

*Audit Committee Charter
of ICO, Inc.
a Texas Corporation (the "Company")
As Amended
February 7, 2006*

I. PURPOSE

The primary function of the Audit Committee (the "Committee") is to assist the Board of Directors of the Company (the "Board") in fulfilling its oversight responsibilities. The Committee's primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Company's financial reporting process and internal control system.
- Provide an open avenue of communication among the Board, financial and senior management and both the Company's independent public accountants and its internal auditors.
- Review and appraise the performance of the Company's internal audit function and independent public accountants, and the independent public accountants' qualifications and independence.
- Review the financial reports and other financial information provided by the Company to the public; the Company's system of internal controls regarding finance, accounting, legal compliance and ethics that management and the Board have established; and the Company's significant accounting and financial reporting principles, practices and procedures.

The Committee will primarily fulfill these responsibilities by carrying out the activities enumerated in Section V of this Charter.

II. COMPOSITION

The Committee shall be comprised of three or more directors as determined by the Board, each of whom shall be a member of the Board, and shall otherwise be independent directors. In order to be independent, for the purposes of this paragraph a member of the Committee:

- shall not, other than in his or her capacity as a member of the Committee, the Board, or any other committee of the Board (i) accept any consulting, advisory, or other compensatory fee from the Company, or (ii) be an affiliated person of the Company or any subsidiary thereof; and
- shall not be an officer or employee of the Company or its subsidiaries or any other individual having a relationship that, in the opinion of the Board, would interfere

with the exercise of independent judgment in carrying out the responsibilities of a director; and

- shall otherwise satisfy the requirements of the definition of “independent director” set out in NASD Rule 4200 (and any amendment or replacement of this rule).

All members of the Committee shall be able to read and understand fundamental financial statements, including the Company’s balance sheet, income statement, statement of comprehensive income, and cash flow statement, and at least one member of the Committee shall have accounting or related financial management expertise. No member of the Committee shall serve on an audit committee of more than two other public companies unless the Board determines that such simultaneous service would not impair the ability of such director to effectively serve on the Committee.

The members of the Committee, including the Chairman of the Committee, shall be elected by the Board annually or until their successors shall be duly elected and qualified.

III. MEETINGS

The Committee shall meet at least four times annually, or more frequently as circumstances dictate or as required by the Board. As part of its job to foster open communication, the Committee may meet periodically with management and the independent accountants in separate executive sessions to discuss any matters that the Committee or each of these groups believes should be discussed privately. A quorum shall be at least 2/3 of the Committee’s membership. All action taken by the Committee shall be deemed approved on the vote of at least 2/3 of its members.

IV. ACCOUNTABILITY OF THE INDEPENDENT PUBLIC ACCOUNTANTS

The independent public accountants are accountable to and report directly to the Committee. The Committee shall have the sole authority and responsibility with respect to the selection, engagement, compensation, oversight, evaluation, and, where appropriate, dismissal of the Company’s independent public accountants.

V. AUTHORITY, RESPONSIBILITIES AND DUTIES

The Committee shall have the full authority to act on behalf of the Board and to take all actions it deems advisable to fulfill its Responsibilities and Duties set forth in this Charter.

The Committee has the authority to conduct or authorize investigations into any matters within the Committee’s scope of Purpose, Responsibilities and Duties set forth in this Charter. The Committee may require any officer or employee of the Company or any of its subsidiaries, the Company’s outside legal counsel, and the Company’s independent accountants to attend a

meeting of the Committee or to meet with any member of, or consultant to, the Committee. The Committee is empowered to retain, at the Company's expense, independent counsel and other advisers to assist in the conduct of any such investigation or as it otherwise deems necessary to carry out its Responsibilities and Duties.

The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the independent public accountants employed by the Company for the purpose of rendering or issuing an audit report, and to any advisers employed by the Committee.

The Committee shall have the following responsibilities and duties:

Documents/Reports Review

1. Review and update this Charter periodically, at least annually, as conditions dictate.
2. Review with management and the Company's independent accountants the Company's annual financial statements, quarterly financial statements, and any reports or other financial information submitted to the Securities and Exchange Commission ("SEC") or the public, including any certification, report, opinion, or review rendered by the independent accountants. Based on the foregoing review, the Committee shall make its recommendation to the Board as to the inclusion of the Company's financial statements in the Company's annual reports filed with the SEC.
3. Prepare a report satisfying the requirements of any applicable regulations of the SEC and the requirements of the NASDAQ National Market to be included in the Company's proxy statement relating to its annual meeting of shareholders, and submit it to the Board for inclusion.
4. Report the Committee's activities to the Board at regular intervals.
5. Document the proceedings of all Committee meetings in minutes, which will be approved by the Committee and may be presented at meetings of the full Board or otherwise furnished to the Board.

Independent Public Accountants

6. The independent public accountants retained to audit the financial statements of the Company are ultimately accountable to the Committee and the Board. The Committee shall review the independence and performance of the accountants annually, nominate the accountants to be proposed for shareholder approval in any proxy statement, and, when circumstances warrant, approve any proposed discharge of accountants. The independent public accountants engaged shall be a "registered public accounting firm," as provided in the Sarbanes-Oxley Act of 2002 and the regulations thereunder.

7. Recommend to the Board the selection of the independent accountants, considering their independence and performance. The Committee shall ensure its receipt from the independent accountants of a formal written statement delineating all relationships between the accountants and the Company, and shall review and discuss with the accountants all significant relationships with the Company to determine the accountants' independence, consistent with Independent Standards Board Standard No. 1.
8. The Committee is responsible for pre-approval of all auditing services, and permitted non-auditing services (including the fees and terms thereof) to be performed for the Company by its independent public accountants, subject to the de minimus exceptions for non-audit services described in Section 10(A)(i)(1)(B) of the Securities Exchange Act of 1934 which are approved by the Committee prior to completion of the audit. The Committee shall review whether the Company's independent accountants' performance of permissible non-audit services is compatible with its independence. The Committee is responsible for complying with its formal pre-approval policy ("Pre-Approval Policy"), pursuant to which it pre-approves all audit and permitted non-audit services performed for the Company by its independent public accountants, and for reviewing and updating the Pre-Approval Policy when necessary or appropriate. The Committee may delegate authority to one or more designated members of the Committee to grant pre-approvals of audit and permitted non-audit services, provided that decisions of such designated member to grant pre-approvals shall be presented to the full Committee at its next scheduled meeting or shall otherwise be communicated to the other members of the Committee.
9. Meet in private with the Company's independent accountants, when necessary or appropriate, to discuss any matters which the Committee or the independent accountants wish to discuss.
10. Ensure the lead (or concurring) audit partner having primary responsibility for the audit serves in that capacity for no more than five (5) fiscal years.

Internal Auditors

11. Review with the Company's internal auditors the internal audit organization and the internal audit goals and plans; discuss the findings and recommendations resulting from internal audits; obtain information on the status and results of the annual audit plan and the sufficiency of department resources; review internal audit's recommendations regarding internal control enhancements, process improvements, best practices, information related to emerging trends and successful practices in internal auditing; and solicit, as needed, any assistance in the investigation of significant suspected fraudulent activity, conflicts of interest and other irregularities.

Financial Reporting Process

12. Discuss with the independent public accountants the matters required to be discussed by the Statement of Auditing Standards No. 61 (Communication with Audit Committees), as amended by Statement on Auditing Standards No. 90, and any matters brought to the Committee's attention as a result of the application of the Statement of Auditing Standards No. 71 (Interim Financial Information).
13. In consultation with the independent accountants, review the integrity of the Company's financial reporting process, both internal and external.
14. Review any disclosures provided by the Chief Executive Officer or the Chief Financial Officer to the Committee regarding significant deficiencies in the design or operation of internal controls and procedures for financial reporting or disclosure controls and procedures which could adversely affect the Company's ability to record, process, summarize, and report financial data.
15. Consider the independent accountants' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
16. Consider and approve, if appropriate, major changes to the Company's accounting principles and practices as suggested by the independent accountants or management.
17. Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and consider their impact on the financial statements of the Company.

Audit Assessment

18. Following completion of the annual audit review with each of management and the independent accountants: (i) significant difficulties, if any, encountered during the course of the audit, including any restrictions on the scope of work or access to the required information; (ii) any accounting adjustments that were noted or otherwise proposed by the independent accountants but that were passed (as immaterial or otherwise), any communications between the independent accountants and their national office respecting auditing and accounting issues presented by the Company's audit; and (iii) any significant deficiencies or material weaknesses in the design or operation of internal control that came to the auditor's attention during the audit.
19. Review and resolve significant disagreements, if any, among management and the independent accountants in connection with the preparation of the financial statements.

20. Review with the independent accountants and management the extent to which changes or improvements in financial or accounting practices have been implemented.

Ethical and Legal Compliance

21. Establish, review, and update as necessary or appropriate the Company's Code of Business Ethics, and ensure that management has established a system to enforce this Code.
22. Review management's monitoring of the Company's compliance with the Code of Business Ethics, and management's review system which enables the Company's financial statements, reports and other financial information to be disseminated to government organizations and the public in compliance with legal requirements.
23. Review and update as necessary or appropriate the Company's Insider Trading Policy, Blackout Period and Pre-Clearance Policy, and Section 16 Policy, and periodically review management's system for distributing, training, and monitoring compliance with such policies.
24. Review, with the Company's senior management and counsel, any legal matter that could have a significant impact on the Company's financial statements.
25. Establish, review, and update as necessary or appropriate procedures for the receipt, retention and treatment of complaints received regarding accounting, internal accounting controls, auditing matters and the confidential, anonymous submissions by employees of concerns regarding questionable accounting or auditing matters.
26. Review any disclosures provided by the Chief Executive Officer or the Chief Financial Officer to the Committee regarding any fraud, including that which involves management or other employees who have a significant role in the Company's internal controls.
27. Perform any other activities consistent with this Charter, the Company's By-laws, governing law, and the NASD Marketplace Rules as the Committee or Board deems necessary or appropriate.

Related Party Transactions

28. The Company shall not enter into related-party transactions unless such transactions are approved by the Committee following a review of the transactions by the Committee for potential conflicts of interest. Transactions will be considered "related party transactions" if the transactions would be required to be disclosed under Regulation S-K.