



THE QUANTUM GROUP

Board of Directors Meeting

June 9, 2006, 10:00 am

SUBJECT: Compensation and Options Committee

PROPOSED BOARD ACTION:

Adopt the following resolution:

RESOLVED, that The Quantum Group, Inc. Board of Directors hereby approves the Charter for the Compensation and Options Committee as outlined in the attached document.

SUPPORTING DOCUMENTS:

Draft Charter for the Compensation and Options Committee of the Board of Directors

FACILITATOR/PRESENTER:

Noel J. GUILLAMA

MOTION TO APPROVE BY: Mark Haggerty

2ND BY: Michael Rosenbaum

AYES: 6

NAYS: 0

APPROVED: YES NO



Susan D. Guillama, Director, Corporate Secretary

THE QUANTUM GROUP, INC.

CHARTER FOR THE COMPENSATION AND OPTIONS COMMITTEE OF THE BOARD OF DIRECTORS

I. PURPOSE

This Charter specifies the scope of the responsibilities of the Compensation Committee (the "Committee") of the Board of Directors (the "Board") of The Quantum Group (the "Company") and the manner in which those responsibilities shall be performed, including its structure, processes and membership requirements.

The primary purpose of the Committee is to discharge the Board's responsibilities relating to compensation, options and benefits of the Company's executive officers and directors. In carrying out these responsibilities, the Committee shall review all components of executive officer and director compensation for consistency with the Committee's compensation philosophy as in effect from time to time.

The Committee is also responsible for producing an annual report on executive compensation for inclusion in the Company's proxy statement, in accordance with applicable rules and regulations.

II. ORGANIZATION AND MEMBERSHIP REQUIREMENTS

The Committee shall be comprised of at least two directors, each of whom shall satisfy the independence requirements of the American Stock Exchange for small business issuers. A director shall not serve as a member of the Committee if the Chief Executive Officer or another executive officer of the Company serves on the compensation committee of another company that employs that director as an executive officer.

The members shall be appointed by the Board on the recommendation of the Nominating Committee and shall serve until their successors are duly elected and qualified or their earlier resignation or removal. Any member of the Committee may be replaced by the Board on the recommendation of the Nominating Committee. The Committee may from time to time delegate duties or responsibilities to subcommittees or to one member of the Committee.

A majority of the members shall represent a quorum of the Committee, and, if a quorum is present, any action approved by at least a majority of the members shall represent the valid action of the Committee.

III. MEETINGS

The Committee shall have the authority to obtain advice or assistance from consultants, legal counsel, accounting or other advisors as appropriate, to perform its duties hereunder and to determine the terms, costs and fees for such engagements. Without limitation, the Committee shall have the sole authority to retain or terminate any consulting firm used to evaluate director, CEO or executive compensation, and to determine and approve the terms of engagement the fees and costs for such engagements. The fees and costs of any consultant or advisor engaged by the Committee to assist it in performing any duties hereunder shall be borne by the Committee.

The Committee shall meet as often as it deems appropriate, but not less frequently than once each year, to review the compensation of the executive officers and otherwise perform its duties under this charter.

Handwritten signature and initials in the bottom right corner of the page.

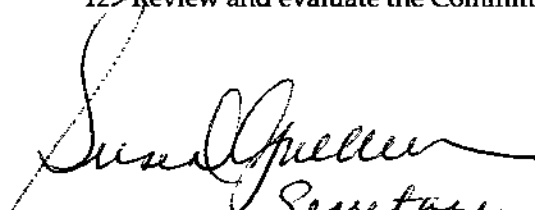
**Charter for the Compensation Committee
of the Board of Directors**

The Committee shall maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board. The Committee will also record its summaries of recommendations to the Board in written form, which will be incorporated as part of the minutes of the Board meeting at which those recommendations are presented. The Committee can meet at a time and location of its preference or via telephone conference call.

IV. COMMITTEE AUTHORITY AND RESPONSIBILITIES

To fulfill its responsibilities and duties, the Committee shall:

1. Review and approve all compensation for the Chief Executive Officer, including incentive-based and equity-based compensation.
2. Review and approve annual performance objectives and goals relevant to compensation for the Chief Executive Officer and evaluate the performance of the Chief Executive Officer in light of these goals and objectives.
3. Consider, in determining the long-term incentive component of compensation for the Chief Executive Officer, the Company's performance and relative shareholder return, the value of similar incentive awards to chief executive officers at comparable companies, and the awards given to the Company's Chief Executive Officer in past years.
4. Review and approve incentive-based or equity-based compensation plans in which the Company's executive officers participate, and review and approve salaries, incentive and equity awards for other executive officers.
5. Approve all employment, severance, or change-in-control agreements, special or supplemental benefits, or provisions including the same, applicable to executive officers.
6. Periodically review and advise the Board concerning both regional and industry-wide compensation practices and trends in order to assess the adequacy and competitiveness of the Company's compensation programs for the CEO, other executive officers and directors relative to comparable companies in the Company's industry.
7. Review and propose to the Board from time to time changes in director compensation and director retirement policies.
8. Prepare an annual report on executive compensation for inclusion in the Company's proxy statement, in accordance with applicable rules and regulations.
9. Perform such other activities consistent with this Charter, the Company's By Laws and governing law, as the Committee or the Board deems necessary or appropriate.
10. Make regular reports to the Board of Directors regarding the foregoing.
11. Review and reassess the adequacy of this Charter as appropriate and recommend any proposed changes to the Board for approval.
12. Review and evaluate the Committee's own performance on an annual basis.


Secretary

²
Director

6/9/2006

