GREATBATCH, INC.
Form DEF 14A
April 14, 2014
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 14A

PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE

SECURITIES EXCHANGE ACT OF 1934

(Amendment No.)

Filed by the Registrant x Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant §240.14a-12

GREATBATCH, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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April 14, 2014

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of Greatbatch, Inc. which will be held on Friday, May 16, 2014 at 9:00 a.m., Central Daylight Time, at the company s global headquarters at 2595 Dallas Parkway, Suite 310, Frisco, Texas 75034.

Details of the business to be conducted at the Annual Meeting are given in the enclosed Notice of Annual Meeting and Proxy Statement. Included with the Proxy Statement is a copy of the company s 2013 Annual Report. We encourage you to read this document. It includes information on the company s operations, markets and products, as well as the company s audited financial statements.

Whether or not you attend the Annual Meeting, it is important that your shares be represented and voted. To make it easier for you to vote, we are offering Internet and telephone voting. The instructions included on your proxy card describe how to vote using these services. Of course, if you prefer, you can vote by mail by completing and signing your proxy card, and returning it in the enclosed postage-paid envelope.

We look forward to seeing you at the Annual Meeting.

Sincerely,

/s/ Bill R. Sanford

Bill R. Sanford

Chairman of the Board

/s/ Thomas J. Hook

Thomas J. Hook

President & Chief Executive Officer

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GREATBATCH, INC.

2595 DALLAS PARKWAY, SUITE 310

FRISCO, TEXAS 75034

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To the Stockholders of Greatbatch, Inc.:

The Annual Meeting of Stockholders of Greatbatch, Inc. will be held at the company s global headquarters at 2595 Dallas Parkway, Suite 310, Frisco, Texas 75034, on Friday, May 16, 2014 at 9:00 a.m., Central Daylight Time, for the following purposes:

1. To elect nine directors for a term of one year and until their successors have been elected and qualified;

2. To approve an amendment to the Greatbatch, Inc. 2011 Stock Incentive Plan to increase the number of shares available for issuance;

3. To ratify the appointment of Deloitte & Touche LLP as the independent registered public accounting firm for Greatbatch, Inc. for fiscal year 2014;

4. To approve, on an advisory basis, the compensation of our named executive officers; and

5. To consider and act upon other matters that may properly come before the Annual Meeting and any adjournments thereof.

Stockholders of record at 5:00 p.m., Eastern Daylight Time, on April 4, 2014 are entitled to vote at the Annual Meeting.

By Order of the Board of Directors,

/s/ Timothy G. McEvoy

Timothy G. McEvoy

Senior Vice President, General Counsel & Secretary

Frisco, Texas

April 14, 2014

IT IS IMPORTANT THAT YOUR SHARES BE REPRESENTED AND VOTED AT THE ANNUAL MEETING. YOU CAN VOTE YOUR SHARES BY PROXY BY USING ONE OF THE FOLLOWING METHODS: MARK, SIGN, DATE AND PROMPTLY RETURN THE ENCLOSED PROXY CARD IN THE POSTAGE-PAID ENVELOPE FURNISHED FOR THAT PURPOSE, **OR** VOTE BY TELEPHONE OR THE INTERNET USING THE INSTRUCTIONS ON THE ENCLOSED PROXY CARD. ANY PROXY MAY BE REVOKED IN THE MANNER DESCRIBED IN THE ACCOMPANYING PROXY STATEMENT AT ANY TIME PRIOR TO ITS USE AT THE ANNUAL MEETING OF STOCKHOLDERS. ANY STOCKHOLDER PRESENT AT THE MEETING MAY WITHDRAW HIS OR HER PROXY AND VOTE PERSONALLY ON ANY MATTER PROPERLY BROUGHT BEFORE THE MEETING.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS

FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 16, 2014

THE GREATBATCH, INC. 2014 PROXY STATEMENT AND 2013 ANNUAL REPORT ARE AVAILABLE AT

http://proxy.greatbatch.com

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PROXY STATEMENT

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PROXY STATEMENT

INTRODUCTION

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors (the Board) of Greatbatch, Inc. (the Company) of proxies in the accompanying form for use at the 2014 Annual Meeting of Stockholders or any adjournment or adjournments thereof. The Company will bear the expense of preparing, printing and mailing this proxy statement and the proxies solicited hereby. The Company has retained Georgeson Inc. to assist with the solicitation of proxies for a fee not to exceed $7,000 plus reimbursement for out of pocket expenses.

The 2014 Annual Meeting of Stockholders of the Company will be held at 9:00 a.m., Central Daylight Time, on Friday, May 16, 2014 at the Company s global headquarters at 2595 Dallas Parkway, Suite 310, Frisco, Texas 75034. The Company s mailing address is 2595 Dallas Parkway, Suite 310, Frisco, Texas 75034, and its telephone number is (716) 759-5600.

This Proxy Statement and the accompanying form of proxy are first being sent to stockholders of record on or about April 14, 2014. A copy of the Company s 2013 Annual Report, including financial statements, has either previously been delivered or accompanies this Proxy Statement, but is not part of the proxy solicitation materials.

VOTING RIGHTS

Stockholders of record at 5:00 p.m., Eastern Daylight Time, on April 4, 2014 are entitled to vote at the Annual Meeting. At that time, the Company had outstanding 24,820,665 shares of common stock, $0.001 par value per share (Common Stock). Each share of Common Stock is entitled to one vote. An individual who has a beneficial interest in shares allocated to the Company stock fund account under the Greatbatch, Inc. 401(k) Retirement Plan (the 401(k) Plan) is entitled to vote the shares of Common Stock allocated to that account.

Shares may not be voted at the meeting unless the owner is present or represented by proxy. A stockholder can be represented through the return of a proxy card or by utilizing the telephone or Internet voting procedures. An individual with a beneficial interest in the 401(k) Plan may give directions to the trustee of the 401(k) Plan, or its designated representative, as to how the allocated shares should be voted by returning the proxy card or using the telephone or Internet voting methods. The telephone and Internet voting procedures are designed to authenticate stockholders by use of a control number and allow stockholders to confirm that their instructions have been properly recorded. The method by which you vote will in no way limit your right to vote at the Annual Meeting if you later decide to attend in person. A stockholder giving a proxy may revoke it at any time before it is used by giving written notice of such revocation or by delivering a later dated proxy to Timothy G. McEvoy, the Company s Secretary, at the Company s mailing address set forth above, or by the vote of the stockholder in person at the Annual Meeting.

The presence in person or by proxy of the holders of a majority of the outstanding Common Stock will constitute a quorum for the transaction of business at the meeting. Broker non-votes, abstentions and directions to withhold authority will be counted as being present or represented at the meeting for purposes of establishing a quorum. A broker non-vote occurs when a broker or other nominee holding shares for a beneficial owner does not vote on a particular proposal because it does not have discretionary voting power on that proposal and has not received voting instructions from the beneficial owner.

Proxies will be voted in accordance with the stockholder s direction, if any. Unless otherwise directed, proxies will be voted in favor of the election as directors of the persons named under the caption Nominees for Director, in favor of approval of the amendment to the Company s 2011 Stock Incentive Plan, in favor of ratifying the appointment of

Deloitte & Touche LLP (Deloitte & Touche) as the independent registered public accounting firm for the Company for fiscal year 2014, and in favor of approval of the compensation of the Company s named executive officers.

The vote of a plurality of the shares of Common Stock present in person or represented at the meeting is required for the election of directors. Abstentions and broker non-votes will have no effect on the election of directors.

The affirmative vote of a majority of the shares of Common Stock present in person or represented at the meeting is required to approve the amendment to the Company s 2011 Stock Incentive Plan, provided that a majority of the outstanding shares of Common Stock are voted on the proposal. In determining whether the proposal has received the requisite number of affirmative votes, abstentions will have the same effect as a negative vote. Broker non-votes will have no effect on the adoption of the amendment to the 2011 Stock Incentive Plan.

The affirmative vote of a majority of the shares of Common Stock present in person or represented by proxy at the meeting is required to ratify the appointment of Deloitte & Touche as the independent registered public accounting firm for the Company for fiscal year 2014. In determining whether the proposal has received the requisite number of affirmative votes, an abstention will have the same effect as a vote against ratification.

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Although the vote on proposal 4 (vote on executive compensation) is advisory in nature and non-binding, the affirmative vote of a majority of the shares of Common Stock present in person or represented by proxy at the meeting is required to approve the proposal. Broker non-votes will have no effect on the vote and abstentions will have the effect of a vote against approval of the proposal.

PRINCIPAL BENEFICIAL OWNERS OF SHARES

The following table sets forth certain information with respect to all persons known to the Company to be the beneficial owner of more than 5% of its outstanding Common Stock as of April 4, 2014.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percent of Class
BlackRock, Inc.[1] 40 East 52nd Street New York, NY 10022	2,162,711	8.7%
Dimensional Fund Advisors LP[2] Palisades West, Building One 6300 Bee Cave Road Austin, TX 78746	2,018,372	8.1%
The Vanguard Group, Inc.[3] 100 Vanguard Boulevard Malvern, PA 19355	1,464,205	5.9%

(1) BlackRock, Inc. filed a Schedule 13G/A on January 29, 2014. The beneficial ownership information presented is based solely on the Schedule 13G/A. The reported securities are owned by BlackRock, Inc. and its affiliated companies listed in the Schedule 13G/A.

(2) Dimensional Fund Advisors LP (Dimensional) filed a Schedule 13G/A on February 10, 2014. The beneficial ownership information presented and information contained in this footnote is based solely on the Schedule 13G/A. Dimensional, an investment advisor registered under Section 203 of the Investment Advisers Act of 1940, furnishes investment advice to four investment companies registered under the Investment Company Act of 1940, and serves as investment manager to certain other commingled group trusts and separate accounts (the Dimensional Funds). In its role as investment advisor or manager, Dimensional possesses investment and/or voting power over the securities of the Company that are owned by the Dimensional Funds, and may be deemed to be the beneficial owner of the shares of the Company held by the Dimensional Funds.

(3) The Vanguard Group, Inc. filed a Schedule 13G/A on February 11, 2014. The beneficial ownership information presented is based solely on the Schedule 13G/A. The reported securities are owned by The Vanguard Group, Inc., Vanguard Fiduciary Trust Company and Vanguard Investments Australia, Ltd. Vanguard Fiduciary Trust Company and Vanguard Investments Australia, Ltd. are wholly owned subsidiaries of The Vanguard Group, Inc. and serve as an investment manager of collective trust accounts and Australian investment offerings, respectively.

COMPANY PROPOSALS

PROPOSAL 1 Election of Directors

Shares represented by properly executed proxies will be voted, unless authority is withheld, for the election as directors of the Company of the following nine persons nominated by the Board, to hold office until the 2015 Annual

Meeting of Stockholders and until their successors have been elected and qualified. Each of the nominees listed below was elected at the 2013 Annual Meeting of Stockholders.

If any nominee for any reason should become unavailable for election or if a vacancy should occur before the election (which events are not expected), the shares of Common Stock represented by the proxies will be voted for such other person, if any, as the Corporate Governance and Nominating Committee shall designate. Information regarding the nominees standing for election as directors is set forth below:

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Nominees for Director

Pamela G. Bailey is 65, is Chair of the Corporate Governance and Nominating Committee, a member of the Compensation and Organization Committee, and has been a director since 2002.

Ms. Bailey has been President and Chief Executive Officer of The Grocery Manufacturers Association (GMA), a Washington, D.C. based trade association, since January 2009. From April 2005 until January 2009, she was President and Chief Executive Officer of the Personal Care Products Council. Ms. Bailey served as President and Chief Executive Officer of the Advanced Medical Technology Association (AdvaMed), the world s largest association representing the medical technology industry, from June 1999 to April 2005. From 1970 to 1999, she served in the White House, the Department of Health and Human Services and other public and private organizations with responsibilities for health care public policy. Ms. Bailey is a director of the Reagan-Udall Foundation, a 501(c)(3) organization created by Congress to advance the mission of the Food and Drug Administration by advancing regulatory science and research. She formerly served as a director of Albertsons, Inc., MedCath Corporation, and The National Food Laboratory, Inc.

Ms. Bailey s 40 years of healthcare public policy experience with both public and private organizations, including service in the White House, the Department of Health and Human Services, and as President and Chief Executive Officer of AdvaMed, gives her a unique perspective on a variety of healthcare-related issues. With over 20 years of chief executive officer experience at GMA, the Personal Care Products Council, AdvaMed, and other Washington-based health care trade associations, Ms. Bailey brings to the Board demonstrated management ability at senior levels. This experience, together with her experience gained as a director of Albertsons and MedCath, supports her continued service as a member of the Board.

Anthony P. Bihl III is 57, is a member of the Audit Committee, a member of the Technology Strategy and Investment Committee, and has been a director since 2011.

Mr. Bihl has been Chief Executive Officer and a member of the Board of Managers of Bioventus, LLC, a company that develops, manufactures and sells products that promote active orthopaedic healing, since December 2013. From June 2011 through June 2012, he was Group President American Medical Systems (AMS), a subsidiary of Endo Pharmaceuticals (Endo). Prior to that, Mr. Bihl was President & Chief Executive Officer and a director of AMS from April 2008 until Endo acquired AMS in June 2011. He served as Chief Executive Officer of Siemens Medical Solutions Diagnostics Division from January to November 2007, and as President of the Diagnostics Division of Bayer HealthCare from 2004 through 2006. Prior to that, Mr. Bihl served in a number of operations and finance roles at Bayer HealthCare and over a 20-year career at E.I. DuPont. He is a director and chairman of the board of Spectral Diagnostics, Inc., a Canadian company that develops products for the diagnosis and treatment of severe sepsis and septic shock, and also serves as chair of its human resources and compensation committee and as a member of its audit committee. Mr. Bihl is a former director of SeraCare Life Sciences Inc.

Mr. Bihl brings 30 years of experience in the medical device industry, in operations, finance and general management roles. His extensive background and experience supports his continued service as a member of the Board.

Joseph W. Dziedzic is 45, is a member of the Audit Committee, a member of the Compensation and Organization Committee, and has been a director since February 2013.

Mr. Dziedzic has been Vice President and Chief Financial Officer of The Brink s Company, a global leader in security-related services for banks, retailers and a variety of other commercial and governmental customers, since 2009. In addition to his responsibilities as Chief Financial Officer, Mr. Dziedzic is responsible for global security, global procurement and risk management for The Brink s Company. Prior to joining The Brink s Company, he had a 20-year career with General Electric where from 2006 to 2009, he was Chief Financial Officer of GE Aviation Services, from 2003 to 2006, he was Manager of Global Financial Planning and Analysis of GE Energy, and from 2000 to 2002 he was Chief Financial Officer of GE Plastics America. Prior to 2000, Mr. Dziedzic held a number of other positions of increasing responsibility with General Electric. He is a director of the YMCA of Greater Richmond.

Mr. Dziedzic has over 20 years of experience in global operations and financial and accounting matters. The depth and breadth of Mr. Dziedzic s financial experience support his continued service as a member of the Board.

Thomas J. Hook is 51, is a member of the Technology Strategy and Investment Committee, and has been a director since 2006.

Mr. Hook has been the Company s President and Chief Executive Officer since August 2006. Prior to August 2006, he was the Company s Chief Operating Officer, a position to which he was appointed upon joining the Company in September 2004. From August 2002 until September 2004, Mr. Hook was employed by CTI Molecular Imaging where he served as President, CTI Solutions Group. From March 2000 to July 2002, he was General Manager, Functional and Molecular Imaging for General Electric Medical Systems. From 1997 to 2000, Mr. Hook worked for the Van Owen Group Acquisition Company and prior to that, Duracell, Inc. He is Chairman of the Board of HealthNow New York, Inc., a leading healthcare company in Western New York that provides quality healthcare services to companies and individuals in that region, and serves on its executive committee. Mr. Hook is also a director of AdvaMed.

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Since joining the Company as Chief Operating Officer in 2004 and becoming President and Chief Executive Officer in 2006, Mr. Hook has directed the Company s acquisition, integration and product development efforts, growing the business from $200 million to the more diverse $664 million medical device technology company that it is today. Mr. Hook s knowledge of the Company s business and his role as the Company s President and Chief Executive Officer support his continued service as a member of the Board.

Kevin C. Melia is 66, is Chair of the Audit Committee, a member of the Technology Strategy and Investment Committee, and has been a director since 2007.

Mr. Melia was the non-executive Chairman of Vette Corporation, a privately-held provider of thermal management solutions, from June 2009 to May 2012. From 2003 to 2008, he was the non-executive Chairman of IONA Technologies Plc, a leading middleware software company. Between 2003 and November 2007, Mr. Melia also was the non-executive Chairman of A.Net (formerly Lightbridge, Inc.), an e-payment company. He was the co-founder of Manufacturers Services Ltd. (MSL), a leading company in the electronics manufacturing services industry, and served as its Chairman and Chief Executive Officer from June 1994 to January 2003. Prior to establishing MSL, Mr. Melia held a number of senior executive positions over a five-year period at Sun Microsystems, including Chief Financial Officer, president of its Sun Microsystems Computer Company subsidiary, and Senior Vice President of Operations. He also held a number of senior executive positions in operations and finance over a sixteen-year career at Digital Equipment Corporation. Mr. Melia is a Chartered Accountant and holds a joint diploma in Management Accounting from the Accounting Institutes of the U.K. and Ireland. He is a director and member of the audit and compensation committees of RadiSys Corporation, a provider of embedded advanced solutions for the communications networking and commercial systems markets, a director and member of the audit and compensation committees of Analogic Corporation, a high-technology signal and imaging processing company, and a director and audit committee member of DCC Plc, a procurement, sales, marketing, distribution and business support services group headquartered in Dublin, Ireland. Mr. Melia also is director of Merrion Capital and Merrion Capital Holdings, Irish financial services companies, and a member of the advisory board of C&S Wholesale Grocers. He also is a former director of Manugistics Corporation, Eircom, Inc. and Horizons Technologies, and a former joint managing director of Boulder Brook Partners LLC, a private investment company.

Mr. Melia is a chartered accountant (FCMA, JDIPMA) of the U.K. and Ireland. Having been a co-founder and Chairman and Chief Executive Officer of MSL and non-executive Chairman of Vette Corporation, IONA and A.Net, Mr. Melia has extensive business leadership experience. His service in senior management positions at Sun Microsystems and Digital Equipment Corporation provided him with broad knowledge in global operations and financial and accounting matters. The depth and breadth of Mr. Melia s financial and manufacturing operations experience support his continued service as a member of the Board.

Dr. Joseph A. Miller, Jr. is 72, is Chair of the Technology Strategy and Investment Committee, a member of the Corporate Governance and Nominating Committee, and has been a director since 2003.

Dr. Miller retired in April 2012 as Executive Vice President and Chief Technology Officer for Corning, Inc., a position in which he had served since 2001. Before joining Corning in 2001, he served as Senior Vice President of E.I. DuPont de Nemours from 1999 to 2001 and held various executive positions with that company prior to that time. Dr. Miller is a director of Lightwave Logic. He is a former director of Dow Corning Corporation.

Dr. Miller has significant research and development knowledge and experience gained through his positions at Corning and E.I. DuPont. His extensive knowledge and experience gives him insight into a number of issues facing the Company and supports his continued service as a member of the Board.

Bill R. Sanford is 70, is Chairman of the Board, is a member of the Corporate Governance and Nominating Committee, and has been a director since 2000.

Mr. Sanford is Chairman of Symark LLC, a company he founded in 1979 that focuses on the development and commercialization of biosciences systems, products and services. He is Executive Founder and retired Chairman, President and Chief Executive Officer of Steris Corporation, a global provider of infection and contamination prevention systems, products, services and technologies. Mr. Sanford is an active early and growth stage equity investor through Symark, and serves as a board member, executive and advisor of several private for-profit companies, not-for-profit organizations, investment limited partnerships and venture capital firms. He formerly served on the board of directors of KeyCorp and its KeyBank N.A. subsidiary, and is currently a member of the board of directors of the Cleveland Clinic.

Mr. Sanford is an experienced entrepreneur, senior executive, consultant, investor and board member with extensive public company, new venture, merger and acquisition, marketing and sales, turnaround and market development experience. He has both public and private company financing experience, including initial and secondary public stock offerings, structured debt financings, public stock mergers and private equity and venture capital investments. Mr. Sanford s background and experience, including his extensive experience in the medical device industry, support his continued service as a member of the Board.

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Peter H. Soderberg is 67, is Chair of the Compensation and Organization Committee, a member of the Audit Committee, and has been a director since 2002.

Mr. Soderberg is managing partner of Worthy Ventures Resources, LLC, a private investment company he founded in February 2010. He retired in January 2010 as President and Chief Executive Officer of Hill-Rom Holdings, Inc. (formerly Hillenbrand Industries), a position he held since March 2006. From January 2000 to March 2006, he was President and Chief Executive Officer of Welch Allyn, Inc., and for the seven years prior to that, Chief Operating Officer of Welch Allyn s medical products business. Mr. Soderberg also held a number of positions over a 23-year career with Johnson & Johnson, where his final position was as president of one of its operating subsidiaries. Until his retirement, he also had served on the board of directors of Hill-Rom and AdvaMed. Mr. Soderberg currently serves as a director and chair of the finance committee of St. Vincent Health System (Indianapolis), as well as a director of several privately-held medtech companies. He is a former director of Constellation Brands, Inc. and Welch Allyn.

Having served in the roles of President and Chief Executive Officer of Hill-Rom and Welch Allyn, Mr. Soderberg has significant management experience and business understanding. Running a public company gave Mr. Soderberg front-line exposure to many of the issues facing public companies, particularly on the operational, financial and corporate governance fronts. His deep knowledge of healthcare policy and patient care delivery, gained through his long career in the healthcare industry, provides our Board with a valuable perspective on the priorities of and challenges facing our major customers. These attributes support Mr. Soderberg s continued service as a member of the Board.

William B. Summers, Jr. is 63, is a member of the Compensation and Organization Committee, a member of the Corporate Governance and Nominating Committee, and has been a director since 2001.

Mr. Summers retired in June 2006 as Chairman of McDonald Investments, Inc., a position he had held since 1998. He also held the additional positions of President (from 1989 through 1998) and Chief Executive Officer (from 1994 through 1998) of that investment company. Mr. Summers serves on the board of directors of RPM International, Inc., and is chairman of its audit committee and a member of its executive committee. He also serves on the advisory boards of Molded Fiberglass Companies, MAI Wealth Advisors LLC, and IQWARE Marketing, LLC, and on the board of directors of The Rock and Roll Hall of Fame and Museum, Baldwin-Wallace University, State Troopers of Ohio, and the Convention and Visitors Bureau of Greater Cleveland, Inc. Mr. Summers previously served as chairman of the board of the National Association of Securities Dealers, as chairman of the board of the NASDAQ Stock Market, and as a director of the New York Stock Exchange (NYSE). He is a former director of Developers Diversified Realty, Inc., Cleveland Indians Baseball Company, and Penton Media Inc.

Through his positions with McDonald Investments, Mr. Summers gained leadership experience and extensive knowledge of complex financial and operational issues. In addition, through his service with the NASDAQ Stock Market and the NYSE and on the boards of other public companies, Mr. Summers has gained valuable experience dealing with the capital markets, accounting principles and financial reporting rules and regulations, evaluating financial results and generally overseeing the financial reporting process of large public corporations. This experience supports Mr. Summers continued service as a member of the Board.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR

THE ELECTION OF EACH OF THE NOMINEES FOR DIRECTOR

Proposal 2 Amendment to the Greatbatch, Inc. 2011 Stock Incentive Plan

The Board has approved, and is recommending that stockholders approve, an amendment to the Greatbatch, Inc. 2011 Stock Incentive Plan (the 2011 Plan) to increase the number of shares of Common Stock available for issuance from 1,000,000 to 1,350,000 shares. The 2011 Plan was initially approved by stockholders at the Company s 2011 Annual Meeting. The 2011 Plan provides a long-term incentive for employees and directors to contribute to the growth of the Company and attain specified performance goals. As of April 4, 2014, 207,810 shares were available for awards under the 2011 Plan. The Company continues to focus on equity awards in the form of restricted stock units, thus no sub-limit for these types of awards is included in the 2011 Plan. As of April 4, 2014, 340,888 shares were available for award under the Company s 2005 and 2009 Stock Incentive Plans, of which only 53,745 shares were available for award in the form of restricted stock, restricted stock units or stock bonuses under the respective plans sub-limits. In determining the increase in the number of shares, we considered the historical burn-rate of the Company s equity compensation plans, the potential dilution and stockholder value transfer as a result of this plan and the one-year and three-year TSR of the Company. The additional 350,000 shares proposed to be added to the 2011 Plan represent 1.4% of the Company s outstanding Common Stock as of April 4, 2014. The NYSE closing price of a share of Common Stock on April 4, 2014 was $44.85.

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Purpose **-** Amending the 2011 Plan will allow the Company, under the direction of the Compensation Committee, to continue to award grants of stock options, restricted stock, restricted stock units, stock appreciation rights and stock bonuses, any of which may or may not require the satisfaction of performance objectives, to employees and to non-employee directors and service providers. The purpose of these stock awards is to attract and retain talented employees and the services of select non-employees, further align employee and stockholder interests and closely link employee compensation with Company performance. Awards under the 2011 Plan provide an essential component of the total compensation package offered to employees, reflecting the importance that the Company places on motivating superior results with long-term, performance-based incentives. Based on the Company s past award practices and its desire to continue utilizing restricted stock units as the core of its equity incentive programs, without an increase in the number of shares available for issuance under the 2011 Plan, the Company will be unable to issue awards to employees in future ordinary award cycles in amounts consistent with past practice. For this reason, and after considering the full dilutive impact of these additional shares, the Board approved the amendment to the 2011 Plan and presents the amendment to stockholders.

Key Terms**.** The following is a summary of the material features of the 2011 Plan, giving effect to this amendment, which summary is qualified by reference to the full text of the 2011 Plan, as amended, which is set forth as Exhibit A:

Plan Term:	February 28, 2011 to February 27, 2021.
Eligible Participants:	Employees of the Company (including employees who are also directors and prospective employees conditioned on their becoming employees), non-employee consultants or service providers and non-employee directors of the Company as the Compensation Committee designates from time to time. The Company currently has approximately 3,400 employees and eight non-employee directors who are eligible to participate in the 2011 Plan.
Shares Authorized:	1,350,000, subject to adjustment only to reflect stock splits and similar events. As of April 4, 2014, 616,578 shares are subject to outstanding awards under the 2011 Plan. Shares underlying awards that are forfeited, expire, cancelled or lapse become available for future grants. Shares used to pay the exercise price of a stock option and shares withheld to satisfy tax withholding obligations will not be available for future grants. When a stock appreciation right is exercised, the total number of shares covered by that stock appreciation right agreement will be counted as one share used and not available for future grants, regardless of whether or not a lesser number of shares were used to settle the stock appreciation right upon exercise. The total number of shares to be awarded as non-qualified options or stock appreciation rights may not exceed 1,350,000 shares. The total number of shares to be awarded as incentive stock options may not exceed 1,350,000 shares. The total number of shares subject to options and stock appreciation rights awarded to any one employee during any fiscal year of the Company, other than awards subject to the satisfaction of performance criteria, may not exceed 100,000 shares.
Award Types:	(1) Non-qualified and incentive stock option - the right to purchase a certain number of shares of stock, at a certain exercise price, in the future. (2) Restricted stock - share award conditioned upon continued employment, the passage of time or the achievement of performance objectives. (3) Restricted stock unit - the right to receive a share of stock in the future.

(4) Stock appreciation right - the right to receive the net of the market price of a share of stock and the exercise price of the right, in stock, in the future.

(5) Stock bonus - a bonus payable in shares of stock.

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Award Terms:	Stock options and stock appreciation rights will have a term no longer than ten years. All awards made under the 2011 Plan may be subject to vesting and other contingencies as determined by the Compensation Committee and will be evidenced by agreements which set forth the terms and conditions of each award. Upon the death or disability of an employee, all outstanding time-based awards immediately vest and all outstanding performance-based immediately vest at the target level applicable to such performance-based awards. Upon the retirement of an employee, all outstanding time-based awards immediately vest and a pro-rated portion of outstanding performance-based awards held by such employee remain outstanding and continue to be eligible for vesting and exercisability based on the Company s attainment of the performance goals applicable to such performance-based awards. For purposes of the 2011 Plan, retirement means a voluntary termination of employment occurring on or after such time as such employee has attained 59.5 years of age with a combination of age and length of Company service equal to or exceeding 69.5 years. In the event that an employee is terminated without cause, a pro-rata portion of such employee s performance-based awards that were awarded more than one year before the date of termination will not expire or be forfeited upon such termination but will remain outstanding and continue to be eligible for vesting and/or exercisability based on the Company s attainment of the performance goals applicable to those performance-based awards. The Compensation Committee, in its discretion, may accelerate or extend the period for the exercise or vesting of any awards.
Vesting:	Subject to certain limited exceptions set forth in the 2011 Plan, a minimum vesting period of three years for time-based awards and at least one year after grant for performance-based awards. Vesting is as determined by the Compensation Committee for stock appreciation rights. The vesting of all awards is subject to acceleration upon certain events set forth in the 2011 Plan.
Not Permitted:	(1) Granting stock options or stock appreciation rights at a price below market price on the date of grant. (2) Repricing of a stock option or stock appreciation right without stockholder approval. (3) Granting time-based stock options or stock appreciation rights to any one employee during any fiscal year in excess of 100,000 shares.

Tax Consequences**.** Stock option grants under the 2011 Plan may be intended to qualify as incentive stock options under Internal Revenue Code of 1986, as amended (IRC) §422 or may be non-qualified stock options governed by IRC §83. Generally, no federal income tax is payable by a participant upon the grant of a stock option and no deduction is taken by the Company. Under current tax laws, if a participant exercises a non-qualified stock option, he or she will have taxable income equal to the difference between the market price of the stock on the exercise date and the stock option grant price. The Company will be entitled to a corresponding deduction on its income tax return. A participant will have no taxable income upon exercising an incentive stock option if the shares received are held for the applicable holding periods (except that alternative minimum tax may apply), and the Company will receive no deduction when an incentive stock option is exercised. The Company may be entitled to a deduction in the case of a disposition of shares acquired under an incentive stock option that occurs before the applicable holding periods have been satisfied.

Restricted stock and restricted stock units are also governed by IRC §83. Generally, no taxes are due when the award is made, but the award becomes taxable when it is no longer subject to a substantial risk of forfeiture (generally upon vesting or, in the case of restricted stock units, upon issuance of the underlying shares). Income tax is paid on the value of the shares at ordinary income rates when the restrictions lapse or the shares are issued, and then at capital gains rates when the shares are sold.

The grant of a stock appreciation right will not result in income for the participant or in a tax deduction for the Company. Upon the settlement of such a right, the participant will recognize ordinary income equal to the aggregate value of the shares received, and the Company generally will be entitled to a tax deduction in the same amount.

Awards granted under the 2011 Plan may qualify as performance-based compensation under IRC §162(m) and thus preserve federal income tax deductions by the Company with respect to annual compensation required to be taken into account under §162(m) that is in excess of $1 million and paid to one of the Company s most highly compensated executive officers. To qualify, options and other awards must be granted under the 2011 Plan by a committee consisting of two or more outside directors (as defined under §162(m)) and time-based options and stock appreciation rights must satisfy the 2011 Plan s limit on the total number of shares that may be awarded to any one participant during any calendar year. In addition, for awards other than time-based options and stock appreciation rights to qualify, the grant, issuance, vesting or retention of the award must be contingent upon satisfying one or more of the performance criteria, as established and certified by a committee consisting solely of two or more outside directors. The Compensation Committee, in its discretion, may choose to grant awards that do not satisfy all of the conditions to be deductible under IRC §162(m).

The foregoing is only a summary of the effect of federal income taxation on the participant and the Company under the 2011 Plan. It does not purport to be complete and does not discuss the tax consequences arising in the context of a participant s death or the income tax laws of any municipality, state or foreign country in which the participant s income may be taxable.

Transferability**.** Awards granted under the 2011 Plan generally are not transferable except by will or the laws of descent and distribution.

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Administration. The Compensation Committee, which consists entirely of directors meeting the definition of outside directors under IRC §162(m), administers the 2011 Plan. The Compensation Committee selects the employees and non-employees who receive awards, determines the number of shares covered thereby, and, subject to the terms and limitations expressly set forth in the 2011 Plan, establishes the terms, conditions and other provisions of the grants. The Compensation Committee may interpret the 2011 Plan and establish, amend and rescind any of its rules relating to the 2011 Plan, unless expressly prohibited in the 2011 Plan.

Amendments. The Board may, at any time, suspend or terminate the 2011 Plan or, subject to any limitations in the 2011 Plan, revise or amend it; provided, however, that stockholder approval shall be required if and to the extent required by Rule 16b-3 under the Securities Exchange Act of 1934 (the Exchange Act) or by any comparable or successor exemption under which the Board believes it is appropriate for the 2011 Plan to qualify, or if and to the extent the Board determines that such approval is appropriate for purposes of satisfying IRC §162(m), §422 or §409A or any applicable rule or listing standard of any stock exchange, automated quotation system or similar organization. Nothing in the 2011 Plan restricts the Compensation Committee s ability to exercise its discretionary authority to administer the plan, which discretion may be exercised without amendment to the 2011 Plan. No action may, without the consent of a participant, reduce the participant s rights under any outstanding award.

Equity Compensation Plan Information

The following table provides information regarding the Company s equity compensation plans as of January 3, 2014:

Plan Category (As of January 3, 2014)	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)(1)	(b)	(c)(2)
Equity compensation plans approved by security holders	2,640,923	$ 22.95	924,176
Equity compensation plan not approved by security holders			
Total	2,640,923	$ 22.95	924,176

(1) Consists of shares of Common Stock underlying stock options issued under the 1998 Stock Option Plan, the Non-Employee Director Stock Incentive Plan, the 2005 Stock Incentive Plan, the 2009 Stock Incentive Plan and the 2011 Stock Incentive Plan. Also includes 847,253 shares of Common Stock underlying restricted stock units

that were granted under the 2005 Stock Incentive Plan, the 2009 Stock Incentive Plan and the 2011 Stock Incentive Plan at a weighted average grant date fair value of $17.20 per share, which is not included in the exercise price reported in column b.

(2) As of January 3, 2014, 924,176 shares were available under the plans described above for future grants of stock options, stock appreciation rights, restricted stock, restricted stock units or stock bonuses. Due to plan sub-limits, of the shares available for grant only 467,450 shares were available for issuance in the form of restricted stock, restricted stock units or stock bonuses.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR

THE AMENDMENT TO THE GREATBATCH, INC. 2011 STOCK INCENTIVE PLAN

PROPOSAL 3 Ratification of the Appointment of Independent Registered Public Accounting Firm

On the recommendation of the Audit Committee, Deloitte & Touche has been appointed by the Board as the Company s independent registered public accounting firm for fiscal year 2014, a capacity in which it has served since 2000. Although stockholder approval is not required, the Company has determined that it is desirable to request that the stockholders ratify the appointment of Deloitte & Touche as the Company s independent registered public accounting firm for fiscal year 2014. In the event the stockholders fail to ratify the appointment, the Board will reconsider this appointment and make such a determination as it believes to be in the Company s best interests. Even if the appointment is ratified, the Board, in its discretion, may direct the appointment of a different independent registered public accounting firm at any time during the year if the Board determines that such a change would be in the Company s best interests. Representatives of Deloitte & Touche are expected to be present at the Annual Meeting. The representatives may, if they wish, make a statement and, it is expected, will be available to respond to appropriate questions.

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The following table sets forth the aggregate fees billed by Deloitte & Touche for services provided to the Company during fiscal years 2013 and 2012:

	2013	2012
Audit Fees(1)	$ 1,309,095	$ 1,366,760
Audit-Related Fees(2)		9,000
Total Audit and Audit-Related Fees	1,309,095	1,375,760
Tax Fees(3)	125,434	
All Other Fees		5,200
Total Fees	$ 1,434,529	$ 1,380,960

(1) Represent fees billed by Deloitte & Touche for services rendered for the audit of the Company s annual consolidated financial statements and for review of the Company s quarterly condensed consolidated financial statements.

(2) Represents fees billed by Deloitte & Touche for services rendered related to the performance of their audit but are not included in (1) above.

(3) Represents fees billed by Deloitte & Touche for tax compliance, planning and consulting.

Audit Committee Pre-Approval Policy on Audit and Non-Audit Services**.** As described in the Audit Committee charter, the Audit Committee must review and pre-approve both audit and non-audit services to be provided by the Company s independent registered public accounting firm (other than with respect to *de minimis* exceptions permitted by Regulation S-X, Rule 2-01(c)(7)(i)(c)). This duty may be delegated to one or more designated members of the Audit Committee with any such pre-approval reported to the Audit Committee at its next regularly scheduled meeting. None of the services described above were approved by the Audit Committee under the *de minimis* exception rule.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR

RATIFICATION OF THE APPOINTMENT OF DELOITTE & TOUCHE LLP AS THE COMPANY S

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR FISCAL YEAR 2014

PROPOSAL 4 Advisory Vote on Compensation of the Named Executive Officers

The Company seeks your advisory vote on a resolution to approve the compensation of our named executive officers as disclosed in this proxy statement. Our named executive officers are the Chief Executive Officer, the Chief Financial Officer, the next three highest paid executive officers, and the former Executive Vice President, Business Development (Named Executive Officers). Although your vote is advisory and will not be binding on the Board or the Company, the Board will review the voting results and take them into consideration when making future decisions regarding executive compensation.

The Company s executive compensation programs have played a material role in our ability to drive strong financial results and attract and retain a highly experienced, successful team to manage our Company. We believe that our executive compensation programs are structured in the best manner possible to support the Company and our business objectives. We closely monitor the compensation programs and pay levels of executives from companies of similar size and complexity to ensure that our compensation programs are within the norm of a range of market practices. As discussed below in the Compensation Discussion and Analysis (CD&A) section, the Company s compensation for its Named Executive Officers includes the following elements:

Long-term equity compensation with multi-year performance based vesting. The most significant element of the Named Executive Officers equity compensation opportunity is the LTI Program for which vesting depends on the Company s total stockholder return relative to its peer group over a three-year period.

Total cash compensation tied to performance. A significant portion of the cash compensation opportunity for the Named Executive Officers is based on the Company s performance. As such, the cash compensation for the Named Executive Officers has fluctuated from year to year, reflecting the Company s financial results.

The text of the resolution in respect of Proposal 4 is as follows:

Resolved, that the stockholders approve, on a non-binding basis, the compensation of the Company s Named Executive Officers as disclosed in this Proxy Statement.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR APPROVAL OF THE COMPENSATION OF THE COMPANY S NAMED EXECUTIVE OFFICERS

STOCK OWNERSHIP BY DIRECTORS AND EXECUTIVE OFFICERS

The beneficial ownership of Common Stock by each of the directors, each of the Named Executive Officers, and by all directors and executive officers as a group is set forth in the following table as of April 4, 2014, together with the percentage of total shares outstanding represented by such ownership. For purposes of this table, beneficial ownership has been determined in accordance with the provisions of Rule 13d-3 under the Exchange Act, under which, in general, a person is deemed to be the beneficial owner of a security if that person has or shares the power to vote or to direct the voting of the security or the power to dispose or to direct the disposition of the security, or if he or she has the right to acquire the beneficial ownership of the security within 60 days.

Name of Beneficial Owner	Number of Shares	Percent of Class
Pamela G. Bailey[(1)]	81,383	*
Anthony P. Bihl III [(2)]	32,682	*
Joseph W. Dziedzic[(3)]	12,894	*
Thomas J. Hook[(4)]	659,599	2.6%
Kevin C. Melia[(5)]	72,168	*
Dr. Joseph A. Miller, Jr.[(6)]	79,582	*
Bill R. Sanford[(7)]	139,838	*
Peter H. Soderberg[(8)]	80,486	*
William B. Summers, Jr.[(9)]	90,945	*
Michael Dinkins[(10)]	71,629	*
Mauricio Arellano[(11)]	48,783	*
Susan M. Bratton[(12)]	161,857	*
Michelle Graham[(13)]	59,148	*
Timothy G. McEvoy [(14)]	40,569	*
All directors and executive officers as a group (17 persons) [(15)]	1,675,926	6.5%

(1) Includes (i) 56,456 shares Ms. Bailey has the right to acquire pursuant to options exercisable currently or within 60 days after April 4, 2014; (ii) 1,541 shares of restricted stock; and (iii) 23,386 shares directly held by her.
(2) Includes (i) 24,681 shares Mr. Bihl has the right to acquire pursuant to options exercisable currently or within 60 days after April 4, 2014; (ii) 1,541 shares of restricted stock; and (iii) 6,460 shares directly held by him.
(3) Includes (i) 8,993 shares Mr. Dziedzic has the right to acquire pursuant to options exercisable currently or within 60 days after April 4, 2014; (ii) 1,541 shares of restricted stock; and (iii) 2,360 shares directly held by him.
(4) Includes (i) 509,112 shares Mr. Hook has the right to acquire pursuant to options exercisable currently or within 60 days after April 4, 2014; (ii) 3,263 shares allocated to his account under the 401(k) Plan; and (iii) 147,224 shares directly held by him.
(5) Includes (i) 50,815 shares Mr. Melia has the right to acquire pursuant to options exercisable currently or within 60 days after April 4, 2014; (ii) 1,541 shares of restricted stock; and (iii) 19,812 shares directly held by him.
(6) Includes (i) 56,456 shares Dr. Miller has the right to acquire pursuant to options exercisable currently or within 60 days after April 4, 2014; (ii) 1,541 shares of restricted stock; and (iii) 21,585 shares directly held by him.

(7) Includes (i) 80,334 shares Mr. Sanford has the right to acquire pursuant to options exercisable currently or within 60 days after April 4, 2014; (ii) 2,312 shares of restricted stock; and (iii) 57,192 shares directly held by him.

(8) Includes (i) 56,456 shares Mr. Soderberg has the right to acquire pursuant to options exercisable currently or within 60 days after April 4, 2014; (ii) 1,541 shares of restricted stock; and (iii) 22,489 shares directly held by him.

(9) Includes (i) 56,456 shares Mr. Summers has the right to acquire pursuant to options exercisable currently or within 60 days after April 4, 2014; (ii) 1,541 shares of restricted stock; and (iii) 32,948 shares directly held by him.

(10) Includes (i) 61,641 shares Mr. Dinkins has the right to acquire pursuant to options exercisable currently or within 60 days after April 4, 2014; (ii) 419 shares allocated to his account under the 401(k) Plan; and (iii) 9,569 shares directly held by him.

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(11) Includes (i) 24,948 shares Mr. Arellano has the right to acquire pursuant to options exercisable currently or within 60 days after April 4, 2014; (ii) 3,348 shares allocated to his account under the 401(k) Plan; and (iii) 20,487 shares directly held by him.
(12) Includes (i) 97,403 shares Ms. Bratton has the right to acquire pursuant to options exercisable currently or within 60 days after April 4, 2014; and (ii) 64,454 shares directly held by her.
(13) Includes (i) 33,146 shares Ms. Graham has the right to acquire pursuant to options exercisable currently or within 60 days after April 4, 2014; (ii) 959 shares allocated to her account under the 401(k) Plan; (iii) 480 shares indirectly controlled by her; and (iv) 24,563 shares directly held by her.
(14) Includes (i) 16,365 shares Mr. McEvoy has the right to acquire pursuant to options exercisable currently or within 60 days after April 4, 2014; (ii) 1,961 shares allocated to his account under the 401(k) Plan; and (iii) 22,243 shares directly held by him.
(15) Includes 1,144,671 shares the directors and executive officers have the right to acquire pursuant to options exercisable currently or within 60 days after April 4, 2014.
* Less than 1%

Section 16(a) Beneficial Ownership Reporting Compliance. Under Section 16(a) of the Exchange Act, the Company s directors and officers are required to report their beneficial ownership of the Common Stock and any changes in that beneficial ownership to the Securities and Exchange Commission (SEC) and the NYSE. The Company believes that these filing requirements were satisfied. In making the foregoing statement, the Company has relied on copies of the reporting forms received by it or on the written representations from the persons required to report.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Executive Summary

Key Performance and Compensation Highlights for 2013.

We continue to drive our Pay for Performance culture which emphasizes and rewards execution of our business strategy, achievement of corporate objectives and the interests of our stockholders.

At our 2013 Annual Meeting our stockholders cast votes with 94% in favor of our executive compensation policies, practices and programs.

Our 2013 Greatbatch Growth Bonus Plan funded at 93.3% of target based on materially accomplishing our 2013 goals by achieving 5% organic revenue growth (constant currency) and 12% adjusted operating income growth.

The performance period for our 2011 long term incentive awards was completed at the end of our 2013 fiscal year. Our total stockholder return was 74.1% which was in the 75th percentile of our peer group resulting in a 100% payout of maximum shares.

During 2013, we adopted a clawback policy.

We aligned our equity plan termination rules to reflect market practices.

Overview. Our compensation programs for our senior level executives, which includes the Named Executive Officers, are designed to be consistent with our compensation philosophy. Our philosophy is to provide compensation programs that attract, motivate and reward associates who drive the Company s success through high performance and innovation. Our compensation strategy is focused on maintaining a competitive position in the marketplace. Our senior level executives are accountable for, and take ownership of, the short-term and long-term performance of the Company. As such, based upon this philosophy and strategy, we have designed our compensation programs to include fixed cash and equity-based compensation at the targeted competitive market median rate and performance cash and equity-based compensation at above competitive market median rates if above competitive market median performance is achieved. Similarly, if our performance falls below market median performance, the performance cash and equity-based compensation will be lower than targeted market median. We believe that this philosophy is important in order to attract, retain and properly incentivize senior level management and should provide value to our stockholders through a higher stock price.

Our compensation programs are designed by our Compensation Committee in collaboration with management and with input from an independent compensation consultant, Ernst & Young, hired by the Compensation Committee and approved by our Board. Consistent with our compensation philosophy, we believe that our compensation programs for senior level executives, including the Named Executive Officers, should have a significant amount of compensation that is at risk, which serves to better align the interests of management with those of our stockholders. To accomplish this, our compensation programs include both short and long-term performance incentive programs. The performance-based portion of our long-term incentive programs cover a three-year performance period.

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Our compensation programs consist of the following:

- Base Salary
- Annual Performance-Based Cash Incentives
- Long-Term Time-Based and Performance-Based Equity Awards
- Retirement and Change in Control Agreements
- Other Personal Benefits
- Employment Contract for only the CEO

As illustrated in the graphs below, we believe that equity-based compensation should increase as a percentage of total direct compensation as roles and responsibilities increase. We target our Named Executive Officers total cash and total direct compensation to be consistent with the market median of our peer group. In this way, we believe we can attract and retain executives who have the appropriate skill set to develop and execute our strategic plans and attain both our short and long- term financial and strategic objectives.

The following graphs depict the mix of cash versus equity compensation as a percentage of total direct compensation granted to our Named Executive Officers during 2013 assuming target performance levels are achieved:

The following graphs depict the mix of time (fixed) versus performance (at risk) based compensation as a percentage of total direct compensation granted to our Named Executive Officers during 2013 assuming target performance levels are achieved:

Compensation Committee Practices and Procedures

The Compensation Committee, in collaboration with management, is responsible for the design and oversight of our compensation programs with appropriate approval and general oversight from the Board. This responsibility includes the determination of compensation levels and awards provided to the Named Executive Officers. The Compensation Committee directly engages Ernst & Young LLP to independently advise them on compensation matters and recommendations made by management. A representative of Ernst & Young was present in person or by telephone for all seven meetings held by the Compensation Committee during 2013.

In accordance with NYSE rules regarding the independence of compensation consultants, the Compensation Committee has considered the other services Ernst & Young provides to the Company, the amount of fees paid to Ernst & Young by the Company, Ernst & Young s policies and procedures designed to prevent conflicts of interest, any business or personal relationship Ernst & Young may have with any member of the Compensation Committee, any stock of the Company owned by Ernst & Young, and any business or personal relationship Ernst & Young has with any of the Named Executive Officers. Following that review, the Compensation Committee concluded that Ernst & Young s work for the Compensation Committee does not raise a conflict of interest.

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The Compensation Committee also is responsible for recommending to the Board for approval the performance evaluation and compensation adjustments for Mr. Hook, our President & Chief Executive Officer. For the remaining Named Executive Officers, Mr. Hook makes recommendations regarding performance and compensation adjustments to the Compensation Committee for approval. Grants of equity-based compensation are approved by the Compensation Committee in accordance with long-term incentive programs established by the Compensation Committee with the assistance of Ernst & Young. Although not required by our long-term incentive plans, the Board has provided final approval on the equity-based compensation awards for our senior level executives.

During 2013, Michelle Graham, Senior Vice President of Human Resources and Timothy G. McEvoy, Senior Vice President, General Counsel & Secretary, attended meetings of the Compensation Committee to provide counsel and assistance to the Compensation Committee as needed. These executives were not present during executive sessions of the Compensation Committee or when items pertaining to their individual compensation were discussed.

Competitive Market Review

The Compensation Committee compares our programs and performance against a peer group of companies. The companies selected to be in our peer group (i) have relevant overlap with our industry, customers and products, (ii) are similar in size, and (iii) have key metrics that are consistent with our growth strategy. The key metrics considered in evaluating companies for our peer group included revenue size and growth rate, return on equity, net income, earnings per share (EPS) growth, average gross margins and enterprise value. Additionally, the Compensation Committee took into consideration companies identified as peers of our peers, peers by our analysts and certain governance rating agencies. The Compensation Committee typically reevaluates the peer group every two to three years or sooner if a peer group company is acquired or if an event occurs such that the companies in the peer group are no longer comparable to our Company. The companies comprising our current compensation peer group are as follows:

Analogic Corporation	Merit Medical Systems, Inc.
ArthroCare Corporation	NuVasive, Inc.
CONMED Corporation	Orthofix International
CTS Corporation	Symmetry Medical, Inc.
Haemonetics Corporation	Thoratec Corporation
Integra LifeSciences Holdings Corporation	West Pharmaceutical Services, Inc.
KEMET Corporation	Wright Medical Group, Inc.
Masimo Corporation	

The Compensation Committee believes this is an appropriate size for a peer group in order to obtain a representative sample of our competitive market.

In 2012, the Compensation Committee engaged Ernst and Young to perform a market study related to the compensation of the Named Executive Officers. The 2013 compensation packages for our Named Executive Officers were based in part on the 2012 market study, which utilized peer group compensation data supplemented by market survey data and which was adjusted for factors such as prior individual experience and performance and expected future contributions, performance of our Company, internal equity considerations within our Company and the degree of difficulty in replacing the executive.

The 2012 market study, which provided base salary, total cash compensation and total direct compensation analysis, utilized proxy data of our peer group and survey data from the following sources:

Title	Publisher	Year
Executive Compensation Assessor	Economic Research Institute	2012
Executive Survey Report	Mercer HR Consulting	2012
Survey Report on Top Management Compensation	Towers Watson Data Services	2012
Salary Budget Survey	WorldatWork	2012-13

In prior years, the Ernst & Young analysis has also utilized various analytical tools, including total remuneration analysis and tally sheets, in determining recommended compensation levels (cash, equity, benefits and perquisites) provided to the Named Executive Officers, as well as the impact of the Company s performance on compensation. Additionally, internal pay equity analysis and equity wealth accumulation and sensitivity analysis were also performed.

The Compensation Committee sets the performance goals for annual cash incentives based upon prior year performance, the Company s plan for the current year and the level of risk and stretch goals included in those plans, estimated industry and category performance, and the Board s desire for continuous and meaningful performance improvement. Industry and category performance considered includes the performance of our largest customers supplemented by performance information of our peer group, as well as the growth rates of our largest markets (Cardiac, Vascular and Orthopaedic, Energy and Portable Medical). The performance goals for long-term equity incentives are based upon relative total stockholder return (TSR) versus the peer group described above.

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Base Salary

We provide our senior level executives with a fixed level of cash compensation in the form of base salary that is consistent with their skill level, experience, knowledge, length of service with our Company and the level of responsibility and complexity of their position. The target salary for our senior level executives is based in part on the competitive market median of our compensation peer group, supplemented by published survey data. Our general practice is to be within 90% to 110% of the competitive market median. In addition to the factors listed above, actual base salaries may differ from the competitive market median target as a result of various other factors including prior individual performance and expected future contributions, internal pay equity considerations within our Company and the degree of difficulty in replacing the individual. Any such differences are approved by the Compensation Committee and in the case of Mr. Hook, by the Board. The base salaries of our Named Executive Officers are reviewed by the Compensation Committee on an annual basis, as well as at the time of promotion or significant changes in responsibility. We expect the base salaries of our Named Executive Officers to generally increase in-line with any increases to the median competitive market rates. However, base salary increases are reviewed on an individual basis and adjusted accordingly for performance. The base salaries for our Named Executive Officers were as follows:

	2011 Base Salary	2012 Base Salary	2013 Base Salary	2014 Base Salary
Thomas J. Hook	$ 546,000	$ 546,000	$ 700,000(1)	$ 700,000
Michael Dinkins(2)	NA	360,000	366,120	375,273
Mauricio Arellano	325,000	325,000	328,250	339,082
Michelle Graham	250,000	250,000	258,750	269,100
Timothy McEvoy	237,000	237,000	242,925	250,213
Susan M. Bratton	275,600	295,000(3)	310,000(3)	NA(4)

(1) Mr. Hook entered into a new employment agreement with the Company effective August 5, 2013. In accordance to the terms of the agreement, his base salary was increased from $559,650 to $700,000 which placed him at 94% of the median of our peer group.
(2) Mr. Dinkins was appointed Chief Financial Officer on May 7, 2012,
(3) Increase due to promotion or increase in responsibility.
(4) Ms. Bratton served as Executive Vice President for Business Development through her retirement on October 31, 2013.

For 2013 and 2014, base salaries for the Named Executive Officers were increased to reflect a competitive market increase for companies with similar performance to ours as well as individual performance. Mr. Hook s base pay was adjusted at the time of his employment contract renegotiation.

Annual Cash Incentives

Overview. During 2013, our Named Executive Officers received payments under our Greatbatch Growth Bonus Plan (G²B Plan). The payment of annual cash incentives for senior level executives, including our Named Executive Officers, is based upon the achievement of financial performance metrics of the Company and is governed by our G²B Plan which replaced our Short-Term Incentive Compensation Program (STIC Program). The objective of the G²B Plan is to provide a target level of performance-based cash compensation at the median of our competitive market with the opportunity for above median compensation if stretch performance is achieved. Achievement at the 100%

target level is deemed to be a realistic but challenging goal and any amount greater than the target is believed to be a stretch goal. For our U.S. based associates a portion of their G²B payment is made in the form of Common Stock contributed to their accounts under our 401(k) Plan. See further discussion regarding retirement benefits in the Retirement and Change in Control Agreements section.

G²B Plan awards for the Named Executive Officers are based upon Company-wide performance metrics. For other senior level executives, G²B Plan awards are based on Company-wide performance metrics and individual performance. In general, we believe that the higher the level of an associate, the more that the G²B Plan award should be based upon the performance of the overall Company. G²B Plan compensation is based upon the achievement of various performance metrics and can vary significantly from year to year.

G²B Plan awards for our Named Executive Officers are calculated based upon the following formula:

Total Available Award (TAA) = (Base Salary x Individual G²B Plan %) x G²B Plan Funding %

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G²B Plan Funding %. Overall funding of the G²B Plan is based upon Company-wide performance measures as recommended by the Compensation Committee and is generally approved by the Board at its first meeting each year. Funding of the G²B Plan is calculated in accordance with the following scale:

Achievement of Performance Measure	**Funding %**
Less than Threshold	0%
Threshold 100%	50% 100%
100% Maximum	100% 195%

For 2013, the G²B Plan funding percentage was based upon two financial metrics, total revenue (25%) and adjusted operating income (75%). In addition, if the adjusted operating income threshold had not been achieved, no portion of the G²B Plan would have been funded. Once the adjusted operating income metric is achieved the plan funding begins at 50%. The Compensation Committee believes that these performance metrics are appropriate as they are relevant to the broad group of managers to which the G²B Plan applies and are key metrics to drive stockholder value. The Compensation Committee also believes that these metrics are aligned with the Company s strategic objective of growing revenue and profitability. The weighting between revenue and adjusted operating income puts more emphasis on profitability and is believed to be more directly aligned with the interest of stockholders.

For 2013, the G²B Plan was funded and the individual metric achievement percentages were determined as follows:

	2013			
	Revenue (25%)		Adjusted OI (75%)	
Threshold	$ 646.4M	50.0%	$ 74.0M	50.0%
Actual	$ 663.9M	84.1%	$ 82.9M	96.4%
Target	$ 672.1M	100.0%	$ 83.6M	100.0%
Maximum	$ 697.8M	195.0%	$ 99.8M	195.0%
Weighted Average G²B Funding	93.3%			

Adjusted operating income differs from operating income under generally accepted accounting principles (GAAP) primarily as a result of the exclusion of: (i) acquisition-related charges; (ii) facility consolidation, manufacturing transfer and system integration charges; (iii) asset write-down and disposition charges; (iv) severance charges in connection with corporate realignments or a reduction in force; (v) litigation charges and gains; (vi) the impact of non-cash charges to interest expense due to the accounting change governing convertible debt; (vii) unusual or infrequently occurring items; (viii) certain RD&E expenditures, such as design verification testing (DVT) expenses incurred in connection with the development of our neuromodulation platform; (ix) gain/loss on the sale of investments; (x) the income tax (benefit) related to these adjustments and (xi) certain tax charges related to the consolidation of our Swiss Orthopaedic facility. All of these adjustments were reviewed and approved by the Compensation Committee. See Strategic and Financial Overview in Item 7 of our 2013 Form 10-K for a reconciliation of adjusted operating income amounts to GAAP operating income.

Individual G²B. Individual cash incentives are calculated by multiplying the funding percentage by the individual s target payout. The individual target payout for our Named Executive Officers was determined by the Compensation Committee in order to provide targeted total cash compensation (base salary + cash incentive) at the median of our competitive market.

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The target payout as a percentage of base salary for our Named Executive Officers is as follows:

	G^2B 2013	G^2B 2014
President & CEO	90%	90%
CFO	75%	75%
Mauricio Arellano	75%	75%
Michelle Graham	70%	70%
Timothy G. McEvoy	65%	65%
Susan M. Bratton	75%	NA(1)

(1) Ms. Bratton is not eligible for an award in 2014 due to her retirement on October 31, 2013.

Illustrative Computation of 2013 G^2B Award for Thomas J. Hook:

Total Available Award = (Base Salary prorated ($616,330) x Individual G^2B % (90%)) x G^2B Funding % (93.3%) = $517,532

Annual cash incentives for our Named Executive Officers are calculated with reference to the G^2B plan but awarded pursuant to the Company s Executive Short-Term Incentive Compensation Plan, which was approved by stockholders at our 2012 Annual Meeting in order to meet the requirements under Internal Revenue Code (IRC) §162(m). Under IRC §162(m), a limitation is placed on the tax deductibility of compensation to certain executives of a publicly-held corporation that exceeds $1,000,000 in any taxable year, unless the compensation meets certain requirements. Historically, our deductions for executive compensation have not been materially impacted by IRC §162(m). However in 2013, $1.7 million of compensation related to two of our Named Executive Officers was not deductible for tax purposes as it exceeded §162(m) limits.

Long-Term Equity Awards (LTI)

Overview. In addition to cash incentives, we also compensate senior level executives, including our Named Executive Officers, with long-term equity awards (LTI). These awards are designed to align management s performance incentives with the interests of our stockholders. Additionally, they are used as a recruiting and retention tool.

Award Levels**.** The LTI Program includes time and performance-based awards. The objective of the time-based award is to provide total direct compensation, when combined with the executive s base salary and G^2B Program award at target, at the median percentile of our competitive market. The objective of the performance-based award is to provide a supplemental award that targets total direct compensation at the 60th percentile of our competitive market and targets the 75th percentile if the maximum performance level is achieved. The maximum award granted each year is reviewed on an individual basis and can be adjusted accordingly for performance towards objectives.

The individual award opportunity under the LTI Program is expressed as a percentage of the Named Executive Officer s salary as follows:

	Maximum	**2014**

	2011(1)	2012	2013	Threshold	Target	Maximum
President & CEO	430%	430%	430%	108%	269%	430%
CFO(2)	N/A	260%	260%	65%	163%	260%
Mauricio Arellano	260%	260%	260%	65%	163%	260%
Michelle Graham	230%	230%	230%	58%	144%	230%
Timothy G. McEvoy	120%	120%	120%	30%	75%	120%
Susan M. Bratton	230%	230%	260%(3)	NA(4)	NA(4)	NA(4)

(1) The 2011-2013 LTI Program matured on January 3, 2014. The TSR was in the 75th percentile of our peer group and accordingly vested at 100% of maximum on January 16, 2014.
(2) Mr. Dinkins was appointed Chief Financial Officer on May 7, 2012.
(3) Included a 30% promotional increase over the prior year s level.
(4) Ms. Bratton is not eligible for an award in 2014 due to her retirement on October 31, 2013.

Time-Based Awards. The time-based portion of the LTI Program awards was determined based upon the following formula:

Maximum Time Award (MTA) = (Base Salary x Individual Maximum Award %) x 25%

Non-Qualified Stock Option Grant = (MTA) ÷ Grant Date Black-Scholes Value

We utilize the Black-Scholes option pricing model to estimate the fair value of stock options granted for financial statement reporting purposes as allowed under GAAP. See Note 11 of the Notes to the Consolidated Financial Statements contained in Item 8 of our 2013 Form 10-K for further explanation of the assumptions and methodology for determining the fair value of stock options granted.

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The time-based portion of the LTI Program awards vests in three equal annual installments on the last day of each fiscal year, beginning in the year of grant. The time-based portion of the LTI Program award are issued in the form of non-qualified stock options to provide a balance between the amount of stock options and full-value awards provided to senior management and to align their interests with those of stockholders.

Performance-Based Awards. The maximum performance-based portion of the LTI Program awards, which is granted 100% in restricted stock units, will be determined based upon the following formula:

Maximum Performance Award (MPA) = (Base Salary x Individual Maximum Award %) x 75%

Restricted Stock Unit Grant = MPA ÷ Grant Date Closing Stock Price

The performance metric for these awards is TSR relative to our peer group for a three-year performance period. In measuring TSR, the peer group is set at the award date and does not change unless a peer group company is acquired, in which case that company is removed entirely from the performance measurement period. Relative TSR was selected as the Compensation Committee believed it most closely aligns the interests of management with those of stockholders and, since this is a long-term measure, drives appropriate risk taking. LTI performance awards will vest at the end of the three-year performance period as follows:

TSR Performance Rank	Vesting Amount
25th Percentile	5.3% of MPA (Threshold Shares)
25th Percentile 75th Percentile	Calculation between Threshold and Maximum Shares
75th Percentile and above	100% of MPA (Maximum Shares)

Illustrative Computation of 2013 LTI Program Award for Thomas J. Hook:

Maximum Time Award (MTA) = ($559,650 x 430%) x 25% = $601,624

Non-Qualified Stock Option Grant = ($601,624) ÷ $8.2572 = 72,860 stock options

Maximum Performance Award (MPA) = ($559,650 x 430%) x 75% = $1,804,871

Restricted Stock Unit Grant = $1,804,871 ÷ $23.24 = 77,662 restricted stock units

Threshold Performance Award (TPA) = (($559,650 x 430%) x 75%) x 5.333% = $96,260

Restricted Stock Unit Grant = $96,260 ÷ $23.24 = 4,141 restricted stock units

Other Equity-Based Compensation**.** In addition to the LTI Program, senior level executives may receive additional equity-based compensation at the date of hire, upon promotion, for special recognition or upon a significant change in responsibility. These awards are used as a recruiting and retention tool. These grants are typically made in the form of restricted stock units.

Equity Available for Grant. Currently, there are not enough shares available under our stock incentive plans to completely fund our equity award programs. Accordingly, a proposal has been submitted to stockholders in this proxy statement to approve an amendment to the 2011 Stock Incentive Plan to increase the number of shares available for issuance from 1,000,000 shares to 1,350,000 shares. The 2011 Plan was designed by the Compensation Committee, with the assistance of management and reviewed by Ernst & Young. In determining the amount of shares under this plan, we considered the historical burn-rate of the Company s equity compensation plans, the potential dilution and stockholder value transfer as a result of this plan and the one-year and three-year TSR of the Company. These metrics were compared to our industry and peer group and are often used by institutional investors when analyzing our plans.

Our equity-based compensation plans and awards are designed and administered by the Compensation Committee in collaboration with management and subject to general oversight by our Board. Historically, we have granted associates equity-based compensation in the form of non-qualified and incentive stock options, restricted stock and restricted stock units. Annual equity-based awards are granted in December, and are effective on the first day of the new fiscal year. The Board typically meets five times per year based upon a schedule determined several months in advance. Accordingly, the proximity of any awards to earnings announcements or the release of material non-public information would be coincidental. All stock options are issued with strike prices that are equal to the value of our closing stock price on the grant date.

Upon the death or disability of an associate, all outstanding time-based awards immediately vest and all outstanding performance-based awards immediately vest at the target level applicable to such performance-based awards. All vested equity awards expire at various times following the event, up to one year, based upon the terms of the equity plan they were awarded from. In the event that an associate s employment is terminated by the Company without cause, a pro-rata portion of such associate s performance-based awards that were awarded more than one year before the date of termination will remain outstanding. These awards will continue to be eligible for vesting based on the Company s attainment of the performance goals applicable to such performance-based awards.

For associates who meet the eligibility requirements for retirement, all outstanding time-based awards immediately vest and a pro-rated portion of outstanding performance-based awards held by such associate continue to be eligible for vesting based on the Company s attainment of the performance goals applicable to such performance-based awards. See further discussion regarding retirement benefits in the Retirement and Change in Control Agreements section.

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In the event of a change in control, as defined in the respective plan agreement, unless determined otherwise by the Compensation Committee, all unvested equity awards issued prior to 2012 immediately vest. For awards made beginning in 2012, unless determined otherwise by the Compensation Committee, all unvested time-based equity awards granted will immediately vest upon a change in control, but only the portion of unvested performance-based equity awards that would have vested under the original plan design will immediately vest. See further discussion regarding change in control benefits in the Retirement and Change in Control Agreements section.

We believe that a majority of the compensation expense arising from stock options granted under the 2005, 2009 and 2011 Stock Incentive Plans is deductible for tax purposes and is not limited by IRC §162(m). Our deductions for time-based restricted stock and restricted stock units may be limited in the future under IRC §162(m). The Compensation Committee considers the potential non-deductibility of stock incentive awards under IRC §162(m) when setting award levels. The Compensation Committee believes that our equity programs are properly designed for the retention and incentivizing of senior management, which is in the best interest of stockholders even if IRC §162(m) limits are periodically exceeded and the tax deductions are limited.

Compensation Recoupment Policy. The Company has adopted a compensation recoupment, or clawback, policy in accordance with the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act). This policy provides that, in the event we are required to restate our financial statements as a result of material noncompliance with financial reporting requirements under the securities laws, we will recover from our current and former executive officers any incentive-based compensation (including equity awards) that is (i) based on erroneous data, (ii) received during the three-year period preceding the date on which the Company becomes required to prepare an accounting restatement, and (iii) in excess of what would have been paid if calculated under the restatement.

In addition, the Dodd-Frank Act provides that the SEC shall issue regulations requiring issuers to seek recovery from executive officers in certain circumstances involving financial restatements. As of now, the SEC has not issued any regulations implementing this portion of the Dodd-Frank Act. Once the SEC issues regulations or guidance regarding the required form of a clawback policy under the Dodd-Frank Act, we expect to amend our clawback policy accordingly.

Share Ownership

Share Ownership and Holding Period Guidelines**.** In order to align the interests of our senior level executives with the interests of our stockholders and to promote our commitment to sound corporate governance, the Compensation Committee designed and the Board approved stock ownership guidelines.

For purposes of measuring compliance with these guidelines, shares owned directly or indirectly by the participant or his or her immediate family members, as well as unvested time-based restricted stock and shares underlying restricted stock units issued under our long-term equity compensation programs are considered owned. Unexercised stock options and unvested performance-based restricted stock and restricted stock units do not count toward satisfying the guidelines.

The following table provides the status of our Named Executive Officers toward achieving the ownership guidelines as well as the ownership requirement which is calculated as a multiple of base salary:

As of January 3, 2014

Named Executive Officers	% of Ownership Guideline Achieved	Multiple of Base Salary
Thomas J. Hook	Achieved	5.0x
Michael Dinkins [1]	47%	2.5x
Mauricio Arellano	Achieved	2.5x
Michelle Graham	Achieved	2.5x
Timothy G. McEvoy	Achieved	2.0x

(1) Appointed as CFO on May 7, 2012.

The ownership guidelines also contain a holding period requirement for equity awards. Senior level executives are required to hold vested stock options, vested shares of restricted stock and shares issued on vesting of restricted stock units, net of applicable taxes, for one year following the vesting date.

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Pledging and Hedging Policy. The Company considers it improper and inappropriate for any director, executive officer or associate to engage in short-term or speculative transactions in the Common Stock. We therefore prohibit directors, executive officers and other associates from engaging in pledging, short sales or other short-position transactions in our Common Stock. We also strongly discourage directors, executive officers and other associates from engaging in certain forms of hedging or monetization transactions, such as zero-cost collars and forward sale contracts, that allow a person to continue to own the covered securities but without the full risks and rewards of ownership. Any director or executive officer wishing to enter into such a hedging arrangement must first pre-clear the proposed transaction with the Company s Chief Financial Officer or General Counsel.

Retirement and Change in Control Agreements

Overview. We believe that it is in the best interest of our Company and stockholders to have the dedication of our senior level executives, without the distraction of personal uncertainties such as retirement or a change in control. We have designed our retirement and other post-employment benefit programs to reduce these distractions. We believe our programs allow for a smooth transition in the event of retirement or a change in control without providing windfall benefits. We also believe that these benefits are competitive with those of comparable companies.

We do not offer our U.S. based associates defined benefit pension or deferred compensation benefits as these plans are more expensive to administer in comparison to the programs that we do offer. When designing our retirement and other post-employment benefit programs we consider IRC §409A and continue to evaluate our programs in light of the guidance issued under that rule.

Retirement. All associates who are at least 59 ½ years of age with a combination of age and length of service equal to at least 69 ½ years are eligible to receive the following retirement benefits under our stock incentive plans:

- accelerated vesting of all outstanding time-based stock incentive awards;
- partial continuation of all outstanding performance-based stock incentive awards, subject to the actual performance metrics achieved; and
- extension of the time eligible to exercise outstanding stock options.

401(k) Plan. Nearly all of our U.S. based associates are eligible to participate in our defined contribution 401(k) Plan. This plan provides for the deferral of associate compensation up to the maximum IRC limit and a discretionary Company match. From 2011 to 2013, this match was $0.35 per dollar of participant deferral, up to 6% of the base salary for each participant.

In addition to the discretionary Company match described above, U.S. based associates are eligible to receive an additional contribution under the G^2B Plan of up to 4% of their base salary to the 401(k) Plan if certain performance metrics are achieved, as described in the Annual Cash Incentives section above.

Each year we perform standard year-end coverage, nondiscrimination and compliance testing on our 401(k) Plan to ensure compliance with applicable Internal Revenue Service rules and regulations. In the event the plan does not meet the nondiscrimination requirements, a prorated portion of the contributions made by highly compensated associates will be returned to the respective associate in order to ensure compliance.

Participants immediately vest in their own contributions and earnings and in the Company s matching and stock contributions to the 401(k) Plan.

Change in Control Agreements. We employ change in control agreements for a very limited number of key executives, including our Named Executive Officers, to retain our leadership in the event of a change in control and also to provide them with financial security in case of a loss of employment. These agreements provide for continued employment with the same base salary, annual cash incentive and benefits for two years following a change in control. Our agreements only provide benefits if there is both a change in control of the Company and termination of employment other than for cause. If the executive is terminated after the change in control, other than for death, disability or cause, or the executive terminates the agreement for good reason, then the executive will be entitled to certain benefits to be paid in a lump sum in cash. The most significant components of those benefits are as follows:

- two times annual salary;
- two times the greater of (i) average bonus for the three year period prior to the date of termination or (ii) current year G^2B Plan award at the target level;
- $25,000 for outplacement services;
- 24 months coverage under the Company s medical and other benefit plans (i.e. education assistance, financial planning);

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immediate vesting of all time-based equity awards as well as performance-based equity awards granted prior to 2012, with vesting of performance-based awards granted in 2012 or later based on actual performance through the change in control, except as otherwise provided in the applicable award agreement; and

reimbursement of relocation expenses following the change in control if the Company had relocated the associate at the Company s request within twelve months prior to the change in control and the associate returns to the original place of his or her residence.

Our change in control agreements entered into prior to 2011 provide that the Company will make the executive whole for any golden parachute excise tax imposed on a change in control payment, unless the payments are less than 110% of the safe harbor amount. An executive is not entitled to this gross-up if the present value of payments does not exceed 110% of the safe harbor threshold. Instead, the payment due to the executive would be reduced to the safe harbor threshold. During 2011, the Compensation Committee amended the change in control agreements with our Named Executive Officers in order to make them more fully compliant with IRC §409A, to provide greater clarity from an IRC §409A perspective and to reduce the tax exposure of both the officer and the Company if challenged by the Internal Revenue Service.

Additionally, during 2011, the Compensation Committee amended the form of change in control agreement, which is provided to prospective executives joining the Company after 2011, to eliminate the gross-up language found in the existing agreements with a best after-tax provision (i.e., the executive s payment will be scaled back to the golden parachute safe harbor if better off on an after-tax basis) and to include a 24 month post-employment non-compete covenant. This new form of change in control agreement is applicable to Mr. Dinkins.

Based upon the hypothetical termination date of January 3, 2014, the change in control termination benefits for our Named Executive Officers would be as follows:

	Salary & Bonus	Acceleration of Stock-Based Awards(1)	Continuance of Benefits(2)	Outplacement Services	Tax Gross-Up (Modified Cut-Back)	Total
Thomas J. Hook	$ 2,660,000	$ 8,735,624	$ 272,318	$ 25,000	$ 4,134,037	$ 15,826,979
Michael Dinkins	1,281,420	1,882,731	37,873	25,000		3,227,024
Mauricio Arellano	1,148,875	3,658,742	200,742	25,000	1,583,979	6,617,338
Michelle Graham	879,750	2,007,271	80,919	25,000	1,417,831	4,410,771
Timothy G. McEvoy	801,653	990,260	214,444	25,000	893,241	2,924,598

(1) Based upon our closing stock price of $43.80 per share as of January 3, 2014 (the last day of our 2013 fiscal year).

(2) Includes the continuation of all benefits described in the Other Executive Perquisites section below for a period of two years.

In designing these agreements, we considered IRC §280G. IRC §280G denies a tax deduction for any and all excess golden parachute payments for corporations undergoing a change in control. In addition, the recipient of such payment must pay a 20% excise tax on the amount of the payment. IRC §280G provides a safe harbor from this excise tax if the present value of any parachute payments under a change in control does not exceed certain thresholds as defined in the IRC.

Other Executive Perquisites

In addition to the elements of compensation discussed above, we also provide senior level executives with various other benefits as follows:

- Education Reimbursement
- Life Insurance
- Long-Term Disability
- Executive Financial Planning
- Executive Physicals
- Relocation

We provide these benefits in order to remain competitive with the market and believe that these benefits help us to attract and retain qualified executives. These benefits also reduce the amount of time and attention that senior level executives must spend on personal matters and allow them to dedicate more time to our Company. We believe that these benefits are in-line with the market, are reasonable in nature, are not excessive and are in the best interest of our Company and its stockholders.

Education Reimbursement. All associates and dependents of certain associates are eligible to participate in our Education Reimbursement Program. This program is provided to support our innovation and commitment to continuous improvement. We believe that education will support the development of our associates for new positions and enhance their contributions to the achievement of our strategic goals.

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Under our Education Reimbursement Program, we reimburse the cost of tuition, textbooks and laboratory fees for all of our associates and dependents of certain associates. All full-time associates are eligible for 100% reimbursement upon the successful completion of job related courses or degree programs. The dependent children benefit for certain associates relates to post-secondary education and vests on a straight-line basis over ten years. For associates hired after January 1, 2003, the maximum amount of dependent children reimbursable tuition is based on the cost of tuition at the recognized local state university. For associates hired prior to January 1, 2003 and for all of the Named Executive Officers, there is no maximum limit for dependent children reimbursement. This dependent tuition reimbursement program was frozen on December 14, 2011 and is now limited to those U.S. associates who were employed by the Company as of that date. Minimum academic achievement is required in order to receive reimbursement under all Education Reimbursement Programs. In fiscal 2013, Mr. Hook and Mr. McEvoy were the only Named Executive Officers who received benefits under this program.

Life Insurance. Our executive officers receive term life insurance paid by the Company of $5 million for the President and Chief Executive Officer and $1 million for other executive officers. Additionally, the Company reimburses the executive officers for any additional tax burden resulting from this benefit.

Long-Term Disability. Our executive officers receive long-term disability insurance paid by the Company equal to 60% of salary plus an average of the last two years cash incentive (G^2B) award, with no cap. Additionally, the Company reimburses the executive officers for any additional tax burden resulting from this benefit.

Executive Financial Planning. All senior level executives, except the CEO, are eligible for reimbursement of financial planning services. Reimbursement is approved for dollar amounts up to $5,000 in the first year of the program and up to $2,500 in all other years. Qualified expenses include income tax preparation, estate planning and investment planning, among others.

Executive Physicals. We provide senior level executives with annual physicals. We cover 100% of the cost of this program. This program was developed to promote the physical wellbeing and health of our senior level executives.

Relocation. Reimbursement for relocation expenses for senior level executives is made in accordance with our Executive Relocation Program. This program allows senior level executives to remain as productive as possible during the relocation transition. We provide a miscellaneous allowance equal to two month s base salary (not to exceed $30,000) and up to three house hunting trips. Additionally, we will pay for temporary lodging and unavoidable storage for up to 90 days, and we will pay for duplicate housing expense for up to 180 days if the current home has been listed for 30 days and a new home has been purchased. We also offer Loss on Sale Protection under which we will reimburse up to $100,000 on the loss on sale of the current residence. All reimbursed amounts are to be repaid if the senior level executive voluntarily terminates his or her employment within 24 months of relocation. In 2013, Mr. Hook was the only Named Executive Officer who received benefits under this program.

Other Benefits. Senior level executives also participate in other benefit plans that we fully or partially subsidize. Their participation is on the same terms as other associates of the Company. Some of these benefits include medical, dental and vision insurance, wellness incentives and paid time off.

Employment Agreement

In general, we do not offer our associates employment agreements. None of our Named Executive Officers other than Mr. Hook was covered by an employment agreement in fiscal year 2013. On August 5, 2013, the Company entered into a new employment agreement with Mr. Hook in order to secure his continuing service as President & Chief Executive Officer. In addition to the benefits discussed in this section, the agreement provides for the following:

Term extends through August 4, 2016;

In the event of death or permanent disability: (i) salary and benefits (only health insurance in the event of death) will continue for one year; and (ii) immediate vesting of all non-vested time-based equity awards and the continuation of all performance awards, subject to achievement of the performance metrics;

In the event of termination without cause or with good reason as defined in the agreement: (i) one year salary; (ii) severance payment equal to 88% of base salary; and (iii) immediate vesting of all time-based equity awards and the continuation of a pro-rated number of performance awards, subject to achievement of the performance metrics;

Right to exercise vested options upon termination is extended to twelve months; and

Unless Mr. Hook is terminated without cause, he will be subject to a non-compete agreement during the term of the employment agreement and 24 months from the date of last payment under the contract.

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The following table presents the benefits that would be received by Mr. Hook under his employment agreement in the event of a hypothetical termination as of January 3, 2014:

	Salary	Acceleration of Stock-Based Awards (1)	Continuance of Benefits (2)	Severance	Total
Permanent Disability	$ 700,000	$ 7,124,128	$ 119,744	$	$ 7,943,872
Death	700,000	7,124,128	11,352		7,835,480
Termination Without Cause	700,000	8,735,624		616,000	10,051,624
Termination With Good Reason	700,000	8,735,624		616,000	10,051,624
Termination for Cause					
Termination Without Good Reason					
Retirement					

(1) Based upon our closing stock price of $43.80 per share as of January 3, 2014 (the last day of our fiscal year).
(2) Includes the continuation of all benefits described in the Other Personal Benefits section above.

Severance Benefits

We currently do not have a formal severance plan for our associates. In the past, we have provided post-employment severance benefits to our associates who are terminated in connection with a reduction-in-force or corporate reorganization. Generally, these benefit amounts are based upon length of service and position level with the Company. Severance payments are at the discretion of management.

The offer letters of Michael Dinkins, Executive Vice President & Chief Financial Officer, and Michelle Graham, Senior Vice President, Human Resources, provide that in the event that the Company terminates their employment for any reason other than cause, as defined in their offer letters, they will be entitled to salary, health and medical benefit continuation for a period of one year following the date of termination. In the event of a hypothetical termination by the Company for any reason other than cause as of January 3, 2014, Mr. Dinkins would be entitled to a payment of approximately $375,000 and Ms. Graham would be entitled to a payment of approximately $270,000. It is expected that all other executive officers of the Company would receive similar severance arrangements.

Compensation and Organization Committee Report

The Compensation and Organization Committee has reviewed and discussed the Compensation Discussion and Analysis section appearing in this document with management and based upon this review and discussion recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement for filing with the SEC.

Respectively submitted,

Peter H. Soderberg (Chair)

Pamela G. Bailey

Joseph W. Dziedzic

William B. Summers, Jr.

Compensation Risk Analysis

The preceding CD&A generally describes our compensation policies, plans and practices that are applicable for executives and senior executives of the Company. The Company uses a combination of fixed and variable and short and long-term compensation programs with a significant focus on corporate and business financial performance as generally described in this Proxy Statement. The Company does not believe that risks arising from its compensation policies, plans or practices are reasonably likely to have a material adverse effect on the Company.

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COMPENSATION TABLES

2013 Summary Compensation Table

The following table summarizes the total compensation paid or earned by each of the Named Executive Officers for fiscal years 2013, 2012 and 2011.

Name and Principal Position	Year	Salary(1)	Bonus(2)	Stock Awards(3)	Option Awards(4)	Non-Equity Incentive Plan Comp.(5)	All Other Comp.(8)	Total
Thomas J. Hook	2013	$ 616,330	$	$ 1,231,719	$ 601,622	$ 508,097	$ 456,716	$ 3,414,484
President & Chief Executive	2012	546,000		1,819,035	586,947	296,545	333,466	3,581,993
Officer	2011	546,000		1,484,509	586,943	464,982	146,099	3,228,533
Michael Dinkins (6)	2013	366,120		487,219	237,974	246,757	29,923	1,367,993
Senior Vice President & Chief Financial Officer	2012	235,385		471,271	233,997	102,310	198,283	1,241,246
Mauricio Arellano	2013	328,250		436,816	213,359	220,258	55,791	1,254,474
Executive Vice President, Global	2012	325,000		988,727	211,243	143,993	253,264	1,922,227
Operations	2011	325,000		447,689	211,244	227,932	39,238	1,251,103
Michelle Graham	2013	258,750		304,591	148,779	159,555	32,908	904,583
Senior Vice President, Human	2012	250,000		298,549	143,745	101,643	23,764	817,701
Resources	2011	250,000	50,000	304,640	143,743	162,809	22,367	933,559
Timothy G. McEvoy	2013	242,925		149,195	72,870	138,086	98,674	701,750
Senior Vice President, General Counsel &	2012	237,000		147,660	71,097	88,899	99,973	644,629
Secretary	2011	237,000		150,674	71,099	142,470	41,725	642,968
Susan M. Bratton(7)	2013	261,115		873,790	815,073		1,755,281	3,705,259
Former EVP	2012	292,796		329,118	158,465	120,906	36,093	937,378

Business Development	2011	275,600		335,826	158,468	179,480	36,109	985,483

(1) Amounts represent the dollar value of base salary earned during fiscal years 2013, 2012, and 2011.

(2) Amounts represent payments made in connection with Ms. Graham s acceptance of employment in December 2010.

(3) Amounts represent the aggregate grant date fair value of stock awards granted. The valuation of restricted stock and restricted stock units are based on the assumptions and methodology set forth in notes 1 and 11 to our financial statements included in our Annual Report on Form 10-K, which was filed with the SEC on March 4, 2014. Mr. Arellano s 2012 amount includes $550,000 related to a grant of restricted stock units in connection with his accomplishments during his first year as President of Greatbatch Medical that vest over three years. Mr. Hook s 2012 amount includes $600,000 related to a one-time grant of restricted stock units that vest over four years.

(4) Amounts represent the aggregate grant date fair value of stock options granted. The valuation of stock options is based on the assumptions and methodology set forth in notes 1 and 11 to our financial statements included in our Annual Report on Form 10-K, which was filed with the SEC on March 4, 2014.

(5) Amounts represent cash awards earned under our G^{2}B/STIC Programs and does not include the portion of the G^{2}B/STIC Program award paid in the form of Greatbatch stock to the respective executives 401(k) account, which is included in All Other Comp. See Annual Cash Incentives section of the CD&A for a discussion of this program.

(6) Mr. Dinkins was appointed Chief Financial Officer on May 7, 2012.

(7) Ms. Bratton served as Executive Vice President for Business Development through her retirement on October 31, 2013. Amounts include $1.1 million of stock-based modification expense and a $1.7 million cash payment made in connection with her retirement as permitted by the Company s incentive plans.

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(8) Items included in All Other Compensation were as follows:

	Year	401(k) Contribution	Term Life Insurance Premiums	Long-Term Disability Insurance Premiums	Tax Gross-Up	Perquisites	Excess Vacation	Other	Total
Thomas J. Hook	2013	$ 14,685	$ 16,300	$ 18,408	$ 20,692	$ 333,889	$ 52,042	$ 700	$ 456,716
	2012	11,408	16,300	17,945	19,642	232,384	35,787		333,466
	2011	17,645	13,250	12,582	15,486	48,570	38,566		146,099
Michael Dinkins	2013	14,247	4,468	4,769	3,477		2,962		29,923
	2012	7,833		1,075	387	188,988			198,283
Mauricio Arellano	2013	13,110	1,740	7,092	3,325		30,524		55,791
	2012	9,728	1,740	7,852	3,450	215,443	15,051		253,264
	2011	17,645	1,740	6,653	5,031		8,169		39,238
Michelle Graham	2013	14,685	1,048	6,346	4,337		6,092	400	32,908
	2012	11,257	1,048	6,820	4,439			200	23,764
	2011	17,548	1,048	1,965	1,806				22,367
Timothy G. McEvoy	2013	14,066	1,540	5,176	3,939	68,147	6,706	100	99,674
	2012	10,721	1,540	7,764	5,249	68,258	6,441		99,973
	2011	17,287	1,540	7,565	5,459		8,874	1,000	41,725
Susan M. Bratton	2013	5,250	1,420	8,936	6,074		33,601	1,700,000	1,755,281
	2012	11,408	1,420	10,012	6,450		6,403	400	36,093
	2011	17,645	1,420	8,771	6,109		2,164		36,109

Perquisites for the Named Executive Officers are included in All Other Compensation if the aggregate value is equal to or greater than $10,000. The perquisites included are set forth in the table below. No perquisite exceeded the greater of $25,000 or 10% of the total perquisites provided to the respective executive, except to the extent of the dollar values described below:

	Year	Executive Physical	Dependent Education Reimbursement[1]	Relocation	Service Awards/ Gifts	Personal Travel	Tax Preparation / Planning
Thomas J. Hook	2013		$ 116,787	$ 217,052	X		
	2012		83,982	145,928	X	X	
	2011	$ 5,367	39,387			X	
Michael Dinkins	2012	X		185,513			
Mauricio Arellano	2012			214,568	X		
Timothy G. McEvoy	2013		66,397		X		X
	2012	X	63,185		X		X

(1) Includes reimbursement for tuition, textbooks and laboratory fees for the Named Executive Officer and their dependents. See the discussion under the heading Education Reimbursement section of the CD&A.

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2013 Grants of Plan-Based Awards

The following table summarizes the grants of plan-based awards to each of the Named Executive Officers during fiscal year 2013. The 2013 awards for the Named Executive Officers were approved on December 5, 2012 and had a grant date of December 31, 2012 (first day of the Company s 2013 fiscal year). All stock-based awards in 2013 were granted from our 2005 Stock Incentive Plan, our 2009 Stock Incentive Plan or our 2011 Stock Incentive Plan. Under these plans, all stock options expire 10 years from the date of grant. Based upon our stock incentive plans and change in control agreements in place with our Named Executive Officers, acceleration of vesting occurs for all time-based awards and a partial vesting for all performance-based awards upon death, disability, retirement or a change of control. Prior to vesting, associates who receive a grant of restricted stock are eligible to participate in the rights or privileges of a stockholder of the Company with respect to those shares, including the right to receive dividends and vote. We did not pay any cash dividends in 2013 and currently intend to retain all earnings to further develop and grow our business.

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards[1]			Estimated Future Payouts Under Equity Incentive Plan Awards[2]			All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Options[3]	Exercise Price of Option Awards	Grant Date Fair Value of Stock and Option Awards[4]
ame	Grant Date	Threshold	Target	Maximum	Threshold (#)	Target (#)	Maximum (#)	(#)	(#)	($/Sh)	
homas J. Hook	12/31/2012	$ 277,349	$ 554,697	$ 1,081,659	4,141	38,831	77,662		72,860	$ 23.24	$ 1,833,341
ichael inkins	12/31/2012	137,295	274,590	535,451	1,638	15,360	30,720		28,820	23.24	725,193
auricio rellano		123,094	246,188	480,067							