



TPC Group Inc.

Audit Committee Charter

Purpose:

The Audit Committee (the "Committee") of the Board of Directors (the "Board") of TPC Group Inc. (the "Company") shall oversee the accounting and financial reporting processes of the Company and the audits of the Company's financial statements. In that regard, the Committee shall assist the Board in monitoring (1) the integrity of the financial statements of the Company, (2) the independent auditor's qualifications and independence, (3) significant risk exposures, and steps management has taken to monitor, control and report such exposures, (4) the performance of the Company's internal audit function and independent auditor, and (5) the compliance by the Company with legal and regulatory requirements.

Membership:

The Committee shall consist of three or more members. Each member of the Committee shall meet the independence, expertise, experience and financial literacy requirements of The NASDAQ Stock Market, Inc. ("NASDAQ"), Section 10A(m)(3) of the Securities Exchange Act of 1934 (the "Exchange Act") and the rules and regulations of the Securities and Exchange Commission (the "Commission"), except as permitted by NASDAQ Rule 5605(c) and the transition rules set forth in Rule 10A-3 under the Exchange Act and NASDAQ Rule 5615. All members of the Committee shall be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement and cash flow statement. No member of the Committee shall have participated in the preparation of the financial statements of the Company or any subsidiary of the Company at any time in the past three years. At least one member of the Committee shall be an "audit committee financial expert" as defined by the Commission.

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

Responsibilities and Authority:

The Committee shall have the sole authority to appoint, determine funding for, and oversee the independent auditor (subject, if applicable, to shareholder ratification). The Committee shall be directly responsible for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Committee.

The Committee shall pre-approve all audit services, audit-related services, tax services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent auditor, subject to, and in compliance with, the *de minimis* exception for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act and the applicable rules and regulations of the Commission. The Committee may establish pre-approval policies and procedures for such engagements and services in compliance with applicable Commission regulations, provided that (i) such policies and procedures are detailed as to the particular services rendered, (ii) the Committee is informed of each such service and (iii) such policies and procedures do not include delegation to management of the Committee's responsibilities under the Exchange Act. The Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant pre-approvals shall be presented to the full Committee at its next scheduled meeting.

The Committee shall have the authority, to the extent it deems necessary or appropriate, to engage and determine funding for independent legal, accounting or other advisors. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the independent auditor for the purpose of rendering or issuing an audit report or performing other audit, review or attest services for the Company and to any advisors employed by the Committee, as well as funding for the payment of ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties. The Committee will have full access to the books, records and facilities of the Company.

The Committee, to the extent it deems necessary or appropriate, shall:

Financial Statement and Disclosure Matters

1. Review and discuss with management and the independent auditor the Company's annual audited financial statements, including disclosures made in management's discussion and analysis, and recommend to the Board whether the audited financial statements should be included in the Company's Form 10-K.
2. Review and discuss with management and the independent auditor the Company's quarterly financial statements (including disclosures made in management's discussion and analysis) prior to the filing of its Form 10-Q, including the results of the independent auditor's review of the quarterly financial statements.
3. Discuss with management and the independent auditor significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls, any special steps adopted in light of material control deficiencies and the adequacy of disclosures about changes in internal control over financial reporting, the development, selection and disclosure of critical accounting estimates, and analyses of the

effect of alternative assumptions, estimates or generally accepted accounting principles (“GAAP”) methods on the Company’s financial statements.

4. Review and discuss quarterly reports from the independent auditor on:
 - all critical accounting policies and practices to be used;
 - all alternative treatments of financial information within GAAP that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and
 - other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.
5. When applicable, review and discuss with management (including the senior internal audit executive) and the independent auditor the Company’s internal controls report and the independent auditor’s attestation of the report prior to the filing of the Company’s Form 10-K.
6. Discuss with management the Company’s earnings press releases, 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.
7. Discuss with management and the independent auditor the effect of off-balance sheet structures on the Company’s financial statements.
8. Facilitate appropriate coordination among the Board’s committees with respect to oversight of the Company’s risk management.
9. Meet periodically with management to discuss the Company’s major risk exposures and policies and the steps taken to insure appropriate processes are in place to identify, manage, and control risks associated with the Company’s business objectives.
10. Discuss with management significant risk management failures, if any, including management’s response.
11. Discuss with the independent auditor the matters required to be discussed by American Institute of Certified Public Accountants Statement on Auditing Standards No. 114. In particular, discuss:
 - The adoption of, or changes to, the Company’s significant auditing and accounting principles and practices as suggested by the independent auditor, internal auditors or management.
 - The management letter provided by the independent auditor and the Company’s response to that letter.

- Any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.
12. Review disclosures made to the Committee by the Company's CEO and CFO during their certification process for the Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.
 13. Prepare the report required by the rules of the Commission to be included in the Company's annual proxy statement.

Oversight of the Company's Relationship with the Independent Auditor

14. Review and evaluate the lead partner of the independent auditor team.
15. Obtain and review a report from the independent auditor at least annually regarding (a) the independent auditor's internal quality-control procedures, (b) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, 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 firm and (c) any steps taken to deal with any such issues. Evaluate the qualifications, performance and independence of the independent auditor, including considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence, and taking into account the opinions of management and internal auditors. The Committee shall present its conclusions with respect to the independent auditor to the Board.
16. Obtain from the independent auditor a formal written statement delineating all relationships between the independent auditor and the Company. It is the responsibility of the Committee to actively engage 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 purposes of taking, or recommending that the Board take, appropriate action to oversee the independence of the independent auditor.
17. Ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law.
18. Set policies for the Company's hiring of employees or former employees of the independent auditor who were engaged on the Company's account during the preceding five-year period and oversee that no person employed by the independent auditor during the preceding one-year period is hired as a chief executive officer, controller, chief financial officer, chief accounting officer, or any equivalent position for the Company.

19. Discuss with the independent auditor material issues on which the national office of the independent auditor was consulted by the Company's audit team.
20. Meet with the independent auditor prior to the audit to discuss the planning and staffing of the audit.

Oversight of the Company's Internal Audit Function

21. Review the appointment and replacement of the senior internal audit executive.
22. Review the significant reports to management prepared by the internal audit department and management's responses.
23. Discuss significant reported issues and/or recommendations to management from the internal audit department and management's responses to such issues/recommendations.
24. Discuss with the independent auditor and management the internal audit department responsibilities, processes, budget and staffing and any recommended changes in the planned scope of the internal audit.

Compliance Oversight Responsibilities

25. Obtain from the independent auditor assurance that Section 10A(b) of the Exchange Act has not been implicated.
26. Obtain reports from management, the Company's senior internal audit executive and the independent auditor that the Company and its subsidiary/foreign affiliated entities are in conformity with applicable legal requirements and the Company's Business Conduct and Ethics Policy. Advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Company's Business Conduct and Ethics Policy.
27. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
28. Discuss with management, the independent auditor and the internal auditor the Company's compliance with applicable laws and regulations and any material reports, correspondence or inquiries from regulatory or government agencies and any employee complaints or published reports which raise material issues regarding the Company's financial statements or accounting policies.
29. Discuss with the Company's General Counsel and other management any legal and tax matters that may have a material impact on the Company's financial statements or compliance policies.

Limitation of Committee's Role:

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the independent auditor.

Meetings:

The Committee shall meet as often as it determines necessary but not less frequently than quarterly. The Committee shall meet periodically in separate executive sessions with management, the internal auditors and the independent auditor, and have such other direct and independent interaction with such persons from time to time as the members of the Committee deem appropriate. The Committee may request any officer or employee of the Company or 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. 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.

Annual Review of the Charter and Performance:

The Committee shall (1) review and reassess the adequacy of this Charter at least annually and recommend any proposed changes to the Board for approval, and (2) review at least annually the Committee's own performance and assess the effectiveness of the Committee.

Reports to the Board of Directors:

The Committee shall make regular reports to the Board.