

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 30, 2019

Nuvector Corporation

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-37525
(Commission
File Number)

30-0513847
(I.R.S. Employer
Identification Number)

5830 Granite Parkway, Suite 1100,
Plano, Texas 75024
(Address of principal executive offices, including zip code)

(214) 474-3103
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01 Entry into a Material Definitive Agreement.

Separation & Release Agreement for Scott F. Drees

On January 31, 2019, Nuvectra Corporation (the “Company”) announced that Scott F. Drees resigned from his positions as the Chief Executive Officer of the Company and as a member of the Board of Directors of the Company (the “Board”), effective January 31, 2019.

Effective January 31, 2019, Mr. Drees entered into a Separation and Release Agreement with the Company (the “Separation Agreement”), pursuant to which Mr. Drees released any and all known and unknown claims that he may have against the Company and its affiliates, including its officers and directors.

In accordance with the Separation Agreement, the Company will pay Mr. Drees a severance payment consistent with the terms of the Executive Employment Agreement, dated March 7, 2016, between the Company and Mr. Drees, as amended (the “Executive Agreement”). Mr. Drees will receive a severance payment in the aggregate amount of \$1,168,490 which includes \$359,548 for his earned but unpaid 2018 bonus and \$352,240 for his 2019 target bonus, \$440,300 which is an amount equal to his current annual base salary, and \$16,402, which represents an amount equal to 12 months of premiums for his continuing COBRA coverage. All outstanding stock options and restricted stock units previously granted to Mr. Drees will continue to vest in accordance with the existing vesting schedules up to March 7, 2020. Mr. Drees has also agreed to non-compete, non-disparagement and non-solicitation restrictions through January 31, 2020, as well as a non-disclosure obligation.

The foregoing summary of the Separation Agreement is not complete and is qualified in its entirety by its terms, a copy of which is attached hereto as Exhibit 10.1 and is hereby incorporated by reference.

Item 1.02 Termination of a Material Definitive Agreement.

The Executive Agreement with Mr. Drees was terminated pursuant to, and superseded by, the Separation Agreement, except as otherwise provided therein, effective January 31, 2019.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Appointment of Chief Executive Officer

Effective February 1, 2019, the Company appointed Dr. Parks, age 71, as the Company’s Chief Executive Officer. Dr. Parks has served on the Board as a Class I Director since March 2016. Because of his position as an executive officer of the Company, Dr. Parks will no longer be deemed an independent member of the Board and therefore will no longer serve as a member of the Board’s Compensation and Organization Committee.

Dr. Parks was previously the President and Chief Executive Officer of Analogic Corporation, a medical imaging and aviation security company, from October 2016 to June 2018. Dr. Parks was also the Chief Executive Officer of Enovate Medical from July 2015 until October 2016. Prior to joining Enovate Medical, Dr. Parks served as Chief Executive Officer of NDS Surgical Imaging, LLC from August 2011 to 2013 and Chairman and Chief Executive Officer of Urologix, Inc. from May 2003 to February 2008. Prior to joining Urologix, Dr. Parks served as President and Chief Executive Officer of Marconi Medical Systems, which is currently part of Philips Medical Systems. Dr. Parks previously served as a director of Analogic Corporation and Enovate Medical. Previously, Dr. Parks served as a director of NDS Surgical Imaging, Urologix, EG&G, Inc. (now PerkinElmer), St. Jude Medical and Steady State Imaging. Mr. Parks received a B.S. in mechanical engineering from the University of Missouri-Rolla, a M.S. in mechanical engineering from the University of Arizona and a Ph.D in mechanical engineering from the University of Missouri-Columbia. The Company intends to enter into an Executive Employment Agreement with Dr. Parks, which it is still finalizing.

Appointment of Class III Director

Effective February 1, 2019, the Board appointed Mr. Christopher G. Chavez, age 63, as an independent member of the Board and as a member of the Board’s Compensation and Organization Committee. Mr. Chavez fills the vacancy left by Mr. Drees’ resignation as a Class III Director and the vacancy on the Compensation and Organization Committee resulting from Dr. Parks appointment as Chief Executive Officer. Mr. Chavez intends to stand for election as a Class III Director at the Company’s 2019 annual meeting of stockholders to be held later this year.

As a non-employee director of the Company, Mr. Chavez will receive compensation for his service as a member of the Board and its committees on which he serves. Mr. Chavez' compensation is comprised of an annual cash retainer of \$40,000, an additional annual retainer as a member of the Compensation and Organization Committee of \$7,500 and an initial one-time grant of restricted stock equal in value to \$180,000, which will vest in three equal installments over a three-year period.

Mr. Chavez has over 30 years of leadership experience in the medical device industry. He served as President, Chief Executive Officer and Chairman of TriVascular Technologies, Inc. from April 2012 through its merger with Endologix, Inc. in February 2016. Following the merger, he served as an Endologix Director from February 2016 through June 2018. Mr. Chavez also served as President of the Neuromodulation Division of St. Jude Medical Inc. (NMD) from 2005 through 2011 following the acquisition of Advanced Neuromodulation Systems Inc. (ANSI) by St. Jude Medical in 2005. Prior to that, he served as CEO, President and Director of ANSI from 1998 through 2005 and led ANSI and NMD through 14 years of profitable growth and innovation. In 1997, Mr. Chavez served as Vice President, Worldwide Marketing & Strategic Planning for the Health Imaging Division of the Eastman Kodak Company. Mr. Chavez worked his first 15 years (1981-1996) in the medical device industry at Johnson & Johnson; most recently as Vice President and General Manager of the Infection Prevention Business Unit of Johnson & Johnson Medical Inc. He served on the board of directors of Advanced Medical Optics Inc. from 2002 until it was acquired by Abbott Laboratories Inc. in 2009. He also previously served as Chairman of the Medical Device Manufacturers Association, Chairman of the Dallas/Fort Worth Health Industry Council and Director of the North Dallas Visiting Nurses Association. Mr. Chavez received his Bachelor of Accountancy from New Mexico State University and his M.B.A. from Harvard Graduate School of Business.

Item 8.01 Other Events

On January 31, 2019, the Company issued a press release announcing the resignation of Mr. Drees from his positions as Chief Executive Officer and a director, the appointment of Dr. Parks as Chief Executive Officer and the appointment of Mr. Chavez as a director and member of the Board's Compensation and Organization Committee. A copy of the press release is filed as Exhibit 99.1 to this Current Report on Form 8-K and incorporated by reference into this Item 8.01.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No. Description

10.1 [Separation and Release Agreement, dated January 31, 2019, by and between Nuvectra Corporation and Scott F. Drees](#)

99.1 [Press Release dated January 31, 2019.](#)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NUVECTRA CORPORATION

Date: February 5, 2019

/s/ Walter Z. Berger

Walter Z. Berger

Chief Operating Officer and Chief Financial Officer

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
10.1	Separation and Release Agreement, dated January 31, 2019, by and between Nuvectra Corporation and Scott F. Drees
99.1	Press Release dated January 31, 2019.

SEPARATION AGREEMENT AND RELEASE

This Separation Agreement and Release (“Agreement”) is made by and between Scott F. Drees (“Executive”) and Nuvectra Corporation (the “Company”) (collectively referred to as the “Parties” or individually referred to as a “Party”).

RECITALS

WHEREAS, Executive was employed by the Company as its Chief Executive Officer;

WHEREAS, Executive signed an Employment Agreement with the Company on January 13, 2017 (the “Employment Agreement”) and Amendment to the Employment Agreement on December 10, 2018;

WHEREAS, Executive separated from his employment with the Company on January 31, 2019 (the “Separation Date”); and

WHEREAS, the Parties wish to resolve any and all disputes, claims, complaints, grievances, charges, actions, petitions, and demands that the Executive may have against the Company and any of the Releasees as defined below, including, but not limited to, any and all claims arising out of or in any way related to Executive’s employment with or separation from the Company;

WHEREAS, the consideration and terms herein are intended to be in line with the payments and benefits specified under the Employment Agreement based upon the nature of Executive’s separation from employment with the Company;

NOW, THEREFORE, in consideration of the mutual promises made herein, the Company and Executive hereby agree as follows:

COVENANTS

1. Conditions. Executive agrees to resign any seat he holds on the Company’s Board of Directors by submitting a letter of resignation to its Chairman as soon as practicable after the Separation Date.

2. Consideration. In consideration of Executive’s execution of this Agreement and Executive’s fulfillment of all of its terms and conditions, and provided that Executive does not revoke the Agreement under Section 6 below, the Company agrees as follows:

a. Lump Sum Payment, Termination Without Cause. The Company agrees to pay Executive a lump sum payment of Seven Hundred Ninety Two Thousand Five Hundred Forty Dollars (\$792,540.00), less applicable withholdings, which amount constitutes Executive’s annual Salary and his 2019 Target Bonus. Said payment will be made to Executive no earlier than after the seven (7) day revocation period in Section 6 below and no later than fifteen days after that revocation period. The Company also understands and acknowledges that it is responsible for all salary (\$16,934.62) and benefits that have accrued, but have not yet been paid, through the Separation Date, and that such amounts are not the subject of this Agreement.

b. 2018 Bonus. Executive shall be paid a lump sum amount of Three Hundred Fifty-Nine Thousand Five Hundred Forty Eight Dollars and 54/100 (\$359,548.54), less applicable taxes, which represents Executive's 2018 Bonus. Said bonus will be paid to Executive no earlier than after the seven (7) day revocation period in Section 6 below and no later than 15 days after the revocation period.

c. Treatment of Stock Options and RSU's. Executive's restricted stock units and stock options will continue to be subject to the terms of their underlying grant agreements and their associated plans. The RSU's and options will vest in accordance with such agreements and plans through March 7, 2020. Currently, the Parties agree that Executive has been granted the following restricted stock units and stock options with vesting dates as follows:

<u>Grant Date</u>	<u>Type</u>	<u>Quantity</u>	<u>Vest Date</u>
4/8/2016	RSU	16,024	4/7/2019
4/8/2016	Option	5,341	4/7/2019
4/9/2018	RSU	2,890	5/12/2019
4/9/2018	Option	5,779	5/12/2019
4/9/2018	RSU	723	11/12/2019
4/9/2018	Option	1,445	11/12/2019

d. Salary Continuation. In addition to the other consideration in this Section 2, the Company will continue to pay Executive his regular Salary from February 1, 2019 through March 7, 2019, less applicable deductions, further to the Company's regular payroll schedule. Through March 7, 2019, the Company may contact Executive, at reasonable times, and Executive agrees to cooperate and respond to Company inquiries by providing the Company with answers to questions and requests for information to the extent that Executive has knowledge of such information.

3. COBRA Benefits. Executive shall be paid a lump of Sixteen Thousand Four Hundred Two Dollars and 58/100 (\$16,402.58) which amount equals the premiums for 12 months of COBRA continuation coverage. Said payment will be made to Executive no earlier than after the seven (7) day revocation period in Section 6 below and no later than fifteen days after that revocation period.

4. Payment of Salary and Receipt of All Benefits. Executive acknowledges and represents that, other than the consideration set forth in this Agreement, the Company and its agents have paid, or will pay, or provided all salary, wages, bonuses, accrued vacation/paid time off, notice periods, premiums, leaves, housing allowances, relocation costs, interest, severance, outplacement costs, fees, reimbursable expenses, commissions, stock, stock options, vesting, and any and all other benefits and compensation due to Executive that have accrued through the Separation Date.

5. Release of Claims. Executive agrees that the foregoing consideration represents settlement in full of all outstanding obligations owed to Executive by the Company and its current and former officers, directors, executives, agents, investors, attorneys, shareholders, administrators, affiliates, benefit plans, plan administrators, insurers, trustees, divisions, and subsidiaries, and predecessor and successor corporations and assigns (including, but not limited to, the Company's professional employer organization, if applicable) and the Company, (collectively, the "Releasees"). Executive and the Company, on their own behalf and on behalf of their respective heirs, family members, executors, agents, and assigns, hereby and forever releases the Executive and Releasees from, and agrees not to sue concerning, or in any manner to institute, prosecute, or pursue, any claim, complaint, charge, duty, obligation, demand, or cause of action relating to any matters of any kind, whether presently known or unknown, suspected or unsuspected, that they may possess against any of the Releasees arising from any omissions, acts, facts, or damages that have occurred up until and including the Effective Date of this Agreement, including, without limitation:

a. any and all claims relating to or arising from Executive's employment relationship with the Company and the termination of that relationship;

b. any and all claims relating to, or arising from, Executive's right to purchase, or actual purchase of shares of stock of the Company, including, without limitation, any claims for fraud, misrepresentation, breach of fiduciary duty, breach of duty under applicable state corporate law, and securities fraud under any state or federal law;

c. any and all claims for wrongful discharge of employment; termination in violation of public policy; discrimination; harassment; retaliation; breach of contract, both express and implied; breach of covenant of good faith and fair dealing, both express and implied; promissory estoppel; negligent or intentional infliction of emotional distress; fraud; negligent or intentional misrepresentation; negligent or intentional interference with contract or prospective economic advantage; unfair business practices; defamation; libel; slander; negligence; personal injury; assault; battery; invasion of privacy; false imprisonment; conversion; and disability benefits;

d. any and all claims for violation of any federal, state, or municipal statute, including, but not limited to, Title VII of the Civil Rights Act of 1964; the Civil Rights Act of 1991; the Rehabilitation Act of 1973; the Americans with Disabilities Act of 1990; the Equal Pay Act; the Fair Labor Standards Act; the Fair Credit Reporting Act; the Age Discrimination in Employment Act of 1967; the Older Workers Benefit Protection Act; the Executive Retirement Income Security Act of 1974; the Worker Adjustment and Retraining Notification Act; the Family and Medical Leave Act; the Sarbanes-Oxley Act of 2002; the Uniformed Services Employment and Reemployment Rights Act; Texas Employment Discrimination Law, as amended, Tex. Lab. Code Ann. §§ 21.001 to 21.405; Texas Disability Discrimination Law, as amended, Tex. Hum. Res. Code Ann. § 121.003; Texas Minimum Wage Act, Tex. Lab. Code Ann. §§ 62.001 to 62.205; Texas Wage Payment Law, Tex. Lab. Code Ann. §§ 61.001 to 61.095;

e. any and all claims for violation of the federal or any state constitution;

f. any and all claims arising out of any other laws and regulations relating to employment or employment discrimination;

g. any claim for any loss, cost, damage, or expense arising out of any dispute over the non-withholding or other tax treatment of any of the proceeds received by Executive as a result of this Agreement; and

h. any and all claims for attorneys' fees and costs.

The parties agree that the releases set forth in this paragraph 5 shall be and remain in effect in all respects as a complete general release as to the matters released. This release does not release claims that cannot be released as a matter of law, including, but not limited to, Executive's right to file a charge with or participate in a charge by the Equal Employment Opportunity Commission, or any other local, state, or federal administrative body or government agency that is authorized to enforce or administer laws related to employment, against the Company (with the understanding that any such filing or participation does not give Executive the right to recover any monetary damages against the Company; Executive's release of claims herein bars Executive from recovering such monetary relief from the Company). This release does not extend to any right Executive may have to workers' compensation benefits or other vested right under a Company health and welfare plan. Executive represents that he has made no assignment or transfer of any right, claim, complaint, charge, duty, obligation, demand, cause of action, or other matter waived or released by this Section. The Company shall indemnify Executive to the extent provided for in the Company's by-laws and as covered in the Company's Directors and Officers liability coverage as was applicable to Executive while serving in his capacity as CEO and member of the Board of Directors.

6. Acknowledgment of Waiver of Claims under ADEA. Executive acknowledges that he is waiving and releasing any rights he may have under the Age Discrimination in Employment Act of 1967 ("ADEA"), and that this waiver and release is knowing and voluntary. Executive agrees that this waiver and release does not apply to any rights or claims that may arise under the ADEA after the Effective Date of this Agreement. Executive acknowledges that the consideration given for this waiver and release is in addition to anything of value to which Executive was already entitled. Executive further acknowledges that he has been advised by this writing that: (a) he should consult with an attorney prior to executing this Agreement; (b) he has twenty-one (21) days within which to consider this Agreement; (c) he has seven (7) days following his execution of this Agreement to revoke this Agreement; (d) this Agreement shall not be effective until after the revocation period has expired; and (e) nothing in this Agreement prevents or precludes Executive from challenging or seeking a determination in good faith of the validity of this waiver under the ADEA, nor does it impose any condition precedent, penalties, or costs for doing so, unless specifically authorized by federal law. In the event Executive signs this Agreement and returns it to the Company in less than the 21-day period identified above, Executive hereby acknowledges that he has freely and voluntarily chosen to waive the time period allotted for considering this Agreement. Executive acknowledges and understands that revocation must be accomplished by a written notification to the Chairman of the Board of Directors that is received prior to the Effective Date.

7. No Pending or Future Lawsuits. Executive and the Company represent that they have no lawsuits, claims, or actions pending in their name, or on behalf of any other person or entity, against the Company, Employee or any of the other Releasees. Executive and the Company also represent that they do not intend to bring any claims on their own behalf or on behalf of any other person or entity against the Company, the Employee or any of the other Releasees.

8. Confidentiality. To the extent that its terms are not otherwise publicly disclosed, Executive agrees to maintain in complete confidence the existence of this Agreement, the contents and terms of this Agreement, the consideration for this Agreement and any meetings, discussions or events associated with the finalizing of this Agreement (hereinafter collectively referred to as "Separation Information"). Except as required by law, Executive may disclose Separation Information only to his immediate family members, the Court in any proceedings to enforce the terms of this Agreement, Executive's counsel, and Executive's accountant, any professional tax advisor or other professional advisor to the extent that they need to know the Separation Information in order to provide advice on tax treatment, prepare tax returns, or to render financial advice. Executive agrees that he will not publicize, directly or indirectly, any Separation Information. For avoidance of doubt, this paragraph 8 does not extend to Executive's representations to any other person that he was formerly an executive of the Company.

9. Trade Secrets and Confidential Information/Company Property. Executive reaffirms and agrees to observe and abide by the Employment Agreement and its provisions ("Surviving Provisions") relating to trade secrets, confidential information, non-competition and non-recruitment, specifically including the provisions therein regarding nondisclosure of the Company's trade secrets and confidential and proprietary information, noncompetition, and non-solicitation of Company executives. Executive agrees that the above reaffirmation and agreement with the Surviving Provisions shall constitute a new and separately enforceable agreement to abide by the terms of the Surviving Provisions, entered and effective as of the Effective Date. Executive specifically acknowledges and agrees that any violation of the restrictive covenants in the Surviving Provisions shall constitute a material breach of this Agreement. Executive's signature below constitutes his certification under penalty of perjury that he has returned or will promptly return all documents and other items provided to Executive by the Company, developed or obtained by Executive in connection with his employment with the Company, or otherwise belonging to the Company, including, but not limited to, all passwords to any software or other programs or data that Executive used in performing services for the Company and all other property of the Company. For avoidance of doubt, it is a material condition of this Agreement that (a) Executive agrees that he shall retain no rights, ownership, or other interest in, and must cooperate in transferring control over Company property and (b) Executive promptly assist the Company in transferring control of all Company assets to the Company.

10. No Cooperation. Executive agrees that he will not knowingly encourage, counsel, or assist any attorneys or their clients in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints by any third party against any of the Releasees, unless under a subpoena or other court order to do so or as related directly to the ADEA waiver in this Agreement or as otherwise required by applicable law. Executive agrees both to immediately notify the Company upon receipt of any such subpoena or court order, and to furnish, within three (3) business days of its receipt, a copy of such subpoena or other court order. If approached by anyone for counsel or assistance in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints against any of the Releasees, Executive shall state no more than that he cannot provide counsel or assistance. Nothing in this paragraph 10 shall be deemed to prohibit Executive from making disclosures or taking such actions which are otherwise required by applicable law.

11. Non-disparagement. Executive agrees to refrain from any disparaging statements about the Company or any of the other Releasees including, without limitation, the business, products, intellectual property, financial standing, future, or employment/compensation/benefit practices of the Company. The Company agrees to refrain from any disparaging statements about Executive. Executive understands that the Company's obligations under this paragraph extend only to the Company's current executive officers and members of its Board of Directors and only for so long as each officer or member is an executive or Director of the Company.

12. Breach. Executive acknowledges and agrees that any substantial and material breach of this Agreement, unless such breach constitutes a legal action by Executive challenging or seeking a determination in good faith of the validity of the waiver herein under the ADEA, or of any provision of the Confidentiality Agreement shall entitle the Company immediately to recover and/or cease providing the consideration provided to Executive under this Agreement and to obtain damages, except as provided by law, provided, however, that the Company shall not recover One Hundred Dollars (\$100.00) of the consideration already paid pursuant to this Agreement and such amount shall serve as full and complete consideration for the promises and obligations assumed by Executive under this Agreement and the Confidentiality Agreement; provided further, Company shall provide Executive with written notice of such breach and Executive shall have ten (10) days in which to fully cure the breach, but only if the breach is subject to being cured.

13. No Admission of Liability. Executive understands and acknowledges that this Agreement constitutes a compromise and settlement of any and all actual or potential disputed claims by Executive. No action taken by the Company hereto, either previously or in connection with this Agreement, shall be deemed or construed to be (a) an admission of the truth or falsity of any actual or potential claims or (b) an acknowledgment or admission by the Company of any fault or liability whatsoever to Executive or to any third party.

14. Costs. The Parties shall each bear their own costs, attorneys' fees, and other fees incurred in connection with the preparation of and counsel regarding this Agreement.

15. ARBITRATION. THE PARTIES AGREE THAT ANY AND ALL DISPUTES ARISING OUT OF THE TERMS OF THIS AGREEMENT, THEIR INTERPRETATION, AND ANY OF THE MATTERS HEREIN RELEASED, SHALL BE SUBJECT TO ARBITRATION IN TRAVIS COUNTY, BEFORE THE JUDICIAL ARBITRATION AND MEDIATION SERVICE ("JAMS") UNDER ITS COMPREHENSIVE ARBITRATION RULES ("JAMS RULES") AND TEXAS LAW. THE ARBITRATOR MAY GRANT INJUNCTIONS AND OTHER RELIEF IN SUCH DISPUTES. THE ARBITRATOR SHALL ADMINISTER AND CONDUCT ANY ARBITRATION IN ACCORDANCE WITH TEXAS LAW, AND THE ARBITRATOR SHALL APPLY SUBSTANTIVE AND PROCEDURAL TEXAS LAW TO ANY DISPUTE OR CLAIM, WITHOUT REFERENCE TO ANY CONFLICT-OF-LAW PROVISIONS OF ANY JURISDICTION. TO THE EXTENT THAT THE JAMS RULES CONFLICT WITH TEXAS LAW, TEXAS LAW SHALL TAKE PRECEDENCE. THE DECISION OF THE ARBITRATOR SHALL BE FINAL, CONCLUSIVE, AND BINDING ON THE PARTIES TO THE ARBITRATION. THE PARTIES AGREE THAT THE PREVAILING PARTY IN ANY ARBITRATION SHALL BE ENTITLED TO INJUNCTIVE RELIEF IN ANY COURT OF COMPETENT JURISDICTION TO ENFORCE THE ARBITRATION AWARD. THE PARTIES TO THE ARBITRATION SHALL EACH PAY HALF THE COSTS AND EXPENSES OF SUCH ARBITRATION, AND EACH PARTY SHALL SEPARATELY PAY FOR ITS RESPECTIVE COUNSEL FEES AND EXPENSES; PROVIDED, HOWEVER, THAT THE ARBITRATOR SHALL AWARD ATTORNEYS' FEES AND COSTS TO THE PREVAILING PARTY, EXCEPT AS PROHIBITED BY LAW. THE PARTIES AGREE THAT PUNITIVE DAMAGES SHALL BE UNAVAILABLE IN ARBITRATION. THE PARTIES HEREBY AGREE TO WAIVE THEIR RIGHT TO HAVE ANY DISPUTE BETWEEN THEM RESOLVED IN A COURT OF LAW BY A JUDGE OR JURY. NOTWITHSTANDING THE FOREGOING, THIS SECTION WILL NOT PREVENT EITHER PARTY FROM SEEKING INJUNCTIVE RELIEF (OR ANY OTHER PROVISIONAL REMEDY) FROM ANY COURT HAVING JURISDICTION OVER THE PARTIES AND THE SUBJECT MATTER OF THEIR DISPUTE RELATING TO THIS AGREEMENT AND THE AGREEMENTS INCORPORATED HEREIN BY REFERENCE. SHOULD ANY PART OF THE ARBITRATION AGREEMENT CONTAINED IN THIS PARAGRAPH CONFLICT WITH ANY OTHER ARBITRATION AGREEMENT BETWEEN THE PARTIES, THE PARTIES AGREE THAT THIS ARBITRATION AGREEMENT SHALL GOVERN.

16. Authority. The Company represents and warrants that the undersigned has the authority to act on behalf of the Company and to bind the Company and all who may claim through it to the terms and conditions of this Agreement. Executive represents and warrants that he has the capacity to act on his own behalf and on behalf of all who might claim through him to bind them to the terms and conditions of this Agreement. Each Party warrants and represents that there are no liens or claims of lien or assignments in law or equity or otherwise of or against any of the claims or causes of action released herein.

17. No Representations. Executive represents that he has had an opportunity to consult with an attorney, and has carefully read and understands the scope and effect of the provisions of this Agreement. Executive has not relied upon any representations or statements made by the Company that are not specifically set forth in this Agreement.

18. Severability. In the event that any provision or any portion of any provision hereof or any surviving agreement made a part hereof becomes or is declared by a court of competent jurisdiction or arbitrator to be illegal, unenforceable, or void, this Agreement shall continue in full force and effect without said provision or portion of provision.

19. Entire Agreement. This Agreement represents the entire agreement and understanding between the Company and Executive concerning the subject matter of this Agreement and Executive's employment with and separation from the Company and the events leading thereto and associated therewith, and supersedes and replaces any and all prior agreements and understandings concerning the subject matter of this Agreement and Executive's relationship with the Company, with the exception of those provisions explicitly referenced as surviving herein.

20. No Oral Modification. This Agreement may only be amended in a writing signed by Executive and the Company's Chairman of the Board of Directors.

21. Governing Law. This Agreement shall be governed by the laws of the State of Texas, without regard for choice-of-law provisions. Executive and the Company consent to personal and exclusive jurisdiction and venue in the State of Texas.

22. Effective Date. Executive understands that this Agreement shall be null and void if not executed by him within the twenty-one (21) day period set forth above. Executive Party has seven (7) days after signing this Agreement to revoke it. This Agreement will become effective on the eighth (8th) day after Executive signed this Agreement, so long as it has been signed by the Parties and has not been revoked before that date (the "Effective Date").

23. Counterparts. This Agreement may be executed in counterparts and by facsimile, and each counterpart and facsimile shall have the same force and effect as an original and shall constitute an effective, binding agreement on the part of each of the undersigned.

24. Voluntary Execution of Agreement. Executive understands and agrees that he executed this Agreement voluntarily, without any duress or undue influence on the part or behalf of the Company or any third party, with the full intent of releasing all of his claims against the Company and any of the other Releasees. Executive acknowledges that:

- (a) he has read this Agreement;
- (b) he has been represented in the preparation, negotiation, and execution of this Agreement by legal counsel of his own choice;
- (c) he understands the terms and consequences of this Agreement and of the releases it contains; and
- (d) he is fully aware of the legal and binding effect of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the respective dates set forth below.

Dated: January 31, 2019

SCOTT F. DREES, an individual

/s/ Scott F. Drees

Scott F. Drees

Dated: January 31, 2019

NUVECTRA CORPORATION

/s/ Joseph A. Miller, Jr.

Dr. Joseph A. Miller, Jr.

Title: Chairman of the Board of Directors

**Company Contacts:
Nuvectra Corporation**

Walter Berger, COO & CFO
(214) 474-3102
wberger@nuvectramed.com

**Investor Contacts:
The Ruth Group**

Tram Bui / Brian Johnston
(646) 536-7035 / 7028
investors@nuvectramed.com

Nuvectra® Appoints Dr. Fred B. Parks as Chief Executive Officer

Elects Christopher G. Chavez as a Member of the Board of Directors

Plano, Texas, January 31, 2019 – Nuvectra Corporation (NASDAQ: NVTR), a neurostimulation medical device company, today announced the appointment of Fred B. Parks, PhD, as Chief Executive Officer, effective immediately. Dr. Parks has served as a member of the Company’s Board of Directors since March 2016 and will retain his position as a Director. His appointment follows Scott F. Drees’s decision to step down as CEO and coincides with the election by the Board of Directors of Mr. Christopher G. Chavez as a Director and member of the Company’s Compensation Committee.

Joseph A. Miller, Chairman of the Board, stated, “As we anticipate the approval of Virtis, we are extremely confident that Fred is the right leader to drive robust diversified growth based on his deep knowledge of the Company, its technology and strategic goals. We look forward to leveraging his extensive experience in leading growth stage medical device companies in this new role. While we remain excited for the next growth phase at Nuvectra, I would like to recognize Scott for his work to develop our technology and for the early commercial success of Algovita®. As a founding member of the Company, we thank him for his outstanding dedication and service and we wish him the best in his future endeavors.”

Dr. Parks commented, “We have already established notable traction in the spinal cord stimulation market with Algovita and are well positioned to further leverage our innovative platform technology to diversify our offering with Virtis™ for SNM, pending approval. Expanding my role with Nuvectra at this critical juncture of its growth trajectory is a privilege, and I thank the Board for this opportunity.”

Mr. Miller added, “We are also pleased that Mr. Chavez will be joining our Board and we look forward to his contributions as a neurostimulation and medical device industry veteran. We believe his proven ability to drive value at growth stage companies such as Nuvectra, in addition to his technology and business acumen, will be instrumental as we continue to expand and transform our business.”

Mr. Drees stated, “I am extremely proud of the accomplishments that Nuvectra and its employees have achieved during my tenure as CEO. Based on our progress to date, I remain confident that the Company is well-positioned to execute on its strategic growth initiatives as a world-class multi-indication neurostimulation company under Dr. Parks.”

Dr. Parks has served as a Director of Nuvectra since March 2016. He was most recently the President and Chief Executive Officer of Analogic Corporation, a medical imaging and aviation security company, from October 2016 to June 2018. Dr. Parks was also the Chief Executive Officer of Enovate Medical from July 2015 until October 2016. Prior to joining Enovate Medical, Dr. Parks served as Chief Executive Officer of NDS Surgical Imaging, LLC from August 2011 to 2013 and as Chairman and Chief Executive Officer of Urologix, Inc. from May 2003 to February 2008. Prior to joining Urologix, Dr. Parks served as President and Chief Executive Officer of Marconi Medical Systems, which is currently part of Philips Medical Systems. Through his career he has served as a director of Analogic Corporation, Enovate Medical, NDS Surgical Imaging, Urologix, EG&G, Inc. (now PerkinElmer), St. Jude Medical and Steady State Imaging. Dr. Parks received a B.S. in mechanical engineering from University of Missouri-Rolla, a M.S. in mechanical engineering from the University of Arizona and a Ph.D in mechanical engineering from the University of Missouri-Columbia.

Mr. Chavez has over 30 years of leadership experience in the medical device industry. He served as President, Chief Executive Officer and Chairman of TriVascular Technologies, Inc. (Nasdaq: TRIV) from April 2012 through its merger with Endologix, Inc. (Nasdaq: ELGX) in February 2016. Following the merger, he served as an Endologix Director from February 2016 through June 2018. Mr. Chavez also served as President of the Neuromodulation Division (NMD) of St. Jude Medical Inc. (NYSE: STJ) from 2005 through 2011 following the acquisition of Advanced Neuromodulation Systems Inc. (Nasdaq: ANSI) by St. Jude Medical in 2005. Prior, he served as CEO, President and Director of ANSI from 1998 through 2005 and led ANSI/NMD through 14 years of profitable growth and innovation. In 1997, Mr. Chavez served as Vice President, Worldwide Marketing & Strategic Planning for the Health Imaging Division of the Eastman Kodak Company. Mr. Chavez worked his first 15 years (1981-1996) in the medical device industry at Johnson & Johnson (NYSE: JNJ); most recently as Vice President and General Manager of the Infection Prevention Business Unit of Johnson & Johnson Medical Inc. He served on the board of directors of Advanced Medical Optics Inc. (NYSE: EYE) from 2002 until it was acquired by Abbott Laboratories Inc. in 2009. He also previously served as Chairman of the Medical Device Manufacturers Association, Chairman of the Dallas/Fort Worth Health Industry Council and Director of the North Dallas Visiting Nurses Association. Mr. Chavez received his Bachelor of Accountancy from New Mexico State University and his M.B.A. from Harvard Graduate School of Business.

About Nuvectra Corporation

Nuvectra[®] is a neurostimulation company committed to helping physicians improve the lives of people with chronic conditions. The Algovita[®] Spinal Cord Stimulation (SCS) System is our first commercial offering and is CE marked and FDA approved for the treatment of chronic intractable pain of the trunk and/or limbs. Our innovative technology platform also has capabilities under development to support other indications such as sacral neuromodulation (SNM) for the treatment of overactive bladder, and deep brain stimulation (DBS) for the treatment of Parkinson's Disease. Visit the Nuvectra website at www.nuvectramed.com.

Cautionary Note Regarding Forward-Looking Statements

This press release contains "forward-looking statements," including statements we make regarding the outlook for Nuvectra as an independent publicly-traded company. Forward-looking statements are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions, and therefore they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and may be outside of our control. Our actual performance may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. Any forward-looking statement made by us is based only on information currently available to us and speaks only as of the date on which it is made. Important factors that could cause our actual results to differ materially from those indicated in the forward-looking statements include: (i) our ability to successfully commercialize Algovita and to develop, complete and commercialize enhancements or improvements to Algovita; (ii) our ability to successfully compete with our current SCS competitors and the ability of our U.S. sales representatives to successfully establish market share and acceptance of Algovita, (iii) the uncertainty and timing of obtaining regulatory approvals in the United States and Europe for our Virtis SNM system, (iv) our ability to successfully launch and commercialize the Virtis SNM system if and when it receives regulatory approval (v) our ability to demonstrate the features, perceived benefits and capabilities of Algovita to physicians and patients in competition with similar products already well established and sold in the SCS market; (vi) our ability to anticipate and satisfy customer needs and preferences and to develop, introduce and commercialize new products or advancements and improvements to Algovita in order to successfully meet our customers' expectations; (vii) the outcome of our development plans for our neurostimulation technology platform, including our ability to identify additional indications or conditions for which we may develop neurostimulation medical devices or therapies and seek regulatory approval thereof; (viii) our ability to identify business development and growth opportunities and to successfully execute on our strategy, including our ability to seek and develop strategic partnerships with third parties to, among other things, fund clinical and development costs for new product offerings; (ix) the performance by our development partners, including Aleva Neurotherapeutics, S.A., of their obligations under their agreements with us; (x) the scope of protection for our intellectual property rights covering Algovita and other products using our neurostimulation technology platform, along with any product enhancements or improvements; (xi) our ability to successfully build, attract and maintain an effective commercial infrastructure and qualified sales force in the United States; (xii) our compliance with all regulatory and legal requirements regarding implantable medical devices and interactions with healthcare professionals; (xiii) our reliance on each of Integer, our exclusive and sole manufacturer and supplier of parts and components for Algovita, and Minnetronix, Inc., our sole-source supplier of external peripheral devices; (xiv) any supplier shortages related to Algovita or its components and any manufacturing disruptions which may impact our inventory supply as we expand our business; (xv) any product recalls, or the receipt of any warning letters, mandatory corrections or fines from any governmental or regulatory agency; (xvi) our ability to satisfy the conditions and covenants of our Credit Facility; and (xvii) our ability to raise capital should it become necessary to do so, through another public offering of our common stock, private equity or debt financings, strategic partnerships, or other sources. Please see the section entitled "Risk Factors" in Nuvectra's Annual Report on Form 10-K and in our other quarterly and periodic filings for a description of these and other risks and uncertainties. We undertake no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.