

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

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FILER

**Nuvector Corp**

CIK: **1648893** | IRS No.: **300513847** | State of Incorporation: **DE** | Fiscal Year End: **1231**  
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SIC: **3841** Surgical & medical instruments & apparatus

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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): December 9, 2016

**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))

## **Item 1.01 Entry into a Material Definitive Agreement.**

Effective December 9, 2016, Nuvectra Corporation, a Delaware corporation, formerly a Delaware limited liability company named QiG Group, LLC (“Nuvectra”) entered into a Manufacturing and Supply Amendment with Minnetronix, Inc., a Minnesota corporation (“Minnetronix”), which further amends a Business Agreement between Nuvectra and Minnetronix dated April 30, 2009, as amended by a letter agreement dated June 29, 2009, a First Amendment to Business Agreement dated April 10, 2010, and a Manufacturing and Quality Addendum dated August 1, 2013 (as collectively amended, the “Supply Agreement”). Under the terms of the Supply Agreement, Minnetronix will manufacture and supply to Nuvectra the current platform of external peripheral devices used with Nuvectra’s Algovita spinal cord stimulation system, including the clinician programmer, patient programmer, the patient charging paddle, the external pulse generator kit and the patient feedback tool (the “Products”). The Supply Agreement is exclusive between Nuvectra and Minnetronix only for Nuvectra’s current platform of Products, allowing any next generation external devices to be manufactured by a third party. Nuvectra also retains the right to in-source the manufacturing of the Products to its own facility. The Supply Agreement will continue for so long as the supply relationship remains exclusive, unless terminated earlier by either party in the event of a material breach of the Supply Agreement by the other party (subject to customary cure periods). The exclusivity provision will survive the Supply Agreement’s termination in the event that Minnetronix terminates the Supply Agreement due to Nuvectra’s material breach. If Minnetronix discontinues the supply of the Products, it must provide Nuvectra with 18 months advance notice and provide Nuvectra with a “last time buy” opportunity.

In connection with amending the Supply Agreement, Nuvectra notified Integer Holdings Corporation, formerly Greatbatch, Inc. (“Integer”) that it was exercising its rights under the supply agreement between Nuvectra and Integer to cease Integer’s supply of the Products and was entering into a direct supply relationship with Minnetronix. Integer will continue to supply the Products for up to six months while the parties transition to the new supply arrangement. As compensation for the costs incurred by Minnetronix and other delays, Nuvectra will pay an engagement fee to Minnetronix in the aggregate amount of \$800,000, which will be paid in four equal installments on a quarterly basis, commencing on December 9, 2016.

The Products will be purchased by Nuvectra through purchase orders and are subject to certain minimum order quantity requirements. The Supply Agreement contains general terms and provisions, including with respect to (i) changes in component supply or manufacturing location, (ii) forecast planning and lead time requirements, (iii) safety stock requirements, (iv) delivery, payment and inspection requirements, (v) handling of returned products and rejected goods, and (vi) warranty and indemnity provisions.

The foregoing description is not complete and is qualified in its entirety by reference to the full text of the Supply Agreement, as amended, which is filed collectively as Exhibits 10.1, 10.2, 10.3, 10.4 and 10.5 to this Current Report and incorporated by reference into this Item 1.01.

## **Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
10.1	Manufacturing and Supply Amendment, dated December 9, 2016, between Nuvectra Corporation and Minnetronix, Inc.+
10.2	Business Agreement, dated April 30, 2009, between QiG Group, LLC and Minnetronix, Inc.
10.3	Letter Agreement, dated June 29, 2009, between QiG Group, LLC and Minnetronix, Inc.
10.4	First Amendment to Business Agreement, dated April 10, 2010, between QiG Group, LLC and Minnetronix, Inc.
10.5	Manufacturing and Quality Addendum, dated August 1, 2013, between QiG Group, LLC and Minnetronix, Inc.
99.1	Press Release dated December 12, 2016

+ Confidential treatment is requested for certain portions of this Exhibit pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended, which portions have been omitted and filed separately with the Securities and Exchange Commission.

## 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: December 12, 2016

/s/ Walter Z. Berger

Walter Z. Berger,  
Executive Vice President and Chief Financial  
Officer

## EXHIBIT INDEX

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**MANUFACTURING AND SUPPLY AMENDMENT**

This Manufacturing and Supply Amendment (“Manufacturing Amendment”) is made effective as of December 9, 2016 (the “Manufacturing Amendment Effective Date”), between Nuvectra Corporation having an office at 5830 Granite Parkway, Suite 1100, Plano, TX 75024 (“Client”) and Minnetronix, Inc., having an office at 1635 Energy Park Drive, St. Paul, MN 55108 (“Minnetronix”).

WHEREAS, Client, which was formerly known as QIG Group, LLC, and Minnetronix entered into a Business Agreement, dated April 30, 2009 (the “2009 Agreement”), as modified by letter agreement between the parties dated June 29, 2009 (“Letter Agreement”) and First Amendment to Business Agreement, made and entered into as of April 10, 2010 (the “First Amendment” and collectively, with the Letter Agreement and the 2009 Agreement, the “Business Agreement”) as supplemented and amended by the Manufacturing and Quality Addendum dated August 1, 2013 (the “Manufacturing Addendum”).

WHEREAS, as described in Section 1 below, the parties are amending the Business Agreement and Manufacturing Addendum with respect to the manufacturing of the Products described herein with this Manufacturing Amendment.

WHEREAS, the parties each desire to amend the Manufacturing Addendum for Minnetronix to supply certain products and services to Client.

NOW THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **Structure of Documents for Manufacturing.** The parties agree that this Manufacturing Amendment supplements and, where stated, modifies the Manufacturing Addendum, (which in turn continues to supplement and modify the Business Agreement). For all Purchase Orders placed under this Manufacturing Agreement, the “Manufacturing Agreement” is comprised of (and will be interpreted in the following order): (a) Product Specifications agreed to by the parties; (b) the applicable Purchase Order quantity, description of Products and delivery dates (as may be adjusted as set forth in this Manufacturing Amendment and excluding boilerplate terms and conditions); (c) this Manufacturing Amendment; (d) the Manufacturing Addendum (as modified as set forth herein); (e) the applicable terms of the Business Agreement (as modified as set forth in the Manufacturing Addendum and herein); and (f) the Quality Agreement. The foregoing sentence supersedes and replaces, with respect to Purchase Orders placed hereunder, conflicting language on order of interpretation in Sections 2.1(a) and 9.16 of the Business Agreement and Section 4 of the Manufacturing Addendum. Any capitalized terms used and not defined in this Manufacturing Amendment shall be as defined in the Manufacturing Addendum and/or Business Agreement. Except to the extent specifically supplemented and modified by this Manufacturing Amendment and the remaining terms of the Manufacturing Addendum, the terms of the Business Agreement shall remain in full force and effect.

CONFIDENTIAL TREATMENT HAS BEEN REQUESTED FOR PORTIONS OF THIS EXHIBIT. THE COPY FILED HERewith OMITs THE INFORMATION SUBJECT TO A CONFIDENTIALITY REQUEST. OMISSIONS ARE DESIGNATED WITH [\*\*\*]. A COMPLETE VERSION OF THIS EXHIBIT HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

2. **Manufacturing Terms.** The entirety of Sections 1 and 3 of the Manufacturing Addendum are hereby deleted and replaced with the terms in Section 3 of this Manufacturing Amendment except for Section 1.1.i. of the Manufacturing Addendum which shall remain in full force and effect. For clarification, the amendments to the Business Agreement contained in Section 1.1.i. of the Manufacturing Addendum shall continue to apply to this Manufacturing Agreement (including this Manufacturing Amendment and all Purchase Orders placed hereunder) except that for Minnetronix' indemnification obligations under the Manufacturing Agreement in no event will Minnetronix' aggregate liability exceed Three Million Dollars (\$3,000,000).

3. **Changes to Manufacturing Terms.** Subject to the terms and conditions in the Manufacturing Agreement, Client will purchase Products from Minnetronix and Minnetronix will supply the Products (as defined below) to Client as set forth below.

a. **Products.** A description of the Products and Components to be manufactured by Minnetronix and purchased by Client, together with additional terms specifically applicable to such Products and Components, such as lead time requirements and various other commercial terms, will be set forth in Schedules to this Manufacturing Amendment (Schedule A describes the initial Products). The parties may, from time to time, add new Products by executing a new Schedule or executing addenda and/or amendments to a prior Schedule. Revision numbers for the Product may change from time to time through Seller's Engineering Change Order ("ECO") system.

b. **Specifications.** Specifications for the Products will be supplied by Client or Client's agent and agreed upon in writing by Minnetronix, or will be otherwise established and accepted by Client and Minnetronix via Minnetronix' ECO process. Neither Minnetronix nor any Product shall be expected or required to perform outside of the Specifications.

c. **Initiation Terms.** Client agrees that it will provide its required 6 month notice to Integer, Inc., f/k/a Greatbatch, Inc. ("Integer") that it intends to exercise its right to terminate Integer's supply of the Products under the Supply Agreement between Client and Integer dated March 14, 2016 (the "Integer Supply Agreement") and Client agrees to provide such notice no later than December 9, 2016. Upon receiving written notice from Client that it has initiated its separation from Integer as Client's supplier for the Products, Minnetronix agrees it will commence the PCBA alternative sourcing project(s) required to achieve the process changes needed to achieve the Table A Pricing set forth on Schedule A. Minnetronix agrees that the work under such project will be for no charge with respect to the alternative sourcing of, and transfer to, a supplier for the PCBAs used in the Products in Schedule A, including creating the documentation required for regulatory filings to the FDA for the process changes to be made to such Products as they exist on the Manufacturing Amendment Effective Date to replace the PCBA supplier contemplated to accomplish the Table A Pricing (as defined in Schedule A). Other than Minnetronix' costs to set up the alternative sourcing as described above, the submission of the necessary FDA and regulatory filings to achieve the Table A Pricing (as defined on Schedule A), will be at Client's expense. Further details are set forth in Schedule A under "Alternative Source Project Summary and Pricing Terms".

Minnetronix further agrees to coordinate with Client to complete and compile any required FDA or other regulatory submissions as needed to implement such Minnetronix process changes and the parties agree to work together in good faith to complete such submission in a timely manner. Client agrees it will promptly review and file the regulatory submission with the FDA following Minnetronix' delivery of the completed file to Client. If Client believes the regulatory submission is incomplete or inadequate, it will promptly notify Minnetronix and the parties will continue to work together to complete the regulatory submission. The PCBA alternative sourcing project is expected to be completed within six months or sooner from the Manufacturing Amendment Effective Date.

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d. Purchase Orders.

- i. Client will order Products by issuing to Minnetronix a Purchase Order describing the Products to be manufactured and delivery dates and that corresponds to the applicable pricing set forth in Schedule A. The parties shall agree in writing on the Purchase Order, including the order quantity, delivery schedule, and the Specifications contained thereon, as set forth above, prior to the commencement of any work related to such Purchase Order. Agreement may be evidenced by an order acknowledgement. Provided that such Purchase Order and Specifications are accepted by Minnetronix, Minnetronix shall manufacture for Client the Products or Components identified in such Purchase Order, subject to the terms and conditions of the Manufacturing Agreement. The Product functional and quality control testing to be performed to verify the Product's conformance to the Specifications at the time of delivery will be as per the testing procedures in the Specifications. Concurrent with execution of this Manufacturing Addendum, the parties have agreed to Purchase Order #\_\_\_, which is valid and binding on the parties contingent on expiration of the exclusivity obligations between Client and Integer under the Integer Supply Agreement ("Initial Purchase Order"). Client shall deliver written notice to Minnetronix of when such exclusivity expires or is terminated. On expiration or termination of Client's exclusivity obligations with Integer, the contingency shall be deemed automatically removed, the [\*\*\*] month delivery period of the Initial Purchase Order shall commence (with original shipment dates commencing at the start of such [\*\*\*] month delivery period for purposes of subsection (iii) below), Client shall deliver an [\*\*\*] month forecast per the terms of subsection (iii) below, and the Initial Purchase Order shall be deemed outstanding for purposes of the safety stock requirements herein.
- ii. Commencement of work related to any Purchase Order issued hereunder is done so under the terms of the Manufacturing Agreement. Any additional or different terms sent by Client to Minnetronix in writing, either together with or apart from a Purchase Order, or sent from Minnetronix to Client in writing, shall be excluded unless signed by both parties as an amendment to this Manufacturing Amendment.
- iii. Client will place one or more Purchase Orders with Minnetronix representing Client's firm commitment for Products to be delivered as specified on the respective Purchase Order. Once a Purchase Order is agreed by the parties, such pricing, as described on Schedule A, will be available for up to [\*\*\*] months from the date of agreement ("[\*\*\*] month delivery period") and Client will be required to take delivery of all Products over such [\*\*\*] month delivery period. Client shall place Purchase Orders at the minimum quantities as set forth in the pricing tiers described on Schedule A. Upon the placement of a Purchase Order for the minimum commitment to be delivered within the [\*\*\*] month delivery period, Client shall provide to Minnetronix a binding [\*\*\*] month forecast for such Purchase Order subject to the permitted tolerances set forth in the table for applicable quantities at delivery dates. Such forecast shall be updated by Client and provided to Minnetronix on a monthly basis and adjustments to the delivery quantities in the original Purchase Order will be permitted by Minnetronix only within the percentage allowances set forth below:

Calendar Days Before Original PO Shipment Date	Units % change Allowance from Original PO
[***]	[***]%
[***]	+/- [***]%
[***]	+/- [***]%
> [***]	+/- [***]%

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The binding portion of such forecast updates will be deemed to modify the Purchase Order, provided however, that the parties agree that (A) such forecast updates shall not decrease the original Purchase Order quantity below the number of units of Products agreed in the original Purchase Order and Minnetronix shall be permitted to deliver, and Client shall purchase, any remaining units under the original Purchase Order during the [\*\*\*] month delivery period, (B) in no event shall the forecast updates exceed [\*\*\*]% of the original Purchase Order number of units of Product within the [\*\*\*] month delivery period, and (C) no changes to the forecast will be allowed during the [\*\*\*] days prior to the completion of the original [\*\*\*] month delivery period.

iv. Minnetronix will make reasonable efforts to accommodate schedule change requests subject to Component availability and capacity at Minnetronix' sole discretion. Aggressive schedule increases will be accommodated to the best of Minnetronix' ability. Minnetronix may use forecasts to purchase long lead-time items and to achieve price breaks due to order size. Forecasts and Purchase Orders may be combined to make best effort purchasing decisions. Minnetronix will be responsible for analysis for obsolete components and will manage its "last time buys", as appropriate in order to avoid any supply disruptions to Client, but Client will be responsible for paying for such components per the terms below.

e. Price; Deposit; Changes to Payment Terms; Additional Charges.

(i) The applicable price ("Price") for the Products under the Platform (as defined below) is as described on Schedule A and is subject to the terms set forth therein and below.

(ii) For the first [\*\*\*] of each of the PPC and PoP Products and for the first [\*\*\*] of each of the CP, PFT, EPG and Coil Products ordered by Client hereunder, the Price for the Products shall be the Table B Pricing (collectively the "Initial Products"). If Client does not order and take delivery of all of the Initial Products during the calendar year 2017, then Minnetronix may charge, and Client will pay, a monthly storage fee for the Initial Products at the rate of [\*\*\*]% times the aggregate Price for the balance of the Initial Products not delivered hereunder until delivery (which may be waived by Minnetronix if Client issues a second Purchase Order for additional Products hereunder). Such fee shall be payable monthly in arrears. For all other Products ordered hereunder, the Price shall be the Table A Pricing; provided, however, that:

(A) if the alternative source for the PCBA supplier is not completed within 6 months of the Manufacturing Amendment Effective Date and such delay is solely caused by Client, then the Table B Pricing shall apply until the alternative source for the PCBA supplier is completed and approved by the FDA, after which Minnetronix will use commercially reasonable efforts to convert the Price for the Products to the Table A Pricing promptly (taking into account Committed Inventory and other commitments made under the Table B Pricing).

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(iii) The Price is subject to change for different Products models as described in Schedule A. Minnetronix will manage suppliers, parts specifications, and other associated documentation for the Products in Minnetronix' internal systems.

(iv) A deposit equal to [\*\*\*]% of the value of the initial [\*\*\*] month delivery period for the Initial Purchase Order issued by Client (i.e. Price times number of units) shall be paid by Client within [\*\*\*] days following the date such Initial Purchase Order becomes effective as described in Section 3(d)(i) above. Minnetronix agrees that such deposit will be netted against the final payment due to Minnetronix under the Manufacturing Agreement. Minnetronix further agrees that Client will also receive a credit against the initial Purchase Order for any functional EPG boards that the Client delivers to Minnetronix for use for the Products under such Purchase Order, provided that such credit will not exceed the number of EPG board units described in the initial Purchase Order between Client and Minnetronix.

(v) Notwithstanding the terms of Section 4.2 of the Business Agreement, (A) Client shall deliver payment in full to Minnetronix within 60 days after the invoice date, and (B) in the event that full payment is not made within 90 days after the invoice date, Minnetronix may cease all efforts on the manufacturing Services and the Products and refer the account to a collection agency. If Client breaches any of its payment obligations hereunder and fails to cure within 10 days the foregoing payment terms shall be deemed terminated and payment shall instead be due as set forth in Section 4.2 of the Business Agreement for the remainder of the term of the Manufacturing Agreement.

(vi) Additional Charges.

(A) Any nonrecurring engineering ("NRE") fees that may be incurred by Minnetronix (e.g., development of travelers, ECO generation/approval/release, additional assembly procedures, additional assembly drawings, and parts and assembly information entry into the Minnetronix' manufacturing system) will be recharged to Client in accordance with Section 4.6 of the Business Agreement. All required supplier NREs will be recharged to Client in accordance with Section 4.3 of the Business Agreement.

(B) Extensive troubleshooting and repair of design-related issues encountered during production and testing will be at Client's expense in accordance with Section 4.6 of the Business Agreement.

(C) Client-owned equipment, if any, shall be calibrated and maintained as required at Client's expense in accordance with Section 4.3 of the Business Agreement.

(D) Minnetronix will provide standard assembly and test equipment. Any non-standard test equipment or fixtures will be provided by or purchased by Client.

(E) Any out of pocket expenses in excess of \$2,000 per month are subject to pre-approval of Client.

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f. Exclusivity. Client agrees that, subject only to the exclusivity in the Integer Supply Agreement until it expires or is terminated, Minnetronix will be the exclusive external supplier for Client's current Products meaning the Client's current existing external device platform (the "Platform"). The Platform is defined as a product that uses the current hardware in use as of the date of this Manufacturing Amendment, but may have different software based on specific therapies, including minor software changes or improvements for the current "Algovita spinal cord stimulation system" and the "Virtis sacral nerve stimulation system." Minor hardware and/or software modifications, including but not limited to the following: to improve or modify functionality, improve manufacturing yields, replace obsolete/end-of-life components, or ensure compliance with quality or regulatory standards; would be considered part of the Platform. Next generation Products or Platforms would be devices that have a significant change in form factor and/or significant change in function from the Platform. Notwithstanding the above, but subject to the termination provisions of the Manufacturing Agreement, Client retains the right to in-source and manufacture the Platform internally (but not through use of a third party including any affiliate), and may have any next generation external devices manufactured by itself or by a third party. The foregoing shall be deemed to replace Section 8.2(e) of the Business Agreement for the Manufacturing Agreement.

g. Minnetronix Changes to the Specifications or Manufacturing Location. Minnetronix shall not implement any change to any of the Specifications without the prior written consent of Client, except as follows: Minnetronix may make minor revisions without such consent. A minor revision is defined below. Prior to making any "major revision" to a Product assembly or sub-assembly (i.e., any change that may affect the form, fit or function of a Product), Minnetronix will request Client's consent to such major revision by issuing an ECO to Client. At a minimum, Client's approval of an ECO issued by Minnetronix with respect to the top level assembly of a Product will be required prior to release of the Product to production. Client's execution of an ECO shall be deemed to constitute Client's approval of the revision subject to such ECO, together with all Components and Specifications that are incorporated into the assembly or sub-assembly that is the subject of such ECO. Minnetronix will provide all documentation reasonably requested by Client in connection with its review of any ECO presented by Minnetronix. Minnetronix will give Client [\*\*\*] months prior written notice of any change in manufacturing location for the Products, and the opportunity to make a "last time purchase" from such old manufacturing location under the terms of subsection r. below.

h. Product Documentation. With each shipment of Product, Minnetronix will provide to Client a Certificate of Compliance verifying each Product's compliance with the applicable Specifications.

i. Packaging & Delivery. Each Product will be packaged to (i) comply with the requirements of the carrier, (ii) comply with Client's Specifications and (c) comply with all applicable laws, rules and regulations. Delivery is FOB Minnetronix manufacturing facility. Client assumes and agrees to bear all risk of damage or loss to the Products after shipment from Minnetronix' facility (the FOB point). Minnetronix shall select freight carrier of its choosing unless otherwise specified by Client in the Purchase Order. Costs for packaging not included in the BOM or Specifications are not included in the Price.

j. Configuration Management. Minnetronix uses a product revision format that indicates different levels of product release. All revisions have a format of [major revision]-[minor revision]. Major revisions (i.e., changes that may affect the form, fit or function of a Product) are less than "1" (e.g., .01, .02, .5, etc.) prior to production release and are "001" or greater (e.g., 001, 002, etc.) after production release. Minor revisions (i.e., changes that do not affect the form, fit or function of a Product) start with alpha characters beginning at "a" after each major revision change and are incremented for each minor revision change (e.g., a, b, c, etc.) All Products provided at a revision level of 001-a or higher (e.g., 001-a, 001-b, 002-a, etc.) shall be considered production units ("Production Units"). All Products provided at a revision less than 001-a (e.g., .01-a, .01-b, .5-a, etc.) shall be considered prototypes or pre-production units ("Engineering Units"). Any Engineering Units provided by Minnetronix may not meet regulatory standards for medical equipment or software and are not intended for human use unless specifically manufactured for that purpose and expressly indicated as such by Minnetronix to Client. ANY AND ALL ENGINEERING UNITS MANUFACTURED AND DELIVERED BY MINNETRONIX HEREUNDER ARE PROVIDED "AS IS".

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k. Outsourcing. Minnetronix may not change the subcontractor or vendor of any material or service used in the Products that are manufactured by Minnetronix in a manner that would trigger a regulatory change without the prior written consent of Client. Minnetronix will be responsible for the acts and omissions of any subcontractor to the extent Minnetronix would be liable under the Business Agreement if it had committed such acts and omissions itself.

l. Returned Product.

- i. All Products that Client deems to be non-conforming shall be returned to Minnetronix after acquiring and including a Minnetronix Return Material Authorization (“RMA”) number and paperwork indicating the details of the unit being returned with a serial or lot number and a description of the problem. An RMA number is available on request from the Minnetronix Quality Department.
- ii. Client shall pay for freight for Product return to and from Minnetronix (except for warranty returns). Minnetronix shall use a shipping method of the same or better expediency to that which Client returned Product to Minnetronix.
- iii. Client agrees to supply Minnetronix with a Certificate of Decontamination, when applicable, along with all returned Product certifying that it is free of all toxic and biohazard materials. If no such certificate is provided, Minnetronix may perform decontamination services as needed.
- iv. In-warranty repairs shall be performed in accordance with the Manufacturing Agreement. Minnetronix agrees to perform out-of warranty depot repair, upgrade, and troubleshooting services as requested by Client. All repairs, troubleshooting, field upgrades, and field service work performed by Client will be at Client’s sole expense.

m. Books, Records and Traceability. Minnetronix must keep true, accurate and complete books, records, reports and accounts in connection with the Products provided under the Manufacturing Agreement, and Minnetronix must keep these for such period of time as required by applicable law, rule or regulation, but in no event less than fifteen years immediately following the termination of the Manufacturing Agreement. Without limiting Client’s rights below, Client may send one or more of its representatives to inspect Minnetronix’ business operations, including, but not limited to, manufacturing and warehouse facilities, records, and reports at any time during regular business hours with at least one week’s notice to Minnetronix and no more than once annually. Minnetronix will make available to Client immediately after receipt and for a period of fifteen years immediately following the termination of the Manufacturing Agreement, inspection reports, notices, claims, and audits by any regulatory or governmental authority affecting or relating to Minnetronix’ business or the Product. Traceability requirements include, but are not limited to the following:

- i. All Components are traced by lot at a minimum;

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- ii. Critical Components are traced according to Client documentation as set forth at the time of qualification;
- iii. Process information is traced to the sub-assembly. At a minimum, this includes operator performing the operation and date performed, shift (as applicable), manufacturing instructions used, identification of equipment used, BOM/design revision and configuration, resolution of any discrepancies, and record of any rework performed; and
- iv. Raw material sourced directly by Minnetronix trace-ability to original material manufacturing lot.

n. Covenants and Warranty.

- i. Client Responsibility. Client shall be solely responsible for the design of the Products and for the Products' safety and efficacy for their indications and intended uses. Subject to the last sentence of this Section, Client shall bear any financial or other responsibility for Product deficiencies discovered by Client or Minnetronix. It is Client's sole responsibility to review, validate, and approve the Product design, any Engineering Units Minnetronix provides, and to ensure that any resulting Product is tested, manufactured, packaged, labeled (including adequate warnings), sold and/or used in a safe, careful, and effective manner. Client is also responsible for obtaining and maintaining any necessary approvals, including any FDA, UL, CE, CSA, FCC or other approvals. Notwithstanding the foregoing, nothing in this Section is intended to limit, and in no event shall this Section be deemed to modify, the express indemnification obligations of Minnetronix set forth in the Manufacturing Agreement (for clarity, in the Manufacturing Addendum which modifies the Business Agreement) and the express Product warranty provisions set forth below in this Manufacturing Amendment, respectively.
- ii. Minnetronix Responsibility. Minnetronix' procurement, assembly and test responsibility is limited to providing a Product that is "built to print" according to written Specifications provided to Minnetronix by Client and agreed upon by Minnetronix, or as otherwise agreed to by Client via Minnetronix' ECO process. Client shall have ten (10) business days from arrival of the Products at Client's shipping address to receive and inspect the Products to determine if there is any shortage, damage or discrepancy. Client shall report any shortage, damage or discrepancy within such period to Minnetronix and furnish such written evidence or other documentation as Minnetronix may deem appropriate. If Minnetronix is responsible for such shortage, damage or discrepancy, Minnetronix shall, at Client's option and as Client's sole remedy: (a) promptly deliver additional or substitute Products to Client in accordance with the delivery procedures set forth herein (but at Minnetronix' expense for shipment); or (b) provide a credit for the amounts paid to Minnetronix for the damaged or defective Products. Client shall dispose of the rejected Products as directed by Minnetronix.

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iii. Minnetronix Warranty. Subject to the terms of this Section, Minnetronix warrants to Client that each Production Unit of Product, for a period one year from the date of delivery to Client (the “Warranty Period”), shall: (a) conform in all respects to all of the Specifications to the extent verified by Minnetronix through the testing and inspection procedures defined in the Device Master Record for such Product or otherwise established and agreed to by Client via Seller’s ECO system as of the date of shipment of such Production Unit; and (b) be free from all defects in workmanship. Minnetronix shall have no responsibility or obligation to Client under warranty claims with respect to Products that have been subjected to abuse, misuse, accident, alteration or neglect. In addition, the foregoing warranties do not apply to any third party software or any other third party components or Client components (including Components) that are embedded or incorporated into the Products, provided that Minnetronix shall assign to Client any warranties received from such third parties (to the extent assignable). The parties have identified which Components as of the Manufacturing Amendment Effective Date do not have warranties assignable to Client in Schedule B hereto. During the Warranty Period and only during the Warranty Period, Minnetronix’ responsibility shall, at Minnetronix’ sole option, and as Client’s sole and exclusive remedy and Minnetronix’ exclusive liability except for Minnetronix’ indemnification obligation in Section 7.1(b) of the Business Agreement (as modified per the terms of the Manufacturing Addendum), be limited to (i) the labor costs for work performed by Minnetronix at Minnetronix’ facility or replacement of the Product (including labor to assemble Components that are defective, although Component replacement is at Client’s expense (except that Minnetronix shall cover the replacement cost for Components rendered unrecoverable due to defects in workmanship by Minnetronix)) plus domestic ground shipment to and from Client’s facility or (ii) a credit for the amounts paid to Minnetronix for the damaged or defective Products. Minnetronix will assist Client in obtaining replacement defective Components at Client’s expense. In all cases, costs not related to warranty repair or replacement shall be borne by Client. Client is obligated to train and instruct its employees and any potential users of the Products with regard to their safe and proper use. Except for Minnetronix’ indemnification obligation in Section 7.1(b) of the Business Agreement (as modified per the terms of the Manufacturing Addendum), Minnetronix shall have no liability for any injury to the operator or subject of the Products’ application regardless of the reason for the injury (including, but not limited to, inappropriate therapy, use, or Product malfunction). Notwithstanding the foregoing, with respect to any Products that have been subject to off-label use, Minnetronix’ indemnification obligation in Section 7.1(b) of the Business Agreement (as modified per the terms of the Manufacturing Addendum) shall not apply.

o. Quality Agreement. Minnetronix and Nuvectra have entered into a separate Quality Agreement, effective on the date that the Initial Purchase Order becomes effective, that includes additional quality requirements (“Quality Agreement”).

p. Audits. Upon reasonable prior written notice of at least two weeks and during normal business hours and no more than once annually, Client, any of its duly authorized representatives and any regulatory or governmental agency, including, but not limited to, the FDA and any competent regulatory authority or notification body of Client, will have access to and the right to inspect or audit any Product’s design and any manufacturing, packaging, labeling, testing, shipping or quality processes and associated documentation. In addition, Client may audit Minnetronix’ manufacturing and quality systems. Such audits may include examination of Minnetronix’ manufacturing and quality control processes, and manufacturing and quality control records to ensure compliance. Further, Client requires a 30-day response to all audit findings, a 60-day closure timeline for major findings, and a one (1) year closure timeline for all minor findings.

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q. Product Quality or Performance Issues.

- i. Minnetronix will use commercially reasonable efforts to resolve at Client's request any Product quality or performance issues that arise during the term of the Manufacturing Agreement at Client's sole expense (except to the extent the warranty remedies apply). These efforts will be tracked in a quality system such as Corrective Action and Preventive Action framework that is compliant with industry standards including, but not limited to, ISO-9001. Upon request by Client, such efforts may include making appropriate Minnetronix personnel available (at Minnetronix' expense) at the Minnetronix and/or Client facilities where such Product quality or performance issues are identified and/or need to be addressed. Upon request by Client, Minnetronix will promptly provide Client with all information requested by Client on the quality or performance issue and Minnetronix' corrective actions. Minnetronix shall be responsible for the costs of complaint/failure investigations, should such investigation show the fault was due to a manufacturing error. Minnetronix shall complete all failure analysis within 30 days of receiving a device for analysis. The cost of analysis for any investigation exceeding this timeline will be paid by Minnetronix, regardless of the cause of the failure, unless prior agreement to extend the investigation is reached.
- ii. Each party must provide the other party with written notification within ten business days after such party obtains knowledge of any actual or potential problems relating to the performance of any Product or any Components used in the Product so that Client may explore whether investigation into the experienced problem as it may relate to Product already shipped or in process is necessary. Minnetronix will fully cooperate with all reasonable requests made by Client as to any such investigation, which will be at Client's sole expense.

r. Discontinuance of Supply & Last Time Purchase. If either party terminates the Manufacturing Agreement as permitted therein or Minnetronix chooses to discontinue the supply of any Product, Client will have the right to a last time purchase from Minnetronix of the Product in a quantity ordered by Client but which may not exceed the aggregate amount for the next six months as set forth in the most recent forecast.

s. Component Scheduling. Minnetronix shall maintain scheduling control over Components ordering and their delivery scheduling according to Minnetronix' production scheduling processes. Minnetronix will issue purchase orders, or otherwise place orders, for all Components to support Client's Purchase Orders throughout the term of the Manufacturing Agreement. Minnetronix will commit to longer-term buys on an exception basis as reasonably requested by Client, and, provided that all such requests are issued in writing to Minnetronix by Client, all such buys shall be deemed a binding forecast.

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t. Termination. In the event that either party terminates the Manufacturing Agreement (and/or any outstanding Purchase Order) as permitted herein, the following terms shall apply to Committed Inventory and finished Products purchased or committed to as a result of the Purchase Order or the forecasts delivered by Client to Minnetronix, and also for all Committed Inventory and finished Products not yet shipped affected by part obsolescence, changes due to ECOs or the end of Product life:

- i. Minnetronix will make reasonable good faith efforts to return unneeded Components to its suppliers, at Client's expense; and
- ii. Minnetronix will return all Client-owned inventory to Client, at Client's expense; and
- iii. Client will be responsible for the following costs:

(A) Minnetronix' Price for finished Products and actual costs associated with non-returnable or non-cancelable inventory including inventory that has been rendered non-returnable due to work performed in accordance with the Manufacturing Agreement and associated Purchase Orders, provided that any such materials cannot be used by Minnetronix in connection with the production of other items for Client or any other customer of Minnetronix within 1 month from the date of termination; and

(B) Minnetronix' actual costs associated with returnable or cancelable inventory.

- iv. Upon payment by Client of the amounts set forth above, Client shall own the inventory and components, and Minnetronix shall deliver such inventory and components to Client in accordance herewith on an AS IS basis (except for completed Production Units which shall be subject to the warranty herein).
- v. Minnetronix' "actual costs" include labor, overhead and other out-of-pocket expenses incurred in the purchasing, receiving, inspecting, testing, assembling, storing, counting, shipping, handling, canceling, returning, or otherwise managing or processing the Components and inventory and their suppliers.

u. Excess/Scrap Components. Subject to the terms of Schedule A for EPG boards, the costs of scrap and/or non-conforming material incurred during normal production activities shall be borne by Minnetronix. The cost of scrapped and/or excess Components shall be borne by Client in the event of part obsolescence, changes due to ECOs or the end of Product life. This is intended, for example, to cover Components that are no longer needed for the Product due to ECOs, or end of the Product manufacturing at Minnetronix. Additionally, Client is responsible for excess Components that are purchased due to minimum buy quantities from the Product Component suppliers. Excess parts may be transferred to Client upon completion of the production orders. Minnetronix shall invoice such amounts and payment is due per Section 4.2 of the Business Agreement.

v. Safety Stock.

- i. When there is an outstanding Purchase Order under the Manufacturing Agreement, Minnetronix commits it will hold or make safety stock inventory for the duration of the Purchase Order to fulfill such Purchase Order as follows.
- ii. Minnetronix will perform a lead time analysis on the raw materials and Components for the work-in-process goods to be held in safety stock and deliver a plan to Client recommending a mix of such materials for the work-in-process goods to be held in safety stock. Upon agreement of the parties to such mix, Minnetronix shall hold safety stock of such mix of materials for [\*\*\*] ([\*\*\*) weeks of work-in-process goods calculated by dividing the [\*\*\*] month Purchase Order total dollar amount by [\*\*\*], and multiplying the quotient by [\*\*\*]. The resulting dollar amount shall be the basis for determining how much work-in-process goods will be held in safety stock.

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- iii. Minnetronix agrees that such safety stock will also include [\*\*\*] ([\*\*\*) weeks worth of finished goods, calculated for each Product by dividing the [\*\*\*] month Purchase Order total quantity of such Product ordered by [\*\*\*], and multiplying the quotient by [\*\*\*] (such safety stock of finished goods is the “Consignment Inventory”).
- A. Minnetronix will develop a Consignment Inventory plan to cover how often Client will draw upon the Consignment Inventory during the [\*\*\*] month delivery period. Upon the parties’ agreement to such plan (the “Consignment Inventory Plan”), and periodically per the Consignment Inventory Plan, Minnetronix will manufacture and deliver to Client’s location at Blaine, Minnesota the Consignment Inventory under the Purchase Order.
  - B. Upon delivery of the Consignment Inventory, Client shall complete the inspection and acceptance pursuant to Section 3.n.ii of this Manufacturing Amendment but title shall be retained by Minnetronix until transfer to Client as set forth below. Upon acceptance, Client shall track the Consignment Inventory using a monthly inventory report in a form to be mutually agreed by Client and Minnetronix; copies of the monthly inventory report shall be furnished to Minnetronix monthly.
  - C. The Consignment Inventory shall be:
    - 1. held at Client’s location on consignment,
    - 2. identified as the property of Minnetronix,
    - 3. segregated from other goods, and
    - 4. stored in an area in Client’s facility separate from and not mingled with other goods of Client or of any third party.
  - D. The Consignment Inventory shall be kept free of all liens, claims, encumbrances and interests of third parties and, without limiting the foregoing, Client will not sell, transfer, assign, pledge, grant a security interest in or otherwise encumber or allow any third party to obtain an interest in any Consignment Inventory.
  - E. While on consignment with Client, and except with respect to damage, destruction or loss to the Consignment Inventory caused by Client’s acts or omissions, risk of loss for the replacement value of the Consignment Inventory shall remain with Minnetronix and Minnetronix shall be responsible for insuring the Consignment Inventory for its replacement value. In the event of any destruction, damage or loss to any Consignment Inventory during consignment by Client, Client shall immediately notify Minnetronix. Client shall have insurance covering its own acts and omissions.

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- F. Client shall draw from the Consignment Inventory within the scope of the then current Purchase Order pursuant to the Consignment Inventory Plan with the timing such that the then-current Consignment Inventory is not removed until replacement Consignment Inventory has been accepted pursuant to Section 3.n.ii of this Manufacturing Amendment (unless the Purchase Order has been fulfilled). Upon such acceptance of the replacement Consignment Inventory, the then-current Consignment Inventory shall be deemed delivered to Client, title thereof shall pass to Client, and the warranty in Section 3.n.iii of this Manufacturing Amendment shall commence for such Consignment Inventory. Client shall deliver Minnetronix written notice of this date for purposes of tracking the Warranty Period (if Client fails to deliver such notice the Warranty Period shall be deemed to commence on the date the replacement Consignment Inventory is delivered to Client).
  - G. Minnetronix or any of its duly authorized representatives shall have access to and the right to reasonably perform routine audits on the Consignment Inventory upon at least five (5) business days' prior written notice at least quarterly.
- iv. Client agrees that it will pay the cost or Price (depending on whether work in process or finished goods) for any scrapped or obsolete goods held in safety stock by Minnetronix or on consignment at Client.

#### 4. **Term and Termination.**

a. **Term.** The term of the Manufacturing Agreement will commence on the Manufacturing Amendment Effective Date and, unless terminated earlier in accordance with the Manufacturing Agreement, will continue in full force and effect for so long as the exclusivity applies in Section 3.f of this Manufacturing Amendment. As agreed by the parties, Minnetronix will continue to fulfill any outstanding Purchase Orders issued by Client prior to any termination of the Manufacturing Agreement, and the delivery of any Product pursuant to such Purchase Orders will be governed by all of the terms and conditions of the Manufacturing Agreement.

b. **Termination.** The Manufacturing Agreement may only be terminated by either party upon a material breach of the Manufacturing Agreement by the other party after giving such other party written notice specifying the nature of and the basis for the material breach and providing such other party a 60 day opportunity to cure the material breach. The terms of Section 8.2(b) of the Business Agreement shall not apply to this Manufacturing Agreement. If Client terminates this Manufacturing Agreement as permitted in this Section 4(b), the exclusivity under Section 3.f. shall also terminate on the effective date of termination of the Manufacturing Agreement. Either party may only terminate a Purchase Order (i) upon a material breach of the Purchase Order by the other party after giving such other party written notice specifying the nature of and the basis for the material breach and providing such other party a 60 day opportunity to cure the material breach, or (ii) by giving written notice to the other party if such other party has given notice as to an event of force majeure in accordance with Section 9.6 of the Business Agreement and such other party has suspended its performance hereunder for more than [\*\*\*] ([\*\*\*)] days in any six month period. For clarity, there is no right to cancel a Purchase Order for convenience hereunder.

c. **Minnetronix Discontinuation.** Minnetronix may discontinue supply of any Product being manufactured by Minnetronix under the Manufacturing Agreement by giving Client at least eighteen (18) months prior written notice, provided that Client shall have the option to make a "last time buy" as set forth above.

d. **Effect of Termination.** For clarification, the terms of Section 8.3 of the Business Agreement shall apply on termination of the Manufacturing Agreement.

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5. **Engagement Fee.** In order to compensate Minnetronix for the risks of entering into a new supply arrangement with a customer of Client's size; for the costs incurred by Minnetronix for storing and administering inventory for Client under the Business Agreement and Manufacturing Addendum prior to the Manufacturing Amendment Effective Date; and for likely delays before any sales of Product can commence, Client shall provide Minnetronix a non-refundable engagement fee of Eight Hundred Thousand Dollars (\$800,000) payable as follows: (a) Two Hundred Thousand Dollars (\$200,000) due on the Manufacturing Amendment Effective Date; and (b) Two Hundred Thousand Dollars (\$200,000) due on each of the three-, six- and nine-month anniversaries of the Manufacturing Amendment Effective Date. As of the Manufacturing Amendment Effective Date, Minnetronix has a quantity of PCBA boards and other raw materials in inventory that could be used to perform hereunder in the event they are not used prior to the effective date of the Initial Purchase Order. If Minnetronix sells any additional units of products which consume such PCBA boards and other raw materials in inventory, after the Manufacturing Amendment Effective Date, and receives payment therefor, then the foregoing fee will be proportionately reduced by the number of such products sold. For example, if 50% of such products are sold the fee will be reduced by 50%.

6. **Disclosure.** If either party is required to file the Manufacturing Agreement (in whole or in part) with any Governmental or Regulatory Authority, then prior to any such filing, the party that is required to file the Manufacturing Agreement (the "Filing Party") will (i) if legally permissible, provide the other party with advance notice of such required disclosure and confer with the other party about such requirement and (ii) limit the disclosure of commercially sensitive information to the extent that the Filing Party reasonably determines is compliant with the requirements of the Governmental or Regulatory Authority. "Governmental or Regulatory Authority" means any federal, state, municipal, local or foreign government, any political subdivision thereof or any court, administrative or regulatory agency, department, instrumentality, body or commission or other governmental or quasi-governmental authority, agency or entity, tribunal, arbitrator, commission, official, or other instrumentality of the United States or any state, county, city, or other political subdivision or any hospital accrediting agency, domestic or foreign.

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IN WITNESS WHEREOF, the parties have executed this Manufacturing Amendment as of the Manufacturing Amendment Effective Date.

**Nuvectra Corporation**

By: /s/ Scott F. Drees\_\_\_\_\_

Name: Scott F. Drees

Title: Chief Executive Officer

**Minnetronix, Inc.**

By: /s/ Richard A. Nazarian

Name: Richard A. Nazarian

Title: President and CEO

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SCHEDULE A  
PRICING TERMS

The following Pricing is the “Table A Pricing”:

Price per Volume Breaks- High Volume Products				
	[***]	[***]	[***]	[***]+
[***]	\$[***]	\$[***]	\$[***]	\$[***]
[***]	\$[***]	\$[***]	\$[***]	\$[***]

Price per Volume Breaks- Low Volume Products			
[***]	[***]	[***]+	
	\$[***]	\$[***]	
[***]	[***]	[***]+	
	\$[***]	\$[***]	
[***]	[***]	[***]	[***]+
	\$[***]	\$[***]	\$[***]
[***]	[***]	[***]	[***]+
	\$[***]	\$[***]	\$[***]

The following pricing is the “Table B Pricing”:

Table B Pricing		
Product	Price	Minimum Pcs
[***]	\$[***]	[***]
[***]	\$[***]	[***]
[***]	\$[***]	[***]
[***]	\$[***]	[***]
[***]	\$[***]	[***]
[***]	\$[***]	[***]

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Patient Programmer & Charger / Patient  
PPC System Kit  
PoP Pocket Programmer Kit  
CP Clinician Programmer Kit  
PFT Patient Feedback Tool Kit  
EPG External Pulse Generator Kit  
Coil Charging Paddle Kit

**Additional Pricing Terms:**

- Purchase Orders cannot be aggregated to achieve pricing breaks. Additional pricing discounts based on minimum quantity order shall be provided on subsequent Purchase Orders that meet the minimum order quantities pursuant to the terms above. (i.e. No incremental discounts shall be provided should Client have forecast changes that result in volumes beyond the original pricing tier of the Purchase Order). These subsequent Purchase Orders may be placed prior to the conclusion of the [\*\*\*] month delivery period described in Section 3.d of this Manufacturing Amendment, if the original order quantity has been met.
- Pricing will be effective for other Client neuromodulation models based on the current Platform provided minimum Purchase Order minimum commitments as set forth above are met and such devices remain substantially equivalent from a hardware, assembly, and testing perspective to the initial Products hereunder. Any volume from such new models shall be included in any volume calculations and count towards minimum quantities. Other Product changes and different models will be at Prices agreed by the parties.
  - The parties agree that any cost increases resulting from changes to the existing product design shall be passed through to Client. The parties agree that any cost savings resulting from changes to the existing product design shall be split by Client and Minnetronix [\*\*\*]/[\*\*\*].
- Additional volume discounts through year 2020 may be possible pending Minnetronix supplier negotiations and such discounts will be split by Client and Minnetronix [\*\*\*]/[\*\*\*] if Minnetronix is successful in negotiating such discounts.
- With respect to any Component that is not sourced directly by Minnetronix (in other words it is sourced by or through Client), including ASIC chips, Printed Materials and Batteries, the following shall apply:
  - If Minnetronix material costs for the above Components increases or decreases more than [\*\*\*]%, then the above prices, as applicable, will be adjusted accordingly.
  - Client agrees to provide all required equipment and training to support the supply chain management transition for EPG boards. Delivery of such equipment will be as agreed by the parties. Client retains ownership of provided equipment, and Minnetronix may use it to perform hereunder. Client shall insure and maintain such equipment. On termination of the Manufacturing Agreement and all Purchase Orders Minnetronix will return such equipment to Client.
    - Client will fund the transfer, training, and qualification of such Components at engineering rates that are congruent to its ongoing development projects with Minnetronix as of the date of this Manufacturing Amendment pursuant to a Statement of Work under the Business Agreement.

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- Upon the completed transfer of the EPG board tester, the rate of validation testing failures for EPG boards due to errors caused by the tester shall be no greater than [\*\*\*]%. Any failures beyond this yield requirement shall be paid by Client and product rework or additional testing will be negotiated in good faith for future Purchase Orders.
- Alternatively, Client may choose to provide previously tested EPG boards to Minnetronix. In this case, the EPG price will be the Table B Pricing as shown in the table “Table B Pricing” rather than the Table A Pricing (if it ever applies) and Minnetronix will issue a credit to Client for the cost of such EPG boards.

**Alternative Source Project Summary and Pricing Terms:**

- In order to move from Table B Pricing to Table A Pricing, Minnetronix will perform the following: (All PCBA revisions currently in process by the parties are already assumed in the Table A Pricing tables outlined above on this Schedule A).
  - o Minnetronix will use commercially reasonable efforts to qualify an alternative source supplier for PCBAs on all Products, as applicable.
  - o All such alternative source project expenses, including but not limited to the testing equipment transfer or duplication, will be assessed and funded by Minnetronix except as set forth in Section 3.c. of the Manufacturing Amendment and below.
  - o The parties agree that the alternative-sourcing project will incorporate all mutually approved board revisions.
  - o Minnetronix’ commitment on such alternative source project expenses is limited to actions necessary to establish an alternative-source of PCBAs.
    - Additional or other design changes related to the PCBAs and related Client external devices/Products shall be covered under a separate Statement of Work.

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Appendix B  
Warranties

Warranties that Minnetronix receives from its suppliers will be passed through to Nuvectra to the extent permissible.

In general, Minnetronix' third party suppliers of PCBA boards provide time-bound warranties with respect to workmanship and custom components; off-the-shelf components typically are not included under Minnetronix' third party supplier warranties, and would therefore not be covered by the warranty in Section 3(n)(iii) of this Manufacturing Amendment.

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## BUSINESS AGREEMENT

This business agreement is dated as of April 30th, 2009 (“Effective Date”), and is between MINNETRONIX, INC., a Minnesota corporation (“Minnetronix”), and QIG GROUP, LLC, a Delaware limited liability company (“Client”).

WHEREAS, Minnetronix has experience and expertise in contract design and manufacturing of electronic, software, and mechanical assemblies for medical device companies having software and electronics-based products; and

WHEREAS, Client is engaged in the business of developing and/or manufacturing, distributing and selling medical devices; and

WHEREAS, Client and Minnetronix desire to enter into a business relationship and establish the terms and conditions upon which Minnetronix may perform Services and/or manufacture Products as desired by Client from time to time during the term of this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises of the parties contained in this Agreement, Client and Minnetronix agree as follows:

### ARTICLE 1 AGREEMENT SCOPE; DEFINITIONS

1.1. Purpose. This Agreement defines the general terms and conditions governing all transactions between Minnetronix and Client for Services and Products performed and/or manufactured by Minnetronix for Client from time to time during the term of this Agreement.

1.2. Products and Services. Additional terms and conditions applicable to the specific Services to be performed and/or the Products to be manufactured by Minnetronix will be identified from time to time during the term of this Agreement in one or more Statements of Work and/or the Manufacturing Addendum and the Schedules thereto.

1.3. Definitions. As used in this Agreement, the following terms shall have the meanings set forth below:

“Agreement” means this business agreement, together with the Statements of Work and the Manufacturing Addendum, including all Schedules thereto.

“Client Materials” means all Developed Materials that Client reasonably considers to be patentable by or otherwise a trade secret of Client.

“Component” means any part, material, subassembly, or other component used in connection with the manufacture of Products.

“Deliverable” means a physical device or devices, including prototypes and pre-production units, provided to the Client by Minnetronix as a result of a Statement of Work and for which specifications exist which have been mutually approved by Client and Minnetronix.

“Developed Materials” means all Materials developed by Minnetronix for Client, including, but not limited to, all ideas, inventions, developments and improvements conceived or reduced to practice, and all other work products, including, but not limited to, Deliverables, documents, models and other tangible items, as a result of this Agreement for which full consideration has been made by Client, but excludes all (i) Preexisting Materials, (ii) Materials created by or for Minnetronix in separate efforts at its own expense, even to the extent that such Materials are used by Minnetronix in the performance of this Agreement, (iii) Materials generally known or available to those skilled in the art, and (iv) Materials owned by third parties and licensed to Minnetronix.

“Development Program” means the development and/or design transfer program described generally in a Statement of Work.

“ECO” means any Engineering Change Order that may be approved from time to time by Minnetronix and Client regarding a change to one or more Specifications applicable to a Product assembly or sub-assembly.

“FDA” means the United States Food and Drug Administration.

“Manufacturing Addendum” means the manufacturing addendum that sets forth additional terms and conditions applicable to the manufacture of Products, is signed by both parties and references this Agreement.

“Materials” means algorithms, copyrights and copyright registrations and applications, designs, discoveries, drawings, formulas, inventions, know-how, patents and patent applications, processes and trade secrets, and all amendments, modifications and improvements to any of the foregoing.

“person” means an individual, corporation, partnership, association, limited liability company, trust, unincorporated organization, or government or any department or agency thereof.

“Preexisting Materials” means Materials created by or for Minnetronix prior to its beginning work for Client pursuant to this Agreement.

“Products” means those products of Client, if any, described in one or more Schedules.

“Product Liability Damages” means any liability, claim or expense, including but not limited to reasonable attorneys’ fees and medical expenses, arising in whole or in part out of claims of third parties for personal injury or loss of or damage to property relating to or arising out of the provision, sale, use or other exploitation of the Developed Materials or any Product, whether based on strict liability in tort, negligent manufacture of product, or any other allegation of liability arising directly from the design, testing, manufacture, packaging, labeling (including instructions for use), or sale of any product incorporating all or any portion of the Developed Materials, including any Product.

“PSC” means a project scope change mutually agreed upon by Client and Minnetronix.

“Purchase Order” means a properly authorized, written, emailed, or facsimile document specifying, and/or attaching, items including a description of the Products, Components, or Services requested by Client, applicable part numbers, quantity, revision number, delivery schedule, destination, shipping method, Specifications, special acceptance criteria (if any), unit price, and total authorized cost of the Products, Components, or Services ordered.

“QSR” means the FDA’s Quality System Regulation.

“Schedule” means any schedule that sets forth additional terms and conditions applicable to one or more Products, is signed by both parties and references this Agreement.

“Services” means any design, engineering, sustaining, manufacturing, test, and/or support services performed by Minnetronix for Client.

“Specifications” means the complete specifications required to inspect, manufacture, test, and ship a Product in a manner acceptable to Client, including part numbers, revisions, bills of material and any other specifications applicable to such Product.

“Statement of Work” means any development and/or design transfer plan that is signed by both parties and references this Agreement, as such development and/or design transfer plan may be revised from time to time by a PSC or other written agreement of the parties.

## **ARTICLE 2 DEVELOPMENT OBLIGATIONS**

### 2.1. Scope of Work.

(a) If, at any time during the term of this Agreement, Client desires to retain Minnetronix to perform Services in support of a Development Program, the additional terms and conditions set forth in a Statement of Work with respect to the applicable Development Program, when signed by duly authorized representatives of both Client and Minnetronix, shall apply. Minnetronix shall use its commercially reasonable efforts to perform its Services in accordance with the scope of the Statement of Work and the assumptions set forth therein. In the event of a conflict between any term of this Agreement and a Statement of Work or Manufacturing Addendum and the Schedules thereto, the term of this Agreement will prevail.

(b) Client shall use its commercially reasonable efforts to provide promptly the assistance, cooperation, feedback, directions and updates of any documentation and information identified in any Statement of Work, or as otherwise reasonably requested by Minnetronix from time to time. Client shall appoint a primary contact representative who will facilitate and coordinate any action required of Client.

2.2. Compensation. In consideration for the Services to be performed by Minnetronix, Client shall pay Minnetronix the fees and expenses described in the Statement of Work.

2.3. Budgeting and Schedules. Client acknowledges that the Services to be performed by Minnetronix shall be billed to Client in accordance with the Statement of Work. Minnetronix shall provide Client with periodic updates regarding the fees incurred to date and its estimates to complete the then remaining scope of work to be performed by Minnetronix under the Statement of Work.

2.4. Representations and Warranties. Minnetronix represents and warrants to Client that: (a) Minnetronix owns or has licensed or otherwise procured all of the rights, title and interest in and to the patents, copyrights, know-how and all other intellectual property of Minnetronix or any third party that appear on or are otherwise used in connection with the Developed Materials, the Services and the Products; (b) the development, supply, use and sale of the Developed Materials and Products in accordance with the terms of this Agreement, and the performance of the Services, does not and will not present any issue of infringement of any third party's rights under any patent, copyright or misappropriation of any trade secret of any third party; (c) Minnetronix is presently unaware of any infringement by any third party of any of its intellectual property; (d) the development and the supply of the Developed Materials and the Products and Minnetronix's performance under this Agreement will comply at all times with all applicable national, state and local laws, rules and regulations; and (e) Minnetronix' performance under this Agreement will be conducted in a workmanlike manner consistent with industry standards reasonably applicable to the performance of the Services. EXCEPT AS SET FORTH IN THIS SECTION 2.4, ANY AND ALL UNITS OR OTHER MATERIALS MANUFACTURED AND/OR DELIVERED BY MINNETRONIX PURSUANT TO A STATEMENT OF WORK ARE PROVIDED TO CLIENT "AS IS".

2.5. Acceptance. Within 30 days of its receipt of a Deliverable pursuant to a Statement of Work, Client will inspect and issue notice to Minnetronix to indicate: (a) that the Deliverable conforms, in all material respects, to the applicable, mutually approved Specifications and therefore is accepted ("Acceptance Notice"); or (b) that the Deliverable does not conform in all material respects, to the applicable, mutually approved Specifications and, therefore, is rejected ("Rejection Notice"). With respect to a Deliverable, if Minnetronix does not receive a Rejection Notice within 14 days of Client's receipt of the Deliverable, the Deliverable will be deemed accepted, except as to latent defects which are not reasonably discoverable and render the Deliverable not conforming to the applicable Specifications, which Deliverable Client may reject upon its discovery of such latent defects. Client must notify Minnetronix of latent defects within 60 days of receiving a Deliverable. Upon receiving a Rejection Notice, Minnetronix will use commercially reasonable efforts to modify the Deliverable or produce a new Deliverable so that the modified Deliverable or new Deliverable conforms to the applicable, mutually approved Specifications and will deliver the modified or new Deliverable to Client within a reasonable period of time after it receives the Rejection Notice, with all charges associated with any such modified Deliverable or new Deliverable to be agreed upon by the parties in writing in advance. The parties will repeat this procedure until each Deliverable, based on the good faith determination of both parties, conforms, in all material respects, to the applicable Specifications. However, if any Deliverable fails to conform, in all material respects, to the applicable Specifications on being tested by Client on the third or later occasion that such Deliverable has been submitted for testing, Client shall have the right to terminate the applicable Statement of Work on written notice to Minnetronix, without any further liability to Minnetronix per the terms of Clause 8.3a.

### **ARTICLE 3 MANUFACTURING OBLIGATIONS**

3.1. Manufacturing. If, at any time during the term of this Agreement, Client desires to retain Minnetronix to manufacture any Products, the additional terms and conditions set forth in the Manufacturing Addendum, when signed by duly authorized representatives of both Client and Minnetronix, shall apply. Additional terms specific to any particular Product to be manufactured by Minnetronix and purchased by Client, including a description of such Product and the pricing terms that shall apply to such Product, shall be negotiated by the parties in good faith and set forth in one or more Schedules.

**ARTICLE 4**  
**PAYMENT AND OTHER CONSIDERATION**

4.1. Invoices. With respect to any Services provided hereunder, Minnetronix shall issue invoices to Client on a monthly basis. With respect to any Products delivered hereunder, Minnetronix shall issue invoices to Client as Products are shipped from Minnetronix' facility, and Client shall pay the applicable price for the shipped units and associated shipping costs, less any credit for any applicable prepayment, downpayment, deposit or allowance for Client-supplied Components as established in the Manufacturing Addendum and/or Schedules and reflected in the invoices delivered to Client hereunder. Notwithstanding the foregoing, Client may dispute in good faith all or any part of an invoice that is submitted by Minnetronix to Client. Client must notify Minnetronix of any such dispute and include its reasons for disputing the amount in question. Client will not be obligated to pay any amount in dispute until the parties have reached an agreement.

4.2. Payment Terms. Client shall deliver payment in full to Minnetronix within 30 days after the invoice date. A late fee will be assessed to any overdue invoices. Such late fee shall be the lesser of (a) 1.5%/month, or portion thereof, and (b) the maximum amount permitted by law. In the event that full payment is not made within 60 days after the invoice date, Minnetronix may cease all efforts on the Services and the Products and refer the account to a collection agency.

4.3. Out-of-pocket Expenses. Client shall pay Minnetronix for all reasonable out-of-pocket expenses that Minnetronix incurs in relation to the Services provided hereunder so long as Client has pre-approved such expenses in writing. Reasonable out-of-pocket expenses include out-of-town air and ground travel, food, and lodging, where applicable,. Mileage reimbursement for personal vehicle use shall be at the current IRS rate per mile where Minnetronix travels out-of-town by personal or company vehicle in relation to the Services provided hereunder.

4.4. Expedite Costs. Minnetronix shall be responsible for its own and its suppliers' expedite costs, if any, incurred in order to meet the standard delivery schedule unless such expedite costs are requested by Client in writing. Any reasonable expedite costs incurred by Minnetronix requested by Client in writing shall be recharged to and paid by Client.

4.5. Overtime Costs. Minnetronix shall be responsible for its own overtime costs incurred in order to meet the standard delivery schedule unless such overtime costs become necessary due to or are requested by Client. Any reasonable overtime costs incurred by Minnetronix requested by Client in writing shall be recharged to and paid by Client.

4.6. Other Costs. Other costs may be incurred in connection with additional Services provided by Minnetronix at Client's request. Such costs may include, but are not limited to, Services requested by Client as contemplated by Sections 5.6, 5.7, and 6.4 of this Agreement and Sections 3.5, 4.1(b), 4.2, 5.2 and 5.3 of the Manufacturing Addendum. These costs shall be recharged to and paid by Client only if Client has pre-approved them in writing and they will be based on materials costs, third-party costs, or the then-current rates of Minnetronix personnel.

**ARTICLE 5**  
**REGULATORY MATTERS**

5.1. Quality Systems Requirements. Minnetronix will establish and maintain formal quality systems and processes that are compliant with the QSR (21 CFR 820) and ISO 13485. Such systems and processes will be provided and maintained by Minnetronix. Special quality system requirements for a Product, if any, shall be reflected in the Specifications for the Product at the time of placement of a Purchase Order, or as subsequently changed by the parties in writing via Minnetronix' ECO process. Minnetronix will inform Client and obtain prior approval for any changes to be made that can affect the quality of the Products.

5.2. Client Audit Rights. Minnetronix agrees that Client or any of its duly authorized representatives shall have access to and the right to reasonably perform routine audits on any pertinent design, manufacturing, or quality systems or processes and associated documentation upon at least five (5) business days' prior written notice. Such audits shall occur once every 12-month period unless additional audits are required for cause (complaint investigation, adverse event investigations, etc.). Each of Client and Minnetronix shall bear all of its own costs in connection with routine audits. Client and Minnetronix will work in good faith based on the outcome of "for cause" audits to determine responsibility for costs associated with "for cause audits".

5.3. Quality System Records. Minnetronix shall keep records, including Device Master Records, on any Products in accordance with the QSR (21 CFR 820) and ISO 13485 standards for the period specified in the Schedules.

5.4. Traceability. Minnetronix will provide lot or serial traceability to selected Components for Products as agreed to by Client and Minnetronix in accordance with Section 5.1.

5.5. Corrective and Preventive Action. A corrective and preventive action system will be managed and maintained by Minnetronix as necessary to meet the requirements of the QSR (21 CFR 820) and ISO 13485 or otherwise as a seller of products to Client in accordance with Section 5.1.

5.6. Complaints/Vigilance. Client is responsible for establishing and maintaining appropriate complaint handling systems and compliance with all applicable regulatory reporting requirements (including, but not limited to, medical device reports and vigilance reports) in any country where the Finished Medical Device is sold and (a) is responsible for making all necessary reports to applicable regulatory agencies or authorities and (b) will provide copies of any necessary reports to Minnetronix as promptly as practicable. Client shall notify Minnetronix of any customer complaints related to the work performed by Minnetronix, and any Medical Device Reports or vigilance reports that are submitted to the FDA or other international regulatory agencies regarding a particular Product within 10 business days of their notification or submission. Client and Minnetronix will cooperate in good faith to respond to all Client inquiries and complaints relating to the Products and the recordkeeping and reporting relating thereto. Client must promptly notify Minnetronix of any Product-related complaint that it or any of its agents or designated representatives receive or any complaint, incident, or near incident, regarding the Product of which any of them become aware. Minnetronix will provide all reasonable assistance requested by Client in investigating Client complaints, incidents or near incidents regarding the Product that are related to or arise from the manufacturing or packaging of the Product.

5.7. Recalls. If the FDA or any other regulatory authority under Applicable Law seizes any Product, requests a recall of the Product, or otherwise notifies Client or Minnetronix of any violation or potential violation of any Applicable Law, the first notified party must promptly notify the other party and provide it with a copy of any applicable recall letter or equivalent written notification. Client and Minnetronix will reasonably cooperate with each other in the event of any recall of any Product. Client and Minnetronix will each provide information reasonably requested by the other to investigate the cause and extent of the problem. To the extent the recall is in a country where the Product is sold under Client approval or marketing clearance, Client will have the final authority to determine the course of action. In the event that Minnetronix independently believes that a recall for any of the Products may be necessary or appropriate, Minnetronix will notify Client. The parties will fully discuss, in good faith, and cooperate with each other concerning the necessity and nature of such action; however, the coordination thereof will be handled by Client, whether or not such action was initially requested by Minnetronix. Recalls will be the responsibility of Client, and Client will bear all expenses connected therewith. For the purposes of this Agreement, the expenses of the recall will include, but not be limited to, all expenses for notification of Client and the destruction or return of the recalled Product, as well as all reasonable out-of-pocket costs and expenses incurred by Client and Minnetronix. In the event any recall is attributable to a breach of any of the warranties provided in Section 2.4, Minnetronix will credit Client account for the Products recovered and returned to Client or Minnetronix (or destroyed at Client request).

5.8. Regulatory Responsibility. Client shall be responsible for all FDA and other applicable international (*e.g.*, MDD, CMDCAS, etc.) regulatory reporting and registration, regulatory submissions, product performance monitoring, and field service. Minnetronix shall be responsible for maintaining FDA registration for each Minnetronix facility that manufactures any Products.

5.9. Agencies. If Client seeks regulatory or safety agency approval for its products into which any Developed Materials will be incorporated, Minnetronix agrees to cooperate and fully support Client as requested. Minnetronix will cooperate with agency inspections (*e.g.*, UL, CSA, etc.) relating specifically to any Products.

5.10. Inquiries. If any governmental agency contacts Client or Minnetronix to inquire about or investigate any Product manufactured by Minnetronix, Client or Minnetronix, as applicable, shall use its best efforts to give notice thereof to the other party within 24 hours of receipt of such contact.

## **ARTICLE 6 INTELLECTUAL PROPERTY RIGHTS**

### 6.1. Confidential Information.

(a) For purposes of this Agreement, “Confidential Information” includes all information furnished to the receiving party relating to the business conducted or to be conducted by the disclosing party, including, but not limited to, information on markets, customers, products, pricing, software, source code, inventions, procedures, designs, financial status, plans, organization and general business strategy. Confidential Information includes information furnished in written, electronic or oral form, as well as any information that is obtained by visiting the facilities or the offices of a party, and any information that may be derived from the review of product samples, software or other assets. Confidential Information includes all information disclosed prior to, on or after the date of this Agreement. The term “Confidential Information” shall also include any third party information with limitations regarding its release, including, but not limited to, license or distribution agreements, to the extent that such third party information is disclosed to either party.



(b) Each party hereby agrees that (i) all Confidential Information shall remain the property of the disclosing party; (ii) each party shall keep Confidential Information received from the other party in confidence and trust and shall not use it for any purpose other than in the course of such party's performance of its obligations or exercise of its rights under this Agreement; (iii) Confidential Information may only be disclosed to the receiving party's directors, officers, employees, consultants, agents and advisors who need to know such information in furtherance of the receiving party's performance of its obligations under this Agreement (collectively, "Representatives"), it being understood that each such Representative shall be informed by the receiving party of the confidential nature of such information and directed by the receiving party to treat such information confidentially, and the receiving party shall be responsible for any breach of this obligation of confidentiality by any such Representative; and (iv) neither party nor its Representatives will, without the other party's prior written consent, disclose to any person (other than its Representatives) any information about the terms and conditions set forth in this Agreement.

(c) Nothing in this Agreement shall prohibit or limit either party's use of information that (i) is or becomes publicly known through no act or omission of the receiving party; (ii) is information that the receiving party can demonstrate was lawfully in the receiving party's possession before disclosure by the disclosing party and was not acquired, directly or indirectly, from the disclosing party; (iii) is obtained from a third party without obligation to the disclosing party and with a legal right to transmit the information; or (iv) is independently developed by the receiving party without use of the other party's Confidential Information.

(d) In the event that the receiving party or any of its Representatives becomes legally compelled to disclose all or any portion of the disclosing party's Confidential Information, the receiving party will provide the disclosing party with prompt notice thereof, so that the disclosing party may seek a protective order or other appropriate remedy. In the event that such protective order or other remedy is not obtained, the receiving party or its Representative will furnish only that portion of the disclosing party's Confidential Information that is legally required to be disclosed and the receiving party will exercise reasonable efforts to obtain reliable assurances that confidential treatment will be afforded to such information.

(e) Upon termination of this Agreement, either party may request that the other party return or destroy the Confidential Information that the other party has in its possession or control; provided, however, that neither party will be obligated to deliver or destroy any Confidential Information that is in electronic format; rather, the parties will be permitted to retain such Confidential Information subject to the ongoing obligations of confidentiality set forth in this Agreement.

(f) Notwithstanding any Non-Disclosure Agreements that may exist between the parties, any Confidential Information disclosed or made available in connection with this Agreement or any Statement of Work will be subject to the terms of this Section 6.1.

6.2. Technical Data and Intellectual Property Ownership. All Developed Materials generated by Minnetronix or Client, alone or with others, relating to the Services are the exclusive property of Client. All Developed Materials will be considered “works made for hire” (as that term is defined in The Copyright Act of 1976, as amended). Minnetronix hereby assigns to Client all right, title and interest in and to all Developed Materials, all applications for United States and foreign patents or copyrights, disclosing the same and all United States and foreign patents or copyrights granted upon the same. Client hereby grants to Minnetronix a non-exclusive, perpetual, fully-paid up, royalty-free, worldwide, irrevocable right and license, with the right to grant sublicenses, to make, have made, use, reproduce, modify, make derivative works, make improvements, publicly display, distribute, sell and offer to sell, lease, import, practice and otherwise transfer or dispose of all Developed Materials that are not Client Materials exclusively outside the field of use of implantable neurostimulator products and systems.

6.3. License of Preexisting Materials. Each party shall retain any and all right, title and interest to any intellectual property rights that such party possessed prior to entering into this Agreement. Insofar as Client has made full consideration for work performed under this Agreement to Minnetronix, Minnetronix hereby grants to Client a nonexclusive, perpetual, irrevocable, worldwide, royalty-free license to all Preexisting Materials that may be included in the deliverables, if any, provided by Minnetronix to Client under a Statement of Work or included in the Developed Materials or Products, in order for Client to make, have made, use, import, sell and have sold the Products or any other products of Client.

6.4. Further Assurances. Each party shall cooperate with the other party, both during and after the term of this Agreement, in the procurement and maintenance of the Developed Materials, and agree to execute, when requested, any other documents reasonably deemed necessary or appropriate by the other party to carry out the provisions of this Article 6, including the filing and prosecution of any patent applications. Without limiting the generality of the foregoing, Minnetronix agrees to (a) promptly and fully disclose in writing to Client all Work Product; (b) execute assignment documents for all Work Product, as well as the intellectual property rights thereto, to Client at the Client’s request; (c) assist Client, at Client’s expense, in obtaining and maintaining patent, copyright and other intellectual property protection in all Work Product; (d) execute all documents necessary to obtain and maintain such patent, copyright and other intellectual property protection in the name of Client; and (e) maintain all information relative to all Work Product, as Confidential Information of Client subject to the obligations of confidentiality set forth in this Article 6.

6.5. Inability of Minnetronix to Deliver. In the event that Minnetronix can no longer perform its obligations under the Development Program or provide Products to Client due to Minnetronix’ bankruptcy, insolvency, or Minnetronix otherwise ceasing to conduct its operations in the normal course of business (including an inability to meet its obligations as they mature), then Minnetronix hereby grants to Client a non-exclusive, perpetual, irrevocable, worldwide, royalty-free license to any Materials owned by Minnetronix that are necessary to complete the Development Program in accordance with the Statement of Work or required to manufacture the Products. Minnetronix shall provide to Client all information, designs, and documentation required to produce the Products, including design, assembly, test, and manufacturing documentation, test equipment, electronic files, software source code and executables, programming equipment, and any other Components required to manufacture the Products. These Components shall be provided by Minnetronix to Client in a timely manner and at a reasonable cost.

**ARTICLE 7  
INDEMNIFICATION**

7.1. Indemnification by Minnetronix. Subject to Section 7.4, Minnetronix shall indemnify, defend, and hold harmless Client and its officers, directors, employees, agents, successors and assigns from and against any and all losses, liabilities, damages, and expenses, including reasonable attorneys' fees and expenses ("Losses"), that they may suffer as a result of any claims, demands, actions or other proceedings made or instituted by any third party against any of them and arising out of or relating to (a) the material breach by Minnetronix of any representation, warranty, covenant or other agreement of Minnetronix set forth in this Agreement or any Statement of Work, including, but not limited to, any claim that the Services, the Developed Materials or the Products infringes any patent, copyright, trademark, trade secret or other proprietary right of any third party or (b) the negligence or willful misconduct of Minnetronix in the performance of its obligations under this Agreement or any Statement of Work (in each case, except to the extent Minnetronix has a claim against Client pursuant to Section 7.2).

7.2. Indemnification by Client. Subject to Section 7.4, Client shall indemnify, defend, and hold harmless Minnetronix and its officers, directors, employees, agents, successors and assigns from and against any and all Losses that they may suffer as a result of any claims, demands, actions or other proceedings made or instituted by any third party against any of them and arising out of or relating to (a) the material breach by Client of any covenant or other agreement of Client set forth in this Agreement or any Statement of Work, (b) any Product Liability Damages, in each case, except to the extent Client has a claim against Minnetronix pursuant to Section 7.1 or to the extent arising out of or in connection with any negligence or willful misconduct of Minnetronix.

7.3. Procedure. If a claim by a third party is made against Client or Minnetronix, as the case may be (the "Indemnified Party"), and the Indemnified Party intends to assert its right to indemnification under this Article 10, the Indemnified Party shall promptly notify the other party (the "Indemnifying Party") in writing after learning of such claim, and the Indemnifying Party shall be entitled to exclusively control the defense and/or settlement of any such claim. The Indemnified Party shall not settle or compromise any such third-party claim without the Indemnifying Party's prior written approval. Notwithstanding the foregoing, if the Indemnified Party provides written notice of a third-party claim in accordance with this Section 7.3 and is not notified within ten (10) days thereafter that the Indemnifying Party intends to defend such claim, the Indemnified Party shall be entitled to defend, settle and/or compromise such claim without prejudice to its rights to indemnification hereunder. The Indemnified Party shall cooperate fully with the Indemnifying Party, at the Indemnifying Party's expense, in the investigation, defense and/or settlement of any third-party claim.

7.4. Limited Liability. NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR LOST REVENUES, LOST PROFITS OR OTHER INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL, OR EXEMPLARY DAMAGES IN CONNECTION WITH THIS AGREEMENT OR PERFORMANCE HEREUNDER, WHETHER OR NOT A PARTY HAS BEEN ADVISED BY THE OTHER PARTY OF THE PROBABILITY OF SUCH DAMAGE OR LOSS, AND WHETHER SUCH DAMAGE OR LOSS ARISES IN CONTRACT, TORT, INCLUDING NEGLIGENCE, STRICT LIABILITY OR OTHERWISE. EXCEPT FOR A BREACH OF ARTICLE 6, IN NO EVENT SHALL EITHER PARTY'S LIABILITY OWING TO THE OTHER PARTY OR ANY THIRD PARTIES UNDER THIS AGREEMENT EXCEED THE TOTAL CUMULATIVE AMOUNT ACTUALLY PAID AND OWED TO MINNETRONIX BY CLIENT UNDER THIS AGREEMENT.

7.5. Disclaimer of Warranties. EXCEPT AS SET FORTH IN SECTION 2.4 AND FOR ANY EXPRESS WARRANTIES THAT MAY BE MADE BY MINNETRONIX IN THE MANUFACTURING ADDENDUM AND/OR SCHEDULES WITH RESPECT TO ANY PRODUCTS, MINNETRONIX MAKES NO WARRANTIES, EXPRESS OR IMPLIED, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO ANY SERVICES PERFORMED, OR PRODUCTS OR OTHER ITEMS DELIVERED, BY MINNETRONIX UNDER THIS AGREEMENT.

## ARTICLE 8 TERM AND TERMINATION

8.1. Term. This Agreement shall commence on the Effective Date and shall be perpetual, unless earlier terminated in accordance with Section 8.2.

8.2. Termination. The parties may terminate this Agreement in accordance with the following provisions:

(a) The parties may terminate this Agreement at any time by mutual consent in writing.

(b) Either party may terminate this Agreement upon written notice to the other party if the other party is in material breach of this Agreement and has failed to cure such breach within ninety (90) days after receipt of written notice thereof from the first party.

(c) Either party may terminate this Agreement at any time immediately upon written notice to the other party if the other party files a petition in bankruptcy, or is adjudicated bankrupt, or takes advantage of the insolvency laws of any state or country, or makes an assignment for the benefit of creditors, or if a receiver, trustee or other court officer is appointed for the other party's property.

(d) In addition to Section 2.5 and 9.6, Client may, upon thirty (30) days prior written notice to Minnetronix, terminate a Statement of Work in its sole discretion for any reason.

(e) Client may, upon twelve (12) months prior written notice to Minnetronix, terminate this Agreement for Client's convenience on a Product by Product basis, provided that such termination shall not affect any outstanding Purchase Orders; and provided further that, in no event may Client deliver such written notice before the second anniversary of the effective date of the respective Schedule being terminated pursuant to this Section 8.2(e).

(f) Minnetronix may discontinue supply of any Product under this Agreement by giving Client at least twelve (12) months prior written notice, provided that Client shall have the option to make a "last time buy" to purchase a mutually agreed upon number of units of such Product at the then-current Product revision level for delivery within such twelve (12) month period.

8.3. Effect of Termination.

(a) Termination of this Agreement shall not release either party from the obligation to make payment of all amounts then due and payable through the effective date of termination. Upon termination of a Statement of Work, Minnetronix will terminate all Services in progress related to the respective Development Program, including subcontracted services related to such Development Program, in an orderly manner as soon as practicable and in accordance with a schedule agreed to by Client, unless Client specifies in the notice of termination that Services related to the Development Program that are in progress should be completed, and the parties shall comply with such other terms and conditions that may be included in such Statement of Work in contemplation of a possible termination of such Statement of Work. Notwithstanding the immediately preceding sentence, if Client terminates a Statement of Work under Section 2.5, Section 8.2(b) or Section 9.6, Minnetronix will terminate all Services immediately and Client will pay all amounts owed through the last milestone completed. Upon termination of a Schedule, Client shall pay Minnetronix for any previously delivered Products and any Products subject to Purchase Orders which have been completed or are in process at the time of termination and subsequently delivered by Minnetronix in accordance with the terms of this Agreement.

(b) The provisions of ARTICLE 6 (Intellectual Property Rights), ARTICLE 7 (Indemnification), ARTICLE 8 (Term and Termination) and ARTICLE 9 (Miscellaneous) shall survive the expiration and/or termination of this Agreement. A party's right to terminate this Agreement shall be without prejudice to any other remedies available to such party at law or in equity. In the event of notification of termination of this Agreement, the parties' obligations under this Agreement shall continue without interruption through the effective date of such termination.

**ARTICLE 9  
MISCELLANEOUS**

9.1. Insurance.

(a) Minnetronix agrees to obtain and maintain the following minimum insurance coverages and limits:

- |  |   |
|--|---|
| (i) Worker's Compensation:             | Statutory limits in each state in which Minnetronix is required to provide Worker's Compensation coverage |
| (ii) Employer's Liability:             | \$100,000   |
| (iii) Comprehensive General Liability: | \$2,000,000 per occurrence excluding completed products and completed operations                          |

Minnetronix is responsible for any theft, loss, or damage to Client-owned property for which Minnetronix is legally liable.

(b) Client agrees to obtain and maintain the following minimum insurance coverages and limits (but subject to any deductible or self-insured retention (SIR) which shall not exceed \$10,000,000):

- (i) Worker's Compensation: Statutory limits in each state in which Client is required to provide Worker's Compensation coverage
- (ii) Employer's Liability: \$100,000
- (iii) Comprehensive General Liability: \$2,000,000 per occurrence including completed products and completed operations
- (iv) Product Liability Insurance: From and after such time, if any, that Minnetronix begins manufacturing Products for Client, appropriate and adequate liability insurance for Products naming Minnetronix as Additional Insured on a primary basis

Client assumes responsibility, except as specified above, for any ordinary wear and tear to Client-owned property regardless of location, upon its delivery to Minnetronix or its manufacture or acquisition by Minnetronix on Client's behalf. This includes, but is not limited to, equipment, materials, parts, assemblies, work in process, finished goods, returned goods, data, documentation, tooling, and any other property of Client.

9.2. Subcontract Management. Minnetronix is responsible for the management of its subcontractors, suppliers, and/or vendors.

9.3. Personnel Assignment. Minnetronix reserves the right to assign, or reassign personnel at its sole discretion. At any time, Client may request that any such personnel cease performing the Services, and Minnetronix will adhere to the request, provided the request is reasonable. In the event that such personnel does cease performance of Services at Client's request, Client and Minnetronix will work together in good faith to identify the impact and resulting responsibility of such action. Minnetronix will provide Client with prior written notice, when feasible, before removing or replacing any such personnel that have a material role in performing the Services.

9.4. Location of Work. All work will principally be performed at the Minnetronix facility.

9.5. Assignment. This Agreement shall be enforceable by, inure to the benefit of, and shall be binding upon the successors and assigns of the parties hereto; provided, however, that a party may not assign or transfer its rights and obligations under this Agreement in whole or in part without the prior written consent of the other party, except with respect to an assignment or transfer to any person who succeeds to substantially all of the assets and business of the assigning party to which this Agreement relates.

9.6. Force Majeure. If performance of this Agreement, or of any obligation hereunder, is prevented, restricted or interfered with by any act or condition beyond the reasonable control of the party affected thereby, including fire or other casualty or accident; strikes or labor disputes; war, terrorist attacks or other violence; or any law, order, proclamation, regulation, ordinance, demand or requirement of any governmental or intergovernmental agency or body, the party so affected shall be excused from such performance to the extent of such prevention, restriction or interference. If such force majeure prevents or delays the performance of Minnetronix hereunder, Client and Minnetronix shall extend the Agreement for a period of time equal to the period of force majeure suffered by Minnetronix. Notwithstanding the foregoing, Client may terminate a Statement of Work upon written notice to Minnetronix if an event of force majeure prevents Minnetronix from performing its obligations under this Agreement for a period of 30 days.

9.7. Arbitration and Dispute Resolution. The parties shall use all reasonable efforts and negotiate in good faith to resolve any dispute, controversy, or claim arising out of or in connection with this Agreement. If the parties are unable, notwithstanding such good faith negotiation, to settle the matter in controversy, the parties shall submit such unresolved disputes to binding arbitration in accordance with the then current commercial arbitration rules of the International Institute for Conflict Prevention and Resolution (CPR). Any arbitration will take place in Buffalo, New York. The prevailing party in any such arbitration or in any judicial enforcement thereof shall be entitled to its reasonable attorneys' fees and arbitration costs in addition to any other amount of recovery ordered by such arbitrator or court.

9.8. Taxes. Any prices set forth in the Statements of Work and/or Schedules are exclusive of any federal, state, or local excise, sales, use or other applicable taxes. Any such taxes (other than income taxes payable by Minnetronix) shall be the responsibility of Client.

9.9. Severability. Should any provision of this Agreement be finally determined to contravene any applicable law or governmental regulation, such provision shall be automatically terminated and performance thereof by both parties shall be waived to the extent of such contravention. Should such provision be considered by either party to be an essential element of this Agreement, the parties hereto agree to negotiate a new, applicable provision in good faith.

9.10. Waiver and Discharge. The failure of any party hereto to enforce at any time any of the provisions of this Agreement shall in no way be construed to be a waiver of any such provision, nor in any way to affect the validity of this Agreement or any part thereof or the right of the party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to be a waiver of any other or subsequent breach.

9.11. Notices. Any notice given under this Agreement shall be in writing and shall be deemed given on the earliest of the date the same is: (1) personally delivered, with receipt acknowledged; (2) sent by facsimile, provided the transmission is confirmed in writing, or (3) actually received after being mailed by registered or certified mail, postage prepaid, return receipt requested, or by any overnight delivery service which delivers to the noticed destination and provides proof of delivery to sender. Notices shall be addressed to the intended recipient as follows (or at such other address for a party as shall be specified by like notice):

If to Client:

QIG Group, LLC  
[Address]  
[City/State/ZIP]  
Attn: [Contact]  
Fax: [Fax#]

If to Minnetronix:

Minnetronix, Inc.  
1635 Energy Park Drive  
St. Paul, MN 55108  
Attn: Chief Executive Officer  
Fax: (651) 917-4066

With a copy to:

Greatbatch Ltd.  
10000 Wehrle Drive  
Clarence, New York 14031  
Attention: General Counsel  
Telephone: 716-759-5623  
Facsimile: 716-759-5815

9.12. Governing Law. This Agreement shall be governed by the laws of the State of New York without regard to any choice of law provisions thereof.

9.13. Benefit. Nothing in this Agreement, expressed or implied, is intended to confer on any person other than the parties to this Agreement or their respective successors or assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

9.14. Equitable Relief. Because each party will have access to and become acquainted with confidential and proprietary information of the other party, the unauthorized use or disclosure of which could cause irreparable harm and significant injury which may be difficult to ascertain and for which there is no adequate remedy at law, each party agrees that the other party will have the right to seek enforcement of this Agreement by injunction or other equitable relief in any court of competent jurisdiction, without the necessity of proving actual damages or posting any bond, in addition to any other rights and remedies each party may have for the other party's breach of this Agreement.

9.15. Attorneys' Fees. In the event of any legal action or proceeding arising out of or resulting from this Agreement, the prevailing party shall be entitled to recover its reasonable attorneys' fees, costs and expenses incurred in such action.

9.16. Complete Agreement. This Agreement constitutes the entire agreement between Client and Minnetronix with respect to its subject matter, and supersedes any and all prior or contemporaneous understandings or agreements, written or oral, regarding such subject matter. No amendment or modification to this Agreement shall be binding unless in writing and signed by duly authorized representatives of both parties. To the extent any terms and conditions of this Agreement conflict with the terms and conditions of any invoice, Purchase Order or Purchase Order acknowledgement placed hereunder, the terms and conditions of this Agreement shall govern and control.

9.17. Interpretive Rules. For purposes of this Agreement, except as otherwise expressly provided herein or unless the context otherwise requires: (a) defined terms include the plural as well as the singular (and vice versa) and the use of any gender shall be deemed to include the other gender; (b) references to "Articles," "Sections" and other subdivisions and to "Schedules" without reference to a document, are to designated Articles, Sections and other subdivisions of, and to Schedules to, this Agreement; (c) unless otherwise set forth herein, the use of the term "including" means "including but not limited to"; and (d) the words "herein," "hereof," "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular provision.



9.18. Counterparts. This Agreement may be executed by facsimile in multiple counterparts, any one of which need not contain the signatures of more than one party, but all such counterparts taken together shall constitute one and the same instrument.

Each party is signing this business agreement on the date stated below that party's signature.

MINNETRONIX, INC.

QIG GROUP, LLC

By: /s/ Dirk Smith  
\_\_\_\_\_  
Name: Dirk Smith  
Title: VP of Business Development

By: /s/ Anthony Borowicz  
\_\_\_\_\_  
Name: Anthony Borowicz  
Title: VP Finance

Date: April 30, 2009

Date: May 1, 2009



1635 Energy Park Drive St. Paul, MN 55108-2703  
Tel: 651-917-4060  
Fax: 651-917-4066

June 26, 2009

Tony Borowicz  
QiG Group, LLC  
10000 Wehrle Drive  
Clarence, NY 14031

Re: Business Agreement by and between Minnetronix, Inc. ("Minnetronix") and QiG Group, LLC ("Client") dated April 30, 2009 ("Business Agreement").

Dear Mr. Borowicz:

This letter agreement supplements the Business Agreement by and between Minnetronix and Client.

Minnetronix has agreed to conduct a study on the industrial design of spinal cord stimulation systems. As part of that study, each participant in the study is signing an Informed Consent Form substantially in the form attached to this letter agreement as Exhibit A. That Informed Consent Form, amongst other things, states that (a) Minnetronix and the two sponsors of the study will not sell or otherwise disclose to any other third party any personal information of a participant which may be obtained in the study, and (b) all reasonable efforts will be used by Minnetronix and its sponsors to protect the confidentiality of the identifiable information. Client is one of the sponsors referred to in the Informed Consent Form.

By signing this letter agreement below:

(i) Client covenants that it shall comply with the commitments set forth in the Informed Consent Form applying to Client as a sponsor;

(ii) Except to the extent of any Losses covered in subsection (iii) below and to the extent of any Losses covered by Section 7.1 of the Business Agreement, Client shall indemnify, defend, and hold harmless Minnetronix and its officers, directors, employees, agents, successors and assigns (each a "Minnetronix Indemnitee") from and against any and all Losses (as defined in the Business Agreement) that a Minnetronix Indemnitee may suffer as a result of any claims, demands, actions or other proceedings made or instituted by any third party, including without limitation a participant in the study is performing on the industrial design of spinal cord stimulation systems, against any of the Minnetronix Indemnitees and arising out of or relating to any violation by Client of any commitment set forth in the Informed Consent Form;

(iii) Except to the extent of any Losses covered in subsection (ii) above and to the extent of any Losses covered by Section 7.2 of the Business Agreement, Minnetronix shall indemnify, defend, and hold harmless Client and its officers, directors, employees, agents, successors and assigns (each a "Client Indemnitee") from and against any and all Losses that a Client Indemnitee may suffer as a result of any claims, demands, actions or other proceedings made or instituted by any third party, including without limitation a participant in the study Minnetronix is performing on the industrial design of spinal cord stimulation systems, against any of the Client Indemnitees and arising out of or relating to any violation by Minnetronix of any commitment set forth in the Informed Consent Form;

(iv) THE PARTIES AGREE THAT, CONSISTENT WITH THE EXCEPTION FOR BREACH OF SECTION 6 OF THE BUSINESS AGREEMENT (AS SPECIFIED IN THE SECOND SENTENCE OF SECTION 7.4), THE LIABILITY FROM ANY BREACH OF SUBSECTION (i) ABOVE OR UNDER SUBSECTIONS (ii) AND (iii) ABOVE SHALL NOT BE LIMITED BY THE TERMS OF THE SECOND SENTENCE OF SECTION 7.4 OF THE BUSINESS AGREEMENT (THE AGGREGATE DAMAGES CAP); and

(v) Any indemnification claims under this letter agreement are governed by the terms of Section 7.3 of the Business Agreement. Each party acknowledges that Section 6.1(c) of the Business Agreement does not apply to the information disclosed under the Informed Consent Form.

This letter agreement is hereby incorporated into the Business Agreement by and between Minnetronix and Client. Please indicate your agreement with the terms of this letter agreement by signing below and faxing this letter to me immediately at 651.695.7228.

Sincerely,

/s/ Jonathan D. Pierce

Jonathan D. Pierce  
Chief Operating Officer  
Minnetronix, Inc.

The undersigned, on behalf of the above addressee, agrees to the terms of this letter agreement:

Signature: /s/ Anthony W. Borowicz

Name: Anthony Borowicz

Title: VP Finance

Date: June 29, 2009

**EXHIBIT A**  
**Informed Consent Form**

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## INFORMED CONSENT FORM

Minnetronix is conducting a study on the industrial design of spinal cord stimulation systems. Through this study Minnetronix hopes to learn more about how people are using and interacting with their systems and, in particular, the programmer and battery recharger. The information obtained by Minnetronix in the study will be used to design and develop more user-friendly spinal cord stimulation systems. You were selected as a possible participant in this study because your physician has notified us that you have an implanted spinal cord stimulation system and you have, at least initially, expressed a willingness to participate in this study.

If you decide to participate in this study, you will be asked to meet with a Minnetronix representative in a hotel conference room in the Denver area for a two-hour videotaped interview. Additionally, several months after the interview, Minnetronix may contact you to request a second, brief follow-up interview. You are not obligated to participate in the follow-up interview and may discontinue participation in this study at any time.

Only Minnetronix and its two sponsors will have access to the study data and information. By signing this informed consent form you agree that Minnetronix, any successor to Minnetronix, and its sponsors may use your personal health information for purposes of the study. Neither Minnetronix nor its sponsors will sell or otherwise disclose to any other third party any personal information which may be obtained in the study. All reasonable efforts will be used by Minnetronix and its sponsors to protect the confidentiality of your identifiable information. Further, while Minnetronix will videotape your interview, your face will not be shown and only your first name will be used.

The study does not involve any medical procedures. There should be no medical risks associated with participating in the study. You will not get any direct clinical benefit from taking part in this study. Hopefully, the information gained from this study will help in the treatment of future patients.

In exchange for your participation in this study, Minnetronix will pay you a fee of \$50 per hour. This fee will be paid for interview time only. You will not be paid for travel time or travel expenses. This fee will be paid by check, which will be mailed to you at the address you included below shortly after the completion of the interview.

If you have any questions, please contact Anne Mickelson at ( ) \_\_\_\_\_ who will be happy to answer them.

You will be offered a copy of this form to keep.

You are making a decision whether or not to participate. You are not required to participate in the study if you do not wish to. Your signature indicates that you have read the information provided above and have decided to participate. You may withdraw and discontinue participation in this study at any time.

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Signature

---

Date

---

Name

---

Address

**FIRST AMENDMENT TO  
BUSINESS AGREEMENT**

THIS FIRST AMENDMENT TO BUSINESS AGREEMENT (the "Amendment") is made and entered into as of the 10<sup>th</sup> day of April, 2010 ("Effective Date") by and between MINNETRONIX, INC., a Minnesota corporation, ("Minnetronix") and QIG GROUP, LLC., a Delaware limited liability company, ("Client") and amends the Business Agreement between the parties dated April 30, 2009 ("Business Agreement").

**RECITALS**

WHEREAS, Minnetronix and Client entered into the Business Agreement, Phase I Statement of Work, dated April 30, 2009, and the Torpedo Phase II and III Statement of Work, dated January 22, 2010 (the Phase I Statement of Work and the Torpedo Phase II and III Statement of Work collectively being the "SOW"), for the contract design and manufacturing by Minnetronix of certain Products by Minnetronix for Client;

WHEREAS, as part of Minnetronix' agreement to reduce the program cost (under the SOW), Minnetronix and Client desire to modify the Business Agreement as set forth herein;

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth herein, the parties agree as follows:

1. Definitions. All capitalized terms used in this Amendment and not defined here have the meanings given to them in the Business Agreement or the SOW. The following terms shall have the meanings set forth next to them when used in this Amendment:

1.1 "Bankruptcy" occurs if Client files a petition in bankruptcy, is adjudicated bankrupt, takes advantage of the insolvency laws of any state or country, or makes an assignment for the benefit of creditors, or if a receiver, trustee or other court officer is appointed for Client's property, or if Client otherwise loses control of its business under any bankruptcy law or similar law for the relief of debtors;

1.2 "Buyout Fee" means Two Hundred Thousand Dollars (\$200,000);

1.3 "Manufacturing Commitment" means the: (a) execution by the parties (or their respective successors or assigns) of a manufacturing agreement, which provides for Minnetronix to manufacture the Products and which contains provisions commonly found in most manufacturing arrangements (the "Manufacturing Addendum"), covering the terms set forth in Section 2 of this Amendment; and (b) delivery to Minnetronix by Client (or their respective successors or assigns) of a binding purchase order for Products under such Manufacturing Addendum;

1.4 "Trigger Date" means January 1, 2011.

2. Commitment to Enter into a Manufacturing Addendum. In consideration of Minnetronix' reduction of fees under the SOW by One Hundred Sixty Five Thousand Dollars (\$165,000), Client will negotiate in good faith with Minnetronix and will use commercially reasonable efforts to enter into the Manufacturing Commitment on or before March 31, 2011 or such later date as described in Section 3.1. Minnetronix will negotiate in good faith with Client and will use commercially reasonable efforts to negotiate a Manufacturing Addendum for execution on or before March 31, 2011 or such later date as described in Section 3.1. The Manufacturing Addendum will contain terms and conditions that are standard for such an arrangement, and all of its terms and conditions will be subject to each party's reasonable discretion. Client agrees that such Manufacturing Addendum shall include a minimum Product purchase commitment by Client and the payment of a buyout fee if minimum purchase commitments are not met. Minnetronix agrees that such Manufacturing Addendum shall include fixed pricing.

3. Buyout Fee.

3.1 Minnetronix may invoice Client for, and Client shall be liable for, the Buyout Fee in the following circumstances: (a) if there is a Bankruptcy after the Trigger Date but on or before March 31, 2011; or (b) if there is no Manufacturing Commitment after the Trigger Date but on or before March 31, 2011 or (c) if the Agreement, this Amendment, the SOW or any of the Products covered by the SOW are terminated or expire for any reason after the Trigger Date but on or before March 31, 2011. Notwithstanding the foregoing, Client (or its successors and assigns) will not be liable for the Buyout Fee if:

- Minnetronix fails to satisfy any of its obligations under Section 2 of this Agreement;
- the Business Agreement is terminated prior to the Trigger Date under Section 8.2(a) of the Business Agreement;
- Client terminates the Business Agreement prior to the Trigger Date under Section 8.2(b) or Section 8.2(c) of the Business Agreement; or
- Minnetronix terminates the Business Agreement under Section 8.2(f) of the Business Agreement.

3.2 Any milestone under the SOW has not been satisfied, or Phases I, II or III (as identified under the SOW) have not been completed and such incompleteness is not due to a change in the scope of the project by Client. The parties agree that any change in the scope of the project by Client will not result in the Trigger Date being delayed unless agreed upon by the parties in writing. In the event of any such delay of the Trigger Date, the parties will use commercially reasonable efforts to enter into a Manufacturing Addendum within 90 days after the revised Trigger Date and will negotiate the Manufacturing Addendum in accordance with Section 2 hereof. Client shall deliver payment in full to Minnetronix of the Buyout Fee within 30 days after the invoice date. A late fee will be assessed to any overdue invoice. Such late fee shall be the lesser of (a) 1.5%/month, or portion thereof, and (b) the maximum amount permitted by law. In the event that full payment is not made within 60 days after the invoice date, Minnetronix may cease all efforts on the Services and Products and refer the account to a collection agency.

4. Guaranty. The payment of the Buyout Fee under Section 3 of this Amendment shall be guaranteed by Client's parent company, Greatbatch Ltd., by separate agreement annexed to this Amendment as Exhibit B.



5. Effective Date. This Amendment shall be effective from the Effective Date. This Amendment shall automatically terminate on the termination of the Agreement. The following provisions of this Amendment shall survive any termination of this Amendment: Sections 1, 3, 4, 5, 6, 8 and 9.

6. Effect of Changes. The collection of, and failure to pay, the Buyout Fee under Section 3 of this Amendment, or any other buyout fee, shall be considered direct damages, and neither party shall assert that such fee is “LOST REVENUES, LOST PROFITS OR OTHER INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL, OR EXEMPLARY DAMAGES” for which liability is excluded under Section 7.4 of the Business Agreement. In addition, the Buyout Fee (or any other buyout fee) shall be included in the “TOTAL CUMULATIVE AMOUNT ACTUALLY PAID AND OWED TO MINNETRONIX BY CLIENT UNDER THIS AGREEMENT” as specified in the last sentence of Section 7.4 of the Business Agreement. The Buyout Fee (and any other buyout fee) shall be in addition to amounts due under Section 8.3(a) of the Business Agreement. In any event, the Buyout Fee (or any other buyout fee) is not subject to any restrictions or limitations from the Agreement, past, present or future. All other terms and conditions of the Agreement shall remain unchanged, including without limitation the terms of the SOW (which shall remain a fixed bid, subject only to changes in scope separately agreed upon in writing by the parties), and the terms of Section 9.5 of the Business Agreement (Assignment).

7. Counterparts. This Amendment may be executed in any number of counterparts each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

8. Interpretation. Notwithstanding the last sentence of Section 2.1(a) of the Business Agreement, this Amendment shall supersede any conflicting provisions in the Agreement.

9. Governing Law. This Amendment shall be interpreted and construed in accordance with the laws of the State of New York without regard to any choice of law provisions thereof.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

**MINNETRONIX, INC.**

**QIG GROUP, LLC.**

By: /s/ Richard Nazarian \_\_\_\_\_

By: /s/ Anthony Borowicz \_\_\_\_\_

Name: Richard Nazarian

Name: Anthony Borowicz

Title: CEO

Title: VP Finance



## **Exhibit A Products**

### **Pocket Programmer**

The Pocket Programmer (PoP) is a key fob type device which provides a simplistic control interface to a neural stimulator (IPG or EPG). The PoP is used by the patient to turn stimulation on/off, select a stimulation program, and increase or decrease the stimulation amplitude. This device will provide user feedback via a small monochrome LCD screen.

### **Patient Programmer/Charger**

The Patient Programmer/Charger (PPC) is a rechargeable, handheld multi-purpose device used by the patient for inductively charging the IPG's rechargeable battery, as well as for basic and advanced programming of their IPG/EPG settings. The PPC utilizes an AC power supply and/or Charging Cradle for recharging the PPC's internal battery. The PPC has a color touch screen display, and also includes a detachable coil assembly which is placed on the body over the implant for recharging of the IPG.

### **Clinician Programmer**

The Clinician Programmer (CP) is a rechargeable, handheld device utilized by clinicians and company representatives to provide intra-operative and follow up programming capability to establish and optimize stimulation therapies provided by the IPG/EPG. The CP has a color touch screen display and utilizes an AC power supply to recharge its internal battery.

### **External Pulse Generator**

The External Pulse Generator (EPG) is a small, wearable device that provides trial stimulation (with trial leads) before the implantation of the IPG. It is designed to be worn on the body in a pouch or pocket and provide identical stimulation capability as the IPGP. The EPG is powered by replaceable, commercially off the shelf batteries (e.g. AA or AAA) and has limited patient controls consisting of a couple buttons and LED indicators. All stimulation control is accomplished via the CP, PPC and/or PoP.

**Exhibit B**  
**Guaranty**

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## GUARANTY

THIS GUARANTY (“Guaranty”), dated as of \_\_\_\_, 2010, is made and given by Greatbatch Ltd., a New York corporation with its principal place of business at 10000 Wehrle Drive, Clarence, NY 14031, (the “Guarantor”) in favor of Minnetronix, Inc., a Minnesota corporation having its primary office at 1635 Energy Park Drive, St. Paul, MN 55108, (“Minnetronix”).

## RECITALS

A. QIG GROUP, LLC., a Delaware limited liability company, having an office at 10000 Wehrle Drive, Clarence, NY 14031 (“QIG”) and Minnetronix have entered into a Business Agreement dated April 30, 2009 (“Business Agreement”), Statement of Work dated [\_\_\_\_] as modified by the Project Scope Change dated [\_\_\_\_], and as amended by the First Amendment to Business Agreement dated as of \_\_\_\_, 2010 (as the same may hereafter be amended, restated, or otherwise modified from time to time, the “Agreement”) pursuant to which Minnetronix has agreed to perform certain services for QIG, and in return for certain concessions on pricing agreed to by Minnetronix in the Agreement and QIG’s agreement to pay a Buyout Fee if certain events occur, QIG, among other things, has agreed to make a Manufacturing Commitment (as defined in the Agreement) prior to March 31, 2011.

B. It is a condition precedent to Minnetronix’ agreement to the price concessions in the Agreement that this Guaranty be executed and delivered by the Guarantor.

C. QIG is a wholly owned subsidiary of the Guarantor, and as such the Guarantor has agreed to guaranty the payment by QIG of the Buyout Fee.

D. The Guarantor expects to derive benefits from the extension of credit for the Buyout Fee to QIG by Minnetronix and the Guarantor finds it advantageous, desirable and in its best interests to execute and deliver this Guaranty to Minnetronix.

NOW, THEREFORE, in consideration of the credit for the Buyout Fee to be extended to QIG and for other good and valuable consideration, the Guarantor hereby covenants and agrees with Minnetronix as follows:

Section 1. Defined Terms. As used in this Guaranty, the following terms shall have the meaning indicated:

“Obligations” shall mean all indebtedness, liabilities and obligations of QIG to Minnetronix to pay the Buyout Fee under and subject to the terms and conditions of the Agreement.

“Person” shall mean any individual, corporation, partnership, limited partnership, limited liability company, joint venture, firm, association, trust, unincorporated organization, government or governmental agency or political subdivision or any other entity, whether acting in an individual, fiduciary or other capacity.

Section 2. The Guaranty. Subject always to the following Section, the Guarantor hereby absolutely and unconditionally guarantees to Minnetronix the payment when due (whether on the stated due date or earlier by reason of acceleration or otherwise) and performance of the Obligations. The Guarantor acknowledges that it has reviewed the Agreement.

Section 3. Limitation; Insolvency Laws. As used in this Section: (a) the term “Applicable Insolvency Laws” means the laws of the United States of America or of any State, province, nation or other governmental unit relating to bankruptcy, reorganization, arrangement, adjustment of debts, relief of debtors, dissolution, insolvency, fraudulent transfers or conveyances or other similar laws (including, without limitation, 11 U.S.C. §547, §548, §550 and other “avoidance” provisions of Title 11 of the United States Code) as applicable in any proceeding in which the validity and/or enforceability of this Guaranty or any Specified Lien is in issue; and (b) “Specified Lien” means any security interest, mortgage, lien or encumbrance securing this Guaranty, in whole or in part. Notwithstanding any other provision of this Guaranty, if, in any proceeding, a court of competent jurisdiction determines that this Guaranty or any Specified Lien would, but for the operation of this Section, be subject to avoidance and/or recovery or be unenforceable by reason of Applicable Insolvency Laws, this Guaranty and each such Specified Lien shall be valid and enforceable only to the maximum extent that would not cause this Guaranty or such Specified Lien to be subject to avoidance, recovery or unenforceability. To the extent that any payment to, or realization by, Minnetronix on the guaranteed Obligations exceeds the limitations of this Section and is otherwise subject to avoidance and recovery in any such proceeding, the amount subject to avoidance shall in all events be limited to the amount by which such actual payment or realization exceeds such limitation, and this Guaranty as limited shall in all events remain in full force and effect and be fully enforceable against the Guarantor. This Section is intended solely to reserve the rights of Minnetronix hereunder against the Guarantor in such proceeding to the maximum extent permitted by Applicable Insolvency Laws and neither the Guarantor QIG, any other guarantor of the Obligations nor any Person shall have any right, claim or defense under this Section that would not otherwise be available under Applicable Insolvency Laws in such proceeding.

Section 4. Continuing Guaranty. (a) This Guaranty is an unconditional, irrevocable and continuing guaranty of payment of the Obligations. No notice of the Obligations to which this Guaranty may apply, or of any renewal or extension thereof need be given to the Guarantor; provided, however, that Minnetronix shall notify Guarantor promptly of any default by QIG of the Obligations, but any delay by Minnetronix in giving such notice shall not constitute a waiver of its rights hereunder. The Guarantor hereby expressly waives (a) notice of acceptance of this Guaranty and notice of any liability to which it may apply; and (b) all other notices of any kind and description relating to creation of the Obligations now or hereafter provided for by any agreement, statute, law, rule or regulation. The Guarantor shall not be exonerated with respect to the Guarantor’s liabilities under this Guaranty except by the discharge or irrevocable payment of the Obligations, it being the purpose and intent of this Guaranty that the Obligations constitute the direct and primary obligations of the Guarantor and that the covenants, agreements and all obligations of the Guarantor hereunder be irrevocable.

(b) Notwithstanding anything to the contrary set forth in Section 4(a) above, Minnetronix shall have no legal right to enforce this Guaranty if the amount of the Obligations and/or whether the Obligations are due and owing is being disputed in good faith by QIG.

Section 5. Other Transactions. Minnetronix is expressly authorized (a) to exchange, surrender or release with or without consideration any or all collateral and security which may at any time be placed with it by QIG or by any other Person, or to forward or deliver any or all such collateral and security directly to QIG for collection and remittance or for credit, or to collect the same in any other manner without notice to the Guarantor and (b) to amend, modify, extend or supplement the Agreement, any note or other instrument evidencing the Obligations or any part thereof and any other agreement with respect to the Obligations, waive compliance by QIG or any other Person with the respective terms thereof and settle or compromise any of the Obligations without notice to the Guarantor and without in any manner affecting the absolute liabilities of the Guarantor hereunder. No invalidity, irregularity or unenforceability of all or any part of the Obligations or of any security therefor or other recourse with respect thereto shall affect, impair or be a defense to this Guaranty. The liabilities of the Guarantor hereunder shall not be affected or impaired by any failure, delay, neglect or omission on the part of Minnetronix to realize upon any of the Obligations of QIG to Minnetronix, or upon any collateral or security for any or all of the Obligations, nor by the taking by Minnetronix of (or the failure to take) any other guaranty or guaranties to secure the Obligations, nor by the taking by Minnetronix of (or the failure to take or the failure to perfect its security interest in or other lien on) collateral or security of any kind. No act or omission of Minnetronix, whether or not such action or failure to act varies or increases the risk of, or affects the rights or remedies of the Guarantor shall affect or impair the obligations of the Guarantor hereunder. The Guarantor acknowledges that this Guaranty is in effect and binding without reference to whether this Guaranty is signed by any other Person or Persons, that possession of this Guaranty by Minnetronix shall be conclusive evidence of due delivery hereof by the Guarantor and that this Guaranty shall continue in full force and effect, both as to the Obligations then existing and/or thereafter created, notwithstanding the release of or extension of time to any other guarantor of the Obligations or any part thereof.

Section 6. Actions Not Required. The Guarantor hereby waives any and all right to cause a marshalling of the assets of QIG or any other action by any court or other governmental body with respect thereto or to cause Minnetronix to proceed against any security for the Obligations or any other recourse which Minnetronix may have with respect thereto and further waives any and all requirements that Minnetronix institute any action or proceeding at law or in equity, or obtain any judgment, against QIG or any other Person, or with respect to any collateral security for the Obligations, as a condition precedent to making demand on or bringing an action or obtaining and/or enforcing a judgment against, the Guarantor upon this Guaranty. The Guarantor further acknowledges that time is of the essence with respect to the Guarantor's obligations under this Guaranty. Any remedy or right hereby granted which shall be found to be unenforceable as to any Person or under any circumstance, for any reason, shall in no way limit or prevent the enforcement of such remedy or right as to any other Person or circumstance, nor shall such unenforceability limit or prevent enforcement of any other remedy or right hereby granted.

Section 7. Subrogation. Until the irrevocable payment in full of the Obligations, the Guarantor waives all rights of subrogation to any of the rights of Minnetronix against QIG or any other Person liable for payment of any of the Obligations or any collateral security or guaranty or right of offset held by Minnetronix for the payment of the Obligations, and the Guarantor waives all rights to seek any recourse to or contribution or reimbursement from QIG or any other Person liable for payment of any of the Obligations in respect of payments made by the Guarantor hereunder.

Section 8. Application of Payments. Any and all payments upon the Obligations made by the Guarantor or by any other Person, and/or the proceeds of any or all collateral or security for any of the Obligations, may be applied by Minnetronix on such items of the Obligations as Minnetronix may elect.

Section 9. Recovery of Payment. If any payment received by Minnetronix and applied to the Obligations is subsequently set aside, recovered, rescinded or required to be returned for any reason (including, without limitation, the bankruptcy, insolvency or reorganization of QIG or any other obligor), the Obligations to which such payment was applied shall for the purposes of this Guaranty be deemed to have continued in existence, notwithstanding such application, and this Guaranty shall be enforceable as to such Obligations as fully as if such application had never been made. References in this Guaranty to amounts “irrevocably paid” or to “irrevocable payment” refer to payments that cannot be set aside, recovered, rescinded or required to be returned for any reason.

Section 10. QIG's Financial Condition. The Guarantor is familiar with the financial condition of QIG, and the Guarantor has executed and delivered this Guaranty based on the Guarantor's own judgment and not in reliance upon any statement or representation of Minnetronix. Minnetronix shall have no obligation to provide the Guarantor with any advice whatsoever or to inform the Guarantor at any time of Minnetronix's actions, evaluations or conclusions on the financial condition or any other matter concerning QIG.

Section 11. Remedies. All remedies afforded to Minnetronix by reason of this Guaranty are separate and cumulative remedies and it is agreed that no one of such remedies, whether or not exercised by Minnetronix, shall be deemed to be in exclusion of any of the other remedies available to Minnetronix and no one of such remedies shall in any way limit or prejudice any other legal or equitable remedy which Minnetronix may have hereunder and with respect to the Obligations. Mere delay or failure to act shall not preclude the exercise or enforcement of any rights and remedies available to Minnetronix.

Section 12. Bankruptcy of QIG. The Guarantor expressly agrees that the liabilities and obligations of the Guarantor under this Guaranty shall not in any way be impaired or otherwise affected by the institution by or against QIG or any other Person of any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or any other similar proceedings for relief under any bankruptcy law or similar law for the relief of debtors and that any discharge of any of the Obligations pursuant to any such bankruptcy or similar law or other law shall not diminish, discharge or otherwise affect in any way the obligations of the Guarantor under this Guaranty, and that upon the institution of any of the above actions, such obligations shall be enforceable against the Guarantor.



Section 13. Costs and Expenses. The Guarantor will pay or reimburse Minnetronix on demand for all out-of-pocket expenses (including in each case all reasonable fees and expenses of counsel) incurred by Minnetronix arising out of or in connection with the enforcement of this Guaranty against the Guarantor or arising out of or in connection with any failure of the Guarantor to fully and timely perform the obligations of the Guarantor hereunder.

Section 14. Waivers and Amendments. This Guaranty can be waived, modified, amended, terminated or discharged only explicitly in a writing signed by Minnetronix. A waiver so signed shall be effective only in the specific instance and for the specific purpose given.

Section 15. Notices. Any notice or other communication to any party in connection with this Guaranty shall be in writing and shall be sent by manual delivery, telegram, telex, facsimile transmission, overnight courier or United States mail (postage prepaid) addressed to such party at the address specified in the opening paragraph hereof, or at such other address as such party shall have specified to the other party hereto in writing. All periods of notice shall be measured from the date of delivery thereof if manually delivered, from the date of sending thereof if sent by telegram, telex or facsimile transmission, from the first business day after the date of sending if sent by overnight courier, or from four days after the date of mailing if mailed.

Section 16. Guarantor Acknowledgements. The Guarantor hereby acknowledges that (a) counsel has advised the Guarantor in the negotiation, execution and delivery of this Guaranty, (b) Minnetronix has no fiduciary relationship to the Guarantor the relationship being solely that of debtor and creditor, and (c) no joint venture exists between the Guarantor and Minnetronix.

Section 17. Representations and Warranties. The Guarantor hereby represents and warrants to Minnetronix that it is a corporation organized, validly existing and in good standing under the laws of the State of New York and has the power and authority and the legal right to own and operate its properties and to conduct the business in which it is currently engaged. The Guarantor further represents and warrants to Minnetronix that:

(a) It has the power and authority and the legal right to execute and deliver, and to perform its obligations under, this Guaranty and has taken all necessary action required by its form of organization to authorize such execution, delivery and performance;

(b) This Guaranty constitutes its legal, valid and binding obligation enforceable in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law);

(c) The execution, delivery and performance of this Guaranty will not (i) violate any provision of any law, statute, rule or regulation or any order, writ, judgment, injunction, decree, determination or award of any court, governmental agency or arbitrator presently in effect having applicability to it, (ii) violate or contravene any provision of its organizational documents, or (iii) result in a breach of or constitute a default under any indenture, loan or credit agreement or any other agreement, lease or instrument to which it is a party or by which it or any of its properties may be bound or result in the creation of any lien thereunder. It is not in default under or in violation of any such law, statute, rule or regulation, order, writ, judgment, injunction, decree, determination or award or any such indenture, loan or credit agreement or other agreement, lease or instrument in any case in which the consequences of such default or violation could have a material adverse effect on its business, operations, properties, assets or condition (financial or otherwise);

(d) No order, consent, approval, license, authorization or validation of, or filing, recording or registration with, or exemption by, any governmental or public body or authority is required on its part to authorize, or is required in connection with the execution, delivery and performance of, or the legality, validity, binding effect or enforceability of, this Guaranty;

(e) There are no actions, suits or proceedings pending or, to its knowledge, threatened against or affecting it or any of its properties before any court or arbitrator, or any governmental department, board, agency or other instrumentality which, if determined adversely to it, would have a material adverse effect on its business, operations, property or condition (financial or otherwise) or on its ability to perform its obligations hereunder; and

(f) It expects to derive benefits from the transactions contemplated by the Agreement. Minnetronix may rely conclusively on the continuing warranty, hereby made, that it continues to be benefited by Minnetronix' extension of credit accommodations to QIG and Minnetronix shall have no duty to inquire into or confirm the receipt of any such benefits, and this Guaranty shall be effective and enforceable by Minnetronix without regard to the receipt, nature or value of any such benefits.

Section 18. Continuing Guaranty; Assignments under Agreement. This Guaranty shall (a) remain in full force and effect until irrevocable payment in full of the Obligations and the expiration of the obligations, if any, of Minnetronix to extend credit for the Buyout Fee to QIG, (b) be binding upon the Guarantor, its successors and assigns and (c) inure to the benefit of, and be enforceable by, Minnetronix and its successors, transferees, and assigns. Without limiting the generality of the foregoing clause (c), Minnetronix may assign or otherwise transfer all or any portion of its rights and obligations under the Agreement to any other Persons to the extent and in the manner provided in the Agreement and may similarly transfer all or any portion of its rights under this Guaranty to such Persons.

Section 19. Reaffirmation. The Guarantor agrees that when so requested by Minnetronix from time to time it will promptly execute and deliver to Minnetronix a written reaffirmation of this Guaranty in such form as Minnetronix may require.

Section 20. Revocation. Notwithstanding any other provision hereof, the Guarantor may revoke this Guaranty prospectively as to future transactions by written notice to that effect actually received by Minnetronix. No such revocation shall release, impair or affect in any manner any liability hereunder with respect to Obligations created, contracted, assumed or incurred prior to receipt by Minnetronix of written notice of revocation, or Obligations created, contracted, assumed or incurred after receipt of such notice pursuant to any contract entered into by Minnetronix prior to receipt of such notice, or any renewals or extensions thereof, theretofore or thereafter made, or any interest accrued or accruing on such Obligations, or all other costs, expenses and attorneys' fees arising from such Obligations.

Section 21. **Governing Law and Construction.** **THE VALIDITY, CONSTRUCTION AND ENFORCEABILITY OF THIS GUARANTY SHALL BE GOVERNED BY THE LAWS OF THE STATE OF MINNESOTA, WITHOUT GIVING EFFECT TO CONFLICT OF LAWS PRINCIPLES THEREOF.** Whenever possible, each provision of this Guaranty and any other statement, instrument or transaction contemplated hereby or relating hereto shall be interpreted in such manner as to be effective and valid under such applicable law, but, if any provision of this Guaranty or any other statement, instrument or transaction contemplated hereby or relating hereto shall be held to be prohibited or invalid under such applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Guaranty or any other statement, instrument or transaction contemplated hereby or relating hereto.

Section 22. **Consent to Jurisdiction.** **THIS GUARANTY MAY BE ENFORCED IN ANY FEDERAL COURT OR STATE COURT SITTING IN HENNEPIN COUNTY, MINNESOTA; AND THE GUARANTOR CONSENTS TO THE JURISDICTION AND VENUE OF ANY SUCH COURT AND WAIVES ANY ARGUMENT THAT VENUE IN SUCH FORUMS IS NOT CONVENIENT.**

Section 23. **Waiver of Jury Trial.** **EACH OF THE GUARANTOR AND MINNETRONIX, BY ITS ACCEPTANCE OF THIS GUARANTY, IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS GUARANTY OR THE TRANSACTIONS CONTEMPLATED HEREBY.**

Section 24. **Counterparts.** This Guaranty may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

Section 25. **General.** All representations and warranties contained in this Guaranty or in any other agreement between the Guarantor and Minnetronix shall survive the execution, delivery and performance of this Guaranty and the creation and payment of the Obligations. Captions in this Guaranty are for reference and convenience only and shall not affect the interpretation or meaning of any provision of this Guaranty.

IN WITNESS WHEREOF, the Guarantor has executed this Guaranty as of the date first above written.

GUARANTOR:

By: /s/ Thomas J. Mazza

Name: Thomas J. Mazza

Title: SVP and CFO

Address for Guarantor:

Attn:

Address for Minnetronix:

Minnetronix Inc.

**MANUFACTURING AND QUALITY ADDENDUM**

This Manufacturing and Quality Addendum (“Addendum”) is made effective as of August 1, 2013 (the “Addendum Effective Date”), between QIG Group, LLC, having an office at 10000 Wehrle Drive, Clarence, NY 14031 (“Client”) and Minnetronix, Inc., having an office at 1635 Energy Park Drive, St. Paul, MN 55108 (“Minnetronix”) and amends and supplements the Business Agreement defined below.

WHEREAS, Client and Minnetronix entered into a Business Agreement, executed by Minnetronix on April 30, 2009 and Client on May 1, 2009 (the “2009 Agreement”), as modified by letter agreement between the parties dated June 26, 2009 and executed by Client on June 29, 2009 (“Letter Agreement”) and First Amendment to Business Agreement, made and entered into as of April 10, 2010 (the “First Amendment”) and multiple Statements of Work regarding the contract design and manufacturing services rendered by Minnetronix for Client (collectively, such Statements of Work, the Letter Agreement, First Amendment and the 2009 Agreement, being the “Business Agreement”). This Addendum forms part of the Business Agreement;

WHEREAS, the First Amendment contemplates the parties entering into a manufacturing addendum which provides for (a) Minnetronix to supply certain products and (b) Client to pay, under certain circumstances, a buyout fee to Minnetronix in the event that a manufacturing addendum is not entered into by the parties; and

WHEREAS, this Addendum (a) establishes the terms on which Minnetronix will manufacture Products for Client for the term set forth herein, and (b) extinguishes the Manufacturing Commitment (as that term is defined in the First Amendment) of Client and the Guaranty (as that term is defined in the First Amendment) of Client’s parent company, Greatbatch Ltd. (“Greatbatch”), contained in the First Amendment.

NOW THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **Manufacturing Terms.** Subject to the terms and conditions in this Addendum, Client will purchase Products from Minnetronix and Minnetronix will supply the Products to Client as set forth below. Any specifically capitalized terms used, and otherwise not defined, in this Addendum have the same defined meanings as provided for in the Business Agreement.
  - a. **Products.** A description of the Products to be manufactured by Minnetronix and purchased by Client, together with additional terms specifically applicable to such Products, such as pricing, delivery schedule, warranty period, lead time requirements and various other commercial terms, will be set forth in one or more Schedules A to this Addendum. The parties may, from time to time, add new Products by executing a new Schedule or executing addenda and/or amendments to a prior Schedule. Revision numbers for the Product may change from time to time through Seller’s Engineering Change Order (“ECO”) system.

b. Specifications. Specifications for the Products will be supplied by Client or Client's agent and agreed upon in writing by Minnetronix, or will be otherwise established and accepted by Client and Minnetronix via Minnetronix' ECO process. Neither Minnetronix nor any Product shall be expected or required to perform outside of the Specifications.

c. Purchase Orders.

i. Client will order Products by issuing Minnetronix a Purchase Order. The parties shall agree in writing on the Purchase Order, and the Specifications contained thereon, as set forth above, prior to the commencement of any work related to such Purchase Order. Provided that such Purchase Order and Specifications are acceptable to Minnetronix, Minnetronix shall manufacture for Client the Products, assemblies and/or subassemblies identified in such Purchase Order.

ii. Commencement of work related to this Addendum or any Purchase Order issued hereunder is done so under the terms of the Business Agreement as modified by this Addendum. Any additional or different terms sent by Client to Minnetronix in writing, either together with or apart from a Purchase Order, or sent from Minnetronix to Client in writing, shall be excluded unless signed by both parties as an amendment to the Business Agreement.

iii. Client will place one or more Purchase Orders with Minnetronix representing Client's firm commitment for Products to be delivered as specified on the respective Purchase Order. In addition, Client shall provide forecasts to Minnetronix which reflect Client's Product volume requirements over the term, of which the first three months and all longer lead time components identified in a Schedule will be binding.

iv. Minnetronix will make reasonable efforts to accommodate schedule change requests subject to Component availability and capacity at Minnetronix' sole discretion. Aggressive schedule increases will be accommodated to the best of Minnetronix' ability according to the terms of the Business Agreement. Minnetronix may use forecasts to purchase long lead-time items and to achieve price breaks due to order size. Forecasts (to the extent binding as set forth in subsection iii above) and Purchase Orders may be combined to make best effort purchasing decisions. Subject to the other terms of this Section 1 of this Addendum, excess or scrap Components that occur as a result of Minnetronix' best effort purchasing decisions are Client's responsibility in the event of an order cancellation, Product change, or production delay.

d. Price. The applicable price (“Price”) for the Products, NRE fees and the downpayment terms shall be as specified in each Schedule for a Product. Any NRE fees that may be incurred by Minnetronix (e.g., development of travelers, ECO generation/approval/release, additional assembly procedures, additional assembly drawings, and parts and assembly information entry into the Minnetronix’ manufacturing system) will be recharged to Client. All required supplier NREs will be recharged to Client. Minnetronix will manage suppliers, parts specifications, and other associated documentation for the Products in Minnetronix’ internal systems. However, the pricing does not include the cost of future design changes to the Product. A G&A fee, intended to cover Minnetronix’ costs for general and administrative efforts associated with various business issues shall be applied to any third-party costs incurred by Minnetronix that are not included in the selling price for a Product but are otherwise covered by this Addendum and the Business Agreement and are being recharged to Client. Minnetronix’ standard G&A fee shall be 20% of the amount to which the fee is applied or such other amount unless the parties mutually agreed otherwise in writing with respect to a particular Product.

e. Minnetronix Changes to the Specifications or Manufacturing Location. Minnetronix may not implement any change to any of the Specifications, or any of the manufacturing locations for the Products without the prior written consent of Client, except as follows: Minnetronix may make minor revisions without such consent. A minor revision is defined below. Prior to making any “major revision” to a Product assembly or sub-assembly (i.e., any change that may affect the form, fit or function of a Product), Minnetronix will request Client’s consent to such major revision by issuing an ECO to Client. At a minimum, Client’s approval of an ECO issued by Minnetronix with respect to the top level assembly of a Product will be required prior to release of the Product to production. Client’s execution of an ECO shall be deemed to constitute Client’s approval of the revision subject to such ECO, together with all Components and Specifications that are incorporated into the assembly or sub-assembly that is the subject of such ECO. Minnetronix will provide all documentation reasonably requested by Client in connection with its review of any ECO presented by Minnetronix.

f. Product Documentation. With each shipment of Product, Minnetronix will provide to Client a Certificate of Compliance verifying each Product’s compliance with the applicable Specifications.

g. Packaging & Delivery. Each Product will be packaged to (i) comply with the requirements of the carrier, (ii) comply with Client’s Specifications and (c) comply with all applicable laws, rules and regulations. Delivery is FOB Minnetronix manufacturing facility. Client assumes and agrees to bear all risk of damage or loss to the Products after shipment from Minnetronix’s facility (the FOB point). Costs for packaging not included in the BOM or Specifications are not included in the Price.

h. Configuration Management. Minnetronix uses a product revision format that indicates different levels of product release. All revisions have a format of [major revision]-[minor revision]. Major revisions (i.e., changes that may affect the form, fit or function of a Product) are less than “1” (e.g., .01, .02, .5, etc.) prior to production release and are “001” or greater (e.g., 001, 002, etc.) after production release. Minor revisions (i.e., changes that do not affect the form, fit or function of a Product) start with alpha characters beginning at “a” after each major revision change and are incremented for each minor revision change (e.g., a, b, c, etc.) All Products provided at a revision level of 001-a or higher (e.g., 001-a, 001-b, 002-a, etc.) shall be considered production units (“Production Units”). All Products provided at a revision less than 001-a (e.g., .01-a, .01- b, .5-a, etc.) shall be considered prototypes or pre-production units (“Engineering Units”). Any Engineering Units provided by Minnetronix may not meet regulatory standards for medical equipment or software and are not intended for human use unless specifically manufactured for that purpose and expressly indicated as such by Minnetronix to Client. ANY AND ALL ENGINEERING UNITS MANUFACTURED AND DELIVERED BY MINNETRONIX HEREUNDER ARE PROVIDED “AS IS”.

i. Outsourcing. Minnetronix may not outsource or subsource any material or service used in the Products that are manufactured by Minnetronix without the prior written consent of Client. Minnetronix will be responsible for the acts and omissions of the subcontractor to the extent Minnetronix would be liable under the Business Agreement if it had committed such acts and omissions itself.

j. Returned Product.

i. All Products that Client deems to be non-conforming shall be returned to Minnetronix after acquiring and including a Minnetronix Return Material Authorization (“RMA”) number and paperwork indicating the details of the unit being returned with a serial or lot number and a description of the problem. An RMA number is available on request from the Minnetronix Quality Department.

ii. Client shall pay for freight for Product return to Minnetronix and Minnetronix shall pay for freight for Product shipment back to Client. Minnetronix shall use a shipping method of the same or better expediency to that which Client returned Product to Minnetronix

iii. Client agrees to supply Minnetronix with a Certificate of Decontamination, when applicable, along with all returned Product certifying that it is free of all toxic and biohazard materials. If no such certificate is provided, Minnetronix may perform decontamination services as needed.

iv. In-warranty repairs shall be performed in accordance with Section 1.1.v. Minnetronix agrees to perform out-of-warranty depot repair, upgrade, and troubleshooting services as requested by Client. All repairs, troubleshooting, field upgrades, and field service work performed by Client will be at Client’s sole expense.

k. Books, Records and Traceability. Minnetronix must keep true, accurate and complete books, records, reports and accounts in connection with the Products provided under this Addendum, and Minnetronix must keep these for such period of time as required by applicable law, rule or regulation, but in no event less than fifteen years immediately following the termination or expiration of this Addendum. Without limiting Client’s rights below, Client may send one or more of its representatives to inspect Minnetronix’s business operations, including, but not limited to, manufacturing and warehouse facilities, records, and reports at any time during regular business hours. Minnetronix will make available to Client immediately after receipt and for a period of ten years immediately following the expiration or termination of this Addendum, inspection reports, notices, claims, and audits by any regulatory or governmental authority affecting or relating to Minnetronix’s business or the Product. Traceability requirements include, but are not limited to the following:

(i) All components are traced by lot at a minimum;



- (ii) Critical components are traced according to Client documentation as set forth at the time of qualification;
- (iii) Process information is traced to the sub-assembly. At a minimum, this includes operator performing the operation and date performed, shift (as applicable), manufacturing instructions used, identification of equipment used, BOM/design revision and configuration, resolution of any discrepancies, and record of any rework performed; and
- (iv) Raw material sourced directly by Minnetronix trace-ability to original material manufacturing lot.

I. Standards: Modifications to Business Agreement.

- i. For the purposes of this Addendum:
  - A. the representations and warranties in Section 2.4 of the Business Agreement are hereby deleted;
  - B. the last sentence of Section 5.7 of the Business Agreement is hereby deleted;
  - C. the terms of Section 7.1 and 7.2 of the Business Agreement are hereby deleted and replaced with the following:

“7.1. Indemnification by Minnetronix. Subject to Section 7.4, Minnetronix shall indemnify, defend, and hold harmless Client and its officers, directors, employees, agents, successors and assigns from and against any and all losses, liabilities, damages, and expenses, including reasonable attorneys’ fees and expenses (“Losses”), that they may suffer as a result of any claims, demands, actions or other proceedings made or instituted by any third party against any of them and arising out of or relating to (a) the material breach by Minnetronix of any covenant or other agreement of Minnetronix set forth in this Agreement or (b) the gross negligence or willful misconduct of Minnetronix in the performance of its obligations under this Agreement except relating to the manufacture of the Products (in each case, except to the extent Minnetronix has a claim against Client pursuant to Section 7.2).

7.2. Indemnification by Client. The following indemnification obligation is not subject to the terms of Section 7.4. Client shall indemnify, defend, and hold harmless Minnetronix and its officers, directors, employees, agents, successors and assigns from and against any and all Losses that they may suffer as a result of any claims, demands, actions or other proceedings made or instituted by any third party against any of them and arising out of or relating to (a) the material breach by Client of any covenant or other agreement of Client set forth in this Agreement, (b) any claim that the Developed Materials, the Products or any products that incorporate the Products infringes any patent, copyright, trademark, trade secret or other proprietary right of any third party or (c) any Product Liability Damages (in each case, except to the extent Client has a claim against Minnetronix pursuant to Section 7.1).”

D. the last sentence of Section 7.4 of the Business Agreement shall be replaced with the following:

“EXCEPT FOR BREACH OF SECTION 6 BY CLIENT, FOR CLIENT’S INDEMNIFICATION OBLIGATIONS AND FOR AMOUNTS DUE BY CLIENT HEREUNDER, IN NO EVENT SHALL EITHER PARTY’S AGGREGATE LIABILITY HEREUNDER, WHETHER IN CONTRACT, TORT, STRICT LIABILITY OR OTHERWISE, EXCEED THE FEES PAID BY CLIENT IN THE 12 MONTHS PRIOR TO THE FIRST CLAIM HEREUNDER.”

E. the words “AS SET FORTH IN SECTION 2.4 AND” in Section 7.5 of the Business Agreement shall be deleted.

ii. Unless otherwise specifically agreed in writing by Client, all Products supplied under this Addendum will be manufactured in accordance with (i) all applicable standards of the International Standards Organization (“ISO”) and applicable ISO-certified processes, including, but not limited to, any applicable certification for sterilization; and (ii) all other quality standards and quality assurance plans referenced in the Specifications; provided, however that Minnetronix sole liability and Client’s exclusive remedies for breach of the foregoing shall be as set forth in Section 1.1.v. below. Minnetronix must comply with any quality requirements included within the Specifications. Minnetronix must ensure the compliance with this Section by any third party that supplies Minnetronix with raw materials or components used in the manufacture of any Product. Minnetronix must provide written notice to Client immediately after becoming aware of any non-conformance with this Section.

iii. Client shall be solely responsible for the design of the Products and for the Products’ safety and efficacy for their indications and intended uses. Client shall bear any financial or other responsibility for Product deficiencies discovered by Client or Minnetronix. It is Client’s sole responsibility to review, validate, and approve the Product design, any Engineering Units Minnetronix provides, and to ensure that any resulting Product is tested, manufactured, packaged, labeled (including adequate warnings), sold and/or used in a safe, careful, and effective manner. Client is also responsible for obtaining and maintaining any necessary approvals, including any FDA, UL, CE, CSA, FCC or other approvals. Notwithstanding the foregoing, nothing in this Section is intended to limit, and in no event shall this Section be deemed to modify, the express indemnification obligations of Minnetronix set forth in Section 7.1 of the Business Agreement (as modified herein) and the express Product warranty provisions set forth in Section 1.1.v. of this Addendum, respectively.

iv. Minnetronix' procurement, assembly and test responsibility is limited to providing a Product that is "built to print" according to written Specifications provided to Minnetronix by Client and agreed upon by Minnetronix, or as otherwise agreed to by Client via Minnetronix' ECO process.

v. Minnetronix warrants to Client that each Production Unit, for a period to be specified in the respective Schedule ("Warranty Period"), shall: (a) conform in all respects to all of the Product Specifications to the extent verified by Minnetronix through the testing and inspection procedures defined in the Device Master Record for such Product or otherwise established and agreed to by Client via Seller's ECO system as of the date of shipment of such Production Unit; and (b) be free from all defects in materials and workmanship. The foregoing warranties are contingent upon proper use of the Product in the applications for which the Product was intended. Minnetronix shall have no responsibility or obligation to Client under warranty claims with respect to Products that have been subjected to abuse, misuse, accident, alteration or neglect. In addition, the foregoing warranties do not apply to any third party software or any other third party Components or Client components that are embedded or incorporated into the Products, provided that Minnetronix shall assign to Client any warranties received from such third parties to the extent that Minnetronix is permitted to make such assignments. During the Warranty Period and only during the Warranty Period, Minnetronix' responsibility shall be limited to the labor costs for work performed by Minnetronix at Minnetronix' facility, Component replacement, and domestic ground shipment of Products from Minnetronix' facility. In all cases, costs not related to warranty repair or replacement shall be borne by Client. Client is obligated to train and instruct its employees and any potential users of the Products with regard to their safe and proper use. Minnetronix shall have no liability for any injury to the operator or subject of the Products' application regardless of the reason for the injury (including, but not limited to, inappropriate therapy, use, or Product malfunction). **Client's sole remedy and Minnetronix' exclusive liability under the Business Agreement and this Addendum for any Products that breach the foregoing warranty shall be the repair or replacement of the Products subject to the preceding limits or a refund of the amount actually paid to Minnetronix by Client for such Products.**

m. Quality System. Minnetronix must (i) have a documented quality system and (ii) notify Client in the event of an initiation, an implementation or a change in the status of any major quality system at any of Minnetronix's facilities, including, but not limited to, ISO 13485.

n. Audits. Upon reasonable prior written notice and during normal business hours, Client, any of its duly authorized representatives and any regulatory or governmental agency, including, but not limited to, the U.S. Food and Drug Administration and any Competent Authority or Notification Body of Client, will have access to and the right to inspect or audit any Product's design and any manufacturing, packaging, labeling, testing, shipping or quality processes and associated documentation. In addition, Client may audit Minnetronix's manufacturing and quality systems. Such audits may include examination of Minnetronix's manufacturing and quality control processes, and manufacturing and quality control records to ensure compliance. Further, Client requires a 30-day response to all audit findings, a 60-day closure timeline for major findings, and a one (1) year closure timeline for all minor findings.

o. Quality or Performance Issues.

- (i) Minnetronix will use commercially reasonable efforts to resolve at Client's request any Product quality or performance issues that arise during the Term at Client's sole expense (except to the extent the warranty remedies apply). These efforts will be tracked in a quality system such as Corrective Action and Preventive Action framework that is compliant with industry standards including, but not limited to, ISO-9001. Upon request by Client, such efforts may include making appropriate Minnetronix personnel available (at Minnetronix's expense) at the Minnetronix and/or Client facilities where such Product quality or performance issues are identified and/or need to be addressed. Upon request by Client, Minnetronix will promptly provide Client with all information requested by Client on the quality or performance issue and Minnetronix's corrective actions.
- (ii) Each party must provide the other party with written notification within ten business days after such party obtains knowledge of any actual or potential problems relating to the performance of any Product or any Components used in the Product so that Client may explore whether investigation into the experienced problem as it may relate to Product already shipped or in process is necessary. Minnetronix will fully cooperate with all reasonable requests made by Client as to any such investigation, which will be at Client's sole expense.

p. Discontinuance of Supply & Last Time Purchase. If either party chooses to discontinue this Addendum or the supply of any Product, Client will have the right to a last time purchase from Minnetronix of the Product in a quantity ordered by Client but which may not exceed the aggregate amount for the next six months as set forth in the most recent forecast.

q. Component Scheduling. Minnetronix shall maintain scheduling control over Components ordering and their delivery scheduling according to Minnetronix' production scheduling processes. Minnetronix will issue purchase orders, or otherwise place orders, for all Components to support Client's Purchase Orders throughout the term of this Addendum. Minnetronix will commit to longer-term buys on an exception basis as reasonably requested by Client provided that all such requests are issued in writing to Minnetronix by Client, all such buys shall be deemed a binding forecast.

r. Production Delays.

i. In the event of production delays requested or caused by Client in excess of 30 days, Client shall, at Minnetronix' sole discretion, pay to Minnetronix during the delay period either (i) an inventory deposit and a 1.25%/month Storage Fee (as defined below), (ii) a 2.5%/month Maintenance Fee (as defined below), or (iii) the inventory deposit and fee, if any, specified in a Schedule.

ii. Unless otherwise specified in an applicable Schedule, the standard inventory deposit shall be in the amount of the value of the Component inventory, Component purchase orders, or other written commitments from Minnetronix to Minnetronix' suppliers purchased by or otherwise committed to by Minnetronix as a result of Purchase Orders or the binding portion of the forecasts ("Committed Inventory") including Components received, or on non-cancelable, non-returnable or limited change purchase orders from Minnetronix to Minnetronix' suppliers for Components that will be received by Minnetronix during the delay period. Unless otherwise specified in an applicable Schedule, the fee calculation shall be made using the applicable percentage from above, multiplied by the average monthly value of the Committed Inventory held by Minnetronix during the period to which the fee applies. This fee will be charged with respect to each month, or any portion thereof, during the delay.

iii. In the event that Minnetronix is holding Client-supplied or Client-owned inventory during the delay period, Client shall pay a 1.25%/month Storage Fee for those materials.

iv. In the event of production delays requested or caused by Client in excess of 90 days, Client shall purchase from Minnetronix all Committed Inventory held at Minnetronix during the period and pay a 1.25%/month Storage Fee until delivery of all Products or Committed Inventory from Minnetronix to Client is made.

v. The "Storage Fee" covers Minnetronix' costs for the storage, maintenance, warranty, material handling, shrinkage, cycle counting, storage space, floor space and other overhead associated with the inventory as well as supplier management, discrepant material handling, purchasing efforts, reporting, tracking, and rescheduling associated with storing and managing inventory during a delay in production. The Storage Fee shall be 1.25% per month of actual costs associated with the Committed Inventory.

vi. The "Maintenance Fee" covers Minnetronix' costs for the storage, maintenance, warranty extension, material handling, cost of capital, shrinkage, cycle counting, floor space, storage space and other overhead associated with the inventory as well as the supplier management, discrepant material handling, purchasing efforts, reporting, tracking and rescheduling associated with storing, owning, and managing inventory during a delay in production. The Maintenance Fee shall be 2.5%/month of actual costs associated with the Committed Inventory.

- s. Cancellations. In the event that Client cancels a Purchase Order or terminates the Business Agreement or this Addendum in accordance with its terms, the following terms shall apply to Committed Inventory purchased or committed to as a result of the Purchase Order or the binding portion of the product forecasts delivered by Client to Minnetronix:
- i. Minnetronix will make reasonable good faith efforts to return unneeded Components to its suppliers; and
  - ii. Client will be responsible for the following costs arising from Client's Purchase Order and subsequent cancellation: (A) Minnetronix' actual costs associated with non-returnable or non-cancelable Committed Inventory including Committed Inventory that has been rendered non-returnable due to work performed in accordance with this Addendum and associated Purchase Orders, provided that any such materials cannot be used by Minnetronix in connection with the production of other items for Client or any other customer of Minnetronix within 1 month from the date of cancellation; and (B) Minnetronix' actual costs associated with returnable or cancelable Committed Inventory; and (C) Minnetronix' cancellation fee of 20 percent of the remaining Purchase Order value at the time of cancellation; and
  - iii. Upon payment by Client of the amounts set forth above, Client shall own the Committed Inventory and Components, and Minnetronix shall deliver such Committed Inventory and Components to Client in accordance herewith.
  - iv. A Purchase Order shall be deemed cancelled if Client expressly cancels such Purchase Order or causes a delay in production thereunder for one or more successive periods in excess of six (6) months in the aggregate.
  - v. Minnetronix' "actual costs" include labor, overhead and other out-of-pocket expenses incurred in the purchasing, receiving, inspecting, testing, assembling, storing, counting, shipping, handling, canceling, returning, or otherwise managing or processing the Components and their suppliers.
- t. Excess/Scrap Components. The costs of scrap and/or non-conforming material incurred during normal production activities shall be borne by Minnetronix. The cost of scrapped and/or excess Components up to 10% over the order quantity or other preapproved purchase quantities shall be borne by Client in the event of part obsolescence, or the end of Product life at Minnetronix. This is intended, for example, to cover Components that are no longer needed for the Product due to ECOs, or end of the Product manufacturing at Minnetronix. Additionally, Client is responsible for excess Components that are purchased due to minimum buy quantities from the Product Component suppliers. Excess parts may be transferred to Client upon completion of the production orders.

2. **Waiver.** Minnetronix hereby: (a) acknowledges that this Addendum is a Manufacturing Commitment as contemplated by the First Amendment, (b) waives all of its rights with respect to the Manufacturing Commitment, Buyout Fee and the Guaranty as set forth in the First Amendment, and (c) acknowledges and agrees that (i) Minnetronix shall have no further rights with respect to the Manufacturing Commitment, Buyout Fee or Guaranty and (ii) neither Client nor Greatbatch (or any of its affiliates) owes any manufacturing commitment or any other manufacturing/purchase obligation to Minnetronix, except as set forth in this Addendum.

3. **Term and Termination.**

a. **Term.** The term of this Addendum will commence on the Addendum Effective Date and, unless terminated earlier in accordance with this Addendum or the Business Agreement, will continue in full force and effect for a period of four years. Thereafter, this Addendum will renew for successive three-year periods unless either party delivers written notice of non-renewal to the other party no less than ninety days prior to the effective date of renewal. As agreed by the parties, Minnetronix will continue to fulfill any outstanding Purchase Orders issued by Client prior to the expiration or termination of this Addendum, and the delivery of any Product pursuant to such Purchase Orders will be governed by all of the terms and conditions of this Addendum.

b. **Termination.** This Addendum may be terminated by either party upon a material breach of this Addendum by the other party after giving such other party written notice specifying the nature of and the basis for the material breach and providing such other party a 30 day opportunity to cure the material breach.

4. **Effect of Addendum.** When signed by both parties, this Addendum shall be attached to and deemed a part of the Business Agreement. Except to the extent specifically supplemented and/or modified by this Addendum, all terms and conditions set forth in the Business Agreement shall remain in full force and effect. The last sentence of Section 2.1(a) of the Business Agreement is hereby deleted for the purposes of this Addendum and in the event of any inconsistency or conflict between any of the documents described above and/or Purchase Orders issued pursuant to the Agreement, the following order of priority, listed here from the highest priority (a) to the lowest priority (f), in interpretation shall apply

- a. Amendments or other modifications made to the Business Agreement and this Addendum in writing.
- b. Product Specifications, if any, agreed to via Minnetronix' ECO process.
- c. Product Specifications, if any, provided to and agreed upon by Minnetronix with a Purchase Order.
- d. Purchase Order (exclusive of any boilerplate terms and conditions).
- e. Addendum.
- f. Business Agreement.

IN WITNESS WHEREOF, the parties have executed this Addendum as of the Effective Date.

**QIG GROUP, LLC**

**MINNETRONIX, INC.**

By: /s/ Thomas J. Mazza

By: /s/ Jeremy Maniak

Name: Thomas J. Mazza

Name: Jeremy Maniak

Title: VP and Corporate Controller

Title: COO





FOR IMMEDIATE RELEASE

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## NUVECTRA CORPORATION SIGNS DIRECT SUPPLY AGREEMENT

*Nuvectra Signs Direct Supply Agreement with Minnetronix, Inc. for External Devices*

**Plano, Texas, December 12, 2016** – Nuvectra Corporation (NASDAQ: NVTR), a neurostimulation medical device company, today announced the completion of a direct supply agreement with Minnetronix, Inc., a Minnesota medical technology company.

Nuvectra was previously purchasing the peripheral devices that were manufactured by Minnetronix through Integer Inc. (formerly known as Greatbatch), who acted as a supplier intermediary between the two companies. The prior supply agreement was amended to establish a direct relationship between Nuvectra and Minnetronix. Nuvectra will begin purchasing the external peripheral devices for its Algovita spinal cord stimulation system directly from Minnetronix in the first half of 2017 as it transitions its supplier relationship from Integer.

“This new agreement is a next step in Nuvectra’s evolution as an independent company”, said Walter Berger, CFO. “Part of that independence includes looking for ways to optimize our costs and supply chain. Our ability to directly manage the manufacturing and supply of the Algovita system’s external devices gives us greater control over not only our supply costs, but inventory control as well. We look forward to continuing to grow our positive working relationship with Minnetronix over the coming months.”

“Minnetronix has worked with the team at Nuvectra for many years on the development of the innovative suite of peripheral devices for Algovita,” said Rich Nazarian, president and CEO of Minnetronix. “We are excited to continue our partnership with Nuvectra by establishing a direct manufacturing relationship, and look forward to supporting the team on the development of other neurostimulation systems going forward.”

For more information about Nuvectra and the Algovita Spinal Cord Stimulation system, visit [www.nuvectramed.com](http://www.nuvectramed.com).

### **About Nuvectra Corporation**

Nuvectra™ is a neurostimulation company committed to helping physicians improve the lives of people with chronic neurological 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 pain of the trunk and/or limbs. Our innovative technology platform also has capabilities under development to support other neurological indications such as sacral nerve stimulation (SNS), and deep brain stimulation (DBS). In addition, our NeuroNexus subsidiary designs, manufactures and markets leading-edge neural-interface technologies for the neuroscience clinical research market. Visit the Nuvectra website at [www.nuvectramed.com](http://www.nuvectramed.com).

### **About Minnetronix, Inc.**

Minnetronix is a medical technology and innovation company with deep expertise in electronic and electromechanical devices. Founded in 1996, the company creates new technologies and therapies that solve unmet clinical and business needs for patients and medical device companies. Minnetronix is FDA Registered and ISO 13485 Certified.

### **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) the timing of the commercial launch of Algovita in the United States; (ii) our ability to successfully commercialize Algovita and develop and commercialize enhancements to Algovita; (iii) 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; (iv) 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; (v) the performance by our development partners, including Aleva Neurotherapeutics, S.A., of their obligations under their agreements with us; (vi) the scope of protection for our intellectual property rights covering Algovita and other products using our neurostimulation technology platform, along with any product enhancements; (vii) our ability to successfully build an effective commercial infrastructure and sales force in the United States; (viii) our compliance with all regulatory and legal requirements regarding implantable medical devices and interactions with healthcare professionals; and (ix) any product recalls or the receipt of any warning letters from any governmental or regulatory agency. Please see the sections entitled "Cautionary Statement Concerning Forward-Looking Statements" and "Risk Factors" in Nuvectra's Registration Statement on Form 10 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.