

# U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

---

## FORM 8-K

**CURRENT REPORT**  
**PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**Date of Report (Date of earliest event reported) February 22, 2006**

**GREATBATCH, INC.**

(Exact name of registrant as specified in its charter)

Delaware

1-16137

16-1531026

-----  
(State or other jurisdiction  
of incorporation)

-----  
(Commission  
File Number)

-----  
(IRS Employer  
Identification No.)

9645 Wehrle Drive, Clarence, New York 14031  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (716) 759-5600

Not Applicable

---

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

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

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425).

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12).

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b)).

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c)).

**Item 2.02. Results of Operations and Financial Condition**

On February 22, 2006, Greatbatch, Inc. (the "Company") issued a press release announcing its results for the fiscal quarter and full year ended December 31, 2005. A copy of the release is furnished with this report as Exhibit 99.1 and is incorporated by reference into this Item 2.02.

The information contained in this report under Item 2.02 is being furnished and shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section. The information contained in this report under Item 2.02 shall not be incorporated by reference into any registration statement or other document filed pursuant to the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

**Item 9.01. Financial Statements and Exhibits**

(d) Exhibits

99.1 Press Release dated February 22, 2006.

## SIGNATURES

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

*Dated: February 22, 2006*

*GREATBATCH, INC.*

*By: /s/ Thomas J. Mazza*

*-----  
Thomas J. Mazza  
Senior Vice President and  
Chief Financial Officer*

EXHIBIT  
NUMBER  
-----  
99.1

DESCRIPTION  
-----  
Press Release of Greatbatch, Inc. dated February 22, 2006.

## Greatbatch, Inc. Reports Fourth Quarter and Full-Year 2005 Results

CLARENCE, N.Y.--(BUSINESS WIRE)--Feb. 22, 2006--Greatbatch, Inc. (the "Company") (NYSE: GB) today reported its results for the fourth quarter and year ended December 31, 2005.

### 2005 Highlights

- Achieved record sales for:
- Total Company - sales of \$241 million, an increase of 20% compared to \$200 million in 2004
- Implantable Medical Components - sales of \$208 million, an increase of 20% compared to \$173 million in 2004
- Commercial - sales of \$33 million, an increase of 21% compared to \$27 million in 2004
- Successfully started up operations in two new facilities in Alden, New York and Tijuana, Mexico and consolidated both existing and new manufacturing operations into these locations with minimal disruption
- Met all of the milestones for the consolidation of filtered feedthrough operations in Carson City, Nevada to the facility in Tijuana, Mexico
- Commenced the plan to consolidate feedthrough manufacturing from Columbia, Maryland to Tijuana and consolidate all medical research and development into the Technology Development Center in Clarence, New York
- Cash and short-term investments increased by \$20 million to \$112 million as of December 31, 2005

Net sales totaled \$58.9 million during the fourth quarter of 2005, an increase of 27% compared to \$46.5 million in the fourth quarter of 2004. For the full year 2005, net sales totaled \$241.1 million compared to \$200.1 million in 2004, an increase of 20%.

Net income for the fourth quarter was \$.068 million, or \$0.00 per diluted share, compared to a loss of \$0.18 million, or \$0.01 per diluted share in 2004. Reported results for the fourth quarter of 2005 include charges for plant consolidations, relocations and asset dispositions, which total \$4.4 million (pre-tax), or \$0.13 per diluted share. Excluding these charges, net earnings for the fourth quarter 2005 were \$2.9 million or \$0.13 per diluted share.

Net income for the full year 2005 was \$10.1 million, or \$0.46 per diluted share, compared to \$14.2 million, or \$0.66 per diluted share in 2004. Reported results for 2005 include charges for plant consolidations, relocations, asset dispositions, severance and legal settlement charges, which total \$18.6 million (pre-tax), or \$0.56 per diluted share. Excluding these charges, net earnings for the full year 2005 were \$22.3 million or \$1.02 per diluted share.

Commenting on full-year results, Edward Voboril, Chairman and Chief Executive Officer said: "I am very pleased with our performance during 2005. We achieved record sales in both our medical and commercial segments, which speaks to our broad-based success. In many respects, 2005 was a very dynamic and challenging year. Our financial results are indicative of our ability to respond to increased customer requirements, while at the same time effectively executing on our key strategic initiatives."

"The advancements we have made in establishing a new manufacturing footprint, coupled with the various new product initiatives underway in the areas of Cardiac Rhythm Management, Neurostimulation and Commercial markets have us well positioned for continued growth going forward," Voboril concluded.

### 4th Quarter Sales Summary

The following table summarizes the Company's sales by business unit and major product line for the fourth quarters of 2005 and 2004 (in thousands):

Business Unit/Product Lines	2005 4th Qtr	2004 4th Qtr	%
			Change
-----			
Implantable Medical Components ("IMC"):			
-----			
ICD Batteries	\$11,020	\$ 8,469	+30%
-----			
Pacemaker & Other Batteries	4,791	4,285	+12%
-----			
ICD Capacitors	5,109	3,231	+58%
-----			
Feedthroughs	13,283	11,866	+12%
-----			
Enclosures	5,097	5,539	-8%
-----			
Other Medical	11,878	7,043	+69%

Total Implantable Medical Components	51,178	40,433	+27%
Electrochem Commercial Power ("ECP")	7,679	6,042	+27%
Total Sales	\$58,857	\$46,475	+27%

The increase in IMC sales is attributable to organic growth, incremental assembly volume, impact of the marketplace field actions and higher 2005 versus 2004 volume from one customer. Furthermore, the decrease in Enclosures is due to a shift in the reporting of \$1.6 million in sales of shield enclosures to the "Other Medical" product line as the product is now being assembled and shipped from the Tijuana facility. The increase in ECP sales is due to higher volume in the seismic, military and oil & gas markets.

#### 4th Quarter Profit & Loss Summary

The following table summarizes selected information derived from the condensed consolidated statements of operations for the fourth quarters in 2005 and 2004 (in thousands):

	2005 4th Qtr	2004 4th Qtr	% Change
Gross Profit	\$19,468	\$16,327	+19%
Gross Margin	33.1%	35.1%	
SG&A Expenses	\$ 7,439	\$ 6,492	+15%
SG&A Expenses, as % of Sales	12.6%	14.0%	
RD&E Expenses, net	\$ 5,543	\$ 3,751	+48%
RD&E Expenses, net as % of Sales	9.4%	8.1%	
Other Operating Expense	\$ 4,367	\$ 1,061	+312%
Operating Income	\$ 1,161	\$ 3,946	-71%
Operating Margin	2.0%	8.5%	

The decrease in gross margin is primarily due to increased warranty expense and lower selling prices, partially offset by favorable manufacturing overhead absorption due to increased production volume.

The increase in SG&A expenses is primarily due to costs related to the Tijuana facility and incentive compensation, partially offset by lower Sarbanes-Oxley costs.

The increase in RD&E expenses is primarily due to decreased reimbursement on new product development projects in the 2005 fourth quarter compared to last year.

The Other operating expense in the current quarter consists of:

-- Tijuana, Alden and Carson City consolidations/relocations \$2.7 million

-- Columbia and Advanced Research Lab consolidations \$1.1 million

-- Asset dispositions and other \$0.6 million

The high effective tax rate for the quarter, which resulted in an annual effective tax rate of 34.6%, was primarily due to the change in the estimate of the benefit related to Extra Territorial Income.

#### Full-Year 2006 Financial Guidance

-- The Company expects 2006 net sales to be in the range of \$245 million to \$265 million, an increase of 2% to 10%. This projection takes into consideration the effect of the marketplace field actions that occurred in 2005 and resulted in incremental sales for Greatbatch of \$10 million to \$15 million.

-- The Company expects GAAP earnings per diluted share for 2006 to be in the range of \$0.40 to \$0.60, including the impact of stock-based

compensation under FAS123R of \$0.15 to \$0.18 and plant relocation/asset dispositions of \$0.30 to \$0.38. Excluding the impact of the stock-based compensation and plant consolidations/asset dispositions, the target range for the full-year 2006 earnings per diluted share is \$0.95 to \$1.15.

-- The effective tax rate is expected to be approximately 34%.

-- The number of diluted shares is expected to be approximately 22 million for the full year of 2006. The effect of the conversion of the convertible notes into common stock is expected to be anti-dilutive in 2006; therefore, it will not impact the share count.

-- Capital spending is expected to be in the range of \$22 million to \$27 million.

### Conference Call

The Company will host a conference call tomorrow, Thursday, February 23, 2006 at 11:00 a.m. E.T. to discuss its quarterly results. The scheduled conference call will be webcast live and is accessible through the Company's website at [www.greatbatch.com](http://www.greatbatch.com). An audio replay will also be available beginning from 1:00 p.m. E.T. on February 23, 2006 until March 2, 2006. To access the replay, dial 888-286-8010 (U.S.) or 617-801-6888 (International) and enter the passcode 81517078.

### Forward-Looking Statements

Some of the statements in this press release and other written and oral statements made from time to time by the Company and its representatives are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and section 21E of the Securities Exchange Act of 1934, as amended, and involve a number of risks and uncertainties. These statements can be identified by terminology such as "may," "will," "should," "could," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "potential" or "continue," or the negative of these terms or other comparable terminology. These statements are based on the Company's current expectations. The Company's actual results could differ materially from those stated or implied in such forward-looking statements. Risks and uncertainties that could cause actual results to differ materially from those stated or implied by such forward-looking statements include, among others, the following matters affecting the Company: dependence upon a limited number of customers; customer ordering patterns; product obsolescence; inability to market current or future products; pricing pressure from customers; our ability to timely and successfully implement our cost reduction and plant consolidation initiatives; reliance on third party suppliers for raw materials, products and subcomponents; fluctuating operating results; inability to maintain high quality standards for our products; challenges to our intellectual property rights; product liability claims; inability to successfully consummate, integrate and protect against liabilities arising from acquisitions; unsuccessful expansion into new markets; competition; inability to obtain licenses to key technology; regulatory changes or consolidation in the healthcare industry; and other risks and uncertainties described in the Company's Annual Report on Form 10-K, and in other periodic filings with the Securities and Exchange Commission. The Company assumes no obligation to update forward-looking information in this press release whether to reflect changed assumptions, the occurrence of unanticipated events or changes in future operating results, financial conditions or prospects, or otherwise.

### About Greatbatch, Inc.

Greatbatch, Inc. (NYSE: GB) is a leading developer and manufacturer of critical components used in implantable medical devices and other technically demanding applications. Additional information about the Company is available at [www.greatbatch.com](http://www.greatbatch.com).

## GREATBATCH, INC. CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS (Unaudited)

(In thousands except per share amounts)

	Three months ended		Year ended	
	December 31, 2005	2004 *	December 31, 2005	2004 *
Sales	\$58,857	\$46,475	\$241,097	\$200,119
Cost of sales	39,389	30,148	151,543	119,397
Gross profit	19,468	16,327	89,554	80,722
Selling, general and administrative expenses	7,439	6,492	31,528	26,719
Research, development and engineering costs, net	5,543	3,751	18,725	18,476
Amortization of intangible assets	958	1,077	3,841	4,002
Other operating expense, net	4,367	1,061	18,574	4,585
Operating income	1,161	3,946	16,886	26,940
Interest expense	1,137	1,087	4,613	4,535
Interest income	(1,089)	(433)	(3,113)	(1,235)
Other (income) expense, net	(9)	(17)	(78)	(92)

Income before income taxes	1,122	3,309	15,464	23,732
Provision for income taxes	1,054	3,489	5,357	9,514
Net income	\$ 68	\$ (180)	\$ 10,107	\$ 14,218
Diluted earnings per share	\$ 0.00	\$ (0.01)	\$ 0.46	\$ 0.66
Diluted weighted average shares outstanding	21,925	21,539	21,810	21,540

\* Restated for a \$2,039 increase in the provision for income taxes and a corresponding decrease in refundable income taxes.

**GREATBATCH, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEET**  
(Unaudited)

(In thousands)

ASSETS	December 31, 2005	December 31, 2004 *
	----	-----
Current assets:		
Cash and cash equivalents	\$ 46,403	\$ 34,795
Short-term investments	65,746	57,437
Accounts receivable, net	29,997	24,288
Inventories	45,184	34,027
Refundable income taxes	928	1,634
Deferred income taxes	6,257	3,622
Prepaid expenses and other current assets	1,488	4,637
Total current assets	196,003	160,440
Property, plant, and equipment, net	97,705	92,210
Intangible assets, net	60,143	63,984
Goodwill	155,039	155,039
Other assets	4,021	4,493
Total assets	\$ 512,911	\$ 476,166
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 13,678	\$ 8,971
Accrued expenses and other current liabilities	29,903	18,109
Current portion of long-term debt	464	1,000
Total current liabilities	44,045	28,080
Long-term debt, net of current portion	-	652
Convertible subordinated notes	170,000	170,000
Deferred income taxes	30,261	23,296
Total liabilities	244,306	222,028
	-----	-----
Stockholders' equity:		
Preferred stock	-	-
Common stock	22	21
Additional paid-in capital	217,104	212,131
Deferred stock-based compensation	(1,490)	(833)
Treasury stock, at cost	-	(95)
Retained earnings	53,039	42,932
Accumulated other comprehensive loss	(70)	(18)
Total stockholders' equity	268,605	254,138
	-----	-----
Total liabilities and stockholders' equity	\$ 512,911	\$ 476,166
	=====	=====

\* Restated for a \$2,039 increase in the provision for income taxes and a corresponding decrease in refundable income taxes.

CONTACT: Greatbatch, Inc.  
Anthony W. Borowicz, 716-759-5809 tborowicz@greatbatch.com