

# ALON USA ENERGY, INC.

## AUDIT COMMITTEE CHARTER

(Adopted May 4, 2005)

### Purposes

The purpose of the Audit Committee (the “*Committee*”) of the Board of Directors (the “*Board*”) of Alon USA Energy, Inc. (the “*Company*”) is to assist the Board in its oversight of (a) the integrity of the Company’s financial statements, (b) the Company’s compliance with legal and regulatory compliance, (c) the independent auditor’s qualifications and independence, and (d) the performance of the Company’s internal audit function and independent auditor, and to prepare an audit committee report for inclusion in the Company’s annual proxy statement.

### Composition

*Size.* The size of the Committee shall be as determined by the Board from time to time, but shall consist of no fewer than three members.

### *Qualifications.*

1. Independence. Each Committee member shall meet the applicable independence criteria of (a) the rules of the New York Stock Exchange, Inc. (the “*NYSE*”), as such requirements are interpreted by the Board in its business judgment and (b) Section 301 of the Sarbanes-Oxley Act of 2002 and the rules and listing requirements promulgated thereunder by the Securities and Exchange Commission (“*SEC*”), including Rule 10A-3 of the Securities Exchange Act of 1934 (the “*Exchange Act*”), and the NYSE; provided, however, that (x) no members of the Committee need meet such criteria prior to the effectiveness of the registration of the Company’s initial public offering of common stock under the Securities Act of 1933, (y) only one member of the Committee need satisfy such criteria from the time of such effectiveness to the ninetieth day after the date of such effectiveness, and (z) only a majority of such members need satisfy such criteria from the ninetieth day after the date of such effectiveness to the first anniversary of the date of such effectiveness.
2. Financial Literacy and Expertise. Each Committee member shall be able to read and understand fundamental financial statements, including a balance sheet, an income statement and a cash flow statement, or shall become able to do so within a reasonable period of time after his or her appointment to the Committee. In addition, at least one member of the Committee shall have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in such member’s financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. The Board shall determine, in its business judgment, whether at least one member has such financial sophistication. The designation or identification of a person as having such financial sophistication shall not

- (a) impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Committee and the Board in the absence of such designation or identification or
- (b) affect the duties, obligations or liability of any other member of the Committee or the Board.

***Appointment and Removal.*** The Board will select the Committee members. The Board will select a Committee Chair from among Committee members. Each Committee member will serve at the pleasure of the Board for such term as the Board may determine or until such Committee member is no longer a Board member.

## **Duties and Responsibilities**

The Committee is responsible for overseeing, on behalf of the Board, the accounting and financial reporting processes of the Company and the audits of the financial statements of the Company. Management is responsible for the preparation, presentation and integrity of the Company's financial statements and for the appropriateness of the accounting and reporting policies that are used by the Company. The independent auditor is responsible for auditing the Company's financial statements and for reviewing the Company's interim financial statements.

The Committee is directly responsible for the appointment, compensation, retention and oversight of the work of the Company's independent auditor (including resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. The independent auditor will report directly to the Committee.

Specific duties and responsibilities of the Committee are set forth below:

1. Retain the Independent Auditor. The Committee has the sole authority to (a) retain and terminate the Company's independent auditor, (b) approve all audit engagement fees, terms and services, and (c) approve any non-audit engagements with the Company's independent auditor. The Committee is to exercise this authority in a manner consistent with Sections 201, 202 and 301 of the Sarbanes-Oxley Act of 2002 and the rules and listing requirements promulgated thereunder by the SEC and the NYSE. The Committee Chair, or any other Committee member designated by the Committee Chair, has the authority to grant interim pre-approvals of non-audit engagements required by such sections; provided, however, that if the Committee Chair, or his or her designee, pre-approves services pursuant to this authority, then the Committee Chair, or his or her designee, shall report such pre-approval to the full Committee at the next scheduled meeting of the Committee.
2. Review and Discuss the Independence of the Auditor. In connection with the retention of the Company's independent auditor, the Committee is to, at least annually, review and discuss the information provided by management and the auditor relating to the independence of the audit firm, including, among other things, information related to the non-audit services provided and expected to be provided by the auditor. The Committee is responsible for (a) ensuring that the

independent auditor submits at least annually to the Committee a formal written statement delineating all relationships between the auditor and the Company consistent with applicable independence standards, including Independence Standards Board Standard No. 1, (b) actively engaging in a dialogue with the auditor with respect to any disclosed relationship or services that may impact the objectivity and independence of the auditor, and (c) taking, or recommending that the Board take, appropriate action to oversee the independence of the auditor. In connection with the Committee's evaluation of the auditor's independence, the Committee shall also review and evaluate the lead partner of the independent auditor and take such steps as may be required by law with respect to the identification and regular rotation of the audit partners serving on the Company's audit engagement team.

3. Set Hiring Policies. The Committee is to set hiring policies for employees or former employees of the independent auditor, which include the restrictions set forth in Section 206 of the Sarbanes-Oxley Act of 2002 and any rules promulgated thereunder by the SEC.
4. Review and Discuss the Audit Plan. The Committee is to review and discuss with the independent auditor the plans for, and the scope of, the annual audit and other examinations, including the adequacy of staffing.
5. Review and Discuss Conduct of the Audit. The Committee is to review and discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61, as amended by Statement on Auditing Standards No. 90, relating to the conduct of the audit, as well as any audit problems or difficulties and management's response, including (a) any restriction on audit scope or on access to requested information, (b) any disagreements with management, and (c) any significant issues discussed with the independent auditor's national office. The Committee is to decide all unresolved disagreements between management and the independent auditor regarding financial reporting.
6. Meet to Review and Discuss Financial Statements and Disclosures. The Committee is to meet to review and discuss with appropriate officers of the Company and the independent auditor the annual audited and quarterly financial statements of the Company, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations."
7. Review and Discuss Earnings Press Releases. The Committee is to discuss the Company's earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies. This discussion may take the form of a general discussion of the types of information to be disclosed and the types of presentations to be made, and the Committee need not discuss in advance each earnings press release or each instance in which the Company may provide earnings guidance.

8. Review and Discuss the Recommendations of Independent Auditor. The Committee is to review and discuss recommendations made by the independent auditor, as well as such other matters, if any, as officers of the Company may desire to bring to the attention of the Committee.
9. Review and Discuss the Audit Results. The Committee is to review and discuss with the independent auditor (a) the report of their annual audit, or proposed report of their annual audit, (b) the accompanying management letter, if any, (c) the reports of their reviews of the Company's interim financial statements conducted in accordance with Statement on Auditing Standards No. 100, and (d) the reports of the results of such other examinations outside of the course of the independent auditor's normal audit procedures that the independent auditor may from time to time undertake.
10. Discuss Risk Management Policies. The Committee is to discuss guidelines and policies with respect to risk assessment and risk management, including guidelines and policies governing the process by which the Company's senior management assesses and manages the Company's exposure to risk.
11. Establish Procedures for Complaints Regarding Financial Statements or Accounting Policies. The Committee is to establish procedures for (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters as required by Section 301 of the Sarbanes-Oxley Act of 2002 and the rules and listing requirements promulgated thereunder by the SEC and the NYSE.
12. Board Reports. The Committee should report its activities to the Board at least annually in such manner and at such times as the Committee or the Board deems appropriate.
13. Other Delegated Duties or Responsibilities. The Committee shall perform any other duties or responsibilities delegated to the Committee by the Board from time to time.

## **Meetings**

The Committee shall meet in person or telephonically at least quarterly, or more frequently as it may determine necessary to comply with its responsibilities under this Charter. The Committee Chair shall be responsible for calling meetings of the Committee, establishing the agenda for each Committee meeting and supervising the conduct thereof. The Committee may also take any action permitted hereunder by unanimous written consent.

The Committee may request any officer or other employee of the Company, or the Company's outside legal counsel or independent auditor to attend a meeting or to meet with any members of, or consultants to, the Committee. The Committee shall meet with the Company's management, the internal auditor and the independent auditor periodically in separate private

sessions to discuss any matter that the Committee, management, the independent auditor or such other persons believe should be discussed privately.

### **Resources and Authority**

The Committee shall have the appropriate resources and authority to discharge its responsibilities, including, without limitation, the authority to engage independent counsel and other advisors as the Committee deems necessary to carry out its duties. The Committee may also, to the extent it deems necessary or appropriate, meet with the Company's investment bankers or financial analysts who follow the Company.

The Company will provide for appropriate funding, in such amounts as the Committee deems necessary, for payment of (a) compensation to the Company's independent auditor engaged for the purpose of rendering or issuing an audit report or related work or performing other audit, review or attest services for the Company, (b) compensation to independent counsel or any other advisors employed by the Committee, and (c) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

### **Annual Review**

At least annually, the Committee shall (a) review the adequacy of this Charter with the Board and recommend any changes to the Board that the Committee determines to be appropriate, and (b) evaluate its own performance against the requirements of this Charter and report the results of this evaluation to the Board. The Committee shall conduct its review and evaluation in such manner as it deems appropriate.