

GREATBATCH, INC.
Form DEF 14A
April 20, 2010

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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

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))

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):

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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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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**GREATBATCH, INC.
10000 WEHRLE DRIVE
CLARENCE, NEW YORK 14031**

April 20, 2010

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of Greatbatch, Inc. which will be held on Tuesday, May 18, 2010 at 10:00 a.m. at the company's corporate offices at 10000 Wehrle Drive, Clarence, New York 14031.

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 2009 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 provided.

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.
10000 WEHRLE DRIVE
CLARENCE, NEW YORK 14031**

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To the Stockholders of Greatbatch, Inc.:

The Annual Meeting of the Stockholders of Greatbatch, Inc. will be held at the company's corporate offices at 10000 Wehrle Drive, Clarence, New York 14031, on Tuesday, May 18, 2010 at 10:00 a.m. 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 ratify the appointment of Deloitte & Touche, LLP as the independent registered public accounting firm for Greatbatch, Inc. for fiscal year 2010; and
3. 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 Standard Time, on April 2, 2010 are entitled to vote at the Annual Meeting.

By Order of the Board of Directors,

/s/ Timothy G. McEvoy

Timothy G. McEvoy

Vice President, General Counsel & Secretary

Clarence, New York

April 20, 2010

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 EXERCISE 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 18, 2010
THE GREATBATCH, INC. 2010 PROXY STATEMENT AND 2009 ANNUAL REPORT ARE AVAILABLE**

AT

<http://proxy.greatbatch.com>

**GREATBATCH, INC.
10000 WEHRLE DRIVE
CLARENCE, NEW YORK 14031**

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 2010 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 Annual Meeting of Stockholders of the Company will be held at 10:00 a.m. on May 18, 2010 at the Company's corporate offices located at 10000 Wehrle Drive, Clarence, New York 14031. The Company's mailing address is 10000 Wehrle Drive, Clarence, New York 14031, 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 20, 2010. A copy of the Company's 2009 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 Standard Time, on April 2, 2010 are entitled to vote at the Annual Meeting. At that time, the Company had outstanding 23,193,410 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 physical proxy 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 exercised by giving written notice of such revocation or by delivering a later dated proxy, in either case, 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.

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** and 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 2010.

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.

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. Broker non-votes and directions to withhold authority will have no effect on the election of directors.

The affirmative vote of a majority of the shares 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 2010. In determining whether the proposal has received the requisite number of affirmative votes, an abstention will have the same effect as a vote against such ratification.

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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 2, 2010.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percent of Class
FMR LLC ⁽¹⁾ 82 Devonshire Street Boston, MA 02109	3,474,740	14.98%
Lord, Abnett & Co. LLC ⁽²⁾ 90 Hudson Street Jersey City, NJ 07302	1,812,320	7.81%
BlackRock, Inc. ⁽³⁾ 40 East 52 nd Street New York, NY 10022	1,749,447	7.54%
Capital Research Global Investors ⁽⁴⁾ 333 South Hope Street Los Angeles, CA 90071	1,395,600	6.02%

(1) FMR LLC
(FMR), Fidelity
Management &
Research
Company,
(Fidelity),
Edward C.
Johnson 3d
(Johnson), and
Fidelity Magellan
Fund filed a
Schedule 13G/A
dated
February 12,
2010. The
beneficial
ownership
information
presented and the
remainder of the
information
contained in this
footnote is based
solely on the

Schedule 13G/A.
Fidelity, a wholly-owned subsidiary of FMR and an investment adviser registered under Section 203 of the Investment Advisers Act of 1940 (the Advisers Act), is the beneficial owner of 2,319,300 shares of the Company's Common Stock as a result of acting as investment adviser to various investment companies registered under Section 8 of the Investment Company Act of 1940 (ICA). The ownership of one investment company, Fidelity Magellan Fund, amounted to 2,318,300 shares of the Company's Common Stock. Johnson and FMR, through its control of Fidelity, and the Fidelity funds each has sole power to dispose of 2,318,300 of these shares. Neither FMR nor Johnson has the sole power to vote or direct the

voting of the shares owned directly by the Fidelity funds. Pyramis Global Advisors, LLC, an indirect wholly-owned subsidiary of FMR and an investment adviser registered under Section 203 of the Advisers Act is the beneficial owner of 46,480 shares of the Company's Common Stock. Pyramis Global Advisors Trust Company, an indirect wholly-owned subsidiary of FMR, is the beneficial owner of 1,043,160 shares of the Company's Common Stock. FIL Limited is the beneficial owner of 65,800 shares of the Company's Common Stock.

- (2) Lord, Abbett & Co. LLC filed a Schedule 13G dated February 12, 2010. The beneficial ownership information presented is based solely on the

Schedule 13G.
Includes
1,234,800 shares
held by Lord
Abbett Research
Fund, Inc.
Small-Cap Value
Series.

- (3) BlackRock, Inc.
filed a
Schedule 13G/A
dated January 20,
2010. That filing
amended the
most recent
Schedule 13G
filing made by
Barclays Global
Investors, which
was acquired by
BlackRock, Inc.
on December 1,
2009. 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.
- (4) Capital Research
Global Investors
(CRGI), a
division of
Capital Research
and Management
Company
(CRMC), filed a
Schedule 13G/A
dated February 8,
2010. The

beneficial ownership information presented and the remainder of the information contained in this footnote is based solely on the Schedule 13G/A. CRGI is deemed to be the beneficial owner of 1,395,600 shares of the Company's Common Stock as a result of CRMC acting as an investment adviser to various investment companies registered under Section 8 of the ICA.

COMPANY PROPOSALS

Proposal 1 Election of Directors

Shares represented by properly executed proxies will be voted, unless such 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 2011 Annual Meeting of Stockholders and until their successors have been elected and qualified. Each of the nominees listed below was elected at the 2009 Annual Meeting of Stockholders.

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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 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:

Nominees for Director

Pamela G. Bailey is 61, is a member and 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 and compliance committee member and chair of the compensation committee of MedCath Corporation, a national provider of high acuity healthcare services, and a director of The National Food Laboratory, Inc., a wholly owned subsidiary of GMA and a provider of integrated concepts to commercialization services to food industry customers. She also is a member of the board of trustees of Franklin and Marshall College. Ms. Bailey formerly served as a director of Albertsons, Inc.

Ms. Bailey's thirty years of healthcare public policy experience with 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 ten years of managerial experience at GMA, the Personal Care Products Council and AdvaMed, Ms. Bailey brings to the Board demonstrated management ability at senior levels. This experience, together with her experienced gained as a director of Albertsons and MedCath Corporation, support her continued service as a member of the Board.

Michael Dinkins is 56, is a member of the Audit Committee, a member of the Compensation and Organization Committee, and has been a director since 2008.

Mr. Dinkins has been the Executive Vice President and Chief Financial Officer of USI Insurance Services, an insurance intermediary company, since October 2008. From 2005 until 2008, he was Executive Vice President and Chief Financial Officer of Hilb Rogal & Hobbs Co., an insurance and risk management services company.

Mr. Dinkins was Vice President, Global Control & Reengineering at Guidant Corporation from 2004 to 2005, and Vice President and Chief Financial Officer for NCR Worldwide Customer Service Operation from 2002 to 2004. Prior to 2002, he held senior positions at Access Worldwide Communications, Cadmus Communications Group and General Electric Company. Mr. Dinkins is a former director of LandAmerica Financial Group, Inc.

As Chief Financial Officer of USI, Hilb Rogal & Hobbs and NCR, Mr. Dinkins gained extensive knowledge of complex financial and operational issues facing large organizations and an understanding of operations and financial strategy in challenging environments. In addition, Mr. Dinkins is able to draw upon, among other things, his knowledge of the medical device industry gained while at Guidant where he led process re-engineering projects for operations and finance. This experience supports his continued service as a member of the Board.

Thomas J. Hook is 47, is a member of the Technology Development and Innovation 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 a director of Central Radiopharmaceuticals, Inc. and serves on the audit committee of that board, HealthNow New York, Inc. and serves as chairman and on the finance and compensation committees of that board, AdvaMed, the Buffalo-Niagara Partnership, and the National Federation of Just Communities of WNY. Mr. Hook also is a member of the board of trustees of St.

Bonaventure University.

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 \$520 million medical products 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.

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Kevin C. Melia is 62, is a member and Chair of the Audit Committee, a member of the Technology Development and Innovation Committee, and has been a director since 2007.

Mr. Melia has been the non-executive Chairman of Vette Corporation, a privately-held provider of thermal management solutions since June 2009. 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. He also held a number of senior executive positions in operations and finance over a seventeen-year career at Digital Equipment Corporation. Mr. Melia is a director of RadiSys Corporation, a provider of embedded advanced solutions for the communications networking and commercial systems markets, and serves on the audit committee of that board, and Analogic Corporation, a high-technology signal and image processing company. He also is a director of DCC plc, a procurement, sales, marketing, distribution and business support services group headquartered in Dublin, Ireland, and serves on the audit committee of that board. Mr. Melia also is a joint managing director of Boulder Brook Partners LLC, a private investment company and a member of the advisory board of directors of C&S Wholesale Grocers. He also is a former director of A.Net, Manugistic Corporation, and Eircom, Inc.

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 experience support his continued service as a member of the Board.

Dr. Joseph A. Miller, Jr. is 68, is a member and Chair of the Technology Development and Innovation Committee, a member of the Corporate Governance and Nominating Committee, and has been a director since 2003.

Dr. Miller has been Executive Vice President and Chief Technology Officer for Corning, Inc. since 2002. 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 also serves on the board of directors of Dow Corning Corporation and serves on the corporate responsibility committee of that board.

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

Bill R. Sanford is 66, 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 serves on the board of directors of KeyCorp and on its executive, risk management and compliance committees. He is an active early and growth stage equity investor through Symark, and serves as a board member and advisor of private for-profit companies, not-for-profit organizations, investment limited partnerships and venture capital firms.

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 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 substantial experience in the medical device industry, support his continued service as a member of the Board.

Peter H. Soderberg is 63, is a member of the Audit Committee, a member of the Compensation and Organization 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., a position he held since March 2006. Since his retirement, Mr. Soderberg has served as Hill-Rom's Chief Innovation Officer on a part-time basis. 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 twenty-three year career with Johnson & Johnson, where his final position was as president of one of its operating subsidiaries. He serves on the board of directors of Constellation Brands, Inc. Until his retirement, Mr. Soderberg also had served on the board of directors of Hill-Rom and AdvaMed.

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Having served in the roles of President and Chief Executive Officer of Hill-Rom and of 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 59, is a member and Chair of the Compensation and Organization Committee, a member of the Audit 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 a member and chairman of its audit committee and a member of its executive committee, and on the board of directors of Developers Diversified Realty, Inc. and is a member of its audit and pricing committees. He also serves on the advisory boards of Molded Fiberglass Companies, Dix & Eaton and MAI Wealth Advisors LLC. Mr. Summers also serves on the board of directors of The Rock and Roll Hall of Fame and Museum, Baldwin-Wallace College, The Great Lakes Science Center, and State Troopers of Ohio.

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 on the audit committee of other public companies, Mr. Summers has gained valuable experience dealing with 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.

Dr. Helena S. Wisniewski is 60, is a member of the Technology Development and Innovation Committee, a member of the Corporate Governance and Nominating Committee, and has been a director since 2008.

Dr. Wisniewski is Chief Executive Officer of Equinox Toys, LLC, a company she founded in 2009 to develop innovative toys using biometrics. She also is a special consultant to the Naval Research Advisory Committee, the senior scientific advisory group to the Secretary of the Navy. From August 2004 until October 2008, Dr. Wisniewski served as Vice President, Research and Enterprise Development at the Stevens Institute of Technology. During that same period, she also was Chief Executive Officer of Castle Point Holdings, Inc., a Stevens Institute-owned company that invested in technology companies. From 2001 through 2004, Dr. Wisniewski was Chief Executive Officer and Chairman of Aurora Biometrics, a company she founded. Prior to that time, she was a senior executive at Lockheed Corporation and a Vice President of Titan Corporation. Dr. Wisniewski is a director of Smart Trax, Inc., an educational media company, and serves on the advisory boards of Soar Technology Inc., a company that develops cognitive software to solve complex problems in training, modelling and simulation, robotics, and medical informatics, and of Kulper and Company, LLC, where she chairs its research committee. She is the former chairman of Attila Technologies, LLC, a provider of continuous broadband on-demand communication systems.

As Vice President for Research and Enterprise Development at the Stevens Institute of Technology, Dr. Wisniewski led the Institute's innovation research that commercialized new technologies. Through her service at Lockheed and Titan, Dr. Wisniewski gained management experience at senior levels. These attributes and her significant experience in leading and managing technology innovation provides the Company valuable insight into developing new technologies to support future growth and supports Dr. Wisniewski's continued service on the Board.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR
THE ELECTION OF EACH OF THE NOMINEES FOR DIRECTOR.**

PROPOSAL 2 Ratification of the Appointment of Independent Registered Public Accounting Firm

On the recommendation of the Audit Committee, the accounting firm of Deloitte & Touche has been appointed by the Board as the Company's independent registered public accounting firm for fiscal year 2010, a capacity in which it has served since 2000. Although stockholder approval is not required by law, 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 2010. 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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Audit Fees. The following table sets forth the aggregate fees billed by Deloitte & Touche for services provided to the Company during fiscal years 2009 and 2008:

	2009	2008
Audit Fees ⁽¹⁾	\$ 1,309,962	\$ 1,341,200
Audit-Related Fees		
Total Audit and Audit-Related Fees	1,309,962	1,341,200
Tax Fees ⁽²⁾	2,000	24,300
All Other Fees		
Total Fees	\$ 1,311,962	\$ 1,365,500

(1) The amounts indicated represent fees billed by Deloitte & Touche for services rendered for the audit of the Company's annual consolidated financial statements and for its review of the Company's quarterly condensed consolidated financial statements.

(2) The amounts indicated represent 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 provided by Deloitte & Touche 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 2010
STOCK OWNERSHIP BY DIRECTORS AND EXECUTIVE OFFICERS**

Direct and indirect ownership of Common Stock by each of the directors, each of the executive officers who are named in the Summary Compensation Table (the "Named Executive Officers"), and by all directors and executive officers as a group is set forth in the following table as of April 2, 2010, 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⁾	53,052	*
Michael Dinkins ⁽²⁾	15,633	*
Thomas J. Hook ⁽³⁾	315,542	1.35%
Kevin C. Melia ⁽⁴⁾	31,855	*
Dr. Joseph A. Miller, Jr. ⁽⁵⁾	45,936	*
Bill R. Sanford ⁽⁶⁾	94,368	*
Peter H. Soderberg ⁽⁷⁾	52,016	*
William B. Summers, Jr. ⁽⁸⁾	62,594	*
John P. Wareham ⁽⁹⁾	45,173	*
Dr. Helena S. Wisniewski ⁽¹⁰⁾	27,154	*
Thomas J. Mazza ⁽¹¹⁾	77,324	*
Mauricio Arellano ⁽¹²⁾	68,811	*
Susan M. Bratton ⁽¹³⁾	135,493	*
Susan H. Campbell ⁽¹⁴⁾	73,683	*
All Directors and Executive Officers as a group (16 persons)	1,172,950	4.89%

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- (1) Includes
 - (i) 38,183 shares
Ms. Bailey has the right to acquire pursuant to options exercisable currently or within 60 days after April 2, 2010;
 - (ii) 3,069 shares awarded to her under the Company's 2005 Stock Incentive Plan; and
 - (iii) 11,800 shares directly held by her.

- (2) Includes
 - (i) 9,905 shares
Mr. Dinkins has the right to acquire pursuant to options exercisable currently or within 60 days after April 2, 2010;
 - (ii) 3,069 shares awarded to him under the Company's 2005 Stock Incentive Plan; and
 - (iii) 2,659 shares directly held by him.

- (3) Includes
 - (i) 228,180 shares
Mr. Hook has the right to acquire pursuant to options exercisable currently or

within 60 days after April 2, 2010; (ii) 49,181 shares awarded to him under the Company's 2002 Restricted Stock Plan and 2005 Stock Incentive Plan; (iii) 2,306 shares allocated to his account under the 401(k) Plan; and (iv) 35,875 shares directly held by him.

- (4) Includes (i) 20,375 shares Mr. Melia has the right to acquire pursuant to options exercisable currently or within 60 days after April 2, 2010; (ii) 3,069 shares awarded to him under the Company's 2005 Stock Incentive Plan; and (iii) 8,411 shares directly held by him.

- (5) Includes (i) 32,933 shares Dr. Miller has the right to acquire pursuant to options exercisable currently or within 60 days after April 2, 2010; (ii) 3,069 shares awarded

to him under the Company's 2005 Stock Incentive Plan; and (iii) 9,934 shares directly held by him.

- (6) Includes (i) 47,675 shares Mr. Sanford has the right to acquire pursuant to options exercisable currently or within 60 days after April 2, 2010; (ii) 4,603 shares awarded to him under the Company's 2005 Stock Incentive Plan; and (iii) 42,090 shares directly held by him.

- (7) Includes (i) 38,183 shares Mr. Soderberg has the right to acquire pursuant to options exercisable currently or within 60 days after April 2, 2010; (ii) 3,069 shares awarded to him under the Company's 2005 Stock Incentive Plan; and (iii) 10,764 shares directly held by him.

- (8) Includes (i) 38,183 shares Mr. Summers

has the right to acquire pursuant to options exercisable currently or within 60 days after April 2, 2010; (ii) 3,069 shares awarded to him under the Company's 2005 Stock Incentive Plan; and (iii) 21,342 shares directly held by him.

- (9) Includes (i) 32,683 shares Mr. Wareham has the right to acquire pursuant to options exercisable currently or within 60 days after April 2, 2010; (ii) 3,069 shares awarded to him under the Company's 2005 Stock Incentive Plan; and (iii) 9,421 shares directly held by him. As previously disclosed, Mr. Wareham has notified the Company that, due to personal considerations, he will not stand for re-election at the 2010 Annual Meeting of Stockholders.

- (10) Includes (i) 19,342 shares

Dr. Wisniewski has the right to acquire pursuant to options exercisable currently or within 60 days after April 2, 2010; (ii) 3,069 shares awarded to her under the Company's 2005 Stock Incentive Plan; and (iii) 4,743 shares directly held by her.

- (11) Includes (i) 58,989 shares Mr. Mazza has the right to acquire pursuant to options exercisable currently or within 60 days after April 2, 2010; (ii) 6,076 shares awarded to him under the Company's 2002 Restricted Stock Plan and 2005 Stock Incentive Plan; (iii) 2,513 shares allocated to his account under the 401(k) Plan; and (iv) 9,746 shares directly held by him.

- (12) Includes (i) 51,640 shares Mr. Arellano has the right to acquire pursuant to options exercisable

currently or within 60 days after April 2, 2010; (ii) 6,162 shares awarded to him under the Company's 2002 Restricted Stock Plan and 2005 Stock Incentive Plan; (iii) 2,392 shares allocated to his account under the 401(k) Plan; and (iv) 8,617 shares directly held by him.

- (13) Includes (i) 66,598 shares Ms. Bratton has the right to acquire pursuant to options exercisable currently or within 60 days after April 2, 2010; (ii) 5,499 shares awarded to her under the Company's 2002 Restricted Stock Plan and 2005 Stock Incentive Plan; (iii) 4,671 shares allocated to her account under the 401(k) Plan; and (iv) 58,725 shares directly held by her.

- (14) Includes (i) 55,630 shares Ms. Campbell has the right to acquire pursuant to options

exercisable
currently or
within 60 days
after April 2,
2010; (ii) 6,062
shares awarded
to her under the
Company's 2002
Restricted Stock
Plan and 2005
Stock Incentive
Plan; (iii) 2,584
shares allocated
to her account
under the 401(k)
Plan; and
(iv) 9,407 shares
directly held by
her.

* 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 SEC and the New York Stock Exchange. The Company believes that these filing requirements were satisfied by its directors and officers during 2009. In making the foregoing statement, the Company has relied on copies of the reporting forms received by it or on the written representations from such reporting persons.

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EXECUTIVE COMPENSATION
Compensation Discussion and Analysis

Overview

The compensation programs for our senior level managers, which includes all of the Named Executive Officers, are designed to be consistent with our compensation philosophy. Our philosophy is to provide a compensation package that is competitive, encourages executives to act in the best interest of our stockholders, and strikes a proper balance between risk and our performance. Based upon this philosophy, we designed our compensation programs to include fixed cash and equity-based compensation at the targeted competitive market median rate and performance or at risk cash and equity-based compensation at above competitive market median rates if above competitive market median performance is achieved. We believe that paying above competitive market median compensation for above competitive market median performance 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, which should benefit from the higher level of performance.

As illustrated in the graphs below, we believe that performance and equity-based compensation should increase as a percentage of total direct compensation as salary grade levels and responsibility increases. We target our Named Executive Officers' total cash and direct compensation to be consistent with our competitive market. By following this philosophy, we believe we can attract and retain executives who have the appropriate skill set to carry out our strategic plans and attain both our short- and long-term financial and strategic goals.

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 2009 assuming maximum performance levels are achieved:

The following graphs depict the mix of time (or fixed) versus performance (or variable) based compensation as a percentage of total direct compensation granted to our Named Executive Officers during 2009 assuming maximum performance levels are achieved:

Our compensation programs are designed by our Compensation and Organization Committee (Compensation Committee) in collaboration with management and input from an independent compensation consultant hired by the Compensation Committee, and approved by our Board. Our compensation programs consist of the following components:

Base Salary

Annual Cash Incentives

Long-Term Equity Awards

Ø Time-Based

Ø Performance-Based

Retirement and Change of Control Agreements

Other Personal Benefits

Other than as discussed below, we do not believe the compensation for our Named Executive Officers in 2010 will change materially from 2009.

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Consistent with our compensation philosophy, we believe that our compensation programs should have a certain 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. Our long-term incentive programs cover a three-year performance period. The following graph depicts total direct compensation received by our Named Executive Officers versus the value granted for fiscal years 2006 to 2008 (excluding retention equity awards) and illustrates the significant impact that our performance-based programs can have on the compensation levels of our Named Executive Officers. Fiscal years 2008 and 2009 were the last years of the three year performance periods for awards granted in 2006 and 2007. The performance metrics for the 2006 performance-based long-term incentive award (SALT Program) was achieved while the 2007 metrics were not. Additionally, we currently expect to achieve 30% of the 2008 performance metrics (in thousands):

Total Direct Compensation of Named Executive Officers

In 2010, our Board approved a new long-term incentive equity compensation plan (LTI Plan) for senior level managers, including our Named Executive Officers, which replaces the existing long-term incentive plans. The objective of the LTI Plan is to better align our compensation programs with stockholder interests and our competitive market, as well as to adopt a number of current best practices with regards to equity compensation programs. This includes increasing the percentage of performance- and equity-based compensation as a percentage of total direct compensation; issuing equity performance-based compensation in performance shares; and tying equity performance-based awards to total stockholder return (TSR) relative to our peer group. See further discussion of the LTI Plan under Long-Term Equity Awards. Additionally, in conjunction with his contract renewal and based upon his performance and strategic accomplishments over the last four years, in 2010 our Board approved an increase to the award percentages under the Company s annual cash and long-term equity award programs for Mr. Hook. These accomplishments include, among other things, developing and making significant progress towards implementing our long-term strategic plan, as well as successfully leading our Company through the global economic downturn. The following graphs depict the mix of cash versus equity compensation as a percentage of total direct compensation under the LTI Plan assuming maximum performance levels are achieved:

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The following graphs depict the mix of time (or fixed) versus performance (or variable) based compensation as a percentage of total direct compensation under the LTI Plan assuming maximum performance levels are achieved:

Compensation Committee Practices and Procedures

The Compensation Committee, in collaboration with management, is responsible for the design and administration 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 five of the meetings held by the Compensation Committee during 2009.

The Compensation Committee also is responsible for recommending to the Board for approval the performance and merit adjustments for Mr. Hook, our President & Chief Executive Officer. For the remaining Named Executive Officers, Mr. Hook makes recommendations regarding performance and merit adjustments to the Compensation Committee for approval. Grants of equity-based compensation are recommended by management and approved by the Compensation Committee in accordance with approved long-term incentive programs established by the Compensation Committee with the assistance of Ernst & Young.

During 2009, Mr. Hook, Mr. Mazza, Barbara M. Davis, Vice President of Human Resources and Timothy G. McEvoy, Vice President, General Counsel & Secretary, attended meetings of the Compensation Committee to provide counsel and assistance to the Compensation Committee. These executives were not present during executive sessions and when items pertaining to their individual compensation were discussed.

Competitive Market Review

When determining compensation levels and programs, the Compensation Committee compares our programs and performance against an approved peer group of companies. The peer group consists of fifteen publicly traded companies that are similar in size and operate in similar industries as our Company and with whom we may compete for executive talent. The Compensation Committee typically reevaluates the peer group every two to three years or sooner if an event, such as an acquisition, no longer makes the companies in the peer group comparable to our Company.

The companies comprising our compensation peer group, which was last updated in 2009, are:

Analogic Corporation	ResMed Inc.
CONMED Corporation	SonoSite, Inc.
CTS Corporation	Symmetry Medical, Inc.
Edwards Lifesciences Corp.	Thoratec Corporation
Ev3, Inc.	West Pharmaceutical
Integra LifeSciences Holdings Corp.	Wright Medical Group, Inc.
Merit Medical Systems, Inc.	ZOLL Medical Corporation
Orthofix International	

For 2009, the following changes were made to our peer group:

<i>Additions</i>	Deletions
Analogic Corporation	Datascope Corporation
Orthofix International	DJO, Inc.
West Pharmaceutical	Vital Signs, Inc.

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Datascope Corporation, DJO, Inc. and Vital Signs, Inc. were removed from the peer group because they were acquired by other companies. The additions for 2009 were made to replace the companies removed from the peer group in order to maintain the number of companies at fifteen. We believe that this is an appropriate size for a peer group in order to get a representative sample of our market, yet keeping the size of the peer group at a manageable level for analysis purposes. We believe these companies (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 included revenue size and growth rate, return on equity, net income, earnings per share (EPS) growth, average gross margins and enterprise value.

Our 2010 total compensation packages are based upon a 2009 market study performed by Ernst & Young which utilized compensation peer group data supplemented by market survey data and adjusted for factors such as prior individual performance and expected future contributions, performance of our Company, internal equity within our Company and the degree of difficulty in replacing the individual. Prior to this, the last market study was performed in 2008. The 2009 market study, which provided base salary, total cash compensation and total direct compensation analysis, utilized proxy data of our peer group from 2006 to 2008 and survey data from the following sources:

Title	Publisher	Year
Executive Compensation Assessor	Economic Research Institute	2009
U.S. Executive Survey Report	Mercer HR Consulting	2008
Top Management Compensation	Watson Wyatt Data Services	2008-2009

The proxy and survey data were trended to 2010 levels based upon an annual increase factor of 2.9% as obtained from a WorldatWork survey. In determining recommended compensation levels, the Ernst & Young analysis also utilized various analytical tools, including total remuneration analysis and tally sheets, which provide a summary of the total compensation (cash, equity, benefits and perquisites) provided to the Named Executive Officers, as well as the impact of the Company's performance on compensation. In 2008, internal pay equity analysis and equity wealth accumulation and sensitivity analysis were also performed. The Compensation Committee has determined that, absent a meaningful change in circumstances, such tools should be utilized on a periodic, as opposed to an annual, basis. In making final compensation decisions, the Compensation Committee considers all of these analyses.

The Compensation Committee sets the performance goals for annual cash incentives and long-term equity programs based upon the current year and long-range plan of our Company. Our current year and long-range plan takes into consideration the performance of our largest customers supplemented by performance information of our peer group, as well as relevant market indices. We believe the performance of our largest customers should be considered since they account for a large percentage of our sales. The market indices considered include the revenue growth rates of our largest markets (Cardiac Rhythm Management, Vascular, Orthopaedics and Energy (as a proxy for our Electrochem Solutions segment)).

Base Salary

We want to provide our senior level managers 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 managers 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, performance of our Company, internal pay equity 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.

The 2009 base salaries for our Named Executive Officers compared to the competitive market median are as follows:

	2009 Base Salary	% of Competitive Market Median
Thomas J. Hook	\$491,600	98%
Thomas J. Mazza	271,500	91%
Mauricio Arellano	267,500	92%
Susan M. Bratton	250,200	86%
Susan H. Campbell	267,500	92%

2009 base salaries were increased by 3.5% from the 2008 levels. This was consistent with the average merit increase across our U.S. based organization. We believe this reflects the solid performance of our Company during a year of internal integration and external financial market turmoil and is a reasonable market increase for companies with similar performance to ours. The additional salary that was provided to Mr. Arellano and Ms. Campbell took into consideration the size and complexity of the Cardiac & Neurology and Orthopaedics product lines.

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In connection with the Compensation Committee's annual review of compensation levels, the following salaries were approved, but not yet implemented, for 2010 for the Named Executive Officers: Mr. Hook \$525,000; Mr. Mazza \$290,000; Mr. Arellano \$285,000; Ms. Bratton \$265,000; and Ms. Campbell \$280,000. These salaries as a percentage of the competitive market median are as follows: Mr. Hook (105%); Mr. Mazza (97%); Mr. Arellano (98%); Ms. Bratton (91%); and Ms. Campbell (96%) and are consistent with our target of 90% to 110%. These salaries reflect the accomplishments of the Named Executive Officers during 2009, which included the successful consolidation of five facilities; conversion of four facilities onto the Oracle ERP system; 7% increase in CRM and Neuromodulation revenue; achievement of our 12% adjusted operating margin goal; deepening customer relationships; and furthering the Company's technology initiatives, including the development of system level products for our customers. In addition to these accomplishments, the increase for Mr. Hook took into consideration and was determined in conjunction with the negotiations of his contract. The higher salary levels provided to Mr. Arellano and Ms. Campbell take into consideration the size and complexity of the Cardiac & Neurology and Orthopaedics product lines. In conjunction with various other cost cutting initiatives we are implementing in order to reduce the impact of lower revenue levels on our net income, 2010 base salaries for all of our senior level managers, including our Named Executive Officers, are being held constant with 2009 amounts. The above salary increases for the Named Executive Officers are currently not being implemented and will only take effect if the Company meets its financial targets for 2010, and may be retroactive to January 1, 2010.

Annual Cash Incentives

Overview. The payment of annual cash incentives for senior level managers is formula-based and is governed by our Short-Term Incentive Compensation Program ("STIC Program"). The objective of the STIC Program is to provide a target level of cash compensation that is based upon the achievement of internal performance metrics, which take into consideration the competitive market median performance with the opportunity for above median compensation for above median performance.

STIC Program awards for the Named Executive Officers are based upon Company-wide performance goals. For all other levels, STIC Program awards are primarily based upon a combination of the achievement of specific individual operational goals and Company-wide performance. As a result, this component of compensation can be highly variable from year to year.

STIC Program awards are calculated based upon the following formulas:

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

Actual Award = ((TAA x 75%) x Individual Performance %) + (TAA x 25%)

For senior level managers, other than the Named Executive Officers, individual business unit and functional goals (Individual Performance %) impact 75% of the actual award and cannot exceed 100%. The remaining 25% of the award is determined by the achievement of the Company performance target (same as funding target). In general, the higher the salary grade of an employee, the more the individual performance goals are based upon the performance of the Company. The Named Executive Officers performance goals are based upon overall Company performance metrics (same as funding target).

STIC Funding %. Overall funding of the STIC Program is based upon a Company-wide performance measure as recommended by the Compensation Committee and approved by the Board at its first meeting of every year.

Funding of the STIC Program is calculated in accordance with the following scale:

Achievement of Performance Measure	Funding %
Less than 75%	0%
75% - 100%	50% - 100%
100% - 133%	100% - 200%

This funding model was designed to provide stockholders with a three-to-one payout ratio compared to management. That is, for every four dollars earned above the target, one dollar is paid in additional incentive compensation to fund the STIC Program, up to the maximum threshold, and three dollars are retained in the business and benefit stockholders.

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For fiscal years 2007 to 2009, the STIC Program funding performance measure was adjusted EPS. We selected adjusted EPS because of its direct correlation with the interests of our stockholders. In establishing this measure, the Compensation Committee considered the respective year's budget, three-year compound annual growth rate and how that growth rate compared to our competitive market. Achievement at the 100% target level was deemed to be a realistic goal and any amount greater than the target was believed to be a stretch goal. The STIC Program was funded as follows:

	2007	2008	2009
Adjusted EPS Target	\$1.30	\$1.46	\$1.68
Adjusted EPS Actual	\$1.47	\$1.49	\$1.52
STIC Funding %	140%	106%	81%

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Adjusted EPS and our EPS under generally accepted accounting principles (GAAP) differ 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) litigation charges and (v) the income tax (benefit) related to these adjustments, all of which were not included in the original STIC target measures. All of these adjustments were reviewed and approved by the Compensation Committee. See Financial Overview in Item 7 of our 2009 Form 10-K for a reconciliation of adjusted amounts to GAAP.

For 2010, the STIC Program funding performance measure wil