

SECOND AMENDED AND RESTATED
COMPENSATION COMMITTEE CHARTER OF
AMERICAN ORIENTAL BIOENGINEERING, INC.

The Compensation Committee of the Board of Directors of American Oriental Bioengineering, Inc. (the “Board”) shall consist of a minimum of three directors, each of which shall meet the independence requirements and standards established from time to time by the Securities and Exchange Commission (the “SEC”) and any such securities exchange on which the Company’s securities are listed or quoted for trading, or which directors shall constitute the majority of the directors of the Board meeting the independence requirements and standards established from time to time by the SEC and any such securities exchange on which the Company’s securities are listed or quoted for trading. If deemed appropriate, each member shall meet the definition of “non-employee director” under Rule 16b-3 under the Securities Exchange Act of 1934, as amended, and “outside director” for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended. The Board shall appoint the members of the Compensation Committee annually, considering the views of the Chairman of the Board. The members of the Compensation Committee shall serve until their successors are appointed and qualify. The Board shall have the power at any time to remove members of the Compensation Committee and to fill vacancies in it, subject to such new member(s) satisfying the above requirements. The Board shall designate one member of the Compensation Committee to be the Chairperson. The Compensation Committee shall meet at least once a year.

The purpose of the Compensation Committee shall be to assist the Board in determining the compensation of the Chief Executive Officer (“CEO”) and make recommendations to the Board with respect to the compensation of the Chief Financial Officer, other executive officers of the Company and the independent directors.

In furtherance of this purpose, the Compensation Committee shall have the following authority and responsibilities:

Annually review the Company’s corporate goals and objectives relevant to the CEO’s compensation; evaluate the CEO’s performance in light of such goals and objectives; and, either as a Compensation Committee or, together with the

other independent directors (as directed by the Board), determine and approve the CEO's compensation level based on this evaluation. In determining the long-term incentive component of the CEO's compensation, the Compensation Committee will consider the Company's performance, the value of similar incentive awards to the CEO at comparable companies, and the awards given to the Company's CEO in past years.

Annually review and make recommendations to the Board with respect to non-CEO executive officer and independent director compensation to assist the Board in making the final determination as to non-CEO executive officer and independent director compensation.

Establish measurements that will ensure that the Company's compensation program is effective in attracting and retaining key employees, reinforce business strategies and objectives for enhanced stockholder value, and administer the compensation program in a fair and equitable manner consistent with established policies and guidelines.

Make recommendations to the Board with respect to the Company's incentive-compensation plans and equity-based plans that are subject to the Board's approval.

Make recommendations to the Board regarding approval, disapproval, modification, or termination of existing or proposed employee benefit plans.

Approve any stock option award or any other type of award as may be required for complying with any tax, securities, or other regulatory requirement, or otherwise determined to be appropriate or desirable by the Compensation Committee or Board.

Review and assess the adequacy of this charter annually.

Review and approve the compensation disclosure and analysis prepared by the Company's management, as required to be included in the Company's proxy statement or annual report on Form 10-K, Form 10-KSB or equivalent, filed with the SEC.

Produce a Compensation Committee report on executive officer compensation as required by the SEC to be included in the Company's proxy statement or annual report on Form 10-K, Form 10-KSB or equivalent, filed with the SEC.

The Compensation Committee shall have the authority to delegate any of its responsibilities to subcommittees as it may deem appropriate in its sole discretion. The CEO of the Company may not be present during voting or deliberations of the Compensation Committee with respect to his compensation.

Notwithstanding anything to the contrary in this charter, if permitted by applicable SEC and stock exchange laws and regulations in effect from time to time, one director who (i) is not independent as defined under applicable stock exchange rules, and (ii) is not a current employee or an immediate family member (as defined under applicable stock exchange rules) of such employee, may be appointed to the Compensation Committee if the Board, under exceptional and limited circumstances, determines that membership on the Compensation Committee by the individual is required in the best interests of the Company and its stockholders. In such event, the Board will disclose in the Company's next annual proxy statement (or in its next annual report on SEC Form 10-K, 10-KSB or equivalent if the Company does not file an annual proxy statement), subsequent to such determination, the nature of that director's relationship with the Company and the reasons for that determination. A member appointed under this exception may not serve longer than two years.

The Compensation Committee shall have the authority to retain outside counsel and any other advisors as it may deem appropriate in its sole discretion. The Compensation Committee shall have sole authority to approve related fees and retention terms.

The Compensation Committee shall report its actions and recommendations to the Board after each committee meeting. The Compensation Committee shall annually review its own performance.

Adopted: October 10, 2008.