

Hexion Holdings LLC

ANNEX B AUDIT COMMITTEE CHARTER

Purpose

The primary function of the Committee is to assist the Board in fulfilling its oversight responsibilities by overseeing and monitoring:

- a) the accounting, financial, and external reporting policies and practices of the Company;
- b) the integrity of the Company's financial statements;
- c) the independence, qualifications and performance of the Company's independent auditor;
- d) the performance of the Company's internal audit function;
- e) the operational policies and practices that affect internal control;
- f) the Company's compliance with legal and regulatory requirements and its standards of business conduct and ethics; and
- g) to the extent applicable, as determined by the Company's registrant status with the SEC, the preparation of the report of the Committee required to be included in the Company's annual Proxy Statement under the rules of the SEC.

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 are complete and accurate, or are in accordance with generally accepted accounting principles ("GAAP"). The primary responsibility to plan and conduct audits is that of the Company's independent accountants.

In discharging its duties under this Charter, the Committee shall have the authority, to the extent it deems necessary, to retain and compensate independent legal, accounting, or other advisors. The Company shall provide appropriate funding, as determined by the Committee, for payment of compensation to the independent accountants for the purpose of rendering or issuing an audit report and to any other advisors employed by the Committee, and payment of ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties. Any accounting, legal or other consultant retained by the Committee may, but need not, be, in the case of an outside accountant, the same accounting firm employed by the Company for the purpose of rendering or issuing an audit report on the Company's annual financial statements (to the extent consistent with applicable law), or in the case of an outside legal or other advisor, otherwise engaged by the Company for any other purpose.

Membership

The Audit Committee shall consist of at least two managers. To the extent applicable as determined by the Company's position as a private or publicly held entity, its registrant status with the SEC or other regulatory body, or its listing status on any

securities exchange, the membership of the Committee shall satisfy any and all applicable independence and experience requirements. Committee members will be appointed, and may be removed, by the Board in accordance with the By-Laws of the Company, as amended. Committee members shall serve for such term or terms as the Board may determine. The Board may appoint a Chairperson of the Committee. The Committee shall have the authority to delegate any of its responsibilities to subcommittees as the Committee may deem appropriate, provided the subcommittees are composed entirely of managers satisfying the foregoing independence standards (to the extent applicable), but no subcommittee will have any final decision-making authority on behalf of the Board or the Committee. Each member of the Committee shall be financially literate, as such qualification is interpreted by the Board in its business judgment (and satisfying any applicable rules or regulations of a securities exchange), or must become financially literate within a reasonable period of time after appointment to the Committee. The Board may designate a Chairperson.

The Committee will determine whether one member of the Committee qualifies as an "audit committee financial expert" as such term is defined in Item 401(h)(2) of Regulation S-K of the Securities and Exchange Commission. The Company will disclose in the periodic reports required by any debt agreements or Section 13(a) of the Securities Exchange Act of 1934 (the "1934 Act"), in each case, if applicable, whether or not it has at least one member who is an audit committee financial expert, and if so, whether such audit committee financial expert is "independent" (as such term is defined in Item 7(d)(3)(iv) of Schedule 14A under the 1934 Act). In any event, the Committee shall include at least one member who has past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background that results in the individual's financial sophistication, such as being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.

Meetings

The Committee shall meet at least quarterly. Other meetings of the Committee will be with such frequency, and at such times, as its Chairperson, or a majority of the Committee, determines to be necessary or appropriate to carry out its duties hereunder. Special meetings of the Committee may be called by the Chairperson or upon the request of any two Committee members. The agenda of each meeting will be prepared by the Chairperson and circulated, if practicable, to each member reasonable in advance of the meeting date. Unless the Committee or the Board adopts other procedures, the provisions of the Company's By-Laws, as amended, applicable to meetings of Board committees (or if no such provisions exist, the provisions thereof applicable to meetings of the Board) will govern meetings of the Committee. The Audit 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. Minutes of each meeting will be kept with the regular corporate records.

Responsibilities

The Committee's duties and responsibilities shall include the matters enumerated below,

as well as such other matters as may be delegated to the Committee by the Board from time to time. In discharging its responsibilities, the Committee will act in reliance on management, the Committee's independent auditors, internal auditors, and other advisors and experts, as the Committee deems necessary or appropriate. The Committee has the power, in its discretion, to conduct any investigation it deems necessary or appropriate to enable it to carry out its duties. The Committee shall have unrestricted access to the Company's independent public accountants, internal auditors, internal and outside counsel, and anyone else in the Company, and may require any officer or employee of the Company or representative of the Company's outside counsel or independent public accountants to attend any meeting of the Committee or to meet with any members of, or consultants or advisors to, the Committee.

Financial Reporting and Disclosure Responsibilities

- a) Review any significant additions or changes to the Company's existing policies or practices as they apply to accounting, financial reporting, external reporting, and asset- safeguarding.
- b) Review the Company's earnings reports, as well as any written financial information and earnings guidance provided to analysts and ratings agencies.
- c) Review and discuss with management quarterly, unaudited financial statements, including disclosures made in management's discussion and analysis, major underlying issues and the results of the independent auditor's review prior to filing or distributing each Form 10-Q (if any such filing is required) or similar document or report, and determine whether such information should be distributed to the unitholders, bondholders or lenders.
- d) Review and discuss with management annual audited financial statements, including disclosures made in management's discussion and analysis, and major underlying issues, including any unusual or non-recurring items, the nature and substance of significant reserves, the adequacy of internal controls and other matters that the Committee deems material, determine whether such audited financial statements should be distributed to the unitholders, bondholders and lenders, and included with the Company's Form 10-K, if applicable or similar document or report. Obtain from the independent auditor assurance that the audit was conducted in a manner consistent with Section 10A of the 1934 Act.
- e) In the event that the Company publishes one, review the "Report of Management" in the Annual Report to Shareholders.
- f) To the extent applicable as determined by the Company's registrant status with the SEC, prepare, review and approve the "Report of Audit Committee" and its inclusion in any other document, including in the Annual Report to Shareholders and in the annual Proxy Statement.
- g) Receive information from management about any significant deficiencies or material weaknesses in the design or operation of internal controls that could adversely affect the Company's ability to record, process, summarize and report financial data and any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls.
- h) 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 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; a description of any transaction as to which management obtained a SAS 50 letter; and other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.

- i) 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 and any special steps adopted in light of material control deficiencies.
- j) Review and discuss with management and the independent auditor any significant changes to the Company's auditing and accounting principles and practices suggested by the independent auditor, internal audit personnel or management.
- k) Discuss 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.
- l) As applicable, discuss earnings press releases with management (including the type and presentation of information to be included in and the use of "pro forma" or "adjusted" non-GAAP information in earnings press releases), as well as financial information and earnings guidance provided to analysts and rating agencies.
- m) In consultation with the independent auditors, internal auditors and the Company's financial and accounting personnel, review the integrity, adequacy and effectiveness of the Company's accounting and financial controls, both internal and external, and elicit any recommendations for the improvement of such internal control procedures or particular areas where new or more detailed controls or procedures are desirable.

Responsibilities for Accounting, Financial and Reporting Controls

- a) To the extent applicable as determined by the Company's registrant status with the SEC, review and discuss with management and the independent auditor management's internal control report prepared in accordance with rules promulgated by the SEC pursuant to Section 404 of the Sarbanes-Oxley Act.
- b) To the extent applicable as determined by the Company's registrant status with the SEC, in consultation with the independent auditors, internal auditors and the Company's financial and accounting personnel, review the integrity, adequacy and effectiveness of the Company's accounting and financial controls, both internal and external, and elicit any recommendations for the improvement of such internal control procedures or particular areas where new or more detailed controls or procedures are desirable.
- c) To the extent applicable as determined by the Company's registrant status with the SEC, review major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies.
- d) To the extent applicable as determined by the Company's registrant status with

the SEC, establish regular and separate systems of reporting to the Committee by each of (i) management, (ii) the independent auditors and (iii) the internal auditors regarding any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments.

Responsibilities for Oversight of Independent Auditor

- a) Possess sole responsibility for the appointment, retention, termination, compensation, evaluation and oversight of the work of the independent auditor, including the resolution of any disagreement between management and the independent auditor regarding financial reporting. The independent auditor shall report directly to the Audit Committee.
- b) Review, evaluate and approve the annual engagement proposal of the independent auditors (including the proposed scope and approach of the annual audit).
- c) Review the experience and qualifications of the senior members of the independent auditors' team. Discuss the planning and staffing of the audit prior to the commencement of the audit.
- d) Review the conduct and results of the audit of the consolidated financial statements and solicit concerns from the independent auditor, including any audit problems, difficulties, restrictions on the scope of activities or access to requested information, or disagreements with management and management's response.
- e) Review the independent auditor's letter reporting the status of internal controls and other matters the independent auditor considers appropriate. Obtain management's response and corrective action plan.
- f) Review and evaluate the lead partner of the independent audit team, and ensure proper rotation of audit partner, lead partner and concurring partner. Consider whether it is appropriate to adopt a policy of rotating the independent auditing firm.
- g) Obtain and review a report from the independent auditor at least annually detailing: (i) the independent auditor's internal quality-control review, or peer review; (ii) 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 any steps taken to deal with any such issues; (iii) all relationships between the independent auditor and the Company, consistent with Independence Standards Board Standard No. I (to assess the independent auditors' independence), and (iv) the nature and scope of any tax services to be approved, as well as the potential effects of the provision of such services on the auditor's independence.
- h) Actively engage in a dialogue with the independent auditor regarding any disclosed relationships or services that may impact the objectivity and independence of the independent auditor. 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, taking into account the opinions of management and internal auditors. The Audit Committee shall present its conclusions with respect to the independent auditor to the Board.

- i) Pre-approval of all audit and permitted non-audit services as required by any regulatory or listing agency; provided, however, that the Audit Committee may delegate pre-approval authority to committees of one or more of its independent members, who must then provide a report to the full Audit Committee at its next scheduled meeting. When pre-approving non-audit services by the independent auditor, the Audit Committee shall consider whether their provision is consistent with maintaining the independent auditor's independence.
- j) Review periodic reports from management and the independent auditor regarding the auditor's independence (including the auditors' fees billed for audit services, audit-related fees, tax fees, and all other non-audit services, respectively, for each fiscal year), discuss such reports with the auditor, and if so determined by the Audit Committee, take appropriate action regarding the independence of the auditor.
- k) Approve or disapprove all engagement fees and terms of the independent auditors, with the cost of all engagements to be borne by the Company, and review all payments made to such firm, regardless of nature, on an annual basis.
- l) Confirm that none of the audit partners earn or receive compensation based on procuring engagements with the Company for providing products or services, other than audit review or attest services.
- m) As appropriate, discuss with the national office of the independent auditor issues on which they were consulted by the Company's audit team and matters of audit quality and consistency.
- n) Review with management and the independent auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports that raise material issues regarding the Company's financial statements or accounting policies.
- o) To the extent applicable as determined by the Company's registrant status with the SEC, establish policies for the Company's hiring of employees or former employees of the independent auditor who participated in any capacity in the audit of the Company's to ensure the independent auditor's independence under the SEC rules.
- p) To the extent applicable as determined by the Company's registrant status with the SEC, the Committee shall review and discuss with the CEO and CFO the procedures undertaken in connection with the CEO and CFO certifications in periodic reports, including their evaluation of the Company's disclosure controls and procedures and internal controls.
- q) Obtain annually assurance from the independent auditor that the audit was conducted in a manner consistent with Section 10A of the Exchange Act.
- r) At least annually, discuss with the independent auditor, out of the presence of management if deemed appropriate, the matters required to be discussed by Statement on Auditing Standards 61, as it may be modified or supplemented, relating to the conduct of the audit.

Responsibilities for Oversight of Internal Audit

- a) Review and discuss with management the results of the annual corporate-wide risk assessment and the related corporate guidelines and policies and commitment of internal audit resources.
- b) Discuss with the independent auditor and management the internal audit department responsibilities, budget and staffing.

- c) Review internal audit results and management's response at each meeting.
- d) Periodically review internal audit policies.
- e) Discuss with the independent auditor material issues on which the national office of the independent auditor was consulted by the Company's audit team.
- f) The Internal Auditor shall report directly to the Audit Committee.

Committee Self-evaluation Responsibilities

- a) Review annually the adequacy of this Audit Committee Charter and submit it to the Board for approval, and publish this Charter as required by applicable law.
- b) Annually review the Audit Committee's own performance.

Compliance Matters and Other Responsibilities

- a) Conduct any investigation that the Audit Committee deems appropriate, with full access to all of the Company's records, facilities, personnel and outside advisors. As it deems appropriate, retain outside counsel, auditors and other consultants to advise the Audit Committee for that purpose or others.
- b) Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or audit matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- c) Obtain such reports from management, auditors, the general counsel, tax advisors or any regulatory agency as the Committee deems necessary regarding regulatory compliance, transactions with affiliates, and other legal matters that may have a material effect on the Company's financial statements. Consider whether the reported matters were properly taken into consideration in the preparation of the financial statements.
- d) Report regularly to the full Board on all matters charged to the responsibility of the Audit Committee.
- e) Meet in separate executive sessions with the Chairman and Chief Executive Officer and other officers of the Company or its subsidiaries, the internal auditors and the independent auditor periodically as needed.
- f) Regularly review, if applicable, reports on litigation, any material reports or inquiries received by the Company from regulators or governmental agencies, and other matters. Review, if applicable, an annual report on the results of the Company's conflict of interest survey.
- g) Approve and monitor, if applicable, the Company's compliance with a code of conduct required by applicable law or listing standards and covering the conduct and ethical behavior of managers, officers and employees; obtain reports from management, the lead internal auditor and the independent auditor regarding the compliance of the Company, its subsidiaries, and its foreign affiliates with such code of conduct; approve in advance any proposed amendments to the code of conduct; approve in advance any waivers of the code of conduct for senior financial officers who are neither managers nor executive officers.
- h) Periodically review, if applicable, the annual agenda of the Audit Committee to assess whether the Committee is addressing all material matters related to its responsibilities delegated from the Board.
- i) Review and approve all related-party transactions (which term refers to transactions

that would be required to be disclosed pursuant to SEC Regulation S-K, Item 404)

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