017	Six Months Ended March 31, 2018
	(in thousands, except per share data)	
Reconciliation:		
Net income	$ 32,828	$ 24,996
Pro forma adjustment to reflect reduction of interest expense related to the repayment of outstanding indebtedness under our CIT Revolving Credit Facility	270	742
Pro forma adjustment to reflect reduction of interest expense related to partial repayment and refinancing of our Spare Engine Credit Facility and Subordinated GECAS Notes(1)	2,606	2,241
Pro forma adjustment to reflect tax effect at statutory rates(2)	(1,007)	(732)
Total pro forma adjustment(3)	1,869	2,251
Net income used in calculating pro forma net income per share attributable to common shareholders, basic and diluted	$ 34,697	$ 27,247

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	Year Ended September 30, 2017	Six Months Ended March 31, 2018
	(in thousands, except per share data)	
Weighted average shares outstanding used to calculate net income per share attributable to common shareholders, basic	10,918,527	11,441,271
Pro forma adjustment to reflect issuance of 9,630,000 shares of our common stock pursuant to this offering	9,630,000	9,630,000
Pro forma adjustment to reflect issuance of shares of restricted common stock under our 2018 Plan in exchange for vested SARs	966,022	966,022
Weighted average shares used to calculate pro forma net income per share attributable to common shareholders, basic	21,514,549	22,037,293
Effect of dilutive warrants and unvested shares of common stock	12,467,250	12,121,613
Pro forma effect of dilutive issuance of shares of restricted common stock under our 2018 Plan in exchange for unvested SARs and unvested restricted stock units	736,338	736,338
Weighted average shares used to calculate pro forma net income per share attributable to common shareholders, diluted	34,718,137	34,895,244
Pro forma net income per share attributable to common shareholders:		
Basic	$ 1.61	$ 1.24
Diluted	1.00	0.78

(1) We have received a nonbinding financing letter relating to a proposed refinancing of the Spare Engine Credit Facility and Subordinated GECAS Notes, which, if completed, would reduce the applicable interest rate from LIBOR plus a spread ranging from 7.25% to 7.50% to LIBOR plus 4.0%. For each 1/8 percent variance in the applicable interest rates in excess of LIBOR plus 4.0%, pro forma interest expense would change by approximately $0.05 million and $0.04 million, respectively, for the periods presented.

(2) We have used a blended federal statutory income tax rate of 24.5% on taxable income earned during our 2018 fiscal year as a result of the Tax Cuts and Jobs Act (the Tax Act). For our 2017 fiscal year, we used a federal statutory income tax rate of 35%.

(3) See *Use of Proceeds* for a description of the assumptions underlying the pro forma data related to our anticipated use of proceeds.

The following table presents the reconciliation of net income to EBITDA and EBITDAR for the periods presented below:

	Year Ended September 30,					Six Months Ended March 31,	
	2013	2014	2015	2016	2017	2017	2018
	(in thousands)						

Reconciliation:					
Net income	$ 41,634	$ 18,764	$ 38,999	$ 14,920	$