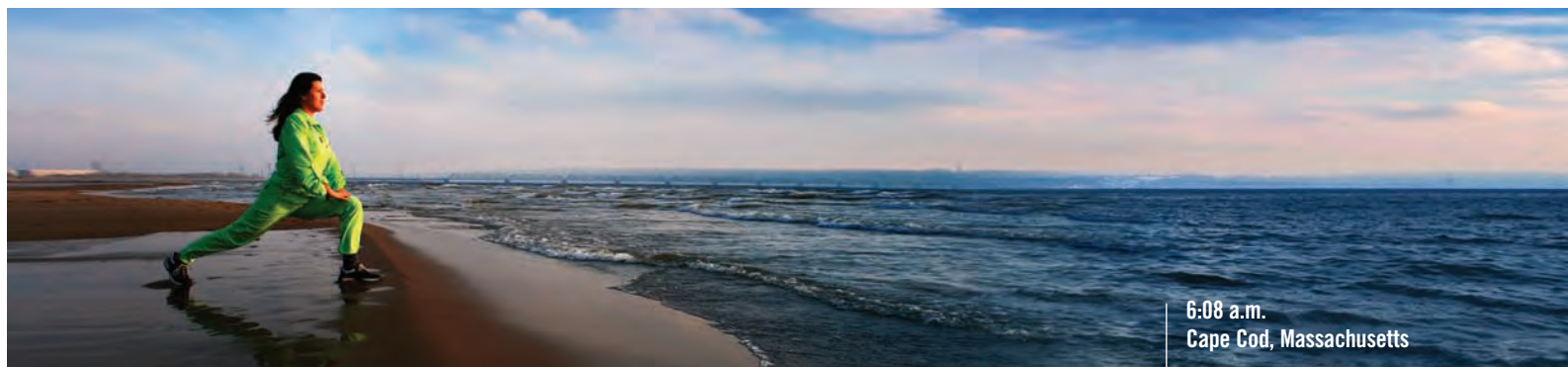


We're ready



6:08 a.m.
Cape Cod, Massachusetts

2006 Annual Report



Greatbatch can now supply the majority of components used in cardiac rhythm management devices.

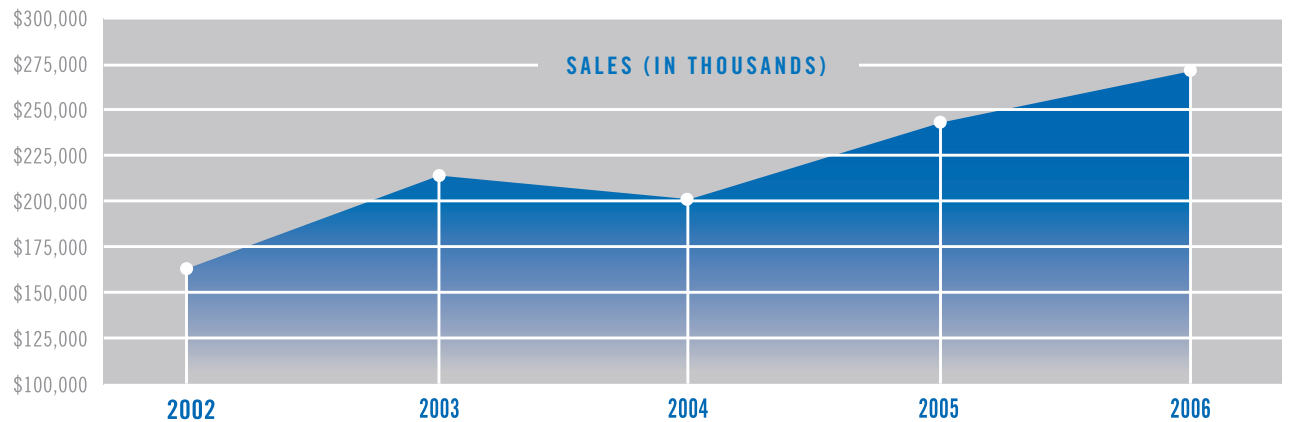
7:25 a.m.
Minneapolis, Minnesota



Financial Highlights

(in thousands, except per share data)

Fiscal Year	2002	2003	2004	2005	2006
OPERATIONS					
Sales	\$ 167,296	\$ 216,365	\$ 200,119	\$ 241,097	\$ 271,142
Operating income	26,664	38,200	26,940	16,886	22,376
Net income	\$ 14,361	\$ 23,288	\$ 14,218	\$ 10,107	\$ 16,126
Diluted net earnings per common share	\$ 0.68	\$ 1.05	\$ 0.66	\$ 0.46	\$ 0.73
Diluted weighted average shares outstanding	21,227	24,026	21,540	21,810	26,334



(in thousands)

Fiscal Year	2002	2003	2004	2005	2006
CASH FLOW AND BALANCE SHEET					
Cash flow from operations	\$ 27,377	\$ 55,372	\$ 43,460	\$ 43,335	\$ 39,205
Working capital	40,204	170,455	132,360	151,958	199,051
Total assets	312,251	438,243	476,166	512,911	547,827
Total debt	85,000	171,778	171,652	170,464	170,000
Total liabilities	105,388	202,903	222,028	244,306	248,134
Total stockholder's equity	206,863	235,340	254,138	268,605	299,693

OTHER

Number of employees	1,378	1,431	1,225	1,338	1,835
Number of registered shareholders	278	269	249	214	236

Dear Shareholders, Customers, Associates and Friends,

2006 was both a very successful and a pivotal year for Greatbatch. We experienced double-digit top-line growth and achieved our financial goals—despite a down year in one of our key markets (implantable cardiac defibrillators—ICDs). We diligently navigated these market dynamics while simultaneously realigning our management, business unit and manufacturing operations—an extraordinary team accomplishment.

How did we do it? First of all, we stayed focused on giving our customers the highest-quality, most-reliable, advanced-technology products and services on the market. Second, we continued executing our long-term strategic plan, fine-tuning efficiencies while nurturing organic growth. The plan worked.

In medical markets, sales of implantable medical components were up 9% primarily due to the introduction of new products and increased market penetration. In addition, our Greatbatch Mexico and Medical Component business units are now unified into one Medical Solutions business unit; combined with the Medical Power unit, our medical operations are more integrated than ever before, delivering better customer service and market traction.

In 2006, overall sales were up 12%, and net income increased 60% from the prior year.

Over the past year, we continued to build our presence in emerging medical markets, supporting neuromodulation devices that deliver a wide range of neurostimulation and drug-delivery therapies.



7:14 a.m.
Clarence, New York

As CEO, I know that each day is a new opportunity to make a difference.

We also have worked hard to establish new milestones in existing markets, developing, for example, solutions that have the potential to enable MRI access to people who would otherwise be contra-indicated. And we're looking ahead, partnering with our customers to enable value-added features and functionalities such as remote monitoring. The work we're doing now will pay off for years to come.

Our new Q-series is arguably the most powerful and versatile high-rate implantable battery portfolio to hit the cardiac rhythm management market in many years—and for many years ahead.

In 2006, we also leveraged our expertise in technology development to introduce new, innovative products such as our process-patented Q_{MR} and Q_{HR} batteries to the market. In fact, we've begun manufacturing these products to customer device specifications. 2007 has already witnessed remarkable advancements in our medical battery line.

In the commercial market, our Electrochem business unit increased sales revenue by 32% and operating income by 69% from the previous year. Several factors contributed to this aggressive growth, including investments in sales & marketing and design & engineering and expansion into emerging markets such as telematics.

Electrochem also significantly ramped up the manufacture of specialized cells and battery packs to meet customer demand in 2006. The performance, long life and high reliability of Electrochem products make them ideally suited for extreme applications such as oil & gas exploration, oceanography, military communications and pipeline inspection.

In 2007, we will continue to optimize and mature our commercial business unit. A facility expansion program is currently underway, allowing us to continue delivering the outstanding products and service that our customers have come to expect from Electrochem.

In operations, we've made substantial progress implementing our three-year integration and realignment plan. We began moving manufacturing operations from our Columbia, Maryland, facility to our new state-of-the-art facility in Tijuana, Mexico. This development and manufacturing facility has attained the internationally recognized ISO 13485 standard certification. The Alden (New York) and Tijuana facilities are designed specifically to offer our customers world-class, proprietary, turnkey medical device component manufacturing and device assembly services, enabling us to move further up the value and supply chains with our customers.

Ongoing integration will ultimately result in annual savings of more than \$12 million.

The realignment will provide funds to reinvest in additional R&D staff and technologies. But it also positions us appropriately for acquisitions, since we are ready to pursue and integrate complementary outside ventures into our well-run company.

From a management standpoint, we've assembled a group of individuals who are experts in their respective fields of science, manufacturing and sales & marketing. This highly experienced, highly motivated team is proactively working to leverage our many competitive advantages.

The improvements we have made over the past two years are reflected in our key financial metrics. Since 2004, we have achieved an annual growth in sales and earnings of 16% and 27%, respectively. This growth has contributed to the increase in our cash and short-term investments of approximately \$51 million over the two-year period. Our strong financial position will enable us to continue to support our growth objectives in the future as we move forward.

At the close of 2006, we conducted a customer satisfaction survey. As expected, the vast majority of our customers are satisfied with Greatbatch; our product quality, performance and reliability were rated very high, along with our technologically advanced designs and custom-engineering capabilities. And we're constantly working to reach higher levels of customer service, whether by simplifying points of contact or finding ways to speed up development without impacting quality.

With 2006 drawn to a close and 2007 underway, our new management team has overseen record growth. We've worked through dynamics in the cardiac rhythm management (CRM) market, continued to establish ourselves in the neurostimulation industry and expanded our presence in the commercial power market. We've opened new facilities and introduced new products. We're uniquely positioned for what comes next. And that's why, when I was asked what the theme of this year's annual report should be, I jotted down two words:

We're ready

It really is that simple. As you read this year's annual report, you'll see for yourself why all of us at Greatbatch expect even greater success in 2007.

I would like to thank all of you—our investors, customers, suppliers, partners, associates and local communities—for your efforts in making 2006 a year of remarkable success at Greatbatch.

With kind regards,

A handwritten signature in black ink, appearing to read 'T. Hook', with a long horizontal line extending to the right.

Thomas J. Hook
President & CEO
Greatbatch, Inc.

Ready to introduce an unprecedented number of new products

We're currently developing a series of revolutionary products for both medical and commercial markets.

We achieved core organic growth in 2006 by focusing on our customers and introducing new products, further developing our new world-class manufacturing plants, growing our commercial business and increasing market share through sales and marketing. In 2006, we also added expertise in account management to serve our customers better and deliver more targeted success.



10:44 a.m.
Verona, Italy

Greatbatch components help improve the quality of life for all demographics, including seniors—a market growing by more than 21 million each year.

2006 was also a milestone for management, with Thomas J. Hook elected CEO. Tom came to Greatbatch in 2004, first serving as COO, then as President. His distributed leadership style has proven to be extremely effective, aligning responsibility, authority and accountability throughout the company to optimize managerial effectiveness.

While we're decentralizing decision making, we're centralizing our manufacturing plants. For example, our 144,000-square-foot plant in Tijuana, Mexico, is staffed by a team of world-class executives and engineers handpicked for their experience in both medical device and contract manufacturing.



Greatbatch designs and manufactures capacitors for a wide variety of implantable cardiac devices.

Looking ahead, we will continue to focus on our core medical market, supporting manufacturers of cardiac devices such as pacemakers and defibrillators with unrivaled products and services. In CRM markets, Greatbatch has a history of excellence, beginning with our role as a founding member. Our ongoing technology and application R&D work can be summarized with two key attributes:

PERFORMANCE AND RELIABILITY—Our batteries, capacitors and other implantable components enable long-term medical device functionality without increasing size.

BREADTH AND DEPTH—The hundreds of scientific and design patents we hold are increasing in number each day, and we maintain an ability to provide multiple custom-engineered products and sub-assembly services.

We will also keep developing products for neurostimulation devices, which can offer advanced therapy for relief from chronic pain, obesity, Alzheimer's disease, Parkinson's disease, treatment-resistant depression and stroke. Greatbatch has a unique advantage, as many neurostimulation devices are similar to pacemakers (again, an industry in which we've been a pioneer). We're developing primary batteries designed specifically for neurostimulation devices, as well as secondary (rechargeable) power sources. We believe that the neurostimulation market will rival the size of the cardiac rhythm management market over the long term, presenting us with a significant growth opportunity.

Thanks to emerging neurostimulation technology powered by Greatbatch batteries, kids with epilepsy—like Emily—have the opportunity to lead a perfectly normal life.



1:17 p.m.
Austin, Texas

On the commercial side of the business, our Electrochem division expects continued success, especially in four areas:

OIL & GAS EXPLORATION—Electrochem cells and battery packs withstand harsh operating conditions, making them ideal to power measurement tools for oil and gas exploration.

SEISMIC—Advanced geophysical surveying of valuable petroleum reserves requires batteries that can withstand extreme conditions.

TELEMATICS—Electrochem products help companies with the sophisticated tracking and monitoring of their mobile assets, such as tractor trailers and shipping containers.

MILITARY—The U.S. Air Force's F-16's flight data recorder is just one application for our lithium batteries, which are also used in communications devices, munitions and surveillance.



Electrochem products are used when failure is not an option.

Ready to take full advantage of emerging markets

We're well ahead of the curve in developing products for neurostimulation devices, a market widely expected to grow 20% annually.

Ready to complete our successful realignment

With a streamlined management team, new manufacturing plants and a consolidated footprint, Greatbatch has the infrastructure needed to continue growing faster than our markets.

December 2007 will mark the end of our three-year realignment plan. Once it's complete, we expect to generate annual net savings of \$12 million to \$14 million. A significant portion of these funds will be used to hire scientists, engineers and additional sales & marketing staff. During the final year of the plan, we will finish the consolidation from thirteen facilities into four manufacturing locations, the Holmes R&D Center and corporate headquarters. The realignment has made us stronger both financially and organizationally. As a result, we're ideally positioned to integrate new, targeted technologies and companies into Greatbatch.



12:38 p.m.
Alden, New York

Each year, we file dozens of patent applications; last year, we filed multiple applications for technology that makes implantable devices even safer by helping prevent electromagnetic interference (EMI).

In fact, last year was unusual in Greatbatch history in that we did not complete any acquisitions. It is our strategy to do so only when the time and opportunity are right. With our operations streamlined and more agile than ever, and with significant cash reserves and many new opportunities ahead of us, we're excited about the offerings we'll bring to our customers—and the industry—next.



At Greatbatch, we take pride in offering intricate parts that meet the precise specifications of our customers, with tolerances as tight as +/- .0005 inches.

Hermetic feedthroughs are just one of the many components Greatbatch offers.



Ready to add even more value through targeted acquisitions

With \$142 million in liquid assets, we're currently investigating complementary businesses to integrate, both vertically and horizontally, in 2007.



3:05 p.m.
62 miles above the earth

The bottom line is that Greatbatch is the only company that has successfully produced device-distinguishing batteries and other components for the most-critical applications, year after year after year, for nearly four decades. Our customers depend on us because they know we're 100% dedicated to providing reliable products engineered specifically for extreme environments. As a pioneer in our own markets, we're committed to seeing our customers be as successful as we are.

Whether our products are inside the heart of a 45-year-old marathon runner or aboard NASA's space shuttle, the markets we serve demand performance without failure the first time, every time. That's why "Energy for Life" describes not just the markets we're in, but the fact that every year we help tens of thousands of people live healthier, safer, more productive lives.

Our commercial cells and battery packs are used by NASA and all branches of the U.S. military for mission-critical applications.



Electrochem's batteries are used worldwide in a variety of extreme conditions, from inside an oil well to onboard an F-16 fighter jet.

BOARD OF DIRECTORS

Edward F. Voboril
Chairman of the Board,
Greatbatch, Inc.

Thomas J. Hook
President and Chief Executive Officer,
Greatbatch, Inc.

Pamela G. Bailey
President and Chief Executive Officer,
Cosmetic, Toiletry & Fragrance Association (CTFA)

Dr. Joseph A. Miller, Jr.
Executive Vice President and
Chief Technology Officer,
Corning, Inc.

Bill R. Sanford | *Lead Independent Director*
Chairman,
Symark LLC

Peter H. Soderberg
President and Chief Executive Officer,
Hillenbrand Industries

Thomas S. Summer
Executive Vice President and
Chief Financial Officer,
Constellation Brands, Inc.

William B. Summers, Jr.
Former Chairman and CEO,
McDonald Investments, Inc.

John P. Wareham
Former Chairman
and Chief Executive Officer,
Beckman Coulter, Inc.

CORPORATE LEADERSHIP

Thomas J. Hook
President and Chief Executive Officer

Thomas J. Mazza
Senior Vice President and Chief Financial Officer

Mauricio Arellano
Senior Vice President, Medical Solutions Group

Susan M. Bratton
Senior Vice President, Commercial Power Group

Susan H. Campbell
Senior Vice President, Medical Power Group

Barbara M. Davis
Vice President, Human Resources

Timothy G. McEvoy
Vice President, General Counsel
and Secretary

AUDIT COMMITTEE

Thomas S. Summer (Chair)
William B. Summers, Jr.
John P. Wareham

COMPENSATION AND ORGANIZATION COMMITTEE

William B. Summers, Jr. (Chair)
Peter H. Soderberg
Thomas S. Summer

CORPORATE GOVERNANCE AND NOMINATING COMMITTEE

Pamela G. Bailey (Chair)
Peter H. Soderberg
Dr. Joseph A. Miller, Jr.
Bill R. Sanford

SCIENCE AND TECHNOLOGY DEVELOPMENT COMMITTEE

Dr. Joseph A. Miller, Jr. (Chair)
Pamela G. Bailey
John P. Wareham
Thomas J. Hook



5:32 a.m.
Gulf of Mexico, 182 miles
off the Louisiana coast

Oil drillers can get up to
10% more downhole time
with Electrochem's long-lasting
cells and battery packs.

STOCK TRANSFER AGENT AND REGISTRAR

Requests concerning the transfer or exchange of shares, stock certificates, duplicate mailings or change of address should be directed to the Company's transfer agent at:

Mellon Investor Services
480 Washington Boulevard
Jersey City, NJ 07310
800-288-9541
TTD: 800-231-5469
www.melloninvestor.com

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Deloitte & Touche LLP, Buffalo, NY

ANNUAL MEETING OF SHAREHOLDERS

The Annual Meeting will be held on
May 22, 2007, at 10 a.m.
Buffalo Niagara Marriott
1340 Millersport Highway
Amherst, NY 14221

INVESTOR INFORMATION

Shareholders, securities analysts and investors seeking more information about the Company can access the following information via the Internet at www.greatbatch.com.

- News releases and significant company events
- Form 10-K Annual, Form 10-Q Quarterly and Form 8-K Current Reports to the Securities and Exchange Commission describing our business and financial condition.

The information above may also be obtained from the Investor Relations Department, 9645 Wehrle Drive, Clarence, NY 14031.

STOCK EXCHANGE LISTING

New York Stock Exchange (Symbol: GB)
Price Range of GB Stock

Fiscal Qtr.	2006		2005	
	High	Low	High	Low
First	\$28.02	\$20.49	\$22.43	\$15.76
Second	\$24.92	\$19.10	\$25.19	\$17.30
Third	\$25.24	\$20.36	\$27.45	\$21.96
Fourth	\$27.78	\$21.40	\$30.40	\$24.03

OFFICER CERTIFICATIONS

The Company has filed as exhibits to its Annual Report on form 10-K year ended December 29, 2006, the Chief Executive Officer and Chief Financial Officer certifications required by Section 302 of the Sarbanes-Oxley Act. On June 12, 2006, the Company submitted the required annual Chief Executive Officer certification to the New York Stock Exchange, which stated he was not aware of any violation by the Company of the Exchange's corporate governance listing standards.

Our expertise in manufacturing and assembling proprietary and custom components enables our customers' successes—the value of this business offering is reflected in our rapid growth over the last two years.

4:38 p.m.
Tijuana, Mexico



At Greatbatch, we know what it takes to be successful.
Focus on empowering our customers.
Continuous investment in research and development.
A strong management team.
Multiple levers to fuel future growth.
The right people.
The right products.
The right company.

We're ready



7:34 p.m.
Portland, Oregon

Every hour of every day, people
around the world depend on Greatbatch
products for a better quality of life.

Printed in U.S.A.

www.greatbatch.com

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