

**WESTERN REFINING, INC.**  
**AUDIT COMMITTEE CHARTER**

**I. Effectiveness**

Upon approval by the Board of Directors of the Company (the “Board”), this Charter will become effective.

**II. Function**

The Audit Committee (the “Committee”) is appointed by the Board to oversee the accounting and financial reporting processes of the Company and the audits of the Company’s financial statements. The Committee assists the Board in monitoring the following:

- the integrity of the financial statements of the Company;
- the Independent Auditor’s qualifications, independence and performance;
- the Company’s internal audit function and systems of internal controls over financial reporting and disclosure controls and procedures; and
- compliance by the Company with legal and regulatory requirements.

**III. Committee Membership**

The Committee shall, within one year after listing of the Company’s common stock on the New York Stock Exchange (“NYSE”), be comprised of at least three members, one of whom shall be appointed on the date of the Company’s listing of common stock on the NYSE, another shall be appointed within 90 days thereafter and a third shall be appointed within one year after such date. Each member of the Committee shall meet the independence and experience requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and the NYSE. All members of the Committee shall be able to read and understand fundamental financial statements, including a company’s balance sheet, income statement and cash flow statement. In addition, within 90 days after listing of the Company’s common stock on the NYSE, at least one member of the Committee shall be an “audit committee financial expert,” as defined under the Exchange Act.

The members of the Committee and the Chairman of the Committee shall be appointed and may be replaced by the Board.

**IV. Meetings**

The Committee shall meet as frequently as necessary, but not less frequently than quarterly. The Committee shall conduct special meetings as determined by the Chairman of the Committee or at the request of the Chief Executive Officer, President or Chief

Financial Officer or the independent public accounting firm engaged by the Company to perform audit services (referred to in this Charter as the “Independent Auditor”). Meetings may be in person, by telephone or videoconference as needed to conduct the business of the Committee. For the transaction of any business at any meeting of the Committee, a majority of the members shall constitute a quorum. The Committee shall take action by the affirmative vote of a majority of the members present at a duly held meeting. The Committee may also take action by unanimous written consent to the fullest extent permitted by the Delaware General Corporation Law. The Committee shall maintain minutes of all of its meetings.

The Committee shall meet periodically in separate executive sessions with each of management and the Independent Auditor and have such other direct and independent interaction with such persons from time to time as the Committee deems appropriate. The Committee may request any officer or employee of the Company, the Company’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.

## **V. Responsibilities**

The Committee’s responsibility is oversight, and it recognizes that the Company’s management is responsible for preparing the Company’s financial statements and complying with applicable laws and regulations. In addition, the Committee recognizes that the Company’s management, the Independent Auditor and the Company’s Compliance Officer have more knowledge and more detailed information about the Company than do the members of the Committee. Consequently, in carrying out its oversight responsibilities, it is not the duty of the Committee to plan or conduct audits or determine that the Company’s financial statements are complete and accurate or are in accordance with generally accepted accounting principles. This is the responsibility of management and the Independent Auditor.

It is not the intent of this Audit Committee Charter to subject individual members of the Committee to any increased exposure to liabilities in excess of those generally imposed on members of the Board under applicable laws.

The following functions shall be the common recurring activities of the Committee in carrying out its oversight responsibility. The Committee shall have and may exercise all powers and authority of the Board in connection with carrying out its functions and responsibilities. These functions are set forth as a guide with the understanding that the Committee may diverge from this guide as appropriate. The Committee shall carry out the following responsibilities:

- A. Independent Auditor. The Independent Auditor shall report directly to the Committee.

The Committee shall:

- (1) Have sole authority to appoint the Independent Auditor. The Committee shall be directly responsible for the compensation and oversight of the

work of the Independent Auditor for the purpose of preparing or issuing an audit report or related work.

- (2) Evaluate the qualifications, performance and independence of the Independent Auditor, including the performance of the lead partner, giving consideration to the range of audit and non-audit services performed, at least annually.
- (3) Obtain and review a report from the Independent Auditor regarding (i) the internal quality control procedures of the Independent Auditor, at least annually, and (ii) any material issues that are raised by the most recent internal quality-control review, or peer review, of the Independent Auditor, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the Independent Auditor and any steps taken to deal with any such issues.
- (4) Review and approve in advance all audit and lawfully permitted non-audit services to be provided by the Independent Auditor and the fees for such services. The Committee may delegate to one or more Committee members the authority to pre-approve auditing and non-auditing services that are otherwise permitted by law, provided that such pre-approval shall be presented to the full Committee at its next scheduled meeting. Pre-approval of non-audit services (other than review and attestation services) shall not be required if such services fall within exceptions established by the Securities and Exchange Commission (“SEC”).
- (5) Receive annually from the Independent Auditor a formal written statement delineating all relationships between the Independent Auditor and the Company, consistent with Independence Standards Board Standard No. 1. The Committee is responsible for actively engaging in a dialogue with the Independent Auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the Independent Auditor and for taking, or recommending that the full Board take, appropriate action to oversee the independence of the Independent Auditor.
- (6) Review and discuss the following items with management and the Independent Auditor at the completion of the annual audit of the Company’s financial statements included in the Company’s Annual Report on Form 10-K (the “Form 10-K”) prior to its filing:
  - a. the Company’s annual financial statements, including disclosures made in management’s discussion and analysis, and related footnotes;

- b. the results of the Independent Auditor's audit of the financial statements and its report with respect thereto;
  - c. any serious difficulties or disputes with management encountered during the course of the audit; and
  - d. other matters related to the conduct of the audit which are to be communicated to the Committee under generally accepted auditing standards, including discussions relating to the Independent Auditor's judgments about such matters as the quality, not just the acceptability, of the Company's accounting practices and other items set forth in SAS 61 (Communication with Audit Committees) or other such auditing standards that may in time modify, supplement or replace SAS 61.
- (7) Review and discuss with management and the Independent Auditor:
- (a) the Company's internal controls over financial reporting and the report assessing the effectiveness of internal controls and
  - (b) the Independent Auditor's attestation of management's report assessing the effectiveness of internal controls prior to filing of the Form 10-K.
- (8) Review with management and the Independent Auditor the financial information contained in each of the Company's Quarterly Reports on Form 10-Q prior to its filing and the results of the Independent Auditor's review of the interim financial information.
- (9) Review and discuss quarterly with the Independent Auditor:
- a. all critical accounting policies and practices;
  - b. all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the Independent Auditor;
  - c. other material written communications between the Independent Auditor and management, such as any management letter or schedule of unadjusted differences; and
  - d. material issues on which the national office of the Independent Auditor was consulted by the Company's audit team.

**B. Compliance.** The Committee shall:

- (1) Review procedures, at least annually, for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, including the confidential,

anonymous submission by employees of the Company regarding questionable accounting or auditing matters.

- (2) Obtain reports from management regarding any complaints that have been received by the Company regarding accounting, internal accounting controls or auditing matters.
- (3) Obtain reports from management and the Independent Auditor that the Company and its subsidiary entities are in conformity with applicable legal requirements.
- (4) Review the Company's compliance policies and procedures and advise the Board as to whether any changes to any policy or procedure is recommended.
- (5) Review and approve all related-party transactions, defined by, or those transactions required to be disclosed under, Item 404 of Regulation S-K.
- (6) Discuss with the Company's general counsel legal matters that are required to be disclosed in any reports filed pursuant to the Exchange Act and any material inquiries received from regulators or governmental agencies.

C. Other Authority and Responsibilities. The Committee shall:

- (1) Have the authority, to the extent that it deems necessary or appropriate, to engage and determine funding for independent legal, accounting or other advisors.
- (2) Review any letters sent by the Independent Auditor to management and management's response to any such letters and/or reports.
- (3) Maintain a channel of communication between the Board and each of the Company's (i) Independent Auditor, (ii) principal financial and accounting officers and (iii) compliance officer, and provide sufficient opportunity for each to meet with the members of the Committee to discuss any matter within the scope of each of their respective responsibilities.
- (4) Recommend to the Board whether the Company's annual audited financial statements and accompanying notes should be included in the Form 10-K.
- (5) Prepare and review the Audit Committee Report for inclusion in the proxy statement for the Company's annual meeting of stockholders. In addition to all of the other items required to be included in such report by the rules promulgated by the SEC or other applicable law, the Audit Committee Report must state whether the Committee has:

- a. reviewed and discussed the audited financial statements with management;
  - b. discussed with the Independent Auditor the matters required to be discussed by SAS 61, as may be modified or supplemented;
  - c. received the written disclosures from the Independent Auditor required by Independence Standards Board Standard No. 1, as may be modified or supplemented, and has discussed with the Independent Auditor their independence; and
  - d. recommended to the Board, based on the review and discussions referred to in items (a) through (c) above, that the Company's audited financial statements be included in the Annual Report on Form 10-K for the last fiscal year for filing with the SEC.
- (6) Review the appointment and/or replacement of the Company's chief financial officer, chief accounting officer and compliance officer.
  - (7) Discuss with the Independent Auditor and management the internal audit department responsibilities, budget and staffing and any recommended changes in the planned scope of the internal audit.
  - (8) Consider major changes and other major questions respecting the appropriate auditing and accounting practices to be used in the preparation of the financial statements when presented by the Independent Auditor or management.
  - (9) Discuss with management the Company's earnings announcements, including the use of "pro forma" or "adjusted" non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies.
  - (10) Review with management and the Independent Auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures, if any, on the Company's financial statements.
  - (11) Discuss with management the Company's major financial risk exposures and the steps that management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.
  - (12) Review the policy for the hiring of employees or former employees of the Independent Auditor and recommend changes to the Board for approval.

- (13) Review and reassess the adequacy of this Audit Committee Charter on an annual basis and recommend any proposed changes to the Board for approval.
- (14) Conduct an annual performance evaluation of the Committee.
- (15) Report the Committee's activities to the Board on a regular basis and otherwise when it deems necessary or desirable.
- (16) Perform any other activities consistent with this Audit Committee Charter, the Company's Bylaws and governing law, as the Board deems necessary or appropriate.

*Adopted: January 10, 2006*