



**THE QUANTUM GROUP**

**Board of Directors Meeting**

June 9, 2006, 10:00 am

**SUBJECT: Nominating and Governance Committee**

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**PROPOSED BOARD ACTION:**

Adopt the following resolution:

RESOLVED, that The Quantum Group, Inc. Board of Directors hereby approves the addition of a Nominating and Governance Committee to its Board as outlined in the attached draft document outlining the charter of such committee.

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**SUPPORTING DOCUMENTS:** Charter for the Nominating & Governance Committee

**FACILITATOR/PRESENTER:** Noel J. GUILLAMA

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**MOTION TO APPROVE BY:** Mark Haggarty

**2<sup>ND</sup> BY:** Michael Rosenbaum

**AYES:** 6

**NAYS:** 0

**APPROVED:** YES  NO

  
Susan D. Guillama Director, Corporate Secretary

# THE QUANTUM GROUP, INC.

## CHARTER OF THE NOMINATING AND GOVERNANCE COMMITTEE OF THE BOARD OF DIRECTORS

### I. STATEMENT OF POLICY

This Charter specifies the scope of the responsibilities of the Nominating and Corporate Governance 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 responsibilities of the Committee are to (i) identify individuals qualified to become Board members; (ii) select, or recommend to the Board, director nominees for each election of directors; (iii) develop and recommend to the Board criteria for selecting qualified director candidates; (iv) consider committee member qualifications, appointment and removal; (v) recommend corporate governance principles, codes of conduct and compliance mechanisms applicable to the Company, and (vi) provide oversight in the evaluation of the Board and each committee.


### II. ORGANIZATION AND MEMBERSHIP REQUIREMENTS

The Committee shall be comprised of two or more directors, each of whom shall satisfy the independence requirements established by the rules as provided that one director who does not meet the independence criteria of AMEX may serve on the Committee (1) if the only reason such person does not qualify as an independent director is because the individual is an officer who owns or controls more than 20% of the Company voting securities or (2) pursuant to the "exceptional and limited circumstances" exception as provided under the rules of AMEX.

The members of the Committee shall be appointed by the Board and shall serve until their successors are duly elected and qualified or their earlier resignation or removal. Any member of the Committee may be removed or replaced by the Board. Unless a chairman is elected by the full Board, the members of the Committee may designate a chairman by majority vote of the full Committee membership. 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 present shall represent the valid action of the Committee.

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 search firm to be used to identify director candidates and to determine and approve the terms, costs and fees for such engagements. The fees and costs of any consultant or advisor engaged by the Committee to assist the Committee in performing its duties hereunder shall be borne by the Company.



### **III. MEETINGS**

The Committee shall meet as often as it deems necessary to fulfill its responsibilities hereunder, and may meet with management or individual directors at any time it deems appropriate to discuss any matters before the Committee. The Committee can meet at a time and location of its preference, or via telephone conference call.

The Committee shall maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board.

### **IV. COMMITTEE AUTHORITY AND RESPONSIBILITY**

To fulfill its responsibilities and duties hereunder, the Committee shall:

#### *A. Nominating Functions*

1. Evaluate and select, or recommend to the Board, director nominees for each election of directors, except that if the Company is at any time legally required by contract or otherwise to provide any third party with the ability to nominate a director, the Committee need not evaluate or propose such nomination, unless required by contract or requested by the Board.
2. Determine criteria for selecting new directors, including desired board skills and attributes, and identify and actively seek individuals qualified to become directors.
3. Consider any nominations of director candidates validly made by stockholders.
4. Review and make recommendations to the Board concerning qualifications, appointment and removal of committee members.

#### *B. Corporate Governance Functions*

1. Develop, recommend for Board approval, and review on an ongoing basis the adequacy of, the corporate governance principles applicable to the Company. Such principles shall include, at a minimum, Director qualification standards, Director responsibilities, committee responsibilities, Director access to management and independent advisors, Director compensation, Director orientation and continuing education, management succession and annual performance evaluation of the Board and committees.
2. Adopt and approve a Code of Business Conduct and Ethics that meets the requirements of AMEX and emphasizes the need for officers and directors to act honestly, in good faith and in the Company's best interests, adopt procedures for monitoring and enforcing compliance with the Code of Business Conduct and Ethics, and review the Codes from time to time and recommend such changes to the Codes as the Committee shall deem appropriate.
3. Review, at least annually, the Company's compliance with the AMEX corporate governance listing requirements, and report to the Board regarding the same.
4. Assist the Board in developing criteria for the evaluation of Board and committee performance.

5. Evaluate the Committee's own performance on an annual basis.
6. Develop orientation materials for new directors and corporate governance-related continuing education for all Board members.
7. Make regular reports to the Board regarding the foregoing, and record summaries of its recommendations to the Board in written form, which will be incorporated as a part of the minutes of the Board.
8. Review and reassess the adequacy of this Charter as appropriate and recommend any proposed changes to the Board for approval.
9. Perform any other activities consistent with this Charter, the Company's Bylaws and governing law, as the Committee or the Board deems necessary or appropriate.

*Susan Pullan*  
*Secretary, Director*  
*6/9/2006*