

ALON USA ENERGY, INC.

COMPENSATION COMMITTEE CHARTER

(Adopted May 4, 2005)

Purposes

The purpose of the Compensation Committee (the “*Committee*”) of the Board of Directors (the “*Board*”) of Alon USA Energy, Inc. (the “*Company*”) is to establish and administer the Company’s policies, programs and procedures for determining compensation for its executive officers and Board members.

Composition

Size. The size of the Committee shall be as determined by the Board from time to time.

Qualifications. Each Committee member shall satisfy the applicable independence requirements set forth in the rules of the New York Stock Exchange (the “*NYSE*”); provided, that no member of the Committee need be independent for so long as more than 50% of the voting power of the Company’s common stock is held, directly or indirectly, by another company, individual or group. Desirable qualifications for Committee members include experience in corporate governance, business management, personnel or human resources management and organizational behavior.

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

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

1. **Review and Approve Executive Officer Compensation.** The Committee will review, determine and approve, at least annually, corporate goals and objectives relevant to the compensation of the CEO and the other executive officers of the Company. The Committee will, either as a Committee or together with other independent directors (as directed by the Board), evaluate the performance of the CEO and other executive officers in the light of those corporate goals and objectives and set compensation levels for these executive officers based on those evaluations and any other factors as it deems appropriate.
2. **Recommend Incentive Compensation Plans.** The Committee will make recommendations to the Board with respect to the approval, adoption and amendment of all cash- and equity-based incentive compensation plans, including any plan in which any executive officer of the Company participates.

3. Administer Compensation Plans. The Committee will administer the Company's equity-based incentive compensation plans and other plans adopted by the Board that contemplate administration by the Committee. The Committee, or a subcommittee, will approve all grants of stock options and other equity-based awards, subject to the terms and conditions of applicable plans.
4. Review Employment Agreements and Severance Arrangements. The Committee will review and approve any proposed employment agreement or amendment thereto with, and any proposed severance or retention plans or agreements or amendments thereto applicable to, any executive officer of the Company. In addition, the Committee will review and approve any severance or other termination payments proposed to be made to any executive officer of the Company.
5. Review Director Compensation. In accordance with the Company's Corporate Governance Guidelines, the Committee will periodically review director compensation in relation to other comparable companies and in the light of such other factors as the Committee may deem appropriate. The Committee will discuss this review with the Board.
6. Compensation Committee Report. The Committee, with the assistance of management and any outside advisors the Committee deems appropriate, will prepare a report for inclusion in the Company's proxy statement relating to the Company's annual meeting of stockholders.
7. 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.
8. Other Delegated Duties or Responsibilities. The Committee will 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 as 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 other advisors, to attend a meeting or to meet with any members of, or consultants to, the Committee. Any individual whose performance or compensation is to be discussed at a Committee meeting should not attend such meeting unless specifically invited by the Committee. Any Committee member may be excused from a meeting to permit the remaining members of the Committee to act on any matter in which such member's

participation is not appropriate, and such member's absence shall not destroy the quorum for the meeting.

Delegation

The Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee. In particular, the Committee may delegate the approval of certain transactions to a subcommittee consisting solely of members of the Committee who are (a) "non-employee directors" within the meaning under Rule 16b-3 of the Securities Exchange Act of 1934, and (b) "outside directors" for the purposes of Section 162(m) of the Internal Revenue Code.

Resources and Authority

The Committee shall have the appropriate resources and authority to discharge its responsibilities, including, without limitation, appropriate funding, in such amounts as the Committee deems necessary, to compensate any consultants or any other advisors retained by the Committee. The Committee will have the sole authority to retain and terminate compensation consultants to assist in the evaluation of director or executive officer compensation and the sole authority to approve the fees and other retention terms of such compensation consultants. The Committee may also retain independent counsel and other independent advisors to assist it in carrying out its responsibilities.

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.