

MIDWEST AIR GROUP, INC.
AUDIT COMMITTEE CHARTER
Revised February 2004

The purpose of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of Midwest Air Group, Inc. is to assist the Board in its oversight of the integrity of the Corporation’s financial statements, the Corporation’s compliance with legal and regulatory requirements, the independent auditors’ qualifications and independence, and the performance of the Corporation’s internal audit function and the independent auditors.

Composition, Membership and Meeting Requirements

- a) The Committee shall consist of at least three members from the Board of Directors, all of whom have no relationship to the Corporation that may interfere with the exercise of their independence from management and the Corporation. All Committee members shall be independent as defined in the listing standards of the NYSE, as well as in compliance with legal requirements. The Corporation shall explicitly disclose in its proxy statement whether the Audit Committee members are independent.
- b) Director’s compensation must be the sole remuneration from the Corporation to Committee members, as defined in the listing standards of the NYSE.
- c) Committee members shall be financially literate or must become financially literate (as such qualification is interpreted by the Board) within a reasonable period of time after appointment to the Committee. The Corporation will disclose in its proxy statement whether at least one member of the Committee is a financial expert. In addition, the name of the financial expert and whether the individual is independent of management will be disclosed.
- d) At least one member of the Committee must have accounting or related financial management expertise (as such qualification is interpreted by the Board in accordance with SEC regulations).
- e) The Committee or Board shall designate a member of the Committee to act as its Chairman.
- f) The Committee will meet in person at least four times per year. The Committee may convene at other times during the year at the Chairman’s request or at the direction of the Board.
- g) Management will actively participate in Committee meetings; the Chief Financial Officer will attend all meetings and the Chief Executive Officer will attend meetings as circumstances allow.
- h) A written agenda will be used for all meetings. The Chairman will review the proposed meeting agenda prepared by the Chief Financial Officer (with input from the internal and external auditors) prior to the meeting to ensure that an appropriate amount of time is devoted to each topic.
- i) New Committee members will be provided appropriate training materials, including pertinent information about the Committee and the Corporation’s business.

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Committee Responsibilities

The Committee shall have, without limitation by reason of enumeration, the power and responsibility to:

- a) Review and assess the adequacy of this charter on an annual basis. Disclose annually, in the Corporation's proxy statement, that a charter governs the Committee. At least once every three years, include a copy of the charter as an appendix to the Corporation's proxy statement. Provide an audit committee report in the Corporation's proxy statement as required by the SEC.
- b) Report regularly to the Board of Directors.
- c) Appoint, replace when necessary, authorize compensation and oversee the work of the Corporation's independent auditors. The independent auditor is ultimately accountable to the Committee and the Board. Such firm shall comply with applicable legal requirements in regards to engagement staffing.
- d) Approve the audit fees and other fees payable to the independent auditors prior to the engagement of the firm.
- e) Review and authorize the scope of the independent auditors' annual and interim examinations. Also review the overall audit approach and the key audit risk considerations.
- f) Review the reports and comments of the independent auditor and authorize the taking of any appropriate responsive actions. Such reports shall include all communications required by law. Review with the independent auditor any audit problems or difficulties, and management's response.
- g) Obtain and review a report, at least annually, from the independent auditor describing: (1) the firm's internal quality control procedures; (2) any material issues raised by the most recent internal quality control review or peer review; (3) any material issues raised by inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with such issues; and (4) all relationships between the independent auditor and the Corporation (to assess independence).
- h) Approve any other services to be performed by the independent auditor prior to the engagement of the firm. Such engagements will be disclosed by the Committee in accordance with legal requirements. The independent auditors will not be engaged to perform any services for the Company that are prohibited by law.
- i) Set clear hiring policies for employees or former employees of the independent auditor, in accordance with the Sarbanes-Oxley Act of 2002.

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- j) (1) Review and discuss the Corporation's annual audited financial statements (and *Annual Report on Form 10-K*) and quarterly financial statements, including Management's Discussion and Analysis of Financial Condition and Results of Operations, with management and the independent auditors, prior to releasing the information to the investing public. These discussions will include all communications required by the Sarbanes-Oxley Act of 2002; (2) discuss with the independent auditors the matters required to be discussed by Statement on Auditing Standards (SAS) 61, *Communication with Audit Committees*; (3) ensure that the Corporation's independent auditors submit to the Committee on a periodic basis, a formal written statement (as required by Independence Standards Board ISB Standard No. 1, *Independence Discussions with Audit Committees*), delineating all relationships between such firm and the Corporation, actively engage in a dialogue with such firm with respect to any disclosed relationships or services that may impact the objectivity and independence of the firm, and recommend that the Board of Directors take appropriate action in response to the firm's report to satisfy itself of the firm's independence; and (4) determine whether to recommend to the Board of Directors that the Corporation's annual audited financial statements be included in the *Annual Report on Form 10-K*.
- k) Discuss earnings news releases, as well as financial information and earnings guidance provided to analysts and ratings agencies.
- l) Maintain an internal audit function. Review and approve the annual Internal Audit Plan. Regularly review the reports of the internal audit staff. Consider the adequacy of the Corporation's systems of internal controls. Discuss the responsibilities, budget, and staffing of the internal audit function with the independent auditors. Review the coordination of efforts between the external and internal auditors.
- m) Review the following: (1) major issues regarding accounting principles and financial statement presentations, including any significant changes in the company's selection or application of accounting principles; (2) major issues as to the adequacy of the company's internal controls and any special audit steps adopted in light of material control deficiencies; (3) analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of financial statements, including analyses of the effects of alternative GAAP treatments on the financial statements; and (4) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures on the financial statements.
- n) In private session, at least annually, meet with the Corporation's independent auditors, internal auditors and management. In addition, the Committee members will meet in executive session at least annually.
- o) Retain special legal or accounting services or other consultants to advise the Committee as necessary and receive appropriate funding for compensation of such advisors.
- p) Request any officer or employee of the Corporation or the Corporation's outside counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.
- q) Review, to the extent it deems appropriate, any significant issues concerning litigation, contingent liabilities, tax matters and insurance matters relating to the Corporation.
- r) Monitor the Corporation's processes for compliance with policies and procedures for officers' expense reports.
- s) Review information systems of the Corporation.
- t) Discuss policies with respect to risk assessment and risk management.

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- u) Approve conflict of interest transactions in accordance with, and pursuant to, the Corporation's By-Laws.
- v) Investigate any potential illegal acts that come to the Committee's attention that could in its view have a material effect on the Corporation's financial statements and take any action, or recommend to the Board any action, with respect thereto.
- w) Investigate any matter or take any action, or recommend to the Board any action that the Committee considers appropriate, including without limitation in response to the reports and comments of both the independent auditors and internal audit staff.
- x) Establish procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters. This system will be capable of the receipt of complaints from both the Corporation's personnel and third parties, and will maintain the anonymity of complaints made by company employees.
- y) Undertake an annual evaluation of the Committee's effectiveness.

While the Committee has the responsibilities and powers set forth above, it is not the duty of the Committee to plan or conduct audits, and the Committee is not responsible for the preparation, content, integrity or objectivity of the Corporation's financial statements. Further, it is not the duty of the Committee to assure compliance with the Corporation's rules, policies and procedures, or except as provided above, to conduct investigations.