GREATBATCH, INC.
Form DEF 14A
April 18, 2016
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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 þ 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))**

þ 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):

þ No fee required.

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(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):

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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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April 18, 2016

Dear Stockholder:

You are cordially invited to attend the 2016 Annual Meeting of Stockholders of Greatbatch, Inc., which will be held on Tuesday, May 24, 2016 at 9:00 a.m., Central Daylight Time, at The Westin Minneapolis, 88 South 6th Street, Minneapolis, Minnesota 55402.

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 2015 Annual Report. We encourage you to read this document. It includes information on the company s operations, markets and products, as well as the company s audited financial statements.

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

We look forward to seeing you at the Annual Meeting.

Sincerely,

/s/ Bill R. Sanford

Bill R. Sanford

Chairman of the Board

/s/ Thomas J. Hook

Thomas J. Hook

President & Chief Executive Officer

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GREATBATCH, INC.

2595 DALLAS PARKWAY, SUITE 310

FRISCO, TEXAS 75034

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

The 2016 Annual Meeting of Stockholders of Greatbatch, Inc. will be held at The Westin Minneapolis, 88 South 6th Street, Minneapolis, Minnesota 55402, on Tuesday, May 24, 2016 at 9:00 a.m., Central Daylight Time, for the following purposes:

1. To elect nine directors for a term of one year and until their successors have been elected and qualified;
2. To approve the adoption of the Greatbatch, Inc. 2016 Stock Incentive Plan;
3. To approve an amendment to the company s Amended and Restated Certificate of Incorporation to change the company s name to Integer Holdings Corporation;
4. To ratify the appointment of Deloitte & Touche LLP as the independent registered public accounting firm for Greatbatch, Inc. for fiscal year 2016;
5. To approve, on an advisory basis, the compensation of our named executive officers; and
6. To consider and act upon other matters that may properly come before the Annual Meeting and any adjournments thereof.

Stockholders of record at 5:00 p.m., Eastern Daylight Time, on April 8, 2016 are entitled to vote at the Annual Meeting.

By Order of the Board of Directors,

/s/ Timothy G. McEvoy

Timothy G. McEvoy

Senior Vice President,

General Counsel & Secretary

Frisco, Texas

April 18, 2016

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

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS

FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 24, 2016

THE GREATBATCH, INC. 2016 PROXY STATEMENT AND 2015 ANNUAL REPORT ARE AVAILABLE

AT http://proxy.greatbatch.com

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GREATBATCH, INC.

PROXY STATEMENT

GENERAL INFORMATION   QUESTIONS AND ANSWERS

Why am I being provided this proxy statement?

Greatbatch, Inc. (we or the Company) is providing this proxy statement to you because the Board of Directors (the Board) is soliciting your proxy to vote your shares of the Company s common stock at the 2016 Annual Meeting of Stockholders (the Annual Meeting), or any adjournment or adjournments thereof. This proxy statement contains information about matters to be voted upon at the Annual Meeting and other information required by the U.S. Securities and Exchange Commission (SEC) and the New York Stock Exchange (NYSE).

We are first sending this proxy statement and the accompanying form of proxy to common stock holders of record on or about April 8, 2016. A copy of the Company s Annual Report for 2015, including financial statements, accompanies this proxy statement, but is not part of the proxy solicitation materials.

Where will the Annual Meeting be held and when?

The Annual Meeting will be held at The Westin Minneapolis, 88 South 6th Street, Minneapolis, Minnesota 55402 at 9:00 a.m., Central Daylight Time, on Tuesday, May 24, 2016. The Company s mailing address is 2595 Dallas Parkway, Suite 310, Frisco, Texas 75034, and its telephone number is (716) 759-5600.

Who is entitled to vote at the Annual Meeting?

Common stockholders of record at 5:00 p.m., EST, on April 8, 2016 are entitled to vote at the Annual Meeting. At that time, the Company had outstanding 30,774,842 shares of common stock, $0.001 par value per share (common stock). Each share of common stock is entitled to one vote. Shares may not be voted at the Annual Meeting unless the owner is present or represented by proxy, as more fully explained in this proxy statement. 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.

How can I give my proxy or vote?

You can give your proxy by completing and returning the physical proxy card accompanying this proxy statement or vote by utilizing the telephone or Internet voting procedures described on the proxy card. The telephone and Internet voting procedures are designed to authenticate that you are a stockholder by use of a control number and allow you to confirm that your instructions have been properly recorded. If you are a stockholder of record, the method by which you vote will not limit your right to vote at the Annual Meeting if you later decide to attend in person.

May I revoke my proxy?

Depending on how you hold your shares (stockholder of record or beneficial owner), determines how and when you may revoke your proxy. A stockholder of record may revoke a proxy that has been previously given 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 the

Corporate Secretary, at 10000 Wehrle Drive, Clarence, New York 14031, or by voting in person at the Annual Meeting. A beneficial owner must follow the instructions from his or her broker, bank or other intermediary to revoke his previously given proxy.

How will my proxy be voted?

Your proxy will be voted in accordance with the direction you provide, if any. If you sign, date and return your proxy card but do not specify how you want to vote your shares, your shares will be voted FOR the election as directors of the 9 persons named under the section titled Nominees for Director ; FOR approving the adoption of the Greatbatch, Inc. 2016 Stock Incentive Plan; FOR approval of an amendment to the Company s Amended and Restated Certificate of Incorporation to change the Company s name to Integer Holdings Corporation; FOR ratifying the appointment of Deloitte & Touche LLP as the independent registered public accounting firm of the Company for fiscal year 2016; and FOR approving, on an advisory basis, the compensation of the Company s Named Executive Officers.

What is required for a quorum at the Annual Meeting?

The presence in person or by proxy of the holders of a majority of the outstanding common stock constitutes a quorum for the transaction of business at the Annual Meeting. Broker non-votes will be counted as being present or represented at the Annual Meeting for purposes of establishing a quorum, but, under NYSE rules, brokers will not be permitted to vote in the election of directors, on the proposal to approve the adoption of the Company s 2016 Stock Incentive Plan, on the proposal to amend the Company s Amended and Restated Certificate of Incorporation to change the name of the Company to Integer Holdings Corporation, or on the advisory vote to approve the compensation of the Company s Named Executive Officers unless specific voting instructions are provided to the broker. We therefore encourage beneficial owners of shares whose shares are held in street name to direct their vote for all agenda items on the form of proxy or instruction card sent by their broker, bank or other intermediary.

What happens if an incumbent director nominee does not receive a majority of votes in favor of his or her election?

Under the Company s Corporate Governance Guidelines, any director who receives a greater number of withhold votes than for votes is expected to tender his or her resignation to the Board for consideration in accordance with the Corporate Governance Guidelines.

What approval is necessary to approve Proposals 2, 3, 4 and 5?

For each of Proposals 2, 3, 4 and 5, the affirmative vote of a majority of the votes cast at the Annual Meeting is required to: approve the adoption of the Company s 2016 Stock Incentive Plan; approve the amendment of the Company s Amended and Restated Certificate of Incorporation to change the name of the Company to Integer Holdings Corporation; ratify the appointment of Deloitte & Touche LLP as the independent registered public accounting firm of the Company for fiscal year 2016; and approve, on an advisory basis, the compensation of the Company s Named Executive Officers. An abstention will not constitute a vote cast and therefore will not affect the outcome of the vote on the election of directors, the approval of the adoption of the Company s 2016 Stock Incentive Plan, approval of the amendment to the Company s Amended and Restated Certificate of Incorporation to change the Company s name to Integer Holdings Corporation, approval of the ratification of Deloitte & Touche LLP (Deloitte & Touche) as the independent registered public accounting firm of the Company for the 2016 fiscal year, or the advisory vote to approve, on an advisory basis, the compensation of the Company s Named Executive Officers. Broker non-votes will not constitute votes cast on the election of directors, approval of the adoption of the Company s 2016 Stock Incentive Plan, approval of the amendment to the Company s Amended and Restated Certificate of Incorporation to change the Company s name to Integer Holdings Corporation, or the vote to approve, on an advisory basis, the compensation of the Company s Named Executive Officers, and therefore will have no effect on the outcome of any of these proposals.

Who is paying for the solicitation of proxies?

The Company will bear the cost of soliciting proxies in the accompanying form of proxy. We are making this solicitation by mail, by telephone and in person using the services of some employees of the Company or its subsidiaries at nominal cost. We will reimburse banks, brokerage firms and other custodians, nominees and fiduciaries for expenses they incur in sending proxy materials to beneficial owners of the Company s common stock. The Company has retained Georgeson LLC, a proxy solicitation firm, to assist in the solicitation of proxies for the Annual Meeting for a fee of $7,000, plus payment of out-of-pocket expenses.

What do I have to bring in order to attend the Annual Meeting in person?

In order to be admitted to the Annual Meeting, you will need to bring a valid photo ID or other satisfactory proof of identification. If you are a beneficial owner, you must also bring evidence of your share ownership that can include a notice from your broker, bank or other intermediary regarding the availability of these proxy materials or a recent account statement or letter from the bank, broker or other intermediary that holds your shares and confirms your beneficial ownership of those shares.

How do I propose actions for the 2017 Annual Meeting of Stockholders?

In order for a shareholder proposal for the 2017 Annual Meeting of Stockholders to be eligible for inclusion in the Company s proxy statement, we must receive it, at our principal executive offices, no later than December 19, 2016. You must provide your proposal to us in writing and your notice must contain the information required by the Company s bylaws.

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The proposal should be submitted to the Company s principal executive offices in Frisco, Texas and should be directed to the Senior Vice President, General Counsel & Secretary of the Company.

The Company s bylaws provide that no business may be brought before an annual meeting of stockholders unless it is specified in the notice of the meeting or is otherwise brought before the meeting by the Board or by a stockholder entitled to vote who has delivered notice to the Company (containing the information specified in the bylaws) not later than 90 days nor more than 120 days in advance of the anniversary date of the prior year s annual meeting of stockholders. These requirements are separate from and in addition to the SEC s requirements that a shareholder must meet in order to have a shareholder proposal included in the Company s proxy statement. A stockholder wishing to submit a proposal for consideration at the 2017 Annual Meeting of Shareholders, which is not submitted for inclusion in the proxy statement, should do so between January 24, 2017 and February 23, 2017.

COMPANY PROPOSALS

PROPOSAL 1 Election of Directors

Shares represented by properly executed proxies will be voted, unless authority is withheld, for the election as directors of the Company of the following nine persons nominated by the Board, to hold office until the 2017 Annual Meeting of Stockholders and until their successors have been elected and qualified. Each of the nominees listed below was elected at the 2015 Annual Meeting of Stockholders except for Ms. Hobby, Mr. Maxwell and Mr. Passerini, who were appointed as directors on July 2, 2015 upon the recommendation of the Corporate Governance and Nominating Committee following a search process conducted through CT Partners.

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

Nominees for Director

Pamela G. Bailey is 67, is Chair of the Corporate Governance and Nominating Committee, a member of the Compensation and Organization Committee, and has been a director since 2002.

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

Ms. Bailey s 40 years of health care public policy experience with both public and private organizations, including service in the White House, the Department of Health and Human Services, and as President and Chief Executive Officer of AdvaMed, gives her a unique perspective on a variety of health care-related issues. With over 20 years of chief executive officer experience at GMA, the Personal Care Products Council, AdvaMed, and other

Washington-based health care trade associations, Ms. Bailey brings to the Board demonstrated management ability at senior levels. This experience, together with her experience gained as a director of Albertsons and MedCath, supports her continued service as a member of the Board.

Joseph W. Dziedzic is 47, is Chair of the Audit Committee, a member of the Compensation and Organization Committee, and has been a director since February 2013.

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

Mr. Dziedzic has over 25 years of experience in global operations and financial and accounting matters. The depth and breadth of Mr. Dziedzic s financial experience support his continued service as a member of the Board.

Jean Hobby is 55, is a member and chair of the Science and Technology Committee and a member of the Audit Committee, and has been a director since July 2015.

Ms. Hobby served as a global strategy partner at PricewaterhouseCoopers, LLP from 2013 until she retired in June of 2015 following a 33 year career at that firm. Prior to 2013, Ms. Hobby served as PricewaterhouseCoopers Technology, Media and Telcom Sector Leader from 2008 to 2013, and as Chief Financial Officer from 2005 to 2008. She joined PricewaterhouseCoopers in 1983 and became a partner in 1994.

The depth and breadth of Ms. Hobby s 33 years of experience in global operations and financial and accounting matters support her continued service as a member of the Board.

Thomas J. Hook is 53, is a member of the Science and Technology Committee, and has been a director since 2006.

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

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 $688 million medical device technology company that it is today. Mr. Hook s knowledge of the Company s business and his role as the Company s President and Chief Executive Officer support his continued service as a member of the Board.

M. Craig Maxwell is 57, is a member of the Science and Technology Committee and a member of the Audit Committee, and has been a director since July 2015.

Mr. Maxwell is the Vice President and Chief Technology and Innovation Officer for Parker Hannifin Corporation, a Fortune 250 company located in Cleveland, Ohio that is the global leader in motion and control technologies and systems, providing precision-engineered solutions for a variety of mobile, industrial and aerospace markets. Mr. Maxwell s responsibilities include leading Parker Hannifin in new and emerging markets and implementing Parker Hannifin s new product development process. Additionally, Mr. Maxwell is responsible for Parker Hannifin s technology incubator designed to facilitate cross group opportunities that leverage the company s portfolio of products and technology to develop emerging opportunities.

As Vice President and Chief Technology and Innovation Officer for Parker Hannifin, Mr. Maxwell leads that company s innovation research that commercializes new technologies. Through his service, he has gained management experience at senior levels. These attributes provide the Company valuable insight into developing new technologies to support future growth and support Mr. Maxwell s continued service on the Board.

Filippo Passerini is 58, is a member of the Science and Technology Committee, a member of the Corporate Governance and Nominating Committee, and has been a director since July 2015.

Mr. Passerini is an Operating Executive in U.S. Buyouts for the Carlyle Group, a company he joined in July of 2015 following his retirement from a 33-year career at the Procter & Gamble Company. He joined Procter & Gamble in 1981 and held executive positions in Italy, Turkey, United Kingdom, Greece, Latin America and the United States. Prior to his retirement, Mr. Passerini served as Procter & Gamble s Group President, Global Business Services and Chief Information Officer, positions he held from 2004 and 2005, respectively. He oversaw over 170 distinct services in 70 countries and led the integration of Procter & Gamble s IT and Business Services groups, one of the largest shared services organizations in the world. Mr. Passerini is a director of United Rentals, Inc. and serves on its audit and compensation committees, and of Poste Italiane and serves on its compensation and nomination & governance committees.

Mr. Passerini brings to the Company over three decades of global experience in operations, digital technology, and general management roles. He is globally recognized as an information technology and shared services thought leader, known for creating new, progressive business models and driving innovation. Mr. Passerini s extensive background and experience supports his continued service as a member of the Board.

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Bill R. Sanford is 72, 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 medical devices, bioscience inventions, nanotechnology, and advanced technology systems, products, and services. He has broad experience as a board member and advisor of numerous public and private for-profit companies, not-for-profit organizations, investment limited partnerships and venture capital firms. Mr. Sanford is Executive Founder and retired Chairman, President and Chief Executive Officer of Steris Corporation, retired director of KeyCorp and KeyBank N.A., trustee of Cleveland Clinic, trustee emeritus of Case Western Reserve University and Kansas State University, former director of AdvaMed, and a Fellow of the American Institute for Medical and Biological Engineering (AIMBE).

Mr. Sanford has extensive public company, merger and acquisition, operations integration, marketing and sales, new venture, turnaround and market development experience. He has led public and private company financings, including initial and secondary public stock offerings, structured debt financings, public stock mergers, private equity and venture capital investments. Mr. Sanford s background and expertise, including his substantial involvement in the medical device industry, support his continued service as a member of the Board.

Peter H. Soderberg is 69, is Chair of the Compensation and Organization Committee, a member of the Audit Committee, and has been a director since 2002.

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

Having served in the roles of President and Chief Executive Officer of Hill-Rom and Welch Allyn, Mr. Soderberg has significant management experience and business understanding. Running a public company gave Mr. Soderberg front-line exposure to many of the issues facing public companies, particularly on the operational, financial and corporate governance fronts. His deep knowledge of health care policy and patient care delivery, gained through his long career in the health care 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 65, is a member of the Compensation and Organization Committee, a member of the Corporate Governance and Nominating Committee, and has been a director since 2001.

Mr. Summers retired in June 2006 as Chairman of McDonald Investments, Inc., a position he had held since 1998. He also held the additional positions of President (from 1989 through 1998) and Chief Executive Officer (from 1994 through 1998) of that investment company. Mr. Summers serves on the board of directors of RPM International, Inc. and is a member of its audit committee. He also serves on the advisory boards of Molded Fiberglass Companies, MAI Wealth Advisors LLC, and IQWARE Marketing, LLC, and on the board of directors of The Rock and Roll Hall of Fame and Museum, Baldwin-Wallace University, State Troopers of Ohio, and the Convention and Visitors Bureau of

Greater Cleveland, Inc. Mr. Summers previously served as chairman of the board of the National Association of Securities Dealers, as chairman of the board of the NASDAQ Stock Market, and as a director of the NYSE. He is a former director of Developers Diversified Realty, Inc., Cleveland Indians Baseball Company, and Penton Media Inc.

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

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR

THE ELECTION OF EACH OF THE NOMINEES FOR DIRECTOR

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PROPOSAL 2 Approval of the Adoption of the Greatbatch, Inc. 2016 Stock Incentive Plan

Stockholders are being asked to approve the Greatbatch, Inc. 2016 Stock Incentive Plan (the 2016 Plan) which was adopted by the Board on March 1, 2016, subject to stockholder approval. If approved by stockholders, the 2016 Plan will supplement the Company s existing 2009 and 2011 Stock Incentive Plans in providing stock-based incentive compensation to select employees, non-employee directors, consultants and service providers. As of March 1, 2016, 8,487 shares were available for award under the Company s 2009 Stock Incentive Plan and 29,669 shares were available for award under the Company s 2011 Stock Incentive Plan, all of which were available only for award in the form of restricted stock, restricted stock units or stock bonuses under the respective plans sub-limits. As of March 1, 2016, the aggregate of all options outstanding under all plans was 1,820,372, with a weighted average exercise price of $25.60 and a weighted average remaining term of 6.3 years. As of March 1, 2016, the aggregate number of full-value awards outstanding under all plans that have not vested or been earned was 550,401. The Committee believes this remaining amount of shares to be insufficient to meet our anticipated needs. The Company continues to focus on equity awards in the form of restricted stock units, thus no sub-limit for these types of awards was included in the 2016 Plan. The 2016 Plan was designed by the Compensation and Organization Committee (the Compensation Committee) with the assistance of management and an outside compensation consultant as part of a comprehensive compensation strategy to provide long-term incentives for employees and non-employees to contribute to the growth of the Company and attain specific performance goals. See the Long-Term Equity Awards section of the Compensation Discussion and Analysis (CD&A) in this proxy statement for further discussion.

Approval of the 2016 Plan will allow the Company to continue to award stock options, restricted stock, restricted stock units, stock appreciation rights and stock bonuses to employees and to non-employee directors, consultants and service providers. In determining the number of shares available under the 2016 Plan, we considered the historical burn-rate of the Company s equity compensation plans, the potential dilution and stockholder value transfer as a result of this plan and the one-year and three-year TSR of the Company. The 1,450,000 shares available under the 2016 Plan represent 4.71% of the Company s outstanding Common Stock as of March 1, 2016. The NYSE closing price of a share of Common Stock on March 1, 2016 was $29.77. Based on historical burn rates and our current stock price, the Committee believes the 1,450,000 shares that may be awarded under the 2016 should be sufficient to cover grants through the end of fiscal year 2018.

We are also seeking approval of the performance criteria under the 2016 Plan for purposes of Section 162(m) of the Internal Revenue Code of 1986, which would allow certain awards granted under the 2016 Plan to qualify as performance-based compensation (see discussion of Tax Consequences below).

The purpose of awards under the 2016 Plan (see Award Types described below) is to attract and retain talented employees and the services of select non-employees, further align employee and stockholder interests and closely link employee compensation with Company performance. If approved, the 2016 Plan will provide an essential component of the total compensation package offered to employees, reflecting the importance that the Company places on motivating superior results with long-term incentives.

The 2016 Plan also contains several features considered compensation and governance best practices. The 2016 Plan does not permit stock option re-pricing, the use of discounted options, the reloading of option grants, or the adding back of shares used to pay the exercise price of awards or to satisfy tax withholding obligations. The 2016 Plan limits the term on options and stock appreciation rights to ten years. Other than for awards to outside directors and grants not to exceed 10% of the shares available under the 2016 Plan, for full value awards (restricted stock and restricted stock units), the 2016 Plan imposes vesting requirements on time and performance based awards of three years and one year, respectively The 2016 Plan provides for accelerated vesting of awards upon the consummation of a change in control. The 2016 Plan contains no evergreen features that would provide for automatic replenishment of authorized

shares and generally limits the number of shares that may be awarded to any person in any fiscal year. The 2016 Plan also limits the number of shares that may be awarded to non-employee directors in any fiscal year.

Key Terms **-** The following is a summary of the material features of the 2016 Plan, which is qualified by reference to the full text of the 2016 Plan, which is set forth as Exhibit A:

Plan Term:	March 1, 2016 to February 28, 2026.
Eligible Participants:	Employees of the Company (including employees who are also directors and prospective employees conditioned on their becoming employees), non-employee consultants or service providers and non-employee directors of the Company as the Compensation Committee designates from time to time. The Company has approximately 9,000 employees and eight non-employee directors who would be eligible to participate in the 2016 Plan.

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Shares Authorized:	1,450,000, subject to adjustment only to reflect stock splits and similar events. Shares underlying awards that are forfeited, expire, cancelled or lapse become available for future grants. Shares used to pay the exercise price of a stock option and shares withheld to satisfy tax withholding obligations will not be available for future grants. When a stock settled stock appreciation right is exercised, the shares subject to a stock appreciation right grant agreement will be counted against the shares available for award as one share for every share subject thereto, regardless of the number of shares used to settle the stock appreciation right upon exercise.
Shares Authorized as a Percent of Outstanding Common Stock:	4.71%
Award Types:	(1) Non-qualified and incentive stock option the right to purchase a certain number of shares of stock, at a certain exercise price, in the future. (2) Restricted stock share award conditioned upon continued employment, the passage of time or the achievement of performance objectives. (3) Restricted stock unit the right to receive, at a specified future date, shares of common stock or an amount equal to the fair market value of a specified number of shares of common stock. Restricted stock units may be conditioned upon continued employment, the passage of time or the achievement of performance objectives . Payments in respect of restricted stock units may be made in shares, cash or a combination of both, in the Committee s discretion. (4) Stock appreciation right the right to receive the net of the market price of a share of stock and the exercise price of the right, in stock, in the future. (5) Stock bonus a bonus payable in shares of stock.
Award Terms:	Stock options and stock appreciation rights will have a term no longer than ten years. All awards made under the 2016 Plan may be subject to vesting and other contingencies as determined by the Compensation Committee and will be evidenced by agreements which set forth the terms and conditions of each award. The Compensation Committee, in its discretion, may accelerate or extend the period for the exercise or vesting of any awards. Upon the death or disability of an employee, all outstanding time-based awards immediately vest and all outstanding performance-based awards immediately vest at the target level applicable to such performance-based awards. Upon the retirement of an employee, all outstanding time-based awards immediately vest and a pro-rated portion of outstanding performance-based awards held by such employee remain outstanding and continue to be eligible for vesting and exercisability based on the Company s attainment of the performance goals applicable to such performance-based awards. For purposes of the 2016 Plan, retirement means a voluntary termination of employment occurring on or after such time as such employee has attained 59.5 years of age with a combination of age and length of Company service equal to or exceeding 69.5 years. In the event that an employee is terminated without cause, a pro-rata portion of such employee s performance-based awards that were awarded more than one year before the date of termination will not expire or be forfeited upon such termination but will remain outstanding and continue to be eligible for vesting and/or exercisability based on the Company s attainment of the performance goals applicable to those performance-based awards. The Compensation Committee, in its discretion, may accelerate or extend the period for the exercise or vesting of any

	awards.
Vesting:	Subject to certain exceptions set forth in the 2016 Plan, at least three years for time based awards of restricted stock or restricted stock units and at least one year after grant for performance based awards of restricted stock and restricted stock units. As determined by the Compensation Committee for Stock Options and SARs. The vesting of all awards is subject to acceleration, in whole or in part, upon certain events set forth in the 2016 Plan including a change in control or the death, disability, or retirement of a participant.
Not Permitted:	(1) Granting stock options or stock appreciation rights at a price below market price on the date of grant. (2) Repricing of a stock option or stock appreciation right without stockholder approval. (3) Granting stock options and stock appreciation rights to any one employee during any fiscal year in excess of 200,000 shares. (4) Granting restricted stock, restricted stock units and stock bonuses to any one employee during any fiscal year in excess of 200,000 shares.

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	(5) Granting shares of Company Stock subject to incentive awards awarded during a single fiscal year to any non-employee director, taken together with any cash fees paid to such non-employee director during the fiscal year, in excess of $500,000 in total value
Performance Criteria	The Committee may grant restricted stock or restricted stock units that will be paid solely on the attainment of certain performance goals established by the Committee based on the performance criteria set forth in the 2016 Plan. It is intended that awards that are paid based on the achievement of performance goals may be exempt from the $1 million deduction limit on compensation under Section 162(m), but the Committee may elect to provide for non-deductible awards under the 2016 Plan. The performance criteria are one or more of the following objective criteria, (i) net earnings or net income (either before or after one or more of the following: interest, taxes, depreciation, amortization, and non-cash equity-based compensation expenses), (ii) economic value-added (as determined by the Committee), (iii) sales or revenue, (iv) net earnings or net income (either before or after taxes), (v) operating earnings or income, (vi) cash flow (including, but not limited to, operating cash flow and free cash flow), (vii) gross profit or gross profit growth, (viii) cash flow return on capital, (ix) return on investment, (x) return on stockholders equity, (xi) return on assets or net assets, (xii) return on capital, (xiii) stockholder returns, (xiv) return on sales, (xv) gross or net profit margin, (xvi) productivity, (xvii) expenses or expense targets, (xviii) margins, (xix) improvement of capital structure, (xx) operating efficiency, (xxi) cost reduction or savings, (xxii) budget and expense management, (xxiii) customer satisfaction, (xxiv) working capital, (xxv) basic or diluted earnings or loss per share (before or after taxes), (xxvi) price per share of Company Stock (including, but not limited to growth measures or total stockholder return), (xxvii) completion of acquisitions or business expansion, (xxviii) regulatory achievements or compliance (including, without limitation, regulatory body approval for commercialization of a product), (xxix) implementation or completion of critical products, (xxx) enterprise value, and (xxxi) market share, any of which may be measured either in absolute terms or as compared to any incremental increase or as compared to results of a peer group. The Committee shall, within the time prescribed by Section 162(m) of the Code, define in an objective fashion the manner of calculating the performance criteria it selects to use for the performance period for a participant.
Clawback	Any awards and shares of stock issued pursuant to the 2016 Plan that are subject to recovery under any applicable law, government regulation or rule or listing standard of any stock exchange, will be subject to such deductions and clawback as may be required to be made pursuant to such applicable law, government regulation or rule or listing standard of any stock exchange (or any policy adopted by the Company pursuant to any such applicable law, government regulation or rule or listing standard of any stock exchange).
Change in Control	A change in control occurs if (1) any person or related group of persons (as such terms are used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended (the Exchange Act)), becomes the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of more than 50% of the total combined voting power of all classes of capital stock of the Company

normally entitled to vote for the election of directors of the Company; (2) a sale of all or substantially all of the assets of the Company is consummated, in one transaction or a series of related transactions; or (3) any merger or consolidation of the Company is consummated in which the stockholders of the Company immediately prior to such transaction own, in the aggregate, less than 50% of the total combined voting power of all classes of capital stock of the surviving entity normally entitled to vote for the election of directors of such surviving entity).

Tax Consequences Stock option grants under the 2016 Plan may be intended to qualify as incentive stock options under Internal Revenue Code of 1986, as amended (IRC) §422 or may be non-qualified stock options governed by IRC §83. Generally, no federal income tax is payable by a participant upon the grant of a stock option and no deduction is taken by the Company. Under current tax laws, if a participant exercises a non-qualified stock option, he or she will have taxable income equal to the difference between the market price of the stock on the exercise date and the stock option grant price. The Company will be entitled to a corresponding deduction on its income tax return. A participant will have no taxable income

upon exercising an incentive stock option if the shares received are held for the applicable holding periods (except that alternative minimum tax may apply), and the Company will receive no deduction when an incentive stock option is exercised. The Company may be entitled to a deduction in the case of a disposition of shares acquired under an incentive stock option that occurs before the applicable holding periods have been satisfied.

Restricted stock and restricted stock units are also governed by IRC §83. Generally, no taxes are due when the award is made. Restricted stock generally becomes taxable when it is no longer subject to a substantial risk of forfeiture (i.e., becomes vested or transferable). Restricted stock units become taxable when settled. When taxable to the participant, income tax is paid on the value of the stock or units at ordinary rates. The Company will generally be entitled to a corresponding deduction on its income tax return. Any additional gain on shares received are then taxed at capital gains rates when the shares are sold.

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

Awards granted under the 2016 Plan may qualify as performance-based compensation under IRC §162(m) and thus preserve federal income tax deductions by the Company with respect to annual compensation required to be taken into account under §162(m) that is in excess of $1 million and paid to one of the Company s most highly compensated executive officers. To qualify, options and other awards must be granted under the 2016 Plan by a committee consisting of two or more outside directors (as defined under §162(m)) and options and stock appreciation rights must satisfy the 2016 Plan s limit on the total number of shares that may be awarded to any one participant during any fiscal year. In addition, for awards other than options and stock appreciation rights to qualify, the grant, issuance, vesting or retention of the award must be contingent upon satisfying one or more of the performance criteria, as established and certified by a committee consisting solely of two or more outside directors. Certain awards that may be made under the 2016 Plan may not qualify as performance based compensation and that performance-based compensation awards that are intended to be exempt from the deduction limitation may not meet the requirements to qualify for such exemption.

The foregoing is only a summary of the effect of federal income taxation on the participant and the Company under the 2016 Plan. It does not purport to be complete and does not discuss the tax consequences arising in the context of a participant s death or the income tax laws of any municipality, state or foreign country in which the participant s income may be taxable.

Transferability **-** Awards granted under the 2016 Plan generally are not transferable except by will or the laws of descent and distribution.

Administration **-** The Compensation Committee, which consists entirely of outside directors, will administer the 2016 Plan. The Compensation Committee will select the employees and non-employees who receive awards, determine the number of shares covered thereby, and, subject to the terms and limitations expressly set forth in the 2016 Plan, establish the terms, conditions and other provisions of the grants. The Compensation Committee may interpret the 2016 Plan and establish, amend and rescind any of its rules relating to the 2016 Plan, unless expressly prohibited in the 2016 Plan.

Amendments **-** The Board may, at any time, suspend or terminate the 2016 Plan or revise or amend it in any respect whatsoever; provided, however, that stockholder approval shall be required if and to the extent required by Exchange Act Rule 16b-3 or by any comparable or successor exemption under which the Board believes it is appropriate for the 2016 Plan to qualify, or if and to the extent the Board determines that such approval is appropriate for purposes of

satisfying IRC §162(m), §422 or §409A or any applicable rule or listing standard of any stock exchange, automated quotation system or similar organization. Nothing in the 2016 Plan restricts the Compensation Committee s ability to exercise its discretionary authority to administer the plan, which discretion may be exercised without amendment to the 2016 Plan. No action may, without the consent of a participant, reduce the participant s rights under any outstanding award.

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Plan Awards - The Compensation Committee approved the annual long-term incentive program award of restricted stock units to senior level managers of the Company effective January 4, 2016 (the 2016 Awards), which included the executive officers who are named in the Summary Compensation Table contained in this proxy statement (the Named Executive Officers). Currently, there are not enough shares available under the Company s existing stock incentive plans to fund the entire 2016 Award. Thus, a portion of the 2016 Awards granted to Thomas J. Hook, President & CEO, as well as Michael Dinkins, Executive Vice President & CFO are subject to the approval of the 2016 Plan by the Company s stockholders. The following table sets forth the number and approximate grant date fair value of the 2016 Awards pending issuance:

	Non-Qualified Stock Options	
	Number of	**Grant Date Fair**
Name	**Stock Options(#)**	**Value ($)**
Thomas J. Hook	65,215	$ 860,000
Michael Dinkins	18,095	238,625

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR

THE APPROVAL OF THE ADOPTION OF THE GREATBATCH, INC. 2016 STOCK INCENTIVE PLAN

EQUITY COMPENSATION PLAN INFORMATION

The following table provides information regarding the Company s equity compensation plans as of January 1, 2016:

Plan Category (As of January 1, 2016)	**Number of securities to be issued upon exercise of outstanding options, warrants and rights** (a)[1]	**Weighted-average exercise price of outstanding options, warrants and rights** (b)	**Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))** (c)[2]
Equity compensation plans approved by security holders	2,295,960	$ 28.32	365,095
Equity compensation plans not approved by security holders			
Total	2,295,960	$ 28.32	365,095

(1) Consists of shares of common stock underlying stock options issued under the 1998 Stock Option Plan, the Non-Employee Director Stock Incentive Plan, the 2005 Stock Incentive Plan, as amended, the 2009 Stock Incentive Plan, as amended, and the 2011 Stock Incentive Plan, as amended. Also includes 617,060 shares of common stock underlying restricted stock and restricted stock units that were granted under the 2005 Stock Incentive Plan, the 2009 Stock Incentive Plan and the 2011 Stock Incentive Plan at a weighted average grant date fair value of $26.53 per share, which are not included in the exercise price reported in column b.

(2) As of January 1, 2016, 365,095 shares were available under the plans described above for future grants of stock options, stock appreciation rights, restricted stock, restricted stock units or stock bonuses. Due to plan sub-limits, of the shares available for grant, only 299,462 shares were available for issuance in the form of restricted stock, restricted stock units or stock bonuses.

PROPOSAL 3 - AMENDMENT TO CERTIFICATE OF INCORPORATION TO CHANGE NAME TO INTEGER HOLDINGS CORPORATION

In order to reflect the expansion of the breadth and scope of the Company s business over the past decade, the Board has determined that the Company s name should be changed from Greatbatch, Inc. to Integer Holdings Corporation.

The Company s origin dates back to 1970 when Wilson Greatbatch, the co-inventor of the implantable cardiac pacemaker, founded the Company s wholly owned subsidiary, Greatbatch Ltd. The Greatbatch brand became synonymous with lithium battery technology for implantable medical devices. In 1979, Greatbatch Ltd. began providing technologies beyond the medical space. The Company s Electrochem brand develops and manufactures high performance batteries and battery packs for high-end niche applications in energy, military and environmental markets.

The Company was incorporated in 1997 in connection with a management-led buyout of Greatbatch Ltd. Since then, the Company has established itself as a leading developer and manufacturer of more than batteries. In addition to developing a full range of core components used in implantable medical devices for the cardiac and neuromodulation markets, the Company entered the orthopedic, vascular and portable medical markets. Most recently, the Company demonstrated its ability to design and develop integrated active implantable medical devices with the Algovita® Spinal Cord Stimulation (SCS) system, which received U.S. Food and Drug Administration approval in 2015 and is among the assets held by Nuve4ctra Corporation after the completion of the spin-off of Nuvectra in March 2016.

Following the October 2015 acquisition of Lake Region Medical which transformed the Company into one of the largest medical device outsource (MDO) manufacturers in the world the Board concluded that the Greatbatch name is more closely associated with Mr. Greatbatch s innovations related to battery technology than it is to the broader range of capabilities and applications provided by the Company today.

In light of the Company s substantially more comprehensive product and service portfolio, the Board believes that the name Integer Holdings Corporation better represents the Company s current offerings.

The word *integer* represents the transformation of the Company, which now comprises the expertise and innovation of its legacy brands to deliver holistic, high-quality and value-driven solutions. From design and development services to commercialization support, the Company offers end-to-end capabilities that provide customers with a distinct advantage as they bring their products to market.

In addition to providing a distinctive name in the technology marketplace, the Integer name recognizes the critical pieces from employees to technologies that have been combined to form a complete offering. Rather than defining the Company by its legacy, Integer positions the Company to move forward as one entity, focused on defining what is possible, creating new opportunities, and providing continuous, meaningful innovation that delivers value for customers and stockholders.

Changing the corporate name in the manner proposed will not change the Company s corporate structure. If the proposal to is approved and the name change becomes effective, the Company s common stock will continue to be listed on the NYSE but we will expect the common stock to be traded under a new ticker symbol ITGR, which has already been reserved, at the time the Company effects the name change.

If the name change becomes effective, the rights of stockholders holding certificated shares under currently outstanding stock certificates and the number of shares represented by those certificates will remain unchanged. The name will not affect the validity or transferability of any currently outstanding stock certificates nor will it be necessary for stockholders with certificated shares to surrender any stock certificates they currently hold as a result of the name change.

If approved by our stockholders, the proposed name change will become effective upon the filing of an amendment to our Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware. Upon approval of this proposal and the filing of the amendment with the Secretary of State of the State of Delaware, our Board will amend our bylaws to replace any references to Greatbatch, Inc. with Integer Holdings Corporation. If the name change is not approved, the proposed amendment to our Amended and Restated Certificate of Incorporation will not be made and the name of the Company and our ticker symbol for trading our common stock on the NYSE will remain unchanged.

The Board has reserved the right, in the exercise of its discretion, to withdraw this proposal from consideration by stockholders prior to the holding of the Annual Meeting. Furthermore, the Board has also reserved the right, in the exercise of its discretion, to abandon such proposed amendment without further action by the stockholders at any time prior to the effectiveness of the filing of the amendment with the Secretary of State of the State of Delaware, notwithstanding approval of the proposal.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS

A VOTE FOR THE AMENDMENT TO CERTIFICATE OF INCORPORATION

TO CHANGE THE COMPANY S NAME TO INTEGER HOLDINGS CORPORATION

PROPOSAL 4 Ratification of the Appointment of Independent Registered Public Accounting Firm

On the recommendation of the Audit Committee, Deloitte & Touche has been appointed by the Board as the Company s independent registered public accounting firm for fiscal year 2016, a capacity in which it has served since 2000. Although stockholder approval is not required, the Company has determined that it is desirable to request that the stockholders ratify the appointment of Deloitte & Touche as the Company s independent registered public accounting firm for fiscal year 2016. In the event the stockholders fail to ratify the appointment, the Board will reconsider this appointment and make such a determination as it believes to be in the Company s best interests. Even if the appointment is ratified, the Board, in its discretion, may direct the appointment of a different independent registered public accounting firm at any time during the year if the Board determines that such a change would be in the Company s best interests. Representatives of Deloitte & Touche are expected to be present at the Annual Meeting. The representatives may, if they wish, make a statement and, it is expected, will be available to respond to appropriate questions.

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The following table sets forth the aggregate fees billed by Deloitte & Touche for services provided to the Company during fiscal years 2015 and 2014:

	2015	2014
Audit Fees[1]	$ 2,527,000	$ 1,333,000
Audit-Related Fees[2]	1,830,000	30,000
Total Audit and Audit-Related Fees	4,357,000	1,363,000
Tax Fees[3]	76,000	426,251
All Other Fees[4]	2,000	
Total Fees	$ 4,435,000	$ 1,789,251

(1) Represent fees billed by Deloitte & Touche for services rendered for the audit of the Company s annual consolidated financial statements and for review of the Company s quarterly condensed consolidated financial statements. 2015 audit fees include amounts billed in connection with the audit of Lake Region Medical subsequent to its acquisition by the Company in October 2015.
(2) Represents fees billed by Deloitte & Touche for services rendered related to the performance of their audit but are not included in (1) above. 2015 audit-related fees include amounts billed in connection with the audit of Nuvectra Corporation standalone financial statements in connection with its spin-off from the Company.
(3) Represents fees billed by Deloitte & Touche for tax compliance, planning and consulting services.
(4) Represents a licensing fee billed by Deloitte & Touche for accounting research software.

Audit Committee Pre-Approval Policy on Audit and Non-Audit Services. As described in the Audit Committee charter, the Audit Committee must review and pre-approve both audit and non-audit services to be provided by the Company s independent registered public accounting firm (other than with respect to *de minimis* exceptions permitted by Regulation S-X, Rule 2-01(c)(7)(i)(C)). This duty may be delegated to one or more designated members of the Audit Committee with any such pre-approval reported to the Audit Committee at its next regularly scheduled meeting. None of the services described above were performed by Deloitte & Touche 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 2016

PROPOSAL 5 Advisory Vote on Compensation of the Named Executive Officers

As required pursuant to Section 14A of the Exchange Act, the Company seeks your advisory vote on a resolution to approve the compensation of our named executive officers as disclosed in this proxy statement. Our named executive officers are the Chief Executive Officer, the Chief Financial Officer, the next three highest paid executive officers, and the former Executive Vice President & Chief Technology Officer (Named Executive Officers). Although your vote is advisory and will not be binding on the Board or the Company, the Board will review the voting results and take them into consideration when making future decisions regarding executive compensation. Unless the Board modifies its policy on the frequency of future advisory votes, the next advisory vote on the compensation of our Named Executive Officers will be held at the 2017 Annual Meeting of Stockholders.

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

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

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

The text of the resolution in respect of Proposal 5 is as follows:

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

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THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR APPROVAL, ON AN ADVISORY BASIS, OF THE COMPENSATION OF THE COMPANY S NAMED EXECUTIVE OFFICERS

PRINCIPAL BENEFICIAL OWNERS OF SHARES

The following table sets forth certain information with respect to all persons known to the Company to be the beneficial owner of more than 5% of its outstanding common stock as of March 15, 2016.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percent of Class
Accellent Holdings LLC[1] c/o Kohlberg Kravis Roberts & Co. L.P. 9 West 57th Street New York, NY 10019	2,946,709	9.57%
BlackRock, Inc.[2] 55 East 52nd Street New York, NY 10022	2,371,172	7.70%
The Vanguard Group, Inc.[3] 100 Vanguard Boulevard Malvern, PA 19355	2,156,764	7.00%
Dimensional Fund Advisors LP[4] Building One 6300 Bee Cave Road Austin, TX 78746	2,042,683	6.64%

(1) Accellent Holdings LLC filed a Schedule 13G on October 29, 2015 reporting that it holds the shares and that each of KKR Millennium Fund L.P. (as the managing member of Accellent Holdings LLC), KKR Associates Millennium L.P. (as the general partner of KKR Millennium Fund L.P.), KKR Millennium GP LLC (as the general partner of KKR Associates Millennium L.P.), KKR Fund Holdings L.P. (as the designated member of KKR Millennium GP LLC), KKR Fund Holdings GP Limited (as a general partner of KKR Fund Holdings L.P.), KKR Group Holdings L.P. (as a general partner of KKR Fund Holdings L.P. and the sole shareholder of KKR Fund Holdings GP Limited), KKR Group Limited (as the sole general partner of KKR Group Holdings L.P.), KKR & Co. L.P. (as the sole shareholder of KKR Group Limited), KKR

Management LLC (as the sole general partner of KKR & Co. L.P.), and Henry R. Kravis and George R. Roberts may be deemed to share voting and dispositive power with respect to the shares of common stock held by Accellent Holdings LLC, but each disclaims beneficial ownership of such shares.

(2) BlackRock, Inc. filed a Schedule 13G/A on January 26, 2016. 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. BlackRock, Inc. reports sole investment power with respect to the reported shares and sole voting power with respect to 2,312,614 of the reported shares.

(3) The Vanguard Group, Inc. filed a Schedule 13G/A on February 10, 2016. The beneficial ownership information presented is based solely on the Schedule 13G/A. The reported securities are owned by The Vanguard Group, Inc., Vanguard Fiduciary Trust Company and Vanguard Investments Australia, Ltd. Vanguard Fiduciary Trust Company and Vanguard Investments Australia, Ltd. are wholly owned subsidiaries of The Vanguard Group, Inc. and serve as an investment manager of collective trust accounts and Australian investment offerings, respectively. The Vanguard Group, Inc. reports sole investment power with respect to 2,123,731 of the reported shares, shared investment power with respect to 33,043 of the reported shares, sole voting power with respect to 32,443 of the reported shares, and shared voting power with respect to 2,200 of the reported shares.

(4) Dimensional Fund Advisors LP (Dimensional) filed a Schedule 13G/A on February 9, 2016. The beneficial ownership information presented and information contained in this footnote is based solely on the Schedule 13G/A. Dimensional, an investment advisor registered under Section 203 of the Investment Advisers Act of 1940, furnishes investment advice to four investment companies registered under the Investment Company Act of 1940, and serves as investment manager or sub-advisor to certain other commingled funds, group trusts and separate accounts (the Dimensional Funds). In its role as investment advisor, sub-advisor or manager, Dimensional may possess investment and/or voting power over the securities of the Company that are owned by the Dimensional Funds, and may be deemed to be the beneficial owner of the shares of the common stock of the Company held by the Dimensional Funds. However, Dimensional reports that all such common stock is owned by the Dimensional Funds and disclaims beneficial ownership of such common stock.

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STOCK OWNERSHIP BY DIRECTORS AND EXECUTIVE OFFICERS

The beneficial ownership of Common Stock by each of the directors, each of the Named Executive Officers, and by all directors and executive officers as a group is set forth in the following table as of March 15, 2016, 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	90,288[(1)]	*
Joseph W. Dziedzic	28,197[(1)]	*
Jean Hobby	7,939[(1)]	*
Thomas J. Hook	744,319[(1)(2)]	2.4%
M. Craig Maxwell	7,939[(1)]	*
Filippo Passerini	7,939[(1)]	*
Bill R. Sanford	138,021[(1)]	*
Peter H. Soderberg	87,473[(1)]	*
William B. Summers, Jr.	95,300[(1)]	*
Michael Dinkins	146,840[(1)(2)]	*
Mauricio Arellano	82,848[(1)]	*
Andrew P. Holman	28,013[(1)(2)]	*
Timothy G. McEvoy	61,447[(1)(2)]	*
George M. Cintra	32,428[(1)(2)]	*
All directors and executive officers as a group (19 persons)	1,657,276[(1)(2)]	5.2%

(1) Includes the following shares subject to options granted under the Company s stock incentive plans, all of which are currently exercisable or exercisable within 60 days after March 15, 2016: Ms. Bailey 57,085 shares; Mr. Dziedzic 20,570 shares; Ms. Hobby 5,221 shares; Mr. Hook 498,405 shares; Mr. Maxwell 5,221 shares; Mr. Passerini 5,221 shares; Mr. Sanford 83,499 shares; Mr. Soderberg 57,085 shares; Mr. Summers 57,085 shares; Mr. Dinkins 106,571 shares; Mr. Arellano 40,635 shares; Mr. Holman 19,186 shares; Mr. McEvoy 30,438 shares; Mr. Cintra 21,254 shares; and all directors and executive officers as a group 1,080,370 shares. Also includes shares of restricted stock as of March 15, 2016 as follows: Ms. Bailey 1,408 shares; Mr. Dziedzic 1,408 shares; Ms. Hobby 1,408 shares; Mr. Maxwell 1,408 shares; Mr. Passerini 1,408 shares; Mr. Sanford 2,058 shares; Mr. Soderberg 1,408 shares; and Mr. Summers - 1,408 shares.

(2) Includes the following shares through participation in the Company s 401(k) Plan: Mr. Hook 3,682 shares; Mr. Dinkins 643 shares; Mr. Holman 546 shares; Mr. McEvoy 2,108 shares; and Mr. Cintra 906 shares. Such individuals retain voting and investment power over their respective shares in the 401(k) Plan.

* Less than 1%

Section 16(a) Beneficial Ownership Reporting Compliance. Under Section 16(a) of the Exchange Act, the Company s directors and executive officers are required to report their beneficial ownership of the common stock and any changes in that beneficial ownership to the SEC and the NYSE. The Company believes that these filing requirements were satisfied during fiscal year 2015, except that Thomas J. Mazza, the Company s principal accounting

officer, was late in filing one report reporting the acquisition of restricted stock units. In making the foregoing statement, the Company has relied on copies of the reporting forms received by it or on the written representations from the persons required to report.

COMPENSATION DISCUSSION AND ANALYSIS

Objectives of Executive Compensation Programs and 2015 Performance

Financial results in 2015 were mixed, as we were not able to materially advance our financial objective of driving mid-single digit top line revenue and double digit bottom line operating profit growth in our core business. Our organic core revenues decreased from $688 million in 2014 to $661.8 million, Adjusted Operating Income of $91 million in 2015 was unchanged from 2014 Adjusted Operating Income, and Adjusted Earnings Per Share rose 1%, from $2.86 in 2014 to $2.90. See Strategic and Financial Overview in Part II, Item 7 of our 2015 Form 10-K for a reconciliation of these adjusted amounts to those calculated in accordance with generally accepted accounting principles (GAAP). Total stockholder return of 6.5% for fiscal year 2015, measured as the increase in our stock price, was comparable to total stockholder return for our peer group, which was 6.6%.

The Compensation and Organization Committee of the Board, referred to as the Compensation Committee in this CD&A, designs and oversees the Company s executive compensation programs to emphasize and reward the execution of our business strategy, the achievement of corporate financial objectives, and the creation of stockholder value. Our executive compensation programs and practices have remained consistent over the past several years, and we believe our programs are aligned with the interests of our stockholders and have significantly contributed to the achievement of our business strategy.

To ensure our compensation programs are aligned with the long-term interest of our stockholders, we have adopted several governance policies that we expect our executive officers to comply with, including meaningful stock ownership guidelines, a pledging and hedging policy and a recapture or clawback policy that provides for the recoupment of any performance-based payouts made based on financial results that are not in compliance with any financial reporting requirement that requires restatement of the Company s financial statements.

At our 2015 Annual Meeting, our stockholders had the opportunity to vote on the compensation paid to our named executive officers. The results of this advisory say-on-pay vote were overwhelmingly supportive, with almost 97% of votes cast voting in favor. Our 2016 executive compensation programs and plan design will remain substantially similar to our 2015 executive compensation programs.

In order to better meet our compensation philosophy and objectives, following the acquisition of Lake Region Medical in late October, 2015 we embarked on a project to develop a new global compensation framework. The goal of this project was to ensure that our compensation programs allow for flexibility for future growth, eliminate cross functional boundaries, increase an associate s line of sight, and integrate and optimize the various compensation programs within our Company that resulted from our acquisition. As a result of this initiative, for 2016, our Named Executive Officers will be compensated under our new short term incentive plan (STIC Plan). All expected changes to the compensation of the Named Executive Officers as a result of the STIC Plan are highlighted throughout this CD&A section.

Compensation Philosophy

Our compensation philosophy is to provide a competitive compensation package that will attract, retain and motivate our executives to drive the Company s success through high performance and innovation, to link our executives compensation to short- and long-term performance of the Company and to align our executives compensation with the interests of our stockholders. The compensation programs for our Named Executive Officers are designed to be consistent with our compensation philosophy.

We have designed our compensation programs to include:

- Base Salary
- Annual Performance-Based Cash Incentives
- Long-Term Incentives Including Stock Options and Performance Shares
- Retirement and Change in Control Agreements
- Other Limited Executive Perquisites

We expect the total compensation levels of our Named Executive Officers to be approximately between the 50th and 75th percentiles of the total compensation levels for comparable positions within our peer group if the Company achieves above market performance. This allows us to attract and retain executives who have the appropriate skill set to develop and execute our strategic plans and attain both our short- and long-term financial and strategic objectives. We believe that this approach properly incentivizes our executive officers and provides value to our stockholders through the above market financial performance of the Company. The executive compensation programs for our Named Executive Officers have been designed to allow for flexibility to respond to the evolving business environment, address individual performance and consider internal and external pay equity.

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The following graphs depict the mix of cash versus equity compensation as a percentage of total direct compensation awarded to our Named Executive Officers during 2015, assuming target performance levels for cash incentives and maximum performance levels for equity incentives are achieved:

The following graphs depict the mix of fixed (base salary) versus variable (at risk, all incentive compensation) based compensation as a percentage of total direct compensation awarded to our Named Executive Officers during 2015, assuming target performance levels for cash incentives and maximum performance levels for equity incentives are achieved:

Compensation Committee Practices and Procedures

The Compensation Committee has responsibility for the Company s compensation practices 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 has directly engaged Ernst & Young LLP as an independent compensation consulting firm to review the Company s executive compensation programs and provide guidance on compensation matters and recommendations made by management and also performed a market study related to non-employee director compensation. In 2015, Ernst & Young advised the Compensation Committee on the Company s executive compensation programs. A representative of Ernst & Young was present in person or by telephone for all meetings held by the Compensation Committee during 2015.

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

The Compensation Committee is also responsible for evaluating the performance of Mr. Hook, our President & Chief Executive Officer. Performance reviews of Mr. Hook are based on his individual performance as well as on the Company s performance during a given year. The Compensation Committee provides a recommendation for the performance review and any compensation adjustments to the Board for approval. For the other Named Executive Officers, the Compensation Committee considers input and recommendations from Mr. Hook regarding performance, base salary adjustments and annual and long-term incentive programs and award amounts. The Compensation Committee determines the final compensation for those executive officers. Grants of equity-based compensation are approved by the Compensation Committee in accordance with long-term incentive programs established by the Compensation Committee with the assistance of Ernst & Young. Although not required by our long-term incentive plans, the Board has provided final approval on the equity-based compensation awards for our senior level executives.

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During 2015, Kristin Trecker, Executive Vice President, Chief Human Resources Officer, and Timothy G. McEvoy, Senior Vice President, General Counsel & Secretary, attended meetings of the Compensation Committee to provide counsel and assistance to the Compensation Committee as needed. These executives were not present during executive sessions of the Compensation Committee or when items pertaining to their individual compensation were discussed.

Competitive Market Review

The Compensation Committee compares Company performance and compensation programs against a peer group of companies. The companies selected to be in our peer group (i) have relevant overlap with our industry, customers and products, (ii) are similar in size, and (iii) have key metrics consistent with our growth strategy. The key metrics considered in evaluating companies for our peer group are revenue size and growth rate, return on equity, net income, earnings per share growth, average gross margins and enterprise value. The Compensation Committee also took into consideration companies identified as peers of our peers, peers by our analysts and peers by governance rating firms. The Compensation Committee typically reevaluates the peer group every two to three years or sooner if acquisitions warrant or events occur such that the companies in the peer group are no longer comparable to our Company. The companies comprising our 2015 compensation peer group are as follows:

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

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

As a result of the Company s acquisition of Lake Region Medical in October 2015, the Compensation Committee reviewed and updated our peer group to better reflect the changed profile of the Company. CTS Corporation, KEMET Corporation, Orthofix International, Thoratec Corporation and Wright Medical Group Inc. were removed from the peer group because they were no longer within the range of 50 percent to 200 percent of Company revenue size, and nine other companies were added that both fit within that range and were representative of the markets in which we compete. We believe that this is an appropriate size for a peer group in order to obtain a representative sample of our market, yet to keep the size of the peer group at a manageable level for analysis purposes. We believe the companies in our peer group (i) have relevant overlap with our industry, customers and products, (ii) are similar in size, and (iii) have key metrics that are consistent with our growth strategy. The key metrics considered included revenue size and growth rate, return on equity, net income, earnings per share growth, average gross margins and enterprise value. Additionally, the Compensation Committee took into consideration companies identified as peers of our peers, peers by our analysts and certain governance rating agencies. The companies comprising our current compensation peer group are as follows:

Analogic Corporation	Masimo Corporation
Alere Inc.*	Merit Medical Systems, Inc.

Benchmark Electronics, Inc.*
Cantel Medical Corp.*
CONMED Corporation
Haemonetics Corporation
Halyard Health, Inc.*
Hill-Rom Holdings, Inc.*
Integra LifeSciences Holdings Corporation
NuVasive, Inc.
Plexus Corp.*
ResMed Inc.*
STERIS Corporation*
Teleflex Incorporated*
West Pharmaceutical Services, Inc.

* New for 2016

Base Salary

We provide our senior level executives with a fixed level of cash compensation in the form of base salary that is consistent with their skill level, experience, knowledge, length of service with our Company and the level of responsibility and complexity of their position. The Compensation Committee does not use a specific formula when setting base salary for our Named Executive Officers, but 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 relative depth of experience, prior individual performance and expected future contributions, internal pay equity considerations within our Company and the degree of difficulty in replacing the individual. Any such differences are approved by the Compensation Committee and in the case of Mr. Hook, by the Board.

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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 competitive median market rates. However, base salary increases are also reviewed on an individual basis and adjusted accordingly for performance.

In setting base salaries for our Named Executive Officers for 2015, the Compensation Committee reviewed and used a 2012 Ernst and Young market study related to the compensation of the Named Executive Officers, trending the data to 2014, and supplemented it with the 2014 Towers Watson Executive Compensation survey and 2013 proxy data from our peer group. The 2015 base salaries for our Named Executive Officers were compared to this data, and were adjusted for factors such as prior individual experience and performance and expected future contributions, performance of our Company, internal equity considerations within our Company and the degree of difficulty in replacing the executive.

The base salaries for our Named Executive Officers were as follows:

	2013 Base Salary	2014 Base Salary	2015 Base Salary	2016 Base Salary
Thomas J. Hook	$ 700,000	$ 700,000	$ 721,000	$ 800,000
Michael Dinkins	366,120	375,273	384,655	415,000
Mauricio Arellano	328,250	339,082	350,045	375,000
Andrew P. Holman	280,000	288,400	315,000	315,000(1)
Timothy McEvoy	242,925	250,213	280,000	300,000
George M. Cintra	205,000	230,000	250,000	N/A(2)

(1) Mr. Holman served as President, Corporate Development until April 8, 2016.
(2) Mr. Cintra served as Executive Vice President & Chief Technology Officer until October 28, 2015.

In December 2015, base salaries for the Named Executive Officers were increased to reflect a competitive market increase for companies with similar size and profile as a result of the Company s acquisition of Lake Region Medical based on a study conducted by Ernst & Young utilizing the 2016 peer group.

Annual Performance-Based Cash Incentives

None of our Named Executive Officers received cash incentive payments under our Greatbatch Growth Bonus Plan (G2B Plan) for 2015. The objective of the G2B Plan is to provide a target level of performance-based annual cash compensation at the competitive market median, with the opportunity for above median compensation if stretch performance is achieved. Achievement at the 100% target level is deemed to be a realistic but challenging goal and any amount greater than the target is considered a stretch goal. A portion of our Named Executive Officers annual cash incentive payment is made in the form of shares of Common Stock contributed to their accounts under our 401(k) Plan. See further discussion regarding retirement benefits in the Retirement section.

The Compensation Committee sets the performance metrics for the G2B Plan generally at its first meeting each year based upon prior year performance, the Company s plan for the current year, and the Board s desire for continuous and meaningful performance improvement. The annual cash incentive plan awards for our Named Executive Officers are set based upon Company-wide performance metrics. Payment of annual incentive plan awards are based upon the achievement of these performance metrics and can vary significantly from year to year.

Overall funding of our G^2B Plan is based upon Company-wide performance measures as recommended by the Compensation Committee and is generally approved by the Board at its first meeting each year. For 2015, the G^2B Plan funding percentage was based upon two financial metrics, total revenue (25%) and adjusted operating income (75%). In addition, if the adjusted operating income threshold is not achieved, no portion of the G^2B Plan is funded. Once the adjusted operating income metric is achieved the plan funding begins at 50%. Therefore the threshold adjusted operating income metric must be achieved inclusive of the 50% accrual. In 2015 this threshold was not reached. The Compensation Committee believes that these performance metrics are appropriate as they are relevant key metrics that drive stockholder value. %. In 2015 this threshold was not reached, assuming the 50% accrual. The Compensation Committee believes that these performance metrics are appropriate as they are relevant key metrics that drive stockholder value.

Funding of the G^2B Plan is calculated in accordance with the following scale:

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

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The Compensation Committee believes that the calculation of funding and performance metrics are aligned with the Company s strategic objective of growing revenue and profitability. The weighting between revenue and adjusted operating income puts more emphasis on profitability and is believed to be more directly aligned with the interest of stockholders.

The 2015 G^{2}B Plan individual achievement percentages were determined as follows:

	Revenue (25%)		Adjusted OI (75%)	
Actual	$661.8M	0.0%	$91.2M	0.0%
Threshold	$688.0M	50.0%	$91.2M	50.0%
Target	$737.8M	100.0%	$99.0M	100.0%
Maximum	$757.0M	195.0%	$115.0M	195.0%
Weighted Average G^{2}B Funding		0.0%		

Adjusted operating income under the G^{2}B Plan differs from operating income under GAAP as a result of the exclusion of: (i) acquisition-related charges; (ii) facility consolidation, optimization, manufacturing transfer and system integration charges; (iii) asset write-down and disposition charges; (iv) severance charges in connection with corporate realignments or a reduction in force; (v) litigation charges and gains; (vi) unusual or infrequently occurring items; (vii) gain/loss on the sale of investments; and (viii) the income tax (benefit) related to these adjustments. The Compensation Committee approved the categories for adjustments at the beginning of the performance period, and all of the adjustments were reviewed and approved by the Compensation Committee at the end of the performance period. See Strategic and Financial Overview in Item 7, page 39 of our 2015 Form 10-K for a reconciliation of adjusted operating income to GAAP operating income.

Individual cash incentives are calculated by multiplying the funding percentage by the individual s target bonus percent.

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

The individual target bonus percent for our Named Executive Officers was determined by the Compensation Committee in order to provide targeted total cash compensation at the median of our competitive market. The target payout as a percentage of base salary for our Named Executive Officers is as follows:

	2015	**2016**
President & CEO	90%	100%
CFO	75%	75%
Mauricio Arellano	75%	75%
Andrew P. Holman	75%	75%(1)
Timothy G. McEvoy	65%	65%
George M. Cintra	70%	N/A(2)

(1) Mr. Holman served as President, Corporate Development until April 8, 2016.
(2) Mr. Cintra served as Executive Vice President & Chief Technology Officer until October 28, 2015.

Illustrative Computation of 2015 cash incentive award for Thomas J. Hook:

Total Available Award =

(Base Salary ($700,000) x Individual Target Bonus % (90%)) x Incentive Plan Funding % (0.0%) = $0

Annual cash incentives for our Named Executive Officers pursuant to the G^2B Plan are awarded under the Company s Executive Short-Term Incentive Compensation Plan, which was approved by stockholders at our 2012 Annual Meeting in order to meet the requirements under Internal Revenue Code (IRC) §162(m). Under IRC §162(m), a limitation is placed on the tax deductibility of compensation to certain executives of a publicly-held corporation that exceeds $1,000,000 in any taxable year, unless the compensation meets certain requirements. Historically, our deductions for executive compensation have not been materially impacted by IRC §162(m). We do not believe that any of the changes to our short term cash incentive program that resulted from the adoption of the STIC Plan will impact the deductibility of those awards under IRC §162(m).

Long-Term Incentives

In addition to cash incentives, we also compensate our Named Executive Officers with long-term incentive awards (LTI) that are designed to align management s performance incentives with the interests of our stockholders. The LTI program includes time- and performance-based awards that are at the competitive market median of executive officers in comparable positions in our peer group. Our Named Executive Officers receive 25% of their LTI award in time-based stock options and 75% of their award in performance-based restricted stock units. The objective of the time-based award is to provide total direct compensation, when combined with the executive s base salary and G^2B Program award at target, at the bottom

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quartile of our competitive market. The objective of the performance-based award is to deliver total direct compensation at the 60th percentile of our competitive market if target level performance is achieved and deliver the 75th percentile if the maximum performance level is achieved. The metric for the performance-based awards is relative total stockholder return (TSR) versus our peer group.

The LTI award percentage granted each year is reviewed on an individual basis and can be adjusted based on individual performance and expected future contributions. The individual award opportunity under the LTI Program is expressed as a percentage of the Named Executive Officer s salary as follows:

	Maximum(1)			2015(1)		
	2014	**2015**	**2016**	**Threshold(1)**	**Target(2)**	**Maximum(3)**
President & CEO	430%	430%	430%	108%	269%	430%
CFO	260%	260%	260%	65%	163%	260%
Mauricio Arellano	260%	260%	260%	65%	163%	260%
Andrew P. Holman(4)	230%	230%	260%	65%	163%	260%
Timothy G. McEvoy	120%	120%	120%	30%	75%	120%
George M. Cintra(5)	120%	230%	N/A	N/A	N/A	N/A

(1) Includes the percentage related to time-based stock options and maximum performance award.
(2) Target represents TSR performance at the median of the peer group.
(3) Maximum represents TSR performance at or above the 75th percentile of the peer group.
(4) Mr. Holman served as President, Corporate Development until April 8, 2016.
(5) Mr. Cintra served as Executive Vice President & Chief Technology Officer until October 28, 2015.

The 2013 LTI program matured on January 1, 2016. The TSR achievement of 149.7% was in the 92nd percentile of our peer group and accordingly all performance awards vested at 100% of maximum on January 15, 2016.

The time based portion of the LTI Program awards was determined based upon the following formula:

Maximum Stock Option Award (MSOA) = (Base Salary x Individual Maximum Award %) x 25%

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

We utilize the Black-Scholes option pricing model to estimate the fair value of stock options granted for financial statement reporting purposes as allowed under GAAP. See Note 11 of the Notes to the Consolidated Financial Statements contained in Item 8 of our 2015 Form 10-K for further explanation of the assumptions and methodology for determining the fair value of stock options granted.

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

The performance-based LTI awards, granted 100% in restricted stock units, are determined based upon the following formula:

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

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

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

TSR Performance Rank	Vesting Amount
25th Percentile	5.3% of MPA (Threshold Shares[1])
25th Percentile - 75th Percentile	Calculation between Threshold and Maximum Shares
75th Percentile and above	100% of MPA (Maximum Shares)

(1) Payment at threshold would generally result in compensation that was slightly above the 25th percentile of the peer group, thus aligning pay with performance.

Illustrative Computation of 2015 LTI Program Award for Thomas J. Hook, calculated on his base salary at the time of the award:

Time Award (TA) = ($700,000 x 430%) x 25% = $752,500

Non-Qualified Stock Option Grant = ($752,500) ÷ $12.21 = 61,629 stock options

Maximum Performance Award (MPA) = ($700,000 x 430%) x 75% = $2,257,500

Restricted Stock Unit Grant = $2,257,500 ÷ $48.68 = 46,374 restricted stock units

Threshold Performance Award (TPA) = (($700,000 x 430%) x 75%) x 5.333% = $120,392

Restricted Stock Unit Grant = $120,392 ÷ $48.68 = 2,473 restricted stock units

In addition to the LTI Program, our executive officers may receive additional equity-based compensation at the date of hire, upon promotion, for special recognition or upon a significant change in responsibility. These awards are used as a recruiting and retention tool. These grants are typically made in the form of restricted stock units. In 2015, none of our Named Executive Officers received an additional equity grant.

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

Upon the death or disability of an associate, all outstanding stock option awards immediately vest and all outstanding performance-based restricted stock units immediately vest at the target level applicable to such performance-based awards. All vested stock options expire at various times following the event, no later than one year, based upon the terms of the plan they were awarded from. In the event that an associate s employment is terminated by the Company without cause, a pro-rata portion of such associate s performance-based restricted stock units that were awarded more than one year before the date of termination will remain outstanding. These awards will continue to be eligible for vesting based on the Company s attainment of the performance goals applicable to such awards.

Upon retirement of an associate, all outstanding stock option awards immediately vest and a pro-rated portion of outstanding performance-based restricted stock units held by such associate continue to be eligible for vesting based on the Company s attainment of the performance goals applicable to such awards. See further discussion regarding retirement benefits in the Retirement section.

In the event of a change in control, as defined in the applicable award plan or agreement, unless determined otherwise by the Compensation Committee, all unvested stock option awards granted will immediately vest, but only the portion of unvested performance-based restricted stock units that would have vested under the original plan design will immediately vest. While our plans provide for single trigger vesting, our Change in Control agreements with our Named Executive Officers require both a Change in Control and termination of employment for our Named Executive Officers. See further discussion regarding change in control benefits in the Change in Control Agreements section.

Tax deductions for awards under our LTI plans may be limited in the future under IRC §162(m). The Compensation Committee considers the potential non-deductibility of stock incentive awards under IRC §162(m) when setting award levels. The Compensation Committee believes that our long-term incentive programs are properly designed to incentivize and retain senior management, which is in the best interest of stockholders even if IRC §162(m) limits are periodically exceeded and the tax deductions are limited.

Compensation Recoupment Policy

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

In addition, the Dodd-Frank Act requires the SEC to issue regulations requiring issuers to seek recovery from executive officers in certain circumstances involving financial restatements. The SEC has issued proposed regulations implementing this portion of the Dodd-Frank Act. Once the SEC finalizes its regulations regarding the required form of a clawback policy under the Dodd-Frank Act, we expect to amend our clawback policy accordingly.

Share Ownership

In order to align the interests of our executive officers with the interests of our stockholders and to promote our commitment to sound corporate governance, the Compensation Committee designed and the Board approved stock ownership guidelines under which our executive officers are required to hold a meaningful dollar value of Common Stock for the duration of their employment.

For purposes of measuring compliance with these guidelines, shares of Common Stock owned directly or indirectly by the executive officer or his or her immediate family members, as well as unvested time-based restricted stock and restricted stock units issued under our long-term equity compensation programs are considered shares owned. Shares underlying unexercised stock options and unvested performance-based restricted stock and restricted stock units do not count toward satisfying the guidelines. The Compensation Committee reviews stock ownership levels of our executive officers on an annual basis with the expectation of seeing meaningful progress toward the achievement of the guideline.

The following table provides the status of our Named Executive Officers, as of March 15, 2016, toward meeting the ownership guidelines, which are calculated as a multiple of base salary:

Named Executive Officers	Multiple of Base Salary	% of Ownership Guideline Achieved
Thomas J. Hook	5.0x	Achieved
Michael Dinkins	2.5x	Achieved
Mauricio Arellano	2.5x	Achieved
Andrew P. Holman(1)	N/A	15%
Timothy G. McEvoy	2.0x	Achieved
George M. Cintra(2)	N/A	N/A

(1) Mr. Holman served as President, Corporate Development until April 8, 2016.
(2) Mr. Cintra served as Executive Vice President & Chief Technology Officer until October 28, 2015.

The ownership guidelines also contain a holding period requirement for equity awards. Our executive officers are required to hold vested stock options, vested shares of restricted stock and shares issued on vesting of restricted stock units, net of shares sold or surrendered to pay applicable taxes, for one year following the vesting date.

Pledging and Hedging Policy

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

Retirement

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

In addition to the discretionary Company match described above, U.S. based associates are eligible to receive an additional contribution to the 401(k) Plan under our G^{2}B Plan of up to 4% of their base salary if certain performance metrics are achieved, as described in the Annual Performance-Based Cash Incentives section above. The changes to our short term cash incentive program that resulted from the adoption of the STIC Plan are not expected to impact how this contribution is calculated.

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

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

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

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

Change in Control Agreements

We employ change in control agreements for a very limited number of key executives, including our Named Executive Officers, to retain our leadership in the event of a change in control and also to provide them with financial security in case of a loss of employment. These agreements only provide benefits to participants if there is both a change in control of the Company and termination of employment other than for cause. We believe that it is in the best interest of our Company and stockholders to have the dedication of our executive officers, without the distraction of personal uncertainties that can result on a change in control. We believe these agreements allow for a smooth transition in the event of a change in control without providing windfall benefits. We also believe that these benefits are competitive with those of comparable companies, including our peer group.

Our change in control agreements provide for continued employment with the same base salary, annual cash incentive and benefits for two years following a change in control. Our agreements only provide benefits if there is both a change in control of the Company and termination of employment other than for cause. If the executive is terminated after the change in control, other than for death, disability or cause, or the executive terminates employment for good reason, then the executive will be entitled to certain benefits to be paid in a lump sum in cash. The most significant components of those benefits are as follows:

- two times annual base salary;
- two times the greater of (i) average cash bonus for the three year period prior to the date of termination or (ii) current year annual cash incentive award at the target level;
- two times the Company s total contributions to the 401(k) Plan or any other similar plans in effect at the time, for the year preceding the termination;

- $25,000 for outplacement services;

- 24 months coverage under the Company s medical and other benefit plans (i.e. education assistance, financial planning);

- immediate vesting of all time-based equity awards, vesting of performance-based awards based on actual performance through the change in control, except as otherwise provided in the applicable award agreement; and

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

Our change in control agreements entered into prior to 2011 provide that the Company will make the executive whole for any golden parachute excise tax imposed on a change in control payment, unless the payments are less than 110% of the safe harbor amount. An executive is not entitled to this gross-up if the present value of payments does not exceed 110% of the safe harbor threshold. Instead, the payment due to the executive would be reduced to the safe harbor threshold. This form of change in control agreement is applicable to Mr. Hook, Mr. Arellano and Mr. McEvoy.

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

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Based upon the hypothetical termination date of January 1, 2016, the change in control termination benefits for our Named Executive Officers would be as follows:

	Salary & Bonus	Acceleration of Stock-Based Awards(1,3)	Continuance of Benefits(2)	Outplacement Services	Tax Gross-Up (Modified Cut-Back)	Total(4)
Thomas J. Hook	$ 3,200,000	$ 7,024,441	$ 297,977	$ 25,000	$	$ 10,547,418
Michael Dinkins	1,452,500	2,605,816	43,831	25,000		4,127,147
Mauricio Arellano	1,312,500	2,337,575	170,379	25,000		3,845,454
Andrew P. Holman	990,000	805,155	222,045	25,000		2,042,200
Timothy G. McEvoy	1,102,500	973,577	47,271	25,000		2,148,348
George Cintra	850,000	641,183	48,677	25,000	(296,395)	1,268,465

(1) Based upon our closing stock price of $52.50 per share as of January 1, 2016 (the last day of our 2015 fiscal year).

(2) Messrs. Dinkins and Holman both exceeded their respective Code Section 280G safe harbor thresholds. Per the best after-tax language contained in each executive s change of control agreement, the hypothetical amounts payable to Messrs. Dinkins and Holman upon a change of control will not be reduced to fall below the Code Section 280G safe harbor threshold. Accordingly, the Company will lose a compensation deduction in the amount of $3,060,970 for Mr. Dinkins and $1,602,025 for Mr. Holman.

(3) The calculations assume all performance based awards vest on the last day of the performance period. All or some portion of the value of such performance based awards may actually be earned based on actual performance.

The calculations above do not take into consideration the value of the non-compete and non-solicitation provisions which are valuable to the Company.

Perquisites

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

Education Reimbursement

Executive Life Insurance

Long-Term Disability

Executive Financial Planning

Executive Physicals

Executive Relocation

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

Education Reimbursement

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

Under our Education Reimbursement Program, we reimburse the cost of tuition, textbooks and laboratory fees for all of our associates and dependents of associates employed as of December 14, 2011. All full-time associates are eligible for 100% reimbursement upon the successful completion of job related courses or degree programs. The dependent children benefit for those associates employed as of December 14, 2011 relates to post-secondary education and vests 10% each year of employment until the associates reaches 100%. For associates hired after January 1, 2003, the maximum amount of dependent children reimbursable tuition is based on the cost of tuition at the recognized local state university. For associates hired prior to January 1, 2003 and for all of the Named Executive Officers, there is no maximum limit for dependent children reimbursement.

This dependent tuition reimbursement program was frozen on December 14, 2011 and is now limited to those U.S. associates who were employed by the Company as of that date. Minimum academic achievement is required in order to receive reimbursement under all Education Reimbursement Programs. In fiscal year 2015, Mr. Hook, Mr. Cintra and Mr. McEvoy received benefits under this program. Under the terms of his employment agreement, Mr. Hook s annual reimbursement is limited to 10% of his base salary.

Executive Life Insurance

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

Long-Term Disability

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

Executive Financial Planning

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

Executive Physicals

We provide our executive officers with annual physicals. We cover 100% of the cost of this program. This program was developed to promote the physical wellbeing and health of our executive officers.

Executive Relocation

Reimbursement for relocation expenses for our executive officers is made in accordance with our Executive Relocation Program. This program allows our executive officers to remain as productive as possible during the relocation transition. We provide a miscellaneous allowance equal to two month s base salary (not to exceed $30,000) and up to three house hunting trips. Additionally, we will pay for temporary lodging and unavoidable storage for up to 90 days, and we will pay for duplicate housing expense for up to 180 days if the current home has been listed for 30 days and a new home has been purchased. We also offer Loss on Sale Protection under which we will reimburse up to $100,000 on the loss on sale of the current residence. All reimbursed amounts are to be repaid if the executive officer voluntarily terminates his or her employment within 24 months of relocation. No Named Executive Officer received benefits under this program in 2015.

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

Employment Agreement

In general, we do not offer our associates employment agreements. None of our Named Executive Officers other than Mr. Hook was covered by an employment agreement in fiscal year 2015. On August 5, 2013, the Company entered into a new employment agreement with Mr. Hook in order to secure his continuing service as President & Chief Executive Officer. In addition to the benefits discussed in this section, the agreement provides for the following:

Term extends through August 4, 2016;

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

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

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

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

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The following table presents the benefits that would be received by Mr. Hook under his employment agreement in the event of a hypothetical termination as of January 1, 2016:

	Salary	Acceleration of Stock-Based Awards(1)	Continuance of Benefits(2)	Severance	Total
Permanent Disability	$ 800,000	$ 5,611,216	$ 130,157	$	$ 6,541,373
Death	800,000	5,611,216	10,636		6,421,852
Termination Without Cause	800,000	2,947,186		704,000	4,451,186
Termination With Good Reason	800,000	2,947,186		704,000	4,451,186
Termination for Cause					
Termination Without Good Reason					
Retirement					

(1) Based upon our closing stock price of $52.50 on January 1, 2016 (the last day of our 2015 fiscal year). Termination due to death or disability includes the 2013, 2014 and 2015 LTI performance awards assuming vesting at target performance as well as the full value of his time-based awards. Termination without cause and termination with good reason include the pro rata acceleration of the 2014 and 2015 LTI performance awards based on actual performance as of the assumed termination date of January 1, 2016, as well as the full value of his time-based awards.

(2) Includes the continuation of all benefits described in the Perquisites section above.

Severance Benefits

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

The offer letter of Michael Dinkins, Executive Vice President & Chief Financial Officer, provides that in the event that the Company terminates his employment for any reason other than cause, as defined in his offer letter, he will be entitled to salary, health and medical benefit continuation for a period of one year following the date of termination. In the event of a hypothetical termination by the Company for any reason other than cause as of January 1, 2016, Mr. Dinkins would be entitled to a payment of approximately $422,000. Historically, upon termination Named Executive Officers have received severance benefits. Going forward, this would be determined on a case by case basis.

The following table presents the value of the acceleration of outstanding equity awards pursuant to the terms of our 2005 Stock Incentive Plan, 2009 Stock Incentive Plan and 2011 Stock Incentive Plan that would be received by our Named Executive Officers, other than Mr. Hook, in the event of a hypothetical termination as of January 1, 2016:

	Michael Dinkins	Mauricio Arellano	Andrew P. Holman	Timothy G. McEvoy	George Cintra

Permanent Disability	$ 1,197,061	$ 1,799,300	$ 956,995	$ 630,505	$ 615,989
Death	1,197,061	1,799,300	956,995	630,505	615,989
Termination Without Cause	618,630	555,600	441,097	194,705	220,862
Termination With Good Reason	681,630	555,600	441,097	194,705	220,862
Termination for Cause					
Termination Without Good Reason					
Retirement					

Amounts above are based upon our closing stock price of $52.50 on January 1, 2016 (the last day of our 2015 fiscal year). Termination due to death or disability includes the full value of their time-based awards and the value of the vesting of their performance-based awards at target for the 2013, 2014 and 2015 LTI performance awards. Termination without cause and with good reason includes pro rata continuation of the 2014 and 2015 LTI performance awards through the end of the performance period. None of these Named Executive Officers would be eligible for the accelerated vesting of equity upon a retirement as of January 1, 2016, as none of them are at least 59 ½ with age and years of service totaling at least 69 ½ years.

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Compensation and Organization Committee Report

The Compensation Committee has reviewed and discussed the foregoing Compensation Discussion and Analysis, or CD&A, with management and based upon this review and discussion recommended to the Board that the CD&A be included in this proxy statement for filing with the SEC.

Respectively submitted,

Peter H. Soderberg (Chair)
Pamela G. Bailey
Joseph W. Dziedzic
William B. Summers, Jr.

Compensation Risk Analysis

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

EXECUTIVE COMPENSATION

2015 Summary Compensation Table

The following table summarizes the total compensation paid or earned by each of the Named Executive Officers for fiscal years 2015, 2014 and 2013.

Name and Principal Position	Year	Salary[1]	Bonus[2]	Stock Awards[3]	Option Awards[4]	Non-Equity Incentive Plan Comp.[5]	All Other Comp.[8]	Total
Thomas J. Hook	2015	$ 719,192	$	$ 1,526,632	$ 752,490	$	$ 140,486	$ 3,138,800
President &	2014	700,000		1,612,922	752,492	505,604	138,943	3,709,961
Chief Executive Officer	2013	616,330		1,231,719	601,622	508,097	456,716	3,414,484
Michael Dinkins	2015	383,657		494,853	243,919		38,388	1,160,817
Executive Vice President &	2014	375,661		510,083	237,965	221,429	28,289	1,373,427
Chief Financial Officer	2013	366,120		487,219	237,974	246,757	29,923	1,367,993
Mauricio Arellano	2015	350,375		447,119	220,402		27,007	1,044,903
Executive Vice President,	2014	336,583		457,314	213,360	197,512	23,755	1,228,524

Global Operations	2013	328,250		436,816	213,359	220,258	55,791	1,254,474
Andrew P. Holman[6]	2015	315,000		415,385	204,750		34,709	969,844
President,	2014	287,485		345,081	160,986	155,735	32,717	982,004
Corporate Development	2013	270,481	75,000	118,617	57,933	145,089	5,272	672,392
Timothy G. McEvoy	2015	280,769		170,394	83,993		107,509	642,665
Senior Vice President,	2014	248,531		156,181	72,870	123,719	88,538	689,839
General Counsel & Secretary	2013	242,925		149,195	72,870	138,086	99,674	702,750
George Cintra[7]	2015	250,000		291,605	143,748		39,899	725,252
Executive Vice President &	2014	235,812		147,892	68,989	117,783	41,712	612,188
Chief Technology Officer	2013	222,025		97,254	47,504	101,776	32,712	501,271

(1) Amounts represent the dollar value of base salary earned during fiscal years 2015, 2014, and 2013.

(2) Amount represents a sign on bonus for Mr. Holman.

(3) Amounts represent the aggregate grant date fair value of stock awards granted. The valuation of restricted stock and restricted stock units are based on the assumptions and methodology set forth in notes 1 and 11 to our financial statements included in our Annual Report on Form 10-K, which was filed with the SEC on March 1, 2016.

(4) Amounts represent the aggregate grant date fair value of stock options granted. The valuation of stock options is based on the assumptions and methodology set forth in notes 1 and 11 to our financial statements included in our Annual Report on Form 10-K, which was filed with the SEC on March 1, 2016.

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(5) Amounts represent cash awards earned under our G^{2}B Plan. See Annual Performance-Based Cash Incentives section of the CD&A for a discussion of this program.
(6) Mr. Holman served as President, Corporate Development until April 8, 2016.
(7) Mr. Cintra served as Executive Vice President & Chief Technology Officer until October 28, 2015.
(8) Items included in All Other Compensation were as follows:

	Year	401(k) Contribution	Term Life Insurance Premiums	Long-Term Disability Insurance Premiums	Tax Gross-Up	Perquisites	Excess Vacation	Other	Total
Thomas J. Hook	2015	$ 5,250	$ 14,127	$ 5,716	$ 21,217	$ 75,044	$ 18,007	$ 1,125	$ 140,486
	2014	13,725	16,300	12,574	20,866	74,428		1,050	138,943
	2013	14,685	16,300	18,408	20,692	333,889	52,042	700	456,716
Michael Dinkins	2015	5,250	8,500	9,755	13,192		1,141	550	38,388
	2014	13,726	4,468	6,039	3,956			100	28,289
	2013	14,247	4,468	4,769	3,477		2,962		29,923
Mauricio Arellano	2015	3,780	4,890	8,593	9,744				27,007
	2014	12,151	1,740	4,996	4,868				23,755
	2013	13,110	1,740	7,092	3,325		30,524		55,791
Andrew P. Holman	2015	5,250	14,127	5,716	7,470		2,146		34,709
	2014	13,726	10,880	2,917	5,194				32,717
	2013	4,060		886	326				5,272
Timothy G. McEvoy	2015	5,040	16,574		9,722	75,673		500	107,509
	2014	12,932	1,540		1,640	71,226		1,200	88,538
	2013	14,066	1,540	5,176	3,939	68,147	6,706	100	99,674
George Cintra	2015	4,582	3,964	4,347	4,001	14,294	8,486	225	39,899
	2014	12,639		8,978	4,333	15,762			41,712
	2013	12,856		3,429	1,659	13,668		1,100	32,712

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

	Year	Executive Physical	Dependent Education Reimbursement[1]	Relocation	Service Awards/ Gifts	Personal Travel	Tax Preparation / Planning
Thomas J. Hook	2015	X	$ 70,951				
	2014	X	70,000			X	
	2013		83,982	217,052	X		

Timothy G. McEvoy	2015		73,124	X		X
	2014	X	68,400	X		X
	2013		66,397	X		X
George Cintra	2015		14,244	X		
	2014		13,825		X	
	2013		13,000	X	X	

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

2015 Grants of Plan-Based Awards

The following table summarizes the grants of plan-based awards to each of the Named Executive Officers during fiscal year 2015. The 2015 awards for the Named Executive Officers were approved on December 9, 2014 and had a grant date of January 5, 2015. All stock-based awards in 2015 were granted from our 2005 Stock Incentive Plan, our 2009 Stock Incentive Plan or our 2011 Stock Incentive Plan. Under these plans, all stock options expire 10 years from the date of grant. Based

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upon our stock incentive plans and change in control agreements in place with our Named Executive Officers, acceleration of vesting occurs for all time-based awards and a partial vesting for all performance-based awards upon death, disability, retirement or a change of control. Prior to vesting, associates who receive a grant of restricted stock are eligible to participate in the rights or privileges of a stockholder of the Company with respect to those shares, including the right to receive dividends and vote.

e	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards[1] Threshold	Target	Maximum	Estimated Future Payouts Under Equity Incentive Plan Awards[2] Threshold (#)	Target (#)	Maximum (#)	All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options[3] (#)	Exercise Price of Option Awards ($/Sh)	Gra Date Valu Stock Opt Awar
nas J. k		$324,450	$648,900	$ 1,265,355						$	$
	1/5/2015				2,458	23,187	46,374		61,629	48.68	2,365
ael ins		144,246	288,491	562,558							
	1/5/2015				797	7,516	15,032		19,977	48.68	748,
ricio ano		131,267	262,534	511,941							
	1/5/2015				720	6,791	13,582		18,051	48.68	670,
ew nan		118,125	236,250	460,688							
	1/5/2015				669	6,309	12,618		16,769	48.68	506,
othy voy		91,000	182,000	354,900							
	1/5/2015				274	2,588	5,176		6,879	48.68	229,
ge a		87,500	175,000	341,250							
	1/5/2015				469	4,429	8,858		11,773	48.68	467,

(1) Amounts represent potential 2015 cash awards under our G^2B Plan. Awards range from 50% to 195% of the target amount depending on the actual performance metric that is achieved. Award would be $0 if the threshold amount is not achieved see Annual Performance-Based Cash Incentives section of the CD&A for discussion of this program. See the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table above for the actual amounts earned in 2015, which were paid in 2016.

(2) Amounts represent 2015 performance-based restricted stock units that were awarded under our LTI Program. The 2015 LTI Program awards will vest on December 29, 2017 depending on the actual performance metric that is achieved. Award would be 0 shares if the threshold amount is not achieved. See the Long-Term Incentives section of the CD&A for discussion of this program.

(3)

The 2015 grants represent non-qualified stock option awards that were granted under our LTI Program and vest in three equal installments on the last day of each fiscal year for three years following the date of grant. See the Long-Term Incentives section of the CD&A for discussion of this program.

(4) The valuation of stock options and restricted stock units are based on the assumptions and methodology set forth in notes 1 and 11 to our financial statements included in our Annual Report on Form 10-K, which was filed with the SEC on March 1, 2016.

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Outstanding Equity Awards at 2015 Fiscal Year-End

The following table summarizes the stock option, restricted stock and restricted stock unit awards outstanding for each of the Named Executive Officers as of January 1, 2016.

	Option Awards						Stock Awards				
Name	Option Grant Date	Number of Securities Underlying Unexercised Options Exercisable (#)(1)	Number of Securities Underlying Unexercised Options Unexercisable (#)(1)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)(2)	Option Exercise Price	Option Expiration Date	Stock Award Grant Date	Number of Shares of Stock That Have Not Vested (#)(3)	Market Value of Shares of Stock That Have Not Vested	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)(5)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested(4)
Thomas J. Hook											
	8/8/2006	2,221			$ 22.38	8/7/2016	12/31/2012			77,662	$ 4,077,255
	3/6/2007	31,481			25.50	3/5/2017	1/6/2014			51,564	2,707,110
	3/4/2008	43,417			20.14	3/4/2018	1/5/2015			46,374	2,434,635
	10/13/2008	26,449			21.88	10/12/2018					
	1/5/2009	33,874			26.53	1/4/2019					
	5/15/2009	17,548			26.53	5/14/2019					
	3/10/2010	34,337			20.84	3/9/2020					
	4/11/2010	50,000			21.37	4/10/2020					
	1/1/2011	62,658			24.15	12/31/2020					
	1/2/2012	72,253			22.10	1/1/2022					
	12/31/2012	72,860			23.24	12/30/2022					
	1/6/2014	30,765	15,384		43.78	1/5/2024					
	1/5/2015	20,542	41,087		48.68	1/4/2025					
Michael Dinkins											
	11/7/2008	9,293			$ 25.07	11/6/2018	12/31/2012			30,720	$ 1,612,800
	11/7/2008	1,041			25.07	11/6/2018	1/6/2014			16,307	856,118
	1/5/2009	5,767			26.53	1/4/2019	1/5/2015			15,032	789,180
	1/4/2010	7,446			19.55	1/3/2020					
	1/1/2011	6,217			24.15	12/31/2020					
	1/2/2012	3,615			22.10	1/1/2022					

	5/7/2012	27,985		22.79	5/3/2022			
	12/31/2012	28,820		23.24	12/30/2022			
	1/6/2014	9,729	4,865	43.78	1/5/2024			
	1/5/2015	6,658	13,319	48.68	1/4/2025			
Mauricio Arellano								
	1/2/2012	8,669		$ 22.10	1/1/2022	12/31/2012	27,542	$ 4,182,990
	12/31/2012	17,727		23.24	12/30/2022	1/6/2014	14,620	711,409.20
	1/6/2014	8,723	4,362	43.78	1/5/2024	1/5/2015	13,582	660,900
	1/5/2015	6,016	12,035	48.68	1/4/2025			
Andrew P. Holman								
	12/31/2012	7,016		$ 23.24	12/30/2022	12/31/2012	7,479	$ 392,648
	1/6/2014	9,873	3,292	43.78	1/5/2024	1/6/2014	11,032	579,180
	1/5/2015	5,589	11,180	48.68	1/4/2025	1/5/2015	12,618	662,445

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Name	Option Grant Date	Number of Securities Underlying Unexercised Options Exercisable (#)[1]	Number of Securities Underlying Unexercised Options Unexercisable (#)[1]	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)[2]	Option Exercise Price	Option Expiration Date	Stock Award Grant Date	Number of Shares of Stock That Have Not Vested (#)[3]	Market Value of Shares of Stock That Have Not Vested	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)[5]	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested[4]
	Option Awards						Stock Awards				
Timothy G. McEvoy											
	1/1/2011	7,590			$ 24.15	12/31/2020	12/31/2012			9,407	$ 493,868
	1/2/2012	8,752			22.10	1/1/2022	1/6/2014			4,993	262,133
	12/31/2012	8,825			23.24	12/30/2022	1/5/2015			5,176	271,740
	1/6/2014	2,979	1,490		43.78	1/5/2024					
	1/5/2015	2,292	4,587		48.68	1/4/2025					
George Cintra											
	1/1/2011	3,949			$ 24.15	12/31/2020	12/31/2012			6,132	$ 321,930
	1/2/2012	4,808			22.10	1/1/2022	1/6/2014			4,728	248,220
	12/31/2012	5,753			23.24	12/30/2022	1/5/2015			5,176	271,740
	1/6/2014	2,820	1,411		43.78	1/5/2024					
	1/5/2015	3,924	7,849		48.68	1/4/2025					

(1) Time-based stock option awards become exercisable as follows:

Option Grant Date	Vesting Schedule
1/2/12, 12/31/12, 1/6/14, 1/5/15	See LTI Program discussion within the Long-Term Incentives section of the CD&A. Stock options become exercisable 33 1/3% on the last day of each fiscal year for three years following the date of grant, including the year of grant.

(2) There are currently no performance-based stock option awards outstanding that are unearned.
(3) There are currently no stock awards that are unvested.
(4)

Market value of shares of stock that have not vested is calculated as the product of the closing price of our stock on January 1, 2016 of $52.50 and the number of unvested restricted stock units.

(5) Performance-based awards are reported at maximum. See LTI Program discussion within the Long-Term Incentives section of the CD&A. Stock awards vest as follows:

Unit Award Grant Date	Vesting Schedule
12/31/12	Restricted stock unit award vests on January 1, 2016 if TSR performance goals are met.
1/6/14	Restricted stock unit award vests on December 30, 2016 if TSR performance goals are met.
1/5/15	Restricted stock unit award vests on December 29, 2017 if TSR performance goals are met.

2015 Stock Option Exercises and Stock Vested

The following table summarizes the number of stock option awards exercised and the number of stock awards vesting during 2015 for the Named Executive Officers, including the value realized.

	Stock Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting[1]
Thomas J. Hook	52,500	$ 1,603,419	86,073	$ 4,196,145
Michael Dinkins			30,802	1,492,357
Mauricio Arellano	24,948	635,175	39,750	1,970,737
Andrew P. Holman			1,045	54,863
Timothy G. McEvoy			9,651	467,591
George Cintra			5,302	256,882

(1) Based upon the closing price of the Common Stock on the NYSE on the date the stock awards vested.

Pension Benefits and Nonqualified Deferred Compensation Tables

We do not present these tables as we do not offer our Named Executive Officers pension or nonqualified deferred compensation benefits required to be reported in these tables.

CORPORATE GOVERNANCE AND BOARD MATTERS

The business of the Company is managed under the direction of the Board. The Board has adopted Corporate Governance Guidelines (the Guidelines) that reflect the Company s commitment to good corporate governance. The full text of the Guidelines can be accessed under the Investor Relations drop-down menu of the Company s website at www.greatbatch.com under Governance.

The Company has historically provided all of its new associates with a copy of an associate handbook that has included a summary of the Company s Code of Business Conduct and Ethics. In addition, the Company has required new associates to certify that they are responsible for reading and familiarizing themselves with the Code of Business Conduct and Ethics, and adhering to such policies and procedures.

The Company s Code of Business Conduct and Ethics applies to its directors, officers, associates and consultants. The Code of Business Conduct and Ethics requires that individuals avoid conflicts of interest, comply with all laws and other legal requirements, conduct business in an honest and ethical manner and otherwise act with integrity and in the best interests of the Company. In addition, the Code of Business Conduct and Ethics encourages individuals to report any illegal or unethical behaviour that they observe. The Code of Business Conduct and Ethics is a guide to help ensure that all such individuals live up to the highest ethical standards.

The full text of the Code of Business Conduct and Ethics can be accessed under the Investor Relations drop-down menu of the Company s website at www.greatbatch.com under Governance. The Company intends to post on its

website any amendment to or waiver from any provision in the Code of Business Conduct and Ethics that requires disclosure under applicable SEC rules.

A copy of the Guidelines and the Code of Business Conduct and Ethics also may be obtained without charge by written request made to the Corporate Secretary, Greatbatch, Inc., 10000 Wehrle Drive, Clarence, New York 14031.

Leadership Structure of the Board

The positions of Chairman of the Board and Chief Executive Officer have been separate since August 2006. The Board believes this structure continues to be in the best interests of the Company and its stockholders. The Chairman organizes Board activities to enable the Board to effectively provide guidance to and have oversight of and accountability for management. To fulfill that role, the Chairman, among other things, creates and maintains an effective working relationship with the Chief Executive Officer and other members of management and with the other members of the Board, provides the Chief Executive Officer ongoing direction as to Board needs, interests and opinions, and assures that the Board agenda is appropriately directed to the matters of greatest importance to the Company. In carrying out his responsibilities, the Chairman preserves the distinction between management and oversight, maintaining the responsibility of management to develop corporate strategy and the responsibility of the Board to review and express its views on corporate strategy. The functions of the Chairman include:

Presiding over all meetings of the Board and stockholders, including regular executive sessions of non-management directors of the Board;

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Establishing the annual agenda of the Board and agendas of each meeting in consultation with the Chief Executive Officer;

Advising committee chairs, in consultation with the Chief Executive Officer, on meeting schedules, agendas and information needs for the Board committees;

Defining the subject matter, quality, quantity and timeliness of the flow of information between management and the Board and overseeing the distribution of that information;

Coordinating periodic review of management s strategic plan and enterprise risk management program for the Company;

Leading the Board review of the succession plan for the Chief Executive Officer and other key members of senior management;

Coordinating the annual performance review of the Chief Executive Officer and other key senior managers;

Consulting with committee chairs about the retention of advisors and experts;

Acting as the principal liaison between the independent directors and the Chief Executive Officer on sensitive issues;

Working with the Corporate Governance and Nominating Committee to develop and maintain the agreed-upon definitions of the role of the Board and the organization, processes and governance guidelines necessary to carry it out;

Working with management on effective communication with stockholders;

Encouraging active participation by each member of the Board; and

Performing such other duties and services as the Board may require.

Board Independence

Other than Mr. Hook, who is an employee of the Company, the Board has determined that each of the directors is independent under the NYSE s Corporate Governance Listing Standards. In accordance with those standards, the Board undertook its annual review of director independence. During this review, the Board considered the materiality of any relationships with the Company from the director s perspective and the perspective of any persons or

organizations with which the director is affiliated. Material relationships may include commercial, industrial, banking, consulting, legal, accounting, charitable or familial relationships and can also be indirect, such that serving as a partner or officer, or holding shares, of an organization that has a relationship with the Company may cause the director not to be independent. The purpose of this review was to determine whether any such relationships or transactions existed that were inconsistent with a determination that the director is independent.

Following the review described above, the Board has affirmatively determined that except for Mr. Hook, no current director has a material relationship with the Company that is inconsistent with a determination of independence. Therefore, the Board affirmatively determined that all the current directors, with the exception of Mr. Hook, are independent.

Enterprise Risk Management

The Company has an enterprise risk management program implemented by members of the Company s senior management. The enterprise risk management program as a whole is reviewed annually with the Board. Enterprise risks are identified and prioritized by management, and individual prioritized risks may be overseen by the full Board or a committee, as appropriate. For example, strategic risks are overseen by the full Board; financial risks are overseen by the Audit Committee; and scientific and technology risks are overseen by the Science and Technology Committee. Management regularly reports on each such risk to the relevant committee or the Board. Additional review or reporting on enterprise risks is conducted as needed or as requested by the Board or a committee.

Committees and Meetings of the Board

The Board has standing Audit, Compensation and Organization, Corporate Governance and Nominating, and Science and Technology Committees. Each committee has a written charter that can be accessed under the Investor Relations drop-down menu of the Company s website at www.greatbatch.com under Governance. Copies of the charters may be obtained without charge by written request made to the Corporate Secretary, Greatbatch, Inc., 10000 Wehrle Drive, Clarence, New York 14031.

The Board held eleven meetings in 2015. Each director attended at least 75% of the meetings of the Board and meetings of the committees of the Board on which that director served. The Company encourages, but has no formal policy regarding, director attendance at its annual meeting of stockholders. Each of the Company s directors then serving on the Board other than former director Dr. Joseph A. Miller, Jr. attended the 2015 Annual Meeting of Stockholders.

Audit Committee. The Audit Committee consists of Ms. Hobby and Messrs. Dziedzic (Chair), Maxwell and Soderberg. Mr. Bihl served as a member of the Audit Committee until his resignation from the Board on March 1, 2016, and Ms. Dall served as a member of the Audit Committee until her resignation from the Board on October 14, 2015. The Audit Committee s

primary purpose is assisting the Board in overseeing the (i) integrity of the Company s financial statements, (ii) Company s compliance with legal and regulatory requirements, (iii) Company s independent registered public accounting firm qualifications and independence, (iv) performance of the Company s internal audit function and independent registered public accounting firm, (v) Company s system of disclosure controls and procedures, and (vi) the Company s system of internal controls regarding finance, accounting, legal compliance, related person transactions and ethics that management and the Board have established. The Audit Committee had fifteen meetings in 2015.

Compensation and Organization Committee. The Compensation and Organization Committee consists of Ms. Bailey and Messrs. Dziedzic, Soderberg (Chair) and Summers. Ms. Dall served as a member of the Compensation and Organization Committee until her resignation from the Board on October 14, 2015. The Board has determined that each member of the committee is independent as defined under the NYSE s Corporate Governance Listing Standards applicable to compensation committee members. The Compensation and Organization Committee s primary purpose is establishing the Company s executive compensation programs so as to attract, retain and motivate superior executives and ensuring that senior executives of the Company and its wholly owned subsidiaries are compensated appropriately and in a manner consistent with the Company s compensation philosophy. The Compensation and Organization Committee also administers the Company s stock incentive plans. The Compensation and Organization Committee had seven meetings in 2015.

Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee consists of Ms. Bailey (Chair), and Messrs. Passerini, Sanford and Summers. Dr. Miller served as a member of the Corporate Governance and Nominating Committee until his resignation from the Board on March 1, 2016. Working closely with the full Board, the Corporate Governance and Nominating Committee reviews, on an annual basis, the composition of the Board and whether the Company is being well served by the directors taking into account such factors as it deems appropriate, which may include the current composition of the Board, the range of talents, experiences and skills that would best complement those already represented on the Board, the balance of management and independent directors, and the need for financial or other specialized expertise. Applying these criteria, but without any formal policy regarding diversity, the Corporate Governance and Nominating Committee considers candidates for Board membership suggested by its members and other directors, as well as by management and stockholders, and recommends director nominees to the Board. The Corporate Governance and Nominating Committee uses the same process for evaluating candidates for director regardless of the source of the recommendation, and also has sole authority to retain a search firm to assist in identifying qualified director candidates. Stockholders wishing to submit recommendations for candidates to the Board must supply information in writing regarding the candidate to the Corporate Governance and Nominating Committee at the Company s offices at 10000 Wehrle Drive, Clarence, New York 14031. The information should include, at a minimum, the candidate s name, biographical information, qualifications and availability for service. The written submission should comply with the requirements set forth in the Company s bylaws.

The Corporate Governance and Nominating Committee also develops and recommends to the Board corporate governance guidelines applicable to the Company and evaluates the effectiveness of the Board. The Corporate Governance and Nominating Committee had nine meetings in 2015.

Science and Technology Committee. The Science and Technology Committee, formerly known as the Technology Strategy and Investment Committee, consists of Ms. Hobby (Chair), Messrs. Hook, Maxwell, Passerini and Sanford. Dr. Miller and Mr. Bihl served as members of the Science and Technology Committee until their respective resignations from the Board on March 1, 2016. The Science and Technology Committee periodically examines and provides oversight to management s direction and investment in the Company s research and development activities and to its technology and commercialization initiatives, it advises the Board on scientific matters that include major

internal projects, interaction with academic and other outside research organizations and the acquisition of technologies and products, and it advises the Board on the Company s integration activities. The Science and Technology Committee had five meetings in 2015.

Executive Sessions of the Board

The independent non-management directors, consisting of all directors except Mr. Hook, meet without management in executive session at the conclusion of each regularly scheduled Board meeting and at such other times as they deem appropriate. Mr. Sanford, Board Chairman, presides at the meetings of the non-management directors when they meet in executive session.

Board/Committee/Director Evaluations

The Board has a three-part annual evaluation process that is coordinated by the Chairman and the Chair of the Corporate Governance and Nominating Committee: committee self-evaluations; a full board evaluation; and the evaluation of the individual directors. The committee self-evaluations consider whether and how well each committee has performed the responsibilities in its charter, whether the committee members possess the right skills and experience to perform their responsibilities or whether additional education or training is required, whether there are sufficient meetings covering the right topics, whether the meeting materials are effective, and other matters. The full board evaluation considers the following

factors, among others, in light of the committee self-assessments: (i) the effectiveness of the board organization and committee structure; (ii) the quality of meetings, agendas, presentations and meeting materials; (iii) the effectiveness of director preparation and participation in discussions; (iv) the effectiveness of director selection, orientation and continuing education processes; (v) the effectiveness of the process for establishing the Chief Executive Officer s performance criteria and evaluating his performance; and (vi) the quality of administrative planning and logistical support.

Individual director performance assessments are conducted informally as needed and involve a discussion among the Chairman and other directors, including members of the Corporate Governance and Nominating Committee. In addition, the Chairman and the Chair of the Corporate Governance and Nominating Committee provide individual feedback, as necessary.

Communications with the Board

Any stockholder or interested party who wishes to communicate with the Board may do so electronically by sending an e-mail to Messrs. Sanford or Dziedzic via the Whistleblower Information page which can be accessed under the Investor Relations drop-down menu of the Company s website (www.greatbatch.com) under Governance, by leaving a confidential voicemail message for either Mr. Sanford (716-759-5501) or Mr. Dziedzic (716-759-5508), or by writing to the following address: Board of Directors, Greatbatch, Inc., 10000 Wehrle Drive, Clarence, NY 14031.

Compensation Committee Interlocks and Insider Participation

In fiscal year 2015, Ms. Bailey and Messrs. Dziedzic, Soderberg and Summers served on the Compensation and Organization Committee. Ms. Dall also served as a member of the Compensation and Organization Committee until her resignation from the Board on October 14, 2015. No person who served as a member of the Compensation and Organization Committee during fiscal year 2015 was (i) an officer or employee of the Company or any of its subsidiaries during such fiscal year, (ii) formerly an officer of the Company or any of its subsidiaries or (iii) had any relationship requiring disclosure by the Company under Item 404 of Regulation S-K under the Securities Act of 1933, as amended.

2015 Director Compensation

The Company uses a combination of cash and stock-based incentive compensation to attract and retain qualified candidates to serve on our Board. For 2015, each non-employee director was paid a retainer of $170,000 ($280,000 for the Chairman) in a combination of cash and equity awards. In setting director compensation, the Company considers the significant amount of time that directors expend in fulfilling their duties to the Company as well as the skill-level required for members of the Board. Directors who are also employees of the Company receive no additional remuneration for services as a director. All awards and changes to directors compensation are approved by the Board.

Cash Compensation - For 2015, the cash portion of each non-employee director s annual retainer was $50,000. Directors also received additional cash payments as follows:

Chairman of the Board	$50,000
Audit Committee Chair	20,000
Compensation and Organization Committee Chair	15,000
Corporate Governance and Nominating Committee Chair	10,000

Science and Technology Committee Chair	10,000
Committee Meeting Fees for each meeting attended in excess of ten	1,000 per meeting attended
Board Meeting Fees for each meeting attended in excess of five	1,000 per meeting attended

Equity Compensation For 2015, the equity-based portion of each non-employee director s annual retainer was equal in value to $120,000 ($180,000 for the Chairman) consisting of 75 percent in value in restricted shares of common stock (based on the closing price of the common stock on the date of grant) and 25 percent in value in stock options (computed using the Black-Scholes method). The stock options have an exercise price equal to the closing price of the common stock on the date of grant. The number of shares of restricted stock granted is calculated using the closing price of the Company s common stock on the date of grant. All equity-based awards vest in equal quarterly installments of 25% on the first day of each quarter of the Company s fiscal year in which they were granted. For 2015, the equity awards were granted on January 3, 2015.

On the date a non-employee director first becomes a member of the Board, that director is granted a stock option award equal in value to $100,000. The number of stock options awarded is determined using the Black-Scholes value of those options on the date of grant. The stock options have an exercise price equal to the closing price of the common stock on the date of grant and become exercisable in three equal annual installments beginning on the first Company fiscal year-end date which is at least six months after the date of grant.

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In order to align the interests of our directors with the interests of our stockholders and to promote our commitment to sound corporate governance, the Compensation and Organization Committee designed and the Board approved stock ownership guidelines for non-employee directors. These ownership guidelines call for non-employee directors to own at least 6,000 shares of the Company s common stock within five years of election as a director. In addition, non-employee directors may not sell shares of the Company s Common Stock unless the value of a non-employee director s holdings exceeds five times the amount of the annual cash retainer paid to the non-employee director.

The following table provides the status of our directors towards achieving these ownership guidelines as of March 15, 2016:

Non-Employee Directors	% of Ownership Guideline Achieved
Pamela G. Bailey	Achieved
Joseph W. Dziedzic	Achieved
Jean Hobby[(1)]	45%
M. Craig Maxwell[(1)]	45%
Filippo Passerini[(1)]	45%
Bill R. Sanford	Achieved
Peter H. Soderberg	Achieved
William B. Summers, Jr.	Achieved

(1) Appointed as director on July 2, 2105.

The following table contains information concerning the total compensation earned by each non-employee director of the Company during 2015:

Name	Fees Earned or Paid in Cash	Stock Awards	Option Awards	Non-Equity Incentive Plan Comp.	Change in Pension Value and Non-Qualified Deferred Comp. Earnings	All Other Comp.	Total
	(1)	(2)(6)	(2)(6)				
Pamela G. Bailey	$72,000	$89,972	$29,995	$	$	$	$191,967
Anthony P. Bihl III (3)	72,000	89,972	29,995				191,967
Marcia Dall (4)	35,334	59,979	119,990				215,303
Joseph W. Dziedzic	88,000	89,972	29,995				207,967
Jean Hobby (5)	29,000	44,994	114,988				188,982
M. Craig Maxwell (5)	28,000	44,994	114,988				187,982
Dr. Joseph A. Miller, Jr. (3)	67,000	89,972	29,995				186,967

Filippo Passerini (5)	25,000	44,994	114,988	184,982
Bill R. Sanford	105,000	134,983	44,997	284,980
Peter H. Soderberg	87,000	89,972	29,995	206,967
William B. Summers, Jr.	69,000	89,972	29,995	188,967

(1) The amounts indicated represent the amount earned for retainers and Board or committee meeting fees.

(2) The amounts represent the aggregate fair value of awards granted. The valuation is based on the assumptions and methodology set forth in Notes 1 and 11 to our financial statements included in our Annual Report on Form 10-K, which was filed with the SEC on March 1, 2016.

(3) In connection with the spin-off of the Company s QiG Group subsidiary (converted into Nuvectra Corporation), Mr. Bihl and Dr. Miller each resigned from the Board effective March 1, 2016.

(4) Ms. Dall joined the Board of Directors on May 1, 2015 and served as a member until her resignation on October 14, 2015.

(5) Ms. Hobby, Mr. Maxwell, and Mr. Passerini each joined the Board of Directors on July 2, 2015.

(6) The following table contains information concerning the unvested stock awards and outstanding stock options for each non-employee director of the Company:

Name	Aggregate Number of Stock Options Held at January 1, 2016	Aggregate Number of Unvested Stock Awards at January 1, 2016
Pamela G. Bailey	55,644	
Anthony P. Bihl III	32,338	
Joseph W. Dziedzic	19,129	
Jean Hobby	8,720	
M. Craig Maxwell	8,720	
Dr. Joseph A. Miller, Jr.	55,644	
Filippo Passerini	8,720	
Bill R. Sanford	81,392	
Peter H. Soderberg	55,644	
William B. Summers, Jr.	55,644	

Compensation Review - Consistent with current best practices and with the assistance of information provided by Ernst & Young LLP, the Board reviews director compensation every 2 to 3 years. In 2015, the Corporate Governance and Nominating Committee engaged Ernst and Young to perform a market study related to the compensation of the non-employee directors, since the last study performed was in 2013. On December 14, 2015, the Board, on the recommendation of the Corporate Governance and Nominating Committee of the Board, approved a new compensation program for non-employee directors effective beginning in 2016.

Under the new program, the annual cash retainer will be $60,000. The Company will pay an additional $1,000 for each Board committee meeting attended in person or telephonically in excess of five during the year and an additional $1,000 for each Board committee meeting attended in person or telephonically in excess of ten in the aggregate during the year. In the case of a committee chairperson, additional retainers will be paid as follows: Audit Committee chair, $20,000; Compensation and Organization Committee chair, $15,000; Corporate Governance and Nominating Committee chair, $10,000; and the Science and Technology Committee chair, $10,000.

In addition, each non-employee director will receive an annual incentive award equal in value to $130,000 and consisting of 75 percent in value in restricted shares of common stock (based on the closing price of the common stock on the date of grant) and 25 percent in value in stock options (computed using the Black-Scholes method), each of which vests in four equal installments in advance on the first day of each quarter in the year awarded.

The Non-Executive Chairman will be paid an additional annual cash retainer of $60,000 and an additional annual equity retainer of $60,000. The additional equity compensation shall be awarded at the same time and in the same manner as the annual equity compensation paid to each non-employee director. The stock options granted will have an exercise price equal to the closing price of the common stock as of the close of business on the grant date.

On the date a non-employee first becomes a member of the Board, such non-employee director shall be granted a stock option award for common stock equal in value to $120,000. The shares granted under such stock option have an exercise price equal to the closing price of the common stock as of the close of business on the grant date. Each such stock option shall be exercisable in three equal annual installments beginning on the first occurrence of December 31 which is at least six months after the date of grant.

Related Person Transactions

The Board has adopted a written policy setting forth procedures for the review, approval and monitoring of transactions involving the Company and related persons of the Company. A copy of the Company s policy on related person transactions can be accessed under the Investor Relations drop-down menu of the Company s website (www.greatbatch.com) under Governance. Under this policy, every proposed transaction between the Company and a director, executive officer, a director nominee, stockholder owning in excess of 5% of the common stock or any immediate family member or entity of the foregoing persons involving an amount in excess of $120,000 and in which the related person will have a direct or indirect material interest, must be approved or ratified by the Audit Committee. If the transaction involves a related person who is a director or an immediate family member of a director, such director may not participate in the deliberations or vote regarding such approval. All related person transactions are reported by the Audit Committee to the Board. The Board has determined that there were no related person transactions, as defined above, that occurred in 2015.

Audit Committee Report

The Audit Committee consists of Ms. Hobby and Messrs. Maxwell, Dziedzic (Chair) and Soderberg, each of whom the Board has determined is independent in accordance with applicable laws and the listing standards of the NYSE. The Board has also determined that Ms. Hobby and Messrs. Dziedzic and Soderberg each also qualify as an audit committee financial expert under the applicable rules of the SEC.

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The Audit Committee reviewed and discussed the information contained in the Company s 2015 quarterly earnings announcements with management and the independent registered public accounting firm prior to public release. They also reviewed and discussed the information contained in the Company s 2015 Quarterly Reports on Form 10-Q and Annual Report on Form 10-K with management and the independent registered public accounting firm prior to filing with the SEC. In addition, the Audit Committee met regularly with management, internal auditors and the independent registered public accounting firm on various financial and operational matters, including to review plans and scope of audits and audit reports and to discuss necessary action.

In connection with the Company s fiscal year 2015 consolidated financial statements, the Audit Committee has:

- reviewed and discussed with management the Company s 2015 audited consolidated financial statements;

- discussed with the Company s independent registered public accounting firm the matters required to be discussed by Public Company Accounting Oversight Board (PCAOB) Auditing Standard No. 1301, *Communications with Audit Committees*, Rule 2-07, *Communication with Audit Committees*, of Regulation S-X, and other PCAOB Rules and Standards; and

- received and reviewed the written disclosures and the letter from the Company s independent registered public accounting firm required by applicable requirements of the PCAOB regarding the Company s independent registered public accounting firm s communications with the Audit Committee concerning independence, and has discussed with the independent registered public accounting firm its independence.

Based on the reviews and discussions referred to above, the Audit Committee recommended to the Board, and the Board approved, that the audited consolidated financial statements referred to above be included in the Company s Annual Report on Form 10-K for fiscal year 2015.

Respectfully submitted,

Joseph W. Dziedzic (Chair)

Jean Hobby

M. Craig Maxwell

Peter H. Soderberg

Members of the Audit Committee

OTHER MATTERS

Management does not know of any matters to be presented at this Annual Meeting other than those set forth in this proxy statement and in the notice accompanying this proxy statement. If other matters should properly come before the Annual Meeting, it is intended that the proxy holders will vote on such matters in accordance with their best judgment.

A copy of the Company s Annual Report on Form 10-K for fiscal year 2015 may be obtained without charge by any stockholder by written request made to Christopher J. Thome, Assistant Corporate Controller, Greatbatch, Inc., 10000 Wehrle Drive, Clarence, New York 14031. Additionally, the Company s Annual Report on Form 10-K for fiscal year 2015 can be accessed under the Investor Relations drop-down menu of the Company s website (www.greatbatch.com) under Financial Information.

By Order of the Board of Directors,

/s/ Timothy G. McEvoy

Timothy G. McEvoy

Senior Vice President, General Counsel & Secretary

Frisco, Texas

April 18, 2016

GREATBATCH, INC.

2016 STOCK INCENTIVE PLAN

1 PURPOSE

The name of this plan is the Greatbatch, Inc. 2016 Stock Incentive Plan, as it may be amended from time to time (the Plan). The purpose of this Plan is to promote the interests of Greatbatch, Inc., a Delaware corporation (GB and, together with its Subsidiaries, the Company), and its stockholders by providing officers, other employees, non-employee directors, and service providers of the Company with appropriate incentives and rewards to encourage them to enter into or continue in service to the Company and to acquire a proprietary interest in the long-term success of the Company, while aligning the interests of those officers, other employees, non-employee directors, and service providers with the interests of the stockholders.

The Plan is intended to provide a flexible framework that will permit the development and implementation of a variety of compensatory stock-based programs based on changing needs of the Company, its competitive market and the regulatory climate.

2 DEFINITIONS

As used in the Plan, the following definitions apply to the terms indicated below:

(a) Award Agreement shall mean the written agreement between the Company and a Participant or other document approved by the Committee evidencing an Incentive Award.

(b) Board of Directors shall mean the Board of Directors of GB.

(c) Cause, and the term for cause shall mean,

(1) with respect to a Participant who is a party to a written employment agreement with the Company, which agreement contains a definition of for cause or cause (or words of like import) for purposes of termination of employment thereunder by the Company, for cause or cause as defined in the most recent of such agreements, or

(2) in all other cases, (i) with respect to a Participant, other than a non-employee director, a determination by the Committee, in its sole discretion, that one or more of the following has occurred: (A) any intentional or willful failure, or failure due to bad faith, by such Participant to substantially perform his or her duties to the Company that shall not have been corrected within thirty (30) days following written notice thereof from the Company, (B) any misconduct by such Participant that is significantly injurious to the Company, (C) any breach by such Participant of any covenant contained in an Award Agreement or other instrument pursuant to which an Incentive Award is granted, (D) such Participant s conviction of, or entry of a plea of guilty or nolo contendere in respect of, any felony that results in, or is reasonably expected to result in, economic or reputational injury to the Company, or (E) any material violation of state or federal securities laws or (ii) with respect to a Participant who is a non-employee director, a determination by a majority of the disinterested members of the Board of Directors, in their sole discretion, that one or more of the following has occurred: (A) any intentional or willful failure, or failure due to bad faith, by such non-employee director to substantially perform his or her duties to the Company that shall not have been corrected within thirty (30) days following written notice thereof from the Company, (B) any misconduct by such non-employee director that

is significantly injurious to the Company, (C) any breach by such non-employee director of any covenant contained in an Award Agreement or other instrument pursuant to which an Incentive Award is granted, (D) such non-employee director s conviction of, or entry of a plea of guilty or nolo contendere in respect of, any felony that results in, or is reasonably expected to result in, economic or reputational injury to the Company, or (E) any material violation of state or federal securities laws.

(d) Change in Control occurs if

(1) any Person or related Group of Persons (as such terms are used in Sections 13(d) and 14(d)(2) of the Exchange Act), becomes the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of more than 50% of the total combined voting power of all classes of capital stock of GB normally entitled to vote for the election of directors of GB;

(2) a sale of all or substantially all of the assets of the Company is consummated, in one transaction or a series of related transactions; or

(3) any merger or consolidation of GB is consummated in which the stockholders of GB immediately prior to such transaction own, in the aggregate, less than 50% of the total combined voting power of all classes of capital stock of the surviving entity normally entitled to vote for the election of directors of such surviving entity.

For purposes hereof, ownership of voting securities shall take into account and shall include ownership as determined by applying the provisions of Rule 13d-3(d)(1)(i) (as in effect on the date hereof) pursuant to the Exchange Act.

In addition, notwithstanding anything in the Plan to the contrary, to the extent an amount forming all or a portion of an Incentive Award represents deferred compensation under Section 409A of the Code that becomes payable upon the occurrence of a Change in Control, a Change in Control will not be considered to have occurred unless the event constitutes a change in control event under Section 409A of the Code.

(e) Code shall mean the Internal Revenue Code of 1986, as it may be amended from time to time. Any reference to a section of the Code shall be deemed to include a reference to any applicable regulations promulgated thereunder.

(f) Committee shall mean the Compensation and Organization Committee of the Board of Directors or such other committee as the Board of Directors shall appoint from time to time to administer the Plan; provided, that the Committee shall at all times consist of two or more persons, each of whom shall be a member of the Board of Directors and shall comply with the requirements of any securities exchange on which the Company Stock is listed, quoted or traded. To the extent required for transactions under the Plan to qualify for the exemptions available under Rule 16b-3 (as defined herein), members of the Committee (or any subcommittee thereof) shall be non-employee directors within the meaning of Rule 16b-3. To the extent required for compensation realized from Incentive Awards (as defined herein) under the Plan to be deductible by the Company pursuant to Section 162(m) of the Code, members of the Committee (or any subcommittee thereof) shall be outside directors within the meaning of Section 162(m) of the Code.

(g) Company Stock shall mean the common stock, par value $0.001 per share, of GB.

(h) Covered Employee means a Participant who is, or could be, a covered employee within the meaning of Section 162(m) of the Code.

(i) Disability, unless otherwise provided in an Award Agreement, shall mean

(1) with respect to a Participant who is a party to a written employment agreement with the Company that contains a definition of disability or permanent disability (or words of like import) for purposes of termination of employment thereunder by the Company, disability or permanent disability as defined in the most recent of such agreements, or

(2) in all other cases, means such Participant s inability to perform substantially his or her duties to the Company by reason of physical or mental illness, injury, infirmity or condition: (A) for a continuous period for 180 days or one or more periods aggregating 180 days in any twelve-month period; (B) at such time as such Participant is eligible to receive disability income payments under any long-term disability insurance plan maintained by the Company; or (C) at such earlier time as such Participant or the Company submits medical evidence, in the form of a physician s certification, that such Participant has a physical or mental illness, injury, infirmity or condition that will likely prevent such Participant from substantially performing his duties for 180 days or longer.

(j) Effective Date shall mean March 1, 2016, the date the Plan was adopted by the Board of Directors, subject to approval by GB s stockholders. The Plan will be deemed to be approved by the stockholders if it receives the affirmative vote of the holders of a majority of the shares of stock of GB present or represented and entitled to vote at a meeting at which a quorum representing a majority of all outstanding voting stock is, either in person or by proxy, present and voting and duly held in accordance with the applicable provisions of GB s Bylaws. Incentive Awards may be granted under the Plan at any time prior to the receipt of stockholder approval; provided, however, that each such grant shall automatically terminate in the event such approval is not obtained. For avoidance of doubt, this automatic termination shall also apply to any Incentive Awards issued pursuant to the adjustment provisions of Sections 3(e) or 3(f) as a result of the spin-off of the Company s subsidiary, Nuvectra Corporation, including incentive awards of Nuvectra Corporation. Without limiting the foregoing, no Option or SAR may be exercised prior to the receipt of such approval, and no share certificate will be issued pursuant to a grant of Restricted Stock or Stock Bonus prior to the receipt of such approval.

(k) Exchange Act shall mean the Securities Exchange Act of 1934, as amended.

(l) Fair Market Value means, for any particular date, (i) for any period during which the Company Stock shall be (A) listed for trading on a national securities exchange, including, without limitation, the New York Stock Exchange or the NASDAQ Stock Market, (B) listed for trading on a national market system, or (C) listed, quoted or traded on any automated quotation system, the closing price per share of Company Stock on such exchange or system as of the close of such trading day, as reported in the *Wall Street Journal* or such other source as the Committee deems reliable, or (ii) the market price per share of Company Stock as determined in good faith by the Committee in the event (i) above shall not be applicable. If the Fair Market Value is to be determined as of a day when the securities markets are not open, the Fair Market Value on that day shall be the Fair Market Value on the first prior preceding day when the markets were open.

(m) Grant Date shall mean the date on which an Incentive Award is granted to a Participant.

(n) Incentive Award shall mean an Option, SAR, share of Restricted Stock, Restricted Stock Unit or Stock Bonus (each as defined herein) granted pursuant to the terms of the Plan.

(o) Incentive Stock Option shall mean an Option that is an incentive stock option within the meaning of Section 422 of the Code.

(p) Non-Qualified Stock Option shall mean an Option that is not an Incentive Stock Option.

(q) Option shall mean an option to purchase shares of Company Stock granted pursuant to Section 7.

(r) Participant shall mean an employee, a non-employee consultant or service provider, or non-employee director of the Company to whom an Incentive Award is granted pursuant to the Plan and, upon his or her death, his or her successors, heirs, executors and administrators, as the case may be.

(s) Performance-Based Award means an Incentive Award granted to selected Covered Employees pursuant to Sections 7, 8, 9 or 10, but which is subject to the terms and conditions set forth in Section 12. All Performance-Based Awards are intended to qualify as Qualified Performance-Based Compensation.

(t) Performance Criteria means the criteria that the Committee selects for purposes of establishing the Performance Goal or Performance Goals for a Participant for a Performance Period. The Performance Criteria that will be used to establish Performance Goals are limited to the following: (i) net earnings or net income (either before or after one or more of the following: interest, taxes, depreciation, amortization, and non-cash equity-based compensation expenses), (ii) economic value-added (as determined by the Committee), (iii) sales or revenue, (iv) net earnings or net income (either before or after taxes), (v) operating earnings or income, (vi) cash flow (including, but not limited to, operating cash flow and free cash flow), (vii) gross profit or gross profit growth, (viii) cash flow return on capital, (ix) return on investment, (x) return on stockholders equity, (xi) return on assets or net assets, (xii) return on capital, (xiii) stockholder returns, (xiv) return on sales, (xv) gross or net profit margin, (xvi) productivity, (xvii) expenses or expense targets, (xviii) margins, (xix) improvement of capital structure, (xx) operating efficiency, (xxi) cost reduction or savings, (xxii) budget and expense management, (xxiii) customer satisfaction, (xxiv) working capital, (xxv) basic or diluted earnings or loss per share (before or after taxes), (xxvi) price per share of Company Stock (including, but not limited to growth measures or total stockholder return), (xxvii) completion of acquisitions or business expansion, (xxviii) regulatory achievements or compliance (including, without limitation, regulatory body approval for commercialization of a product), (xxix) implementation or completion of critical products, (xxx) enterprise value, and (xxxi) market share, any of which may be measured either in absolute terms or as compared to any incremental

increase or as compared to results of a peer group. The Committee shall, within the time prescribed by Section 162(m) of the Code, define in an objective fashion the manner of calculating the Performance Criteria it selects to use for such Performance Period for such Participant.

(u) Performance Goals means, for a Performance Period, the one or more goals established in writing by the Committee for the Performance Period based upon the Performance Criteria. Depending on the Performance Criteria used to establish such Performance Goals, the Performance Goals may be expressed in terms of overall Company performance or the performance of a division, business unit, operational unit, or an individual. The Committee, in its sole

discretion, may adjust or modify the calculation of Performance Goals for such Performance Period in order to prevent the dilution or enlargement of the rights of Participants (i) in the event of, or in anticipation of, any unusual or extraordinary corporate item, transaction, event, or development, (ii) in recognition of, or in anticipation of, any other unusual or nonrecurring events affecting the Company (determined consistent with U.S. Generally Accepted Accounting Principles), or the financial statements of the Company, or (iii) in response to, or in anticipation of, changes in applicable laws, regulations, accounting principles, or business conditions.

(v) Performance Period means the one or more periods of time, which may be of varying or overlapping durations, as the Committee may select, over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Participant s right to, and the payment of, a Performance-Based Award.

(w) Qualified Performance-Based Compensation means any compensation that is intended to qualify as qualified performance-based compensation as described in Section 162(m)(4)(C) of the Code.

(x) Reprice shall mean (A) changing the terms of an Incentive Award to lower its exercise price; (B) any other action that is treated as a repricing under generally accepted accounting principles; and (C) repurchasing for cash or canceling an Incentive Award at a time when its exercise price is greater than the Fair Market Value of the underlying stock in exchange for another Incentive Award, unless the cancellation and exchange occurs in connection with a Change in Control. Such cancellation and exchange would be considered a repricing regardless of whether it is treated as a repricing under generally accepted accounting principles and regardless of whether it is voluntary on the part of the Participant.

(y) A share of Restricted Stock shall mean a share of Company Stock that is granted pursuant to the terms of Section 9 hereof and that is subject to the restrictions set forth in Section 9(c).

(z) Restricted Stock Unit means a contractual right to receive a share of Company Stock in the future that is granted pursuant to the terms of Section 10.

(aa) Retirement means a Participant s voluntary termination of service with the Company occurring on or after the date (i) the Participant has attained age 59 ½, and (ii) the sum of the Participant s age and length of service with the Company equals at least 69 ½ years.

(bb) Rule 16b-3 shall mean the rule thus designated as promulgated under the Exchange Act.

(cc) SAR shall mean a stock appreciation right granted pursuant to Section 8.

(dd) Stock Bonus shall mean a bonus payable in shares of Company Stock or a payment made in shares of Company Stock pursuant to a deferred compensation plan of the Company.

(ee) Subsidiary shall mean any corporation or other entity in which, at the time of reference, the Company owns, directly or indirectly, stock or similar interests comprising more than fifty percent (50%) of the combined voting power of all outstanding securities of such entity.

(ff) Vesting Date shall mean the date established by the Committee on which a share of Restricted Stock or Restricted Stock Unit may vest.

3 STOCK SUBJECT TO THE PLAN

(a) Company Stock Available for Incentive Awards

The total number of shares of Company Stock with respect to which Incentive Awards may be granted shall not exceed 1,450,000 shares (the Share Limit). Such shares may be authorized but unissued Company Stock or authorized and issued Company Stock held in the Company s treasury or acquired by the Company for the purposes of the Plan. The Committee may direct that any stock certificate evidencing shares issued pursuant to the Plan shall bear a legend setting forth such restrictions on transferability as may apply to such shares pursuant to the Plan.

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(b) Total Grants by Award Type

The aggregate number of shares of Company Stock to be awarded under the Plan as Incentive Stock Options shall not exceed 1,450,000 shares. With respect to SARs, when a stock settled SAR is exercised, the shares subject to such SAR shall be counted against the Share Limit as one (1) share for every share subject thereto, regardless of the number of shares used to settle the SAR upon exercise.

(c) Non-Employee Director Limitation

The maximum number of shares of Company Stock subject to Incentive Awards awarded during a single fiscal year to any non-employee director, taken together with any cash fees paid to such non-employee director during the fiscal year, shall not exceed $500,000 in total value (calculating the value of any such Incentive Awards based on the grant date fair value of such Incentive Awards for financial reporting purposes.

(d) Employee Limitation

The aggregate number of shares of Company Stock subject to (i) Options and SARs awarded to any one employee during any fiscal year of the Company, including awards made pursuant to Section 12, shall not exceed 200,000 shares, and (ii) Incentive Awards, other than Options and SARs, awarded to any one employee during any fiscal year of the Company shall not exceed 200,000 shares. Determinations under the preceding sentence shall be made in a manner that is consistent with Section 162(m) of the Code and regulations promulgated thereunder. The provisions of this Section 3(d) shall not apply in any circumstance with respect to which the Committee determines that compliance with Section 162(m) of the Code is inadvisable or unnecessary.

(e) Adjustment for Change in Capitalization

If there is any change in the outstanding shares of Company Stock by reason of a stock dividend or distribution, stock split-up, recapitalization, combination or exchange of shares, or by reason of any merger, consolidation, spinoff or other corporate reorganization in which the Company is the surviving corporation, the number of shares available for issuance both in the aggregate and with respect to each outstanding Incentive Award, the price per share under each outstanding Incentive Award, and the limitations set forth in Sections 3(b), (c) and (d), will be proportionately adjusted by the Committee, whose determination shall be final and binding. After any adjustment made pursuant to this Section 3(e), the number of shares subject to each outstanding Incentive Award shall be rounded down to the nearest whole number.

(f) Other Adjustments

In the event of any transaction or event described in Section 3(e) or any unusual or nonrecurring transactions or events affecting the Company, any affiliate of the Company, or the financial statements of the Company or any affiliate of the Company (including, without limitation, any Change inline; FONT-WEIGHT: bold; FONT-SIZE: 10pt; FONT-STYLE: italic; FONT-FAMILY: times new roman">(unaudited, in thousands)

Balance
Investment
Allowance
Investment (1)
Recognized (1)

Investment
Allowance

With no related allowance recorded:

Commercial real estate:

Land and construction

$ 17,412

$ 11,873

$ -

$ 9,460

$ 78

$ 7,047

$ -

Other

37,727

34,486

-

33,029

149

31,571

-

Commercial and industrial

10,382

8,964

-

8,485

9

8,006

-

Residential real estate

16,235

14,978

-

14,555

40

14,131

-

Home equity

1,263

1,117
-
936
-

755
-
Consumer
270
236
-
269
-

302
-
Total impaired loans without a related allowance
83,289
71,654
-
66,734
276

61,812
-
With an allowance recorded:

Commercial real estate:

Land and construction
5,186
5,186
1,805
8,581
45

11,976
3,716
Other
23,088
23,088
6,517
27,698
240

32,308
5,663
Commercial and industrial
5,930
5,930
2,054
5,018
95

4,106
1,051
Total impaired loans with an allowance
34,204
34,204
10,376
41,297
380

48,390
10,430
Total impaired loans
$ 117,493
$ 105,858
$ 10,376
$ 108,031
$ 656

$ 110,202
$ 10,430
(1) The average recorded investment and interest income were calculated for the three months ended March 31, 2011.

The following tables present the recorded investment in renegotiated and non-accrual loans:

	Renegotiated Loans	
(unaudited, in thousands)	March 31, 2011	December 31, 2010
Commercial real estate:		
Land and construction	$ 4,827	$ 10,764
Other	28,147	33,122
Total commercial real estate	32,974	43,886
Commercial and industrial	342	73
Residential real estate	3,267	3,443
Home equity	-	-
Consumer	53	81
Total	$ 36,636	$ 47,483

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(unaudited, in thousands)	Non-accrual Loans March 31, 2011	Non-accrual Loans December 31, 2010
Commercial real estate:		
Land and construction	$ 8,874	$ 4,391
Other	27,225	24,833
Total commercial real estate	36,099	29,224
Commercial and industrial	10,461	7,933
Residential real estate	11,711	10,688
Home equity	1,117	755
Consumer	183	220
Total	$ 59,571	$ 48,820

WesBanco had unfunded commitments to debtors whose loans were classified as impaired of $0.7 million and $1.4 million at March 31, 2011 and December 31, 2010, respectively.

The following table summarizes other real estate owned and repossessed assets included in other assets:

(unaudited, in thousands)	March 31, 2011	December 31, 2010
Other real estate owned	$ 5,308	$ 7,724
Repossessed assets	246	345
Total other real estate owned and repossessed assets	$ 5,554	$ 8,069

NOTE 5. FEDERAL HOME LOAN BANK BORROWINGS

WesBanco is a member of the FHLB System. WesBanco's FHLB borrowings, which consist of borrowings from both the FHLB of Pittsburgh and the FHLB of Cincinnati, are secured by a blanket lien by the FHLB on certain residential mortgage and other loan types or securities with a market value in excess of the outstanding balances of the borrowings. At March 31, 2011 and December 31, 2010 WesBanco had FHLB borrowings of $232.2 million and $253.6 million, respectively, with a weighted-average interest rate of 3.65% and 3.64%, respectively. The decline in borrowings from December 31, 2010 was due to scheduled maturities. The terms of the security agreement with the FHLB include a specific assignment of collateral that requires the maintenance of qualifying mortgage and other types of loans as pledged collateral with unpaid principal amounts in excess of the FHLB advances, when discounted at certain pre-established percentages of the loans' unpaid principal balances. FHLB stock owned by WesBanco totaling $26.1 million at March 31, 2011 and $28.0 million at December 31, 2010 is also pledged as collateral on these advances. The remaining maximum borrowing capacity by WesBanco with the FHLB at March 31, 2011 and December 31, 2010 was estimated to be approximately $962.6 million and $1.0 billion, respectively.

Certain FHLB advances contain call features, which allow the FHLB to call the outstanding balance or convert a fixed rate borrowing to a variable rate advance if the strike rate goes beyond a certain predetermined rate. The probability that these advances will be called depends primarily on the level of related interest rates during the call period. Of the $232.2 million outstanding at March 31, 2011, $106.0 million in FHLB convertible advances are subject to call or conversion to a variable rate advance by the FHLB.

The following table presents the aggregate annual maturities and weighted-average interest rates of FHLB borrowings at March 31, 2011 based on their contractual maturity dates and effective interest rates:

(unaudited, dollars in thousands)	Scheduled	Weighted

Year	Maturity	Average Rate
2011	$ 63,128	3.82%
2012	76,581	3.64%
2013	50,458	3.28%
2014	16,249	3.40%
2015	942	4.69%
2016 and thereafter	24,889	4.10%
Total	$ 232,247	3.65%

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NOTE 6. PENSION PLAN

The following table presents the net periodic pension cost for WesBanco's Defined Benefit Pension Plan (the "Plan") and the related components:

	For the Three Months Ended March 31,	
(unaudited, in thousands)	2011	2010
Service cost – benefits earned during year	$ 636	$ 574
Interest cost on projected benefit obligation	896	867
Expected return on plan assets	(1,396)	(1,184)
Amortization of prior service cost	15	(29)
Amortization of net loss	315	300
Net periodic pension cost	$ 466	$ 528

The Plan covers all employees of WesBanco and its subsidiaries who were hired on or before August 1, 2007 who satisfy minimum age and length of service requirements, and is not available to employees hired after such date.

A minimum required contribution of $2.6 million is due for 2011 which will be funded by the Plan's available credit balance. No decision has been made as of March 31, 2011 relative to the level of contribution in excess of the required minimum that will be made to the Plan, if any.

NOTE 7. FAIR VALUE MEASUREMENTS

Certain assets and liabilities are measured at fair value on a recurring or nonrecurring basis. The following is a discussion of these assets and liabilities and valuation techniques applied to each for fair value measurement:

Securities: The fair value of securities available-for-sale which are measured on a recurring basis are determined primarily by obtaining quoted prices on nationally recognized securities exchanges or matrix pricing, which is a mathematical technique used widely in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other similar securities. These securities are classified within level 1 or 2 of the fair value hierarchy. Positions that are not traded in active markets for which valuations are generated using assumptions not observable in the market or management's best estimate are classified within level 3 of the fair value hierarchy. This includes certain specific municipal debt issues.

Mortgage servicing rights: The fair value of mortgage servicing rights is based on an independent valuation model that calculates the present value of estimated net servicing income. The valuation model incorporates assumptions

based on management's best judgment that are significant inputs to the discounting calculations. If the carrying value exceeds fair value, they are considered impaired and are classified within level 3 of the fair value hierarchy as a result.

Impaired loans: Impaired loans are carried at the lower of cost or the fair value of the collateral for collateral-dependent loans. Collateral may be in the form of real estate or business assets including equipment, inventory and accounts receivable. The use of discounted cash flow models and management's best judgment are significant inputs in arriving at the fair value measure of the underlying collateral and impaired loans are therefore classified within level 3 of the fair value hierarchy.

Other real estate owned and repossessed assets: Other real estate owned and repossessed assets are carried at the lower of the investment in the assets or the fair value of the assets less estimated selling costs. The use of management's best judgment is a significant input in arriving at the fair value measure of the underlying collateral and therefore other real estate owned and repossessed assets are classified within level 3 of the fair value hierarchy.

Loans held for sale: Loans held for sale are carried, in aggregate, at the lower of cost or fair value. The use of a valuation model and management's best judgment are significant inputs in arriving at the fair value and therefore loans held for sale are classified within level 3 of the fair value hierarchy.

The following tables set forth the Company's financial assets and liabilities that were accounted for at fair value on a recurring basis by level within the fair value hierarchy:

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		March 31, 2011 Fair Value Measurements Using:		
(unaudited, in thousands)	Asset at Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Securities - available-for-sale				
Other government agencies	$ 360,152	$ -	$ 360,152	$ -
Corporate debt securities	22,481	-	22,481	-
Residential mortgage-backed securities and collateralized mortgage obligations of government agencies	336,223	-	336,223	-
Obligations of state and political subdivisions	211,855	-	211,809	46
Equity securities	4,889	3,182	1,707	-
Total securities - available-for-sale	$ 935,600	$ 3,182	$ 932,372	$ 46

The Company's policy is to recognize transfers between levels as of the actual date of the event or change in circumstances that caused the transfer. There were no transfers between levels 1 and 2 for the three months ending March 31, 2011.

December 31, 2010
Fair Value Measurements Using:

(unaudited, in thousands)	Asset at Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Securities - available-for-sale				
Other government agencies	$ 363,135	$ -	$ 363,135	$ -
Corporate debt securities	25,583	-	25,583	-
Residential mortgage-backed securities and collateralized mortgage obligations of government agencies	353,345	-	353,345	-
Obligations of state and political subdivisions	210,808	-	210,740	68
Equity securities	4,610	2,884	1,726	-
Total securities - available-for-sale	$ 957,481	$ 2,884	$ 954,529	$ 68

The following table presents additional information about assets measured at fair value on a recurring basis and for which WesBanco has utilized level 3 inputs to determine fair value:

(unaudited, in thousands)	Other residential collateralized mortgage obligations	Obligations of state and political subdivisions	Equity securities	Total
For the Three Months ended March 31, 2011:				
Beginning balance	$ -	$ 68	$ -	$ 68
Total gains and losses included in other comprehensive income	-	-	-	-
Settlements	-	(22)	-	(22)
Ending balance	$ -	$ 46	$ -	$ 46
For the Three Months ended March 31, 2010:				
Beginning balance	$ 33	$ 1,401	$ 242	$ 1,676
Total gains and losses included in other comprehensive income	3	11	-	14
Settlements	(13)	(60)	-	(73)
Ending balance	$ 23	$ 1,352	$ 242	$ 1,617

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We may be required from time to time to measure certain assets at fair value on a nonrecurring basis in accordance with generally accepted accounting principles. These adjustments to fair value usually result from application of lower-of-cost-or-market accounting or write-downs of individual assets. For assets measured at fair value on a nonrecurring basis, the following table provides the level of valuation assumptions used to determine each adjustment

in the carrying value of the related individual assets or portfolios:

		Fair Value Measurements Using:		
(unaudited, in thousands)	Assets at Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
March 31, 2011				
Impaired loans (1)	$ 23,828	$ -	$ -	$ 23,828
Other real estate owned and repossessed assets (2)	5,554	-	-	5,554
Mortgage servicing rights (3)	1,433	-	-	1,433
Loans held for sale (4)	4,087	-	-	4,087
December 31, 2010				
Impaired loans (1)	$ 37,960	$ -	$ -	$ 37,960
Other real estate owned and repossessed assets (2)	8,069	-	-	8,069
Mortgage servicing rights (3)	1,675	-	-	1,675
Loans held for sale (4)	10,800	-	-	10,800

(1) Represents the carrying value of loans for which adjustments are based on the appraised value and management's judgment of the value of collateral.
(2) Other real estate owned and repossessed assets are carried at the lower of the investment in the assets or the fair value of the assets less estimated selling costs.
(3) Represents the carrying value of mortgage servicing rights whose value has been impaired and therefore carried at their fair value as determined from independent valuations.
(4) Loans held for sale are carried, in aggregate, at the lower of cost or fair value.

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NOTE 8. DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value estimates of financial instruments are based on the present value of expected future cash flows, quoted market prices of similar financial instruments, if available, and other valuation techniques. These valuations are significantly affected by discount rates, cash flow assumptions, and risk assumptions used. Therefore, fair value estimates may not be substantiated by comparison to independent markets and are not intended to reflect the proceeds that may be realizable in an immediate settlement of the instruments.

Fair value is determined at one point in time and is not representative of future value. These amounts do not reflect the total value of a going concern organization. Management does not have the intention to dispose of a significant portion of its financial instruments and, therefore, the unrealized gains or losses should not be interpreted as a forecast of future earnings and cash flows.

The following table represents the estimates of fair value of financial instruments:

	March 31, 2011		December 31, 2010	
	Carrying	Fair	Carrying	Fair

(unaudited, in thousands)	Amount	Value	Amount	Value
Financial assets:				
Cash and due from banks	$ 97,076	$ 97,076	$ 79,136	$ 79,136
Securities available-for-sale	935,600	935,600	957,481	957,481
Securities held-to-maturity	531,284	531,581	468,710	465,902
Net loans	3,181,804	3,023,130	3,227,625	3,070,061
Loans held for sale	4,087	4,087	10,800	10,800
Accrued interest receivable	21,599	21,599	20,536	20,536
Bank owned life insurance	107,397	107,397	106,502	106,502
Financial liabilities:				
Deposits	4,212,209	4,233,590	4,172,423	4,201,934
Federal Home Loan Bank borrowings	232,247	237,979	253,606	263,983
Other borrowings	168,014	169,912	187,385	189,094
Junior subordinated debt	106,042	67,934	106,034	55,397
Accrued interest payable	6,035	6,035	6,559	6,559

The following methods and assumptions were used to estimate the fair value of financial instruments:

Cash and due from banks — The carrying amount for cash and due from banks is a reasonable estimate of fair value.

Securities — Fair values for securities are based on quoted market prices, if available. If market prices are not available, then quoted market prices of similar instruments are used. If quoted prices of similar instruments are not available, the fair value is generated from model-based techniques using assumptions not observable in the market.

Net loans — Fair values for loans are estimated using a discounted cash flow methodology. The discount rates take into account interest rates currently being offered to customers for loans with similar terms, the credit risk associated with the loan and market factors, including liquidity. In the current market environment for loans, investors are generally requiring a much higher rate of return than the return inherent in loans if held to maturity given the general lack of market liquidity. The valuation of the loan portfolio reflects discounts that WesBanco believes are consistent with transactions occurring in the marketplace for both performing and distressed loan types. The carrying value that fair value is compared to is net of the allowance for loan losses and other associated premiums and discounts.

Loans held for sale — Loans held for sale are carried, in aggregate, at the lower of cost or fair value.

Accrued interest receivable — The carrying amount of accrued interest receivable approximates its fair value.

Bank-Owned Life Insurance — The carrying value of bank-owned life insurance represents the net cash surrender value of the underlying insurance policies, should these policies be terminated. Management believes that the carrying value approximates fair value.

Deposits — The carrying amount is considered a reasonable estimate of fair value for demand, savings and other variable rate deposit accounts. The fair value of fixed maturity certificates of deposit is estimated by a discounted cash flow method using the rates currently offered for deposits of similar remaining maturities.

Federal Home Loan Bank borrowings — For FHLB borrowings, fair value is based on rates currently available to WesBanco for borrowings with similar terms and remaining maturities.

Other borrowings — Fair values for federal funds purchased and repurchase agreements are based on quoted market prices, if available. If market prices are not available, then quoted market prices of similar instruments are used.

Junior subordinated debt owed to unconsolidated subsidiary trusts — Due to the pooled nature of these instruments, which are not actively traded on an equity market, estimated fair value is based on broker prices from recent similar sales.

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Accrued interest payable — The carrying amount of accrued interest payable approximates its fair value.

Off-balance sheet financial instruments — Off-balance sheet financial instruments consist of commitments to extend credit including letters of credit. Fair values for commitments to extend credit are estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present credit standing of the counterparties. The estimated fair value of the commitments to extend credit and letters of credit are insignificant and therefore not presented in the above table.

NOTE 9. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments — In the normal course of business, WesBanco offers off-balance sheet credit arrangements to enable its customers to meet their financing objectives. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the financial statements. WesBanco's exposure to credit losses in the event of non-performance by the other parties to the financial instruments for commitments to extend credit and standby letters of credit is limited to the contractual amount of those instruments. WesBanco uses the same credit policies in making commitments and conditional obligations as for all other lending. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The allowance for credit losses associated with loan commitments was $0.8 million and $1.4 million as of March 31, 2011 and December 31, 2010 respectively, and is included in other liabilities on the Consolidated Balance Sheets.

Letters of credit are conditional commitments issued by banks to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support public and private borrowing arrangements, including normal business activities, bond financing and similar transactions. Standby letters of credit are considered guarantees. The liability associated with standby letters of credit is recorded at its estimated fair value of $0.1 million as of both March 31, 2011 and December 31, 2010, respectively, and is included in other liabilities on the Consolidated Balance Sheets.

Affordable housing plan guarantees are performance guarantees for various building project loans. The guarantee amortizes as the loan balances decrease.

The following table presents total commitments to extend credit, guarantees and various letters of credit outstanding:

(unaudited, in thousands)	March 31, 2011	December 31, 2010
Commitments to extend credit	$ 697,548	$ 648,839
Standby letters of credit	35,733	35,794
Affordable housing plan guarantees	4,226	4,255

In addition to the commitments above, WesBanco Bank Community Development Corporation ("WBCDC"), a wholly-owned subsidiary of WesBanco Bank, Inc. has made a $1.0 million commitment to an investment company in order to provide investments in early stage companies in the State of Ohio.

CONTINGENT LIABILITIES—WesBanco and its subsidiaries are parties to various legal and administrative proceedings and claims. While any claim contains an element of uncertainty, management believes that the outcome of such proceedings or claims pending or known to be threatened will not have a material adverse effect on WesBanco's consolidated financial position.

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NOTE 10. BUSINESS SEGMENTS

WesBanco operates two reportable segments: community banking and trust and investment services. WesBanco's community banking segment offers services traditionally offered by full-service commercial banks, including commercial demand, individual demand and time deposit accounts, as well as commercial, mortgage and individual installment loans, and certain non-traditional offerings, such as insurance and securities brokerage services. The trust and investment services segment offers trust services as well as various alternative investment products including mutual funds. The market value of assets of the trust and investment services segment was approximately $3.1 billion and $2.8 billion at March 31, 2011 and 2010, respectively. These assets are held by WesBanco in fiduciary or agency capacities for their customers and therefore are not included as assets on WesBanco's Consolidated Balance Sheets.

Condensed financial information by business segment is presented below:

(unaudited, in thousands)	Community Banking	Trust and Investment Services	Consolidated
For the Three Months ended March 31, 2011:			
Interest income	$ 56,098	$ -	$ 56,098
Interest expense	14,622	-	14,622
Net interest income	41,476	-	41,476
Provision for credit losses	8,041	-	8,041
Net interest income after provision for credit losses	33,435	-	33,435
Non-interest income	9,742	4,762	14,504
Non-interest expense	32,914	2,577	35,491
Income before provision for income taxes	10,263	2,185	12,448
Provision for income taxes	1,334	874	2,208
Net income	$ 8,929	$ 1,311	$ 10,240
For the Three Months ended March 31, 2010:			
Interest income	$ 60,565	$ -	$ 60,565
Interest expense	19,932	-	19,932
Net interest income	40,633	-	40,633
Provision for credit losses	11,500	-	11,500
Net interest income after provision for credit losses	29,133	-	29,133
Non-interest income	10,983	4,058	15,041
Non-interest expense	32,940	2,454	35,394
Income before provision for income taxes	7,176	1,604	8,780
Provision for income taxes	228	642	870
Net income	$ 6,948	$ 962	$ 7,910

Total non-fiduciary assets of the trust and investment services segment were $2.6 million and $1.5 million at March 31, 2011 and 2010, respectively. All goodwill and other intangible assets were allocated to the community banking

segment.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis represents an overview of the results of operations and financial condition of WesBanco. This discussion and analysis should be read in conjunction with the Consolidated Financial Statements and Notes thereto.

FORWARD-LOOKING STATEMENTS

Forward-looking statements in this report relating to WesBanco's plans, strategies, objectives, expectations, intentions and adequacy of resources, are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The information contained in this report should be read in conjunction with WesBanco's Form 10-K for the year ended December 31, 2010 and documents subsequently filed by WesBanco with the Securities and Exchange Commission ("SEC"), which are available at the SEC's website www.sec.gov or at WesBanco's website, www.wesbanco.com. Investors are cautioned that forward-looking statements, which are not historical fact, involve risks and uncertainties, including those detailed in WesBanco's most recent Annual Report on Form 10-K filed with the SEC under "Risk Factors" in Part I, Item 1A. Such statements are subject to important factors that could cause actual results to differ materially from those contemplated by such statements, including without limitation, the effects of changing regional and national economic conditions; changes in interest rates, spreads on earning assets and interest-bearing liabilities, and associated interest rate sensitivity; sources of liquidity available to WesBanco and its related subsidiary operations; potential future credit losses and the credit risk of commercial, real estate, and consumer loan customers and their borrowing activities; actions of the Federal Reserve Board, the Federal Deposit Insurance Corporation, the SEC, Financial Institution Regulatory Authority, Municipal Securities Rulemaking Board, Securities Investors Protection Corporation, and other regulatory bodies; potential legislative and federal and state regulatory actions and reform, including, without limitation, the impact of the implementation of the Dodd-Frank Act; adverse decisions of federal and state courts; fraud, scams and schemes of third parties; internet hacking; competitive conditions in the financial services industry; rapidly changing technology affecting financial services; marketability of debt instruments and corresponding impact on fair value adjustments; and/or other external developments materially impacting WesBanco's operational and financial performance. WesBanco does not assume any duty to update forward-looking statements.

OVERVIEW

WesBanco is a multi-state bank holding company operating through 112 branches and 126 ATM machines in West Virginia, Ohio and Western Pennsylvania, offering retail banking, corporate banking, personal and corporate trust services, brokerage services, mortgage banking and insurance. WesBanco's businesses are significantly impacted by economic factors such as market interest rates, federal monetary and regulatory policies, local and regional economic conditions and the competitive environment's effect upon WesBanco's business volumes. WesBanco's deposit levels are affected by numerous factors including personal savings rates, personal income, and competitive rates on alternative investments, as well as competition from other financial institutions within the markets we serve and liquidity needs of WesBanco. Loan levels are also subject to various factors including construction demand, business financing needs, consumer spending and interest rates and loan terms offered by competing lenders.

APPLICATION OF CRITICAL ACCOUNTING POLICIES AND ESTIMATES

WesBanco's critical accounting policies involving the significant judgments and assumptions used in the preparation of the Consolidated Financial Statements as of March 31, 2011 have remained unchanged from the disclosures presented in WesBanco's Annual Report on Form 10-K for the year ended December 31, 2010 under the section "Management's Discussion and Analysis of Financial Condition and Results of Operations."

RESULTS OF OPERATIONS

EARNINGS SUMMARY

Net income for the three months ended March 31, 2011 was $10.2 million as compared to $7.9 million for the first quarter of 2010, representing an increase of 29.5%, while diluted earnings per share were $0.39, as compared to $0.30 per share for the first quarter of 2010.

Net interest income increased $0.8 million or 2.1% in the first quarter as compared to the first quarter of 2010 due to the management of rates on loans and other earning assets, while significantly improving the funding mix to reduce overall cost of funds for both deposits and other borrowings. The net interest margin improved to 3.67% in the first three months of 2011, an increase of 10 basis points as compared to the first quarter of 2010, and it was also slightly higher than the 2010 fourth quarter rate of 3.66%. The average rate on interest bearing liabilities decreased by 47 basis points, while the rate on earning assets declined at a slower pace of 34 basis points. Lower offered rates on maturing, higher-rate certificates of deposit, an increase in lower-cost transaction account products such as non-interest bearing checking and money market accounts and utilization of liquidity from increased deposits and loan balance reductions to reduce higher cost borrowings all contributed to the improvement in the cost of funds.

The provision for credit losses decreased $3.5 million in the first quarter as compared to the same quarter of 2010 and decreased $1.6 million as compared to the fourth quarter of 2010. The allowance for loan losses was relatively unchanged at March 31, 2011 as compared to December 31, 2010 and was 1.89% of total loans as compared to 1.86% at December 31, 2010 and 1.91% at March 31, 2010. Net charge-offs increased $1.3 million in the first quarter as compared to the first quarter of 2010, and $1.7 million as compared to the fourth quarter of 2010, but remain significantly below average quarterly net charge-offs over the last two years. Non-accrual loans at March 31, 2011 decreased $8.9 million compared to March 31, 2010, but increased $10.8 million from the fourth quarter of 2010. The increase in non-accrual loans did not have a material effect on the allowance or provision for credit losses because loans that migrated to non-accrual during the quarter were previously classified and in certain instances also reported as renegotiated, and adequately reserved in prior periods. Total classified and criticized loans at March 31, 2011 decreased

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$32.2 million compared to March 31, 2010 and $10.6 million compared to the fourth quarter of 2010. Renegotiated loans increased $7.4 million compared to March 31, 2010, but decreased $10.8 million from the fourth quarter of 2010.

Non-interest income decreased $0.5 million or 3.6% as compared to the first quarter of 2010 principally due to a $1.4 million decline in net security gains and a $1.1 million decline in service charges on deposits resulting from regulatory changes which led to fewer customer overdraft transactions. However, these decreases were mostly offset by a $0.7 million or 17.4% increase in trust fees from new business and market value improvements, and a $1.0 million improvement in net losses on other real estate owned and a $0.4 million increase in electronic banking fees.

In the first quarter, non-interest expense was relatively unchanged as compared to the first quarter of 2010. Salaries, wages and employee benefits increased $0.6 million due to regular compensation increases late in the first quarter of 2010 and increased health and other employee insurance costs, while marketing expense increased $0.4 million from promotions focused on growing demand deposits and home equity loans. These increases were offset by decreases in occupancy and equipment expense due to reductions in required seasonal maintenance and decreases in depreciation expense and restructuring costs. Non-interest expense decreased in many other categories as WesBanco continued to improve the expense structure and efficiency of its operations.

NET INTEREST INCOME

TABLE 1. NET INTEREST INCOME

	For the Three Months Ended March 31,	
(unaudited, dollars in thousands)	2011	2010
Net interest income	$ 41,476	$ 40,633
Taxable equivalent adjustments to net interest income	1,608	1,612
Net interest income, fully taxable equivalent	$ 43,084	$ 42,245
Net interest spread, non-taxable equivalent	3.33%	3.23%
Benefit of net non-interest bearing liabilities	0.20%	0.21%
Net interest margin	3.53%	3.44%
Taxable equivalent adjustment	0.14%	0.13%
Net interest margin, fully taxable equivalent	3.67%	3.57%

Net interest income, which is WesBanco's largest source of revenue, is the difference between interest income on earning assets, primarily loans and securities, and interest expense on liabilities, comprised of deposits and short and long-term borrowings. Net interest income is affected by the general level of and changes in interest rates, the steepness of the yield curve, changes in the amount and composition of interest earning assets and interest bearing liabilities, as well as the frequency of repricing and turnover of those assets and liabilities. Net interest income increased $0.8 million or 2.1% in the first quarter of 2011 as compared to the first quarter of 2010 due to the management of rates on loans and other earning assets, while significantly improving the funding mix to reduce overall cost of funds for both deposits and other borrowings. Average earning assets were nearly unchanged. The net interest margin improved to 3.67% in the first three months of 2011, an increase of 10 basis points as compared to the first quarter of 2010, and was also slightly higher than the 2010 fourth quarter rate of 3.66%. The average rate on interest bearing liabilities decreased by 47 basis points, while the rate on earning assets declined at a slower pace of 34 basis points. Lower offered rates on maturing, higher-rate certificates of deposit, and an increase in lower-cost transaction account products such as non-interest bearing checking and money market accounts all contributed to the improvement in the cost of funds. In addition, the average balance for borrowings, which generally have higher interest costs, decreased by $230.3 million or 35.0% in the first quarter of 2011 from the first quarter of 2010. Total borrowings, excluding junior subordinated debt, dropped to 7.5% of total assets from 11.0% at March 31, 2010. In addition, average non-interest bearing deposit balances increased 11.7% as a result of retail marketing campaigns and customer incentives, as well as increased balances of the Bank's business customers. Part of the growth in deposits is attributed to deposits received from customers participating in Marcellus shale gas lease and royalty payments in our northern West Virginia markets.

The yield on total average earning assets decreased 34 basis points to 4.92% from 5.26% in the first quarter of 2010. Rates decreased on all significant earning asset categories from reduced rates on new and repriced assets due to management of offered rates and the lower interest rate environment. In addition, the percentage of earning assets invested in lower yielding securities increased, as compared to typically higher-yielding loans. Securities yields

decreased 78 basis points, primarily due to the reinvestment of funds from investment maturities and calls, and from loan payments, at current lower available interest rates. Taxable securities yields decreased 83 basis points while tax-exempt securities yields declined only 29 basis points due to the longer average life of the tax-exempt portfolio and limited additions to this portfolio. Recent securities purchase decisions have considered the increased risk premium associated with tax-exempt bonds, which somewhat limited investment opportunities. In addition, variable rate and government supported (Build America Bonds during 2010) rate opportunities were available in taxable securities, resulting in an increase in average taxable securities. Repricing of loans and the competitive necessity of offering lower rates on quality credits in an increasingly competitive and lower interest rate environment caused a decline in loan yields of 17 basis points. In addition, during a period where customer loan demand and the economic environment limited loan growth opportunities, proceeds from loan principal reductions, which generally have higher yields than typical investment types, have been reinvested at lower yields, thus reducing the overall yield of the earning assets.

Average loan balance decreases over the past year are primarily due to management’s continued focus on overall profitability and quality of the loan portfolio through disciplined underwriting and pricing practices, the continued strategic decreases in residential real estate loans through the sale of most originations and the sale of certain non-accrual commercial loans. In addition, the slow economic recovery has resulted in business and consumers remaining cautious, leading to lower demand for new development projects in our markets and reduced commercial line usage. Write-

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downs, charge-offs and foreclosures have also impacted commercial balances, as well as strategic decreases in certain customer property and commercial types. Consumer loans declined due to reduced demand for automobile and other consumer loan types, other competitive bank and non-bank rate offerings and continued tighter underwriting standards leading to lower approval rates.

In the first quarter of 2011, interest expense decreased $5.3 million or 26.6% as compared to the first quarter of 2010 due to a 47 basis point decline in the average rate paid on interest bearing liabilities and a decrease in average interest bearing liabilities of 3.1%. Rates paid on deposits declined by 36 basis points primarily due to a 38 basis point decline in rates paid on CDs, due to management reducing certain interest rates on renewing and new CDs to competitive levels in order to realize a lower cost of funds during a period of declining loan yields. Improvements in the mix of deposit accounts also contributed to the improved cost of funds, with average CDs decreasing to 40.1% of total average deposits, from 44.2% in the first quarter of 2010, while all other account types increased to 59.9%. This change in the mix of deposit types, and the reductions in higher cost borrowings also contributed to the reduced cost of funds. The reduction in average interest bearing liabilities is due to the $235.4 million decrease in borrowings, primarily FHLB, partially offset by increases in interest bearing deposits of $105.8 million. Current balance sheet liquidity from the deposit increases and loan reductions were used to pay down the higher cost maturing borrowings, further reducing interest expense. Borrowings, excluding junior subordinated debt, were 10.4% of average interest bearing liabilities as compared to 15.5% in 2010. Deposits increased significantly in every category other than CDs with the largest increase in money market accounts, even as offered rates were reduced. Certificates of deposits decreased by $96.3 million due to the aggressive reductions in rate offerings and customer demand for other deposit products.

TABLE 2. AVERAGE BALANCE SHEETS AND NET INTEREST MARGIN ANALYSIS

	For the Three Months Ended March 31,			
	2011		2010	
	Average	Average	Average	Average

(unaudited, dollars in thousands)	Balance	Rate	Balance	Rate
ASSETS				
Due from banks - interest bearing	$ 53,396	0.15%	$ 93,515	0.14%
Loans, net of unearned income (1)	3,264,097	5.51%	3,456,171	5.68%
Securities: (2)				
Taxable	1,108,599	3.14%	918,329	3.97%
Tax-exempt (3)	291,747	6.30%	279,432	6.59%
Total securities	1,400,346	3.80%	1,197,761	4.58%
Federal funds sold	-	-	-	-
Other earning assets	27,650	0.52%	30,506	0.69%
Total earning assets (3)	4,745,489	4.92%	4,777,953	5.26%
Other assets	617,876		636,388	
Total Assets	$ 5,363,365		$ 5,414,341	
LIABILITIES AND SHAREHOLDERS' EQUITY				
Interest bearing demand deposits	$ 492,572	0.41%	$ 459,145	0.59%
Money market accounts	868,659	0.73%	746,671	1.06%
Savings deposits	542,593	0.36%	495,874	0.49%
Certificates of deposit	1,675,482	1.95%	1,771,825	2.33%
Total interest bearing deposits	3,579,306	1.20%	3,473,515	1.56%
Federal Home Loan Bank borrowings	240,144	3.42%	471,925	3.72%
Other borrowings	187,761	2.55%	186,254	2.56%
Junior subordinated debt	106,038	3.06%	111,171	3.81%
Total interest bearing liabilities	4,113,249	1.44%	4,242,865	1.91%
Non-interest bearing demand deposits	601,270		538,052	
Other liabilities	38,769		35,402	
Shareholders' Equity	610,077		598,022	
Total Liabilities and Shareholders' Equity	$ 5,363,365		$ 5,414,341	
Taxable equivalent net interest spread		3.47%		3.35%
Taxable equivalent net interest margin		3.67%		3.57%

(1) Gross of allowance for loan losses and net of unearned income. Includes non-accrual and loans held for sale. Loan fees included in interest income on loans totaled $0.9 million and $1.1 million for the three months ended March 31, 2011 and 2010, respectively.

(2) Average yields on available-for-sale securities are calculated based on amortized cost.

(3) Taxable equivalent basis is calculated on tax-exempt securities using a tax rate of 35% for each year presented.

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TABLE 3. RATE/VOLUME ANALYSIS OF CHANGES IN INTEREST INCOME AND INTEREST EXPENSE

(unaudited, in thousands)	Three Months Ended March 31, 2011 Compared to March 31, 2010 Volume	Rate	Net Increase (Decrease)
Increase (decrease) in interest income:			
Due from banks - interest bearing	$ (15)	$ 2	$ (13)
Loans, net of unearned income	(2,637)	(1,390)	(4,027)
Taxable securities	1,692	(2,095)	(403)
Tax-exempt securities (1)	198	(210)	(12)
Federal funds sold	-	-	-
Other earning assets	(4)	(12)	(16)
Total interest income change (1)	(766)	(3,705)	(4,471)
Increase (decrease) in interest expense:			
Interest bearing demand deposits	46	(213)	(167)
Money market accounts	284	(655)	(371)
Savings deposits	53	(167)	(114)
Certificates of deposit	(530)	(1,580)	(2,110)
Federal Home Loan Bank borrowings	(1,980)	(328)	(2,308)
Other borrowings	10	(6)	4
Junior subordinated debt	(46)	(198)	(244)
Total interest expense change	(2,163)	(3,147)	(5,310)
Net interest income increase (decrease) (1)	$ 1,397	$ (558)	$ 839

(1) Taxable equivalent basis is calculated on tax-exempt securities using a tax rate of 35% for each year presented.

PROVISION FOR CREDIT LOSSES

The provision for credit losses is the amount to be added to the allowance for credit losses after net charge-offs have been deducted to bring the allowance to a level considered appropriate to absorb probable losses inherent in the loan portfolio. The provision for credit losses for the three months ended March 31, 2011 decreased $3.5 million or 30.1% to $8.0 million compared to $11.5 million for the same period in 2010. The provision was higher in 2010 due to the ongoing impact of the recession on all categories of the portfolio but the decrease in 2011 compared to 2010 reflects a gradually improving economic environment. Net charge-offs in the first quarter of 2011 were significantly below average quarterly net charge-offs over the last two years and non-performing loans were comparable to levels in the first quarter of last year and at December 31, 2010. The allowance for loan losses was relatively unchanged at March 31, 2011 and was 1.89% of total loans as compared to 1.86% at December 31, 2010 and 1.91% at March 31,

2010. (Please see the Allowance for Credit Losses section of this MD&A for additional discussion).

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NON-INTEREST INCOME

TABLE 4. NON-INTEREST INCOME

(unaudited, dollars in thousands)	For the Three Months Ended March 31, 2011	2010	$ Change	% Change
Trust fees	$ 4,762	$ 4,058	$ 704	17.3%
Service charges on deposits	4,222	5,317	(1,095)	(20.6%)
Electronic banking fees	2,284	1,915	369	19.3%
Net securities brokerage and insurance services revenue	1,721	1,852	(131)	(7.1%)
Bank-owned life insurance	895	944	(49)	(5.2%)
Net securities gains	17	1,405	(1,388)	(98.8%)
Net losses on other real estate owned and other assets	(545)	(1,530)	985	64.4%
Other income:				
Net gains on sales of mortgage loans	582	525	57	10.9%
Other	566	555	11	2.0%
Total other income	1,148	1,080	68	6.3%
Total non-interest income	$ 14,504	$ 15,041	$ (537)	(3.6%)

Non-interest income is a significant source of revenue and an important part of WesBanco's results of operations. WesBanco offers its customers a wide range of retail, commercial, investment and electronic banking services, which are viewed as a vital component of WesBanco's ability to attract and maintain customers, as well as providing additional fee income beyond normal spread-related income to WesBanco. Total non-interest income for the three months ended March 31, 2011 decreased $0.5 million or 3.6% as compared to the same period in 2010. This decrease is due to decreases in service charges on deposits, decreases in net security gains, and decreases in net securities brokerage income. Improvements in non-interest income included trust fee growth of 17.3%, a $1.0 million improvement in net losses on other real estate owned, a 19.3% increase in electronic banking fees, and a 29.7% increase in net insurance services revenue. For the three months ended March 31, 2011, non-interest income was 25.9% of total net revenues as compared to 27.0% for the comparable 2010 period, with net revenue being defined as the total of net interest income and non-interest income.

Service charges on deposits, which are primarily comprised of customer overdraft fees, were 20.6% lower in the first quarter of 2011 as compared to the same period in 2010 due to changes in customer behavior and recent regulatory changes that include requirements for customers to opt in for overdraft coverage of certain types of electronic banking activities. Preceding the August 15, 2010 implementation of the new rules on existing accounts, WesBanco experienced lower daily and monthly overdraft usage patterns as average retail demand deposit balances were higher. Changes in marketing strategies and effectiveness for new demand deposit customers may have also had an impact on the decrease. While an overwhelming majority of WesBanco's heaviest overdraft users have opted-in to continue such coverage, low response rates from infrequent users may have some impact on our ability to earn associated fees, as does continuing higher average customer deposit account balances.

Trust fees improved $0.7 million in the first quarter of 2011 as compared to the same period in 2010 due to higher market values of managed assets, new business and the implementation of a fee increase in October of 2010. The market value of trust assets under management increased from $2.8 billion to $3.1 billion from March 31, 2010 to March 31, 2011. At March 31, 2011, trust assets include managed assets of $2.4 billion and non-managed (custodial) assets of $0.7 billion. Assets managed for the WesMark funds, a proprietary group of mutual funds that are advised by WesBanco's trust and investment services group, were $772.0 million as of March 31, 2011 and $683.8 million at March 31, 2010 and are included in trust managed assets.

Electronic banking fees improved by $0.4 million in the first quarter of 2011 as compared to the same period in the prior year, due to a higher volume of debit card transactions during the period which have continued to grow as customers move more towards electronic transactions from checks and other forms of payment.

Net losses on the sale of other real estate owned improved by $1.0 million due to ongoing liquidation efforts and a prior year loss taken on a large hospitality owned property, while gains on the sale of mortgage loans increased in 2011 by 10.9% as compared to 2010 as the result of more aggressive loan pricing.

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NON-INTEREST EXPENSE

TABLE 5. NON-INTEREST EXPENSE

	For the Three Months Ended March 31,			
(unaudited, dollars in thousands)	2011	2010	$ Change	% Change
Salaries and wages	$ 13,585	$ 13,214	$ 371	2.8%
Employee benefits	5,224	4,997	227	4.5%
Net occupancy	2,921	3,060	(139)	(4.5%)
Equipment	2,300	2,604	(304)	(11.7%)
Marketing	1,005	630	375	59.5%
FDIC Insurance	1,654	1,605	49	3.1%
Amortization of intangible assets	618	699	(81)	(11.6%)
Restructuring and merger-related expenses	-	200	(200)	(100.0%)
Other operating expenses:				
Miscellaneous, franchise, and other taxes	1,363	1,504	(141)	(9.4%)
Postage	873	933	(60)	(6.4%)
Consulting, regulatory, and advisory fees	905	856	49	5.7%
Other real estate owned and foreclosure expenses	730	714	16	2.2%
Legal fees	639	712	(73)	(10.3%)
Communications	668	693	(25)	(3.6%)
ATM and interchange expenses	671	692	(21)	(3.0%)
Supplies	592	604	(12)	(2.0%)
Other	1,743	1,677	66	3.9%
Total other operating expenses	8,184	8,385	(201)	(2.4%)
Total non-interest expense	$ 35,491	$ 35,394	$ 97	0.3%

Non-interest expense for the three months ended March 31, 2011 remained relatively unchanged as compared to the same period in 2010 as increases in employee-related expenses and marketing costs were offset by reductions in many expense categories, including net occupancy and equipment, restructuring and merger-related costs, and miscellaneous taxes.

Salaries and wages increased 2.8% for the three months ended March 31, 2011 as compared to the same period in 2010, primarily due to regular employee compensation increases effective late in the first quarter of 2010. Employee benefits also increased slightly due to higher employee health insurance costs and stock compensation expense partially offset by lower defined benefit pension expense.

Marketing expenses increased $0.4 million in the first quarter of 2011 as compared to the same period in 2010 primarily due to increased cash incentive and free checking promotions.

Restructuring and merger-related expenses declined $0.2 million from the prior period primarily as a result of charges early in 2010 relating to personnel reductions.

Net occupancy declined for the three months ended March 31, 2011 as compared to the same period in 2010 due to lower seasonal maintenance expenses, while equipment declined due to regular depreciation with some additional reductions in service agreement expenses.

Miscellaneous taxes, ATM and interchange expenses, legal, communications and postage expenses all slightly declined in 2011 mostly due to WesBanco's continued efforts to manage costs. Other real estate owned and foreclosure expenses remained flat as foreclosure activity and related property management expenses have stabilized.

INCOME TAXES

The provision for federal and state income taxes increased to $2.2 million for the three months ended March 31, 2011 as compared to $0.9 million in the same 2010 period. The increase in income tax expense was due to a $3.7 million increase in pre-tax income, and a higher effective tax rate of 17.7% as compared to 10.0% for the same period in 2010. The increase in the effective tax rate was due primarily to higher realized and 2011 full year expected pre-tax income and a lower percentage of tax-exempt income to total income.

FINANCIAL CONDITION

Total assets increased 0.1% in the first three months of 2011, while total shareholders' equity increased 0.8% as compared to December 31, 2010. The net loan portfolio declined 1.4% from December 31, 2010, while investment securities and cash and due from banks increased by 3.9%. The loan portfolio decrease is a result of a reduction in residential loan balances, a continuing focus on improving overall credit quality, and a reduction in commercial and consumer loan demand along with normal pay downs. Deposits increased 1.0% from December 31, 2010 primarily due

to a 3.9% increase in money market deposits, which, combined with a 4.7% increase in demand deposits and a 5.3% increase in savings deposits more than offset a 4.2% decrease in CDs. The reduction in CDs was due to planned reductions of single-relationship customers and lower offered rates for newer CDs. The increase in deposits, coupled with the decrease in loans, funded the paydown of $40.7 million of total borrowings from December 31, 2010. Total

shareholders' equity increased by approximately $5.1 million primarily due to net income exceeding dividends for the period by $6.3 million, which was partially offset by a $1.2 million decrease in unrealized gains in the available-for-sale portfolio, which are included net of the tax effect in accumulated other comprehensive income.

TABLE 6. COMPOSITION OF SECURITIES (1)

(unaudited, dollars in thousands)	March 31, 2011	December 31, 2010	$ Change	% Change
Securities available-for-sale (at fair value):				
Other government agencies	$ 360,152	$ 363,135	$ (2,983)	(0.8%)
Corporate debt securities	22,481	25,583	(3,102)	(12.1%)
Residential mortgage-backed securities and collateralized mortgage obligations of government agencies	336,223	353,345	(17,122)	(4.8%)
Obligations of states and political subdivisions	211,855	210,808	1,047	0.5%
Equity securities	4,889	4,610	279	6.1%
Total securities available-for-sale	$ 935,600	$ 957,481	$ (21,881)	(2.3%)
Securities held-to-maturity (at amortized cost):				
Corporate debt securities	1,452	1,451	1	0.1%
Residential mortgage-backed securities and collateralized mortgage obligations of government agencies	254,014	202,062	51,952	25.7%
Other residential collateralized mortgage obligations	1,058	1,224	(166)	(13.6%)
Obligations of states and political subdivisions	274,760	263,973	10,787	4.1%
Total securities held-to-maturity	$ 531,284	$ 468,710	$ 62,574	13.4%
Total securities	$ 1,466,884	$ 1,426,191	$ 40,693	2.9%
Available-for-sale securities:				
Weighted average taxable equivalent yield at the respective period end	3.45%	3.46%		
As a % of total securities	63.8%	67.1%		
Weighted average life (in years)	4.4	4.0		
Held-to-maturity securities:				
Weighted average taxable equivalent yield at the respective period end	4.68%	4.84%		
As a % of total securities	36.2%	32.9%		
Weighted average life (in years)	6.7	6.8		

(1) At March 31, 2011 and December 31, 2010, there were no holdings of any one issuer in an amount greater than 10% of WesBanco's shareholders' equity, other than the U.S. government and its agencies.

Total investment securities, which are a source of liquidity for WesBanco as well as a contributor to interest income, increased by 2.9% from December 31, 2010 to March 31, 2011. The increase in investments for the first quarter of 2011 was directly attributable to a 13.4% increase in the held-to-maturity portfolio, as the available-for-sale portfolio showed a slight decline of 2.3%. The proceeds used to purchase investment securities for the quarter were from loan prepayments and an increase in deposits, in addition to the reinvestment of calls, maturities, and

prepayments in the investment portfolio. For the three months ended March 31, 2011, security purchases of $137.1 million were partially offset by maturities, pay-downs, and calls totaling $92.7 million. There were no security sales in the first quarter of 2011.

TABLE 7. COMPOSITION OF MUNICIPAL SECURITIES

The following table presents the allocation of the municipal bond portfolio based on the combined S&P and Moody's ratings of the individual bonds:

	March 31, 2011		December 31, 2010	
(unaudited, dollars in thousands)	Amount	% of Total	Amount	% of Total
Municipal bonds:				
AAA rating	$ 46,603	9.6%	$ 44,277	9.4%
AA rating	320,819	66.1%	311,792	66.3%
A rating	58,896	12.1%	55,703	11.8%
Below an A rating	37,594	7.8%	38,321	8.2%
No rating	21,569	4.4%	20,069	4.3%
Total municipal bond portfolio	$ 485,481	100.0%	$ 470,162	100.0%

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WesBanco's municipal bond portfolio consists of both taxable (primarily Build America Bonds) and tax-exempt general obligation and revenue bonds. As of March 31, 2011, $352.9 million or 72.7% were categorized as general obligation bonds and $132.6 million or 27.3% were categorized as revenue bonds. At December 31, 2010, $346.4 million or 73.7% were categorized as general obligation bonds and $123.8 million or 26.3% were categorized as revenue bonds.

In addition, at March 31, 2011, $57.3 million or 11.8% of the municipal bond portfolio consisted of state issued bonds, and $428.2 million or 88.2% were locally issued, approximately the same as the totals at December 31, 2010. The portfolio is broadly spread across the U.S., with bonds totaling 58% in the top five states of Ohio, Pennsylvania, Illinois, West Virginia, and Texas, respectively. Securities noted as below an A rating in the table are all investment grade.

LOANS AND CREDIT RISK

Loans represent WesBanco's single largest balance sheet asset classification and the largest source of interest income. Business purpose loans consist of commercial real estate ("CRE") loans and other commercial and industrial ("C&I") loans that are not secured by real estate. Consumer purpose loans consist of residential real estate loans, home equity lines of credit and other consumer loans. Loans held for sale generally consist of residential real estate loans originated for sale in the secondary market, but at times may also include other types of loans. Each category entails certain distinct elements of risk that impact the manner in which those loans are underwritten, monitored, and administered. The outstanding balance of each major category of the loan portfolio is summarized in Table 8.

The risk that borrowers will be unable or unwilling to repay their obligations and default on loans is inherent in all lending activities. In addition to the inherent risk of a change in a borrower's repayment capacity, economic conditions and other factors beyond WesBanco's control can adversely impact credit risk. WesBanco's primary goal in managing credit risk is to minimize the impact of default by an individual borrower or group of borrowers. Credit risk is

managed through the initial underwriting process as well as through ongoing monitoring and administration that varies by the type of loan. WesBanco's credit policies establish standard underwriting guidelines for each type of loan and require an appropriate evaluation of the credit characteristics of each borrower. This evaluation includes the borrower's primary source of repayment capacity; the adequacy of collateral, if any, to secure the loan; and other factors unique to each loan that may increase or mitigate its risk.

Credit risk is mitigated for all types of loans by continuously monitoring delinquency levels and pursuing collection efforts at the earliest stage of delinquency. WesBanco also monitors general economic conditions, including employment, housing activity and real estate values in each of its markets. WesBanco also periodically evaluates and changes its underwriting standards when conditions indicate that a change is warranted based on market conditions, the historical performance of a category of the portfolio, or other external factors. Credit risk is also regularly evaluated for the impact of adverse economic and other events that increase the risk of default and the potential loss in the event of default to understand their impact on the Company's earnings and capital.

TABLE 8. COMPOSITION OF LOANS (1)

	March 31, 2011		December 31, 2010	
(unaudited, dollars in thousands)	Amount	% of Loans	Amount	% of Loans
Commercial real estate:				
Land and construction	$ 161,973	5.0%	$ 154,841	4.7%
Other	1,578,927	48.6%	1,602,408	48.6%
Total commercial real estate	1,740,900	53.6%	1,757,249	53.3%
Commercial and industrial	407,267	12.6%	412,726	12.5%
Residential real estate	597,267	18.4%	608,693	18.4%
Home equity	248,203	7.6%	249,423	7.6%
Consumer	249,607	7.7%	260,585	7.9%
Total portfolio loans	3,243,244	99.9%	3,288,676	99.7%
Loans held for sale	4,087	0.1%	10,800	0.3%
Total Loans	$ 3,247,331	100.0%	$ 3,299,476	100.0%

(1) Loans are presented gross of the allowance for loan losses and net of unearned income, credit valuation adjustments, and unamortized net deferred loan fee income and loan origination costs.

Total loans decreased $52.1 million or 1.6% between December 31, 2010 and March 31, 2011. CRE land and construction loans increased $7.1 million or 4.6% as a result of funding new commercial construction loans net of $4.4 million of charge downs on two land development loans. Other CRE loans decreased $23.5 million or 1.5% due to scheduled principal repayments outpacing new loan origination. C&I loans decreased $5.5 million or 1.3% due to a reduction in business activity, as many businesses remain cautious about the economy, and seasonal reductions in certain lines of credit balances. Residential real estate loans decreased $11.4 million or 1.9% due to scheduled principal repayments and the continued sale of a majority of new loans to the secondary market. Home equity lines of credit decreased $1.2 million or 0.5% due to lower line usage, and consumer loans decreased $11.0 million or 4.2% due to reduced loan demand as consumers also remain cautious about the economy and continue to deleverage rather than incur new debt. Loans held for sale decreased $6.7 million or 62.2% due to a decline in new loan originations as the housing markets remain sluggish. All loan categories were also impacted by a continued focus on improving the overall profitability and quality of the loan portfolio through disciplined underwriting and pricing practices.

NON-PERFORMING ASSETS, IMPAIRED LOANS AND LOANS PAST DUE 90 DAYS OR MORE

Non-performing assets consist of non-accrual and renegotiated loans, other real estate acquired through or in lieu of foreclosure, bank premises held for sale, and repossessed automobiles acquired to satisfy defaulted consumer loans.

TABLE 9. NON-PERFORMING ASSETS

(unaudited, dollars in thousands)	March 31, 2011	December 31, 2010
Non-accrual loans:		
Commercial real estate - land and construction	$ 8,874	$ 4,391
Commercial real estate - other	27,225	24,833
Commercial and industrial	10,461	7,933
Residential real estate	11,711	10,688
Home equity	1,117	755
Consumer	183	220
Loans held for sale	-	-
Total non-accrual loans	59,571	48,820
Renegotiated loans:		
Commercial real estate - land and construction	4,827	10,764
Commercial real estate - other	28,147	33,122
Commercial and industrial	342	73
Residential real estate	3,267	3,443
Home equity	-	-
Consumer	53	81
Total renegotiated loans	36,636	47,483
Total non-performing loans	$ 96,207	$ 96,303
Other real estate owned and repossessed assets	5,554	8,069
Total non-performing assets	$ 101,761	$ 104,372
Non-performing loans/total loans	2.97%	2.93%
Non-performing assets/total assets	1.90%	1.95%
Non-performing assets/total loans, other real estate and repossessed assets	3.13%	3.17%

TABLE 10. NON-PERFORMING AND IMPAIRED ASSET ACTIVITY

(unaudited, in thousands)	Non-accrual Loans	Renegotiated Loans	Other Impaired Loans	Other Real Estate and Repossessed Assets
Beginning balance, December 31, 2010:	$ 48,820	$ 47,483	$ 13,148	$ 8,069
Additions, including transfers from other categories	12,652	404	3,078	-
Real estate foreclosures or deeds in lieu of foreclosure	-	-	-	539
Repossessions of other collateral	-	-	-	819
Loans returning to accruing or no longer impaired	-	(4,447)	(3,781)	-
Net proceeds from loan sales	-	-	-	-
	-	(6,473)	(2,845)	-

Other reductions, including transfers to other categories				
Charge-offs or charge-downs	(1,782)	-	-	(230)
Other real estate sold	-	-	-	(2,673)
Repossessed assets sold	-	-	-	(918)
Principal payments and other changes, net	(119)	(331)	52	(52)
Ending balance, March 31, 2011	$ 59,571	$ 36,636	$ 9,652	$ 5,554

Non-performing loans, which consist of non-accrual and renegotiated loans, were in total relatively unchanged from December 31, 2010 to March 31, 2011; however, non-accrual loans increased $10.8 million or 22.0% while renegotiated loans decreased $10.8 million or 22.8%. Approximately $4.9 million of the increase in non-accrual loans represents the balance of two land development loans after charge downs of $4.4

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million with the remainder of the increase primarily attributed to the migration of other previously classified CRE and C&I loans to non-accrual status. The decrease in renegotiated loans was due to one loan being reinstated to its original repayment terms and the reclassification of one of the charged down land development loans to non-accrual.

Other real estate owned and repossessed assets declined from December 31, 2010 to March 31, 2011 primarily from the sale of assets during the quarter combined with a reduction in the amount of new foreclosures and repossessions.

TABLE 11. LOANS PAST DUE AND ACCRUING INTEREST

(unaudited, dollars in thousands)	March 31, 2011	December 31, 2010
Loans past due 90 days or more:		
Commercial real estate - land and construction	$ 148	$ 277
Commercial real estate - other	570	692
Commercial and industrial	125	95
Residential real estate	2,574	4,535
Home equity	863	1,126
Consumer	589	958
Total portfolio loans	4,869	7,683
Loans held for sale	-	-
Total loans past due 90 days or more	$ 4,869	$ 7,683
Loans past due 30 to 89 days:		
Commercial real estate - land and construction	$ 2,581	$ 252
Commercial real estate - other	4,324	4,717
Commercial and industrial	1,566	4,163
Residential real estate	8,210	7,367
Home equity	1,349	2,255
Consumer	4,337	6,020
Total portfolio loans	22,367	24,774
Loans held for sale	-	-
Total loans past due 30 to 89 days	$ 22,367	$ 24,774

Loans past due 90 days or more and accruing to total loans	0.15%	0.23%
Loans past due 30-89 days to total loans	0.69%	0.75%

Loans past due 90 days or more decreased $2.8 million or 36.6% from December 31, 2010 to March 31, 2011 in nearly all categories, with residential real estate representing 70% of the decline due primarily to lower delinquencies on residential real estate loans. These loans continue to accrue interest because they are both well secured and in the process of collection. Loans past due 30-89 days decreased $2.4 million or 9.7% from December 31, 2010 to March 31, 2011 due to improving economic conditions in several of the bank's markets.

ALLOWANCE FOR CREDIT LOSSES

The allowance for loan losses was relatively unchanged at March 31, 2011 as compared to December 31, 2010 and represented 1.89% of total loans compared to 1.86% at December 31, 2010 and 1.91% at March 31, 2010. The decrease in the allowance from March 31, 2010 to March 31, 2011 resulted primarily from the sale of impaired loans in the third quarter of 2010 which reduced previously provided specific reserves by $5.4 million.

The decrease in the allowance for loan commitments from December 31, 2010 to March 31, 2011 represents a transfer of a reserve associated with one loan commitment for tenant improvements to real estate that secures an impaired loan to the allowance for loan losses as the commitment is funded.

Net charge-offs increased $1.3 million in the first quarter as compared to the first quarter of 2010, and $1.7 million as compared to the fourth quarter of 2010, but remained significantly below average quarterly net charge-offs over the last two years. Net charge-offs for the first quarter include $4.4 million attributable to two land development loans. Both of these loans were classified and reserved, and one of these loans was also reported as renegotiated in previous quarters. Net annualized loan charge-offs to average loans were 1.03% for the quarter ended March 31, 2011 compared to 0.83% for same period last year.

The increase in non-accrual loans did not have a material effect on the allowance for credit losses at March 31, 2011 or the provision for credit losses for the first quarter of 2011 because loans that migrated to non-accrual during the quarter were previously classified and in certain instances also reported as renegotiated, and adequately reserved in prior periods. The internal risk grading of loans has more influence on the amount of the allowance than the categorization of loans as non-performing. Total classified and criticized loans at March 31, 2011 decreased $32.2 million compared to March 31, 2010 and $10.6 million compared to December 31, 2010, which together with a decrease in total loans partially offset the effect of higher historical loss rates.

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TABLE 12. ALLOWANCE FOR CREDIT LOSSES

	For the Three Months Ended March 31,	
(unaudited, in thousands)	2011	2010
Balance at beginning of period:		
Allowance for loan losses	$ 61,051	$ 61,160
Allowance for loan commitments	1,404	195
Total beginning balance	62,455	61,355
Provision for credit losses:		
Provision for loan losses	8,687	11,500

Provision for loan commitments		(646)	-
Total provision for credit losses		8,041	11,500
Charge-offs:			
Commercial real estate - land and construction		4,352	-
Commercial real estate - other		1,834	3,483
Commercial and industrial		894	1,529
Residential real estate		997	1,023
Home equity		256	42
Consumer		1,085	1,427
Total loan charge-offs		9,418	7,504
Deposit account overdrafts		173	236
Total loan and deposit account overdraft charge-offs		9,591	7,740
Recoveries:			
Commercial real estate - land and construction		3	-
Commercial real estate - other		495	273
Commercial and industrial		153	4
Residential real estate		232	6
Home equity		7	2
Consumer		307	329
Total loan recoveries		1,197	614
Deposit account overdrafts		96	91
Total loan and deposit account overdraft recoveries		1,293	705
Net loan and deposit account overdraft charge-offs		8,298	7,035
Balance at end of period:			
Allowance for loan losses		61,440	65,625
Allowance for loan commitments		758	195
Total ending balance	$	62,198 $	65,820

Table 13 summarizes the allocation of the allowance for credit losses to each category of the loan portfolio. The allowance for CRE land and construction loans increased due to higher loss rates in this category resulting from the charge down of two land development loans in the first quarter of 2011 and higher specific reserves on other impaired land and residential construction loans, including the amount transferred from the allowance for loan commitments. The allowance for other CRE loans decreased as a result of a modest decrease in historical loss rates and the elimination of certain specific reserves on loans that are no longer impaired. The allowance for C&I loans increased primarily as a result of a specific reserve on a newly impaired loan. The allowance for residential real estate and home equity loans increased due to higher loss rates in both categories while the allowance for consumer loans decreased due to moderately decreasing loss rates. The allowance for deposit account overdrafts was relatively unchanged.

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TABLE 13. ALLOCATION OF THE ALLOWANCE FOR CREDIT LOSSES

(unaudited, dollars in thousands)		March 31, 2011	Percent of Total		December 31, 2010	Percent of Total
Allowance for loan losses:						
Commercial real estate - land and construction	$	5,832	9.4%	$	4,701	7.5%

Commercial real estate - other		28,637	46.1%		30,836	49.4%
Commercial and industrial		11,925	19.2%		10,793	17.3%
Residential real estate		6,382	10.3%		5,950	9.5%
Home equity		2,205	3.5%		2,073	3.3%
Consumer		5,439	8.7%		5,641	9.0%
Deposit account overdrafts		1,020	1.6%		1,057	1.7%
Total allowance for loan losses	$	61,440	98.8%	$	61,051	97.7%
Allowance for loan commitments:						
Commercial real estate - land and construction	$	661	1.1%	$	1,037	1.7%
Commercial real estate - other		25	0.0%		285	0.5%
Commercial and industrial		55	0.1%		65	0.1%
Residential real estate		-	0.0%		1	0.0%
Home equity		15	0.0%		14	0.0%
Consumer		2	0.0%		2	0.0%
Total allowance for loan commitments		758	1.2%		1,404	2.3%
Total allowance for credit losses	$	62,198	100.0%	$	62,455	100.0%

The following table summarizes the impact of changes in various factors that affect the allowance for loan losses in each segment of the portfolio. The allowance for all segments is impacted by changes in loan balances as well as changes in historical loss rates adjusted for qualitative factors such as economic conditions. The CRE and C&I segments of the portfolio are also impacted by changes in the risk grading distribution of the portfolio.

TABLE 14. RECONCILIATION OF THE ALLOWANCE FOR CREDIT LOSSES BY LOAN CATEGORY

	For the Three Months Ended								
	March 31, 2011								March 31, 2010
(unaudited, in thousands)	Commercial Real Estate - Land and Construction	Commercial Real Estate - Other	Commercial & Industrial	Residential Real Estate	Home Equity	Consumer	Deposit Overdraft	Total	Total
Balance at beginning of year:									
Allowance for loan losses	$ 4,701	$ 30,836	$ 10,793	$ 5,950	$ 2,073	$ 5,641	$ 1,057	$ 61,051	$ 61,160
Allowance for loan commitments	1,037	285	65	1	14	2	-	1,404	195
Total beginning allowance for credit losses	5,738	31,121	10,858	5,951	2,087	5,643	1,057	62,455	61,355
Provision for credit losses:									

Provision for loan losses	5,480	(860)	1,873	1,197	381	576	40	8,687	11,500
Provision for loan commitments	(376)	(260)	(10)	(1)	1	-	-	(646)	-
Total provision for credit losses	5,104	(1,120)	1,863	1,196	382	576	40	8,041	11,500
Charge-offs	(4,352)	(1,834)	(894)	(997)	(256)	(1,085)	(173)	(9,591)	(7,740)
Recoveries	3	495	153	232	7	307	96	1,293	705
Net charge-offs	(4,349)	(1,339)	(741)	(765)	(249)	(778)	(77)	(8,298)	(7,035)
Balance at end of year:									
Allowance for loan losses	5,832	28,637	11,925	6,382	2,205	5,439	1,020	61,440	65,625
Allowance for loan commitments	661	25	55	-	15	2	-	758	195
Total ending allowance for credit losses	$ 6,493	$ 28,662	$ 11,980	$ 6,382	$ 2,220	$ 5,441	$ 1,020	$ 62,198	$ 65,820

Although the allowance for credit losses is allocated as described in Tables 13 and 14, the total allowance is available to absorb actual losses in any category of the loan portfolio. However, differences between management's estimation of probable losses and actual incurred losses in subsequent periods for any category may necessitate future adjustments to the provision for loan losses applicable to the category. Management believes the allowance for credit losses is appropriate to absorb probable losses at March 31, 2011.

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DEPOSITS

TABLE 15. DEPOSITS

(unaudited, dollars in thousands)	March 31, 2011	December 31, 2010	$ Change	% Change
Non-interest bearing demand	$ 611,496	$ 591,052	$ 20,444	3.5%
Interest bearing demand	511,168	481,129	30,039	6.2%
Money market	887,803	854,836	32,967	3.9%
Savings deposits	558,800	530,701	28,099	5.3%
Certificates of deposit	1,642,942	1,714,705	(71,763)	(4.2%)
Total deposits	$ 4,212,209	$ 4,172,423	$ 39,786	1.0%

Deposits, which represent WesBanco's primary source of funds, are offered in various account forms at various rates through WesBanco's 112 branches in West Virginia, Ohio and Western Pennsylvania. Total deposits increased by $39.8 million or 1.0% during the quarter ended March 31, 2011.

Savings deposits, demand deposits and money market deposits increased by 5.3%, 4.7% and 3.9%, respectively, in the first three months of 2011 due to continued efforts to obtain more account relationships.

The 4.2% decline in certificates of deposit is due to the effects of an overall corporate strategy designed to re-mix retail deposit relationships with a focus on overall products that can be offered at a lower cost to the bank. The decline in certificates of deposit is also impacted by customer preferences in the current low interest rate environment and other alternatives in the marketplace. WesBanco does not typically solicit brokered or other deposits out-of-market or over the internet, but does participate in the Certificate of Deposit Account Registry Service (CDARS®) program, which had $209.1 million in total outstanding balances at March 31, 2011 of which $59.7 million represented one way buys, as compared to $246.3 million in total outstanding balances at December 31, 2010. Certificates of deposit of $250,000 or more were approximately $180.4 million at March 31, 2011 as compared to $186.5 million at December 31, 2010. Certificates of deposit of $100,000 or more were approximately $746.7 million at March 31, 2011 as compared to $791.7 million at December 31, 2010, while certificates of deposit totaling approximately $810.3 million at March 31, 2011 with a cost of 1.29% are scheduled to mature within the next year. Current market rates for certificates of deposit may result in a lower total certificate of deposit cost from these maturities assuming rates stay the same and matured certificates of deposit roll into similar products. WesBanco will continue to focus on its core deposit strategies and improving its overall mix of transaction accounts to total deposits as well as offering special promotions on certain certificates of deposit maturities and savings products based on competition, sales strategies, liquidity needs and wholesale borrowing costs.

BORROWINGS

TABLE 16. BORROWINGS

(unaudited, dollars in thousands)	March 31, 2011	December 31, 2010	$ Change	% Change
Federal Home Loan Bank borrowings	$ 232,247	$ 253,606	$ (21,359)	(8.4%)
Other short-term borrowings	168,014	187,385	(19,371)	(10.3%)
Junior subordinated debt owed to unconsolidated subsidiary trusts	106,042	106,034	8	0.0%
Total borrowings	$ 506,303	$ 547,025	$ (40,722)	(7.4%)

Borrowings are a less significant source of funding for WesBanco and in the current yield curve environment, certain borrowings may be more expensive than other available funding sources including deposits. During the first quarter of 2011, WesBanco reduced other short-term borrowings and paid down Federal Home Loan Bank borrowings scheduled to mature utilizing funds provided by lower cost deposits or other available cash flows for their payoff. Additional maturities are scheduled for the remainder of the year, which should permit a further lowering of the cost of wholesale borrowings as current borrowing rates are lower, or management will use available cash to pay off these borrowings.

Other short-term borrowings, which consist of federal funds purchased, securities sold under agreements to repurchase and treasury tax and loan notes were $168.0 million at March 31, 2011 as compared to $187.4 million at December 31, 2010. The decrease in these borrowings have occurred primarily as a result of a $19.9 million decrease in securities sold under agreements to repurchase which was partially offset by a $0.5 million increase in treasury tax and loan notes. A revolving line of credit with another bank is available at the parent company. The revolving line of credit, which accrues interest at an adjusted LIBOR rate, provides for aggregated borrowings secured by a pledge of WesBanco's banking subsidiary common stock of up to $25.0 million. There were no outstanding balances as of March 31, 2011 or December 31, 2010.

OFF-BALANCE SHEET ARRANGEMENTS

WesBanco enters into financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit, letters of credit and affordable housing plan guarantees. Since many of these commitments expire unused or partially used, these commitments may not reflect future cash requirements. Please refer to Note 9,

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"Commitments and Contingent Liabilities," of the Consolidated Financial Statements and the "Loans and Credit Risk" section of this MD&A for additional information.

CAPITAL RESOURCES

Shareholders' equity was $612.0 million at March 31, 2011 compared to $606.9 million at December 31, 2010. Total equity increased due to net income during the current three month period of $10.2 million. The increase was partially offset by the declaration of common shareholder dividends totaling $4.0 million and a $1.2 million other comprehensive income loss.

WesBanco did not purchase any shares during the current three month period under an existing one million share repurchase plan. At March 31, 2011, remaining WesBanco common stock authorized to be purchased as part of the current one million share repurchase plan totaled 584,325 shares.

WesBanco is subject to regulatory promulgated leverage and risk-based capital guidelines that measure capital relative to risk-weighted assets and off-balance sheet instruments. WesBanco Bank (the "Bank"), as well as WesBanco maintain Tier 1, Total Capital and Leverage ratios well above minimum regulatory levels. There are various legal limitations under federal and state laws that limit the payment of dividends from the Bank to WesBanco. As of March 31, 2011, under FDIC regulations, WesBanco could receive, without prior regulatory approval, a dividend of up to $12.1 million from the Bank. WesBanco seeks to continue improving its capital ratios as short-term debt matures and is paid down from investment and loan cash flows to further reduce total assets.

The following table summarizes risk-based capital amounts and ratios for WesBanco and the Bank for the periods indicated:

(unaudited, dollars in thousands)	Minimum Value (1)	Well Capitalized (2)	March 31, 2011 Amount	Ratio	December 31, 2010 Amount	Ratio
WesBanco, Inc.						
Tier 1 Leverage	4.00%(3)	N/A	$ 434,765	8.53%	$ 428,001	8.35%
Tier 1 Capital to Risk-Weighted Assets	4.00%	6.00%	434,765	12.23%	428,001	11.94%
Total Capital to Risk-Weighted Assets	8.00%	10.00%	479,432	13.48%	473,020	13.20%
WesBanco Bank, Inc.						
Tier 1 Leverage	4.00%	5.00%	$ 405,531	7.99%	$ 398,171	7.80%
	4.00%	6.00%	405,531	11.47%	398,171	11.15%

Tier 1 Capital to Risk-Weighted Assets						
Total Capital to Risk-Weighted Assets	8.00%	10.00%	449,938	12.73%	443,013	12.41%

(1) Minimum requirements to remain adequately capitalized.
(2) Well capitalized under prompt corrective action regulations.
(3) Minimum requirement is 3% for certain highly-rated bank holding companies.

DODD-FRANK WALL STREET REFORM AND CONSUMER PROTECTION ACT

On July 21, 2010, President Obama signed into law the Dodd-Frank Act, which contains numerous and wide-ranging reforms to the structure of the U.S. financial system. Portions of the Dodd-Frank Act are effective at different times, and many of the provisions are general statements directing regulators to draft more detailed rules. Although the full scope of the Dodd-Frank Act's impact remains somewhat unclear, management expects that it will, over time, reduce revenue and increase expenses.

As a bank holding company, WesBanco will be subjected to increased capital requirements (further discussed in WesBanco's Form 10-K for the year ended December 31, 2010 filed with the SEC under "Item 1. Business—Capital Requirements"). A provision known as the Volcker Rule will limit WesBanco's ability to engage in proprietary trading, as well as its ability to sponsor or invest in hedge funds or private equity funds. A provision known as the Lincoln Rule will prevent WesBanco Bank from engaging in certain swap transactions unless they are carried out through a separately capitalized affiliate. Increased restrictions also will apply to transactions with and among WesBanco subsidiaries, and the Federal Reserve Board will have increased authority to examine and take enforcement action against WesBanco and its subsidiaries that are not banks.

The Dodd-Frank Act makes several changes affecting the securitization markets, which may affect WesBanco's ability or desire to use those markets to meet funding or liquidity needs. One of these changes calls for federal regulators to adopt regulations requiring the sponsor of a securitization to retain at least 5 percent of the credit risk, with exceptions for "qualified residential mortgages."

As a publicly traded company, WesBanco is required to give shareholders an advisory vote on executive compensation, and, in some cases, golden parachute arrangements. The Dodd-Frank Act also calls for regulators to issue new rules relating to compensation committee independence, incentive-based compensation arrangements deemed excessive, and proxy access by shareholders.

WesBanco Bank and other insured depository institutions will have increased authority to open new branches across state lines. A provision authorizing insured depository institutions to pay interest on checking accounts will likely increase WesBanco's interest expenses. A new government agency, the Bureau of Consumer Financial Protection ("Consumer Bureau"), will have the authority to write rules implementing numerous consumer protection laws applicable to all banks.

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BASEL III CAPITAL STANDARDS

The federal regulatory authorities' risk-based capital guidelines are based upon agreements reached by the Basel Committee on Banking Supervision (the "Basel Committee"). The Basel Committee is a committee of central banks and bank supervisors and regulators from the major industrialized countries that develops broad policy guidelines for use

by each country's supervisors in determining the supervisory policies they apply. In December 2010, the Basel Committee issued a strengthened set of international capital and liquidity standards for banks and bank holding companies, known as "Basel III." The Basel III reforms are supported by the U.S. federal banking agencies and will increase both the quantity and quality of capital banks and bank holding companies are required to hold. Regulators in each participating country will be expected to implement Basel III beginning January 1, 2013.

When Basel III is fully phased-in on January 1, 2019, banks and bank holding companies will be required to maintain: (i) a minimum Tier 1 common equity ratio of at least 4.5 percent, (ii) a minimum Tier 1 capital ratio of at least 6 percent, (iii) a minimum total capital ratio (Tier 1 and Tier 2 capital) of at least 8 percent; and (iv) a non-risk-based minimum leverage ratio (Tier 1 capital to average consolidated assets) of 3 percent. Although not presented as a minimum requirement, banks and bank holding companies will not be able to pay dividends unless they have an additional "capital conservation buffer" equal to a Tier 1 common equity ratio of 2.5 percent. Adding the capital conservation buffer on top of the minimums, banks and bank holding companies will generally need a Tier 1 common equity ratio of 7 percent, a Tier 1 capital ratio of 8.5 percent, and a total capital ratio of 10.5 percent. Under Basel III, regulators would also be able to impose a "countercyclical capital buffer" during periods of excessive credit growth. The countercyclical capital buffer would be an additional Tier 1 common equity ratio of up to 2.5 percent. Under Basel III, regulatory adjustments to common equity will generally be eliminated by January 1, 2018, although an exception will permit a portion of mortgage servicing rights to continue being treated as common equity.

WesBanco cannot predict the precise timing or final form of forthcoming capital regulations that could be applicable to WesBanco or their impact on WesBanco. Capital requirements that may arise from regulations issued under the Dodd-Frank Act, Basel III, or some other initiative could increase the minimum capital requirements applicable to WesBanco and its subsidiaries.

LIQUIDITY RISK

Liquidity is defined as a financial institution's capacity to meet its cash and collateral obligations at a reasonable cost. Liquidity risk is the risk that an institution's financial condition or overall safety and soundness is adversely affected by an inability, or perceived inability, to meet its obligations. An institution's obligations, and the funding sources to meet them, depend significantly on its business mix, balance sheet structure, and the cash flows of its on- and off-balance sheet obligations. Institutions confront various internal and external situations that can give rise to increased liquidity risk including funding mismatches, market constraints on funding sources, contingent liquidity events, changes in economic conditions, and exposure to credit, market, operation, legal and reputation risk. WesBanco actively manages liquidity risk through its ability to provide adequate funds to meet changes in loan demand, unexpected outflows in deposits and other borrowings as well as to take advantage of market opportunities and meet operating cash needs. This is accomplished by maintaining liquid assets in the form of securities, sufficient borrowing capacity and a stable core deposit base. Liquidity is centrally monitored by WesBanco's Asset/Liability Committee ("ALCO").

WesBanco determines the degree of required liquidity by the relationship of total holdings of liquid assets to the possible need for funds to meet unexpected deposit losses and/or loan demands. The ability to quickly convert assets to cash at a minimal loss is a primary function of WesBanco's investment portfolio management. Federal funds sold and U.S. Treasury and government agency securities maturing within three months are classified as secondary reserve assets. These secondary reserve assets, combined with the cash flow from the loan portfolio and the remaining sectors of the investment portfolio, and other sources, adequately meet the liquidity requirements of WesBanco.

Securities are the principal source of short-term liquidity for WesBanco. Securities totaled $1.5 billion at March 31, 2011, of which $935.6 million were classified as available-for-sale, including net unrealized pretax gains of $6.1 million. The remaining securities were classified as held-to-maturity. At March 31, 2011, WesBanco has approximately $22.9 million in securities scheduled to mature within one year; however, additional cash flows may be anticipated from approximately $399.7 million in callable bonds which have call dates within the next year, from projected prepayments on mortgage-backed securities and collateralized mortgage obligations of approximately $155.2 million based on current prepayment speeds, from loans held for sale totaling $4.1 million, from accruing loans scheduled to mature within the next year of $480.9 million and from normal loan repayments anticipated to be $762.0 million within the next year. At March 31, 2011, WesBanco had $97.1 million of cash and cash equivalents, which serves as operating cash for the branches and an additional source of liquidity. Sources of liquidity within the next year listed above approximate $1,921.9 million at March 31, 2011.

Deposit flows are another principal factor affecting overall WesBanco liquidity. Deposits totaled $4.2 billion at March 31, 2011. Deposit flows are impacted by current interest rates, products and rates offered by WesBanco versus various forms of competition, as well as customer behavior. Certificates of deposit scheduled to mature within one year totaled $810.3 million at March 31, 2011 which includes jumbo regular certificates of deposit and jumbo CDARS© deposits totaling $216.3 million with a weighted-average cost of 1.33% and $91.4 million with a cost of 1.15%, respectively. In addition to the historically relatively stable core deposit base, WesBanco maintains a line of credit with the FHLB as an additional funding source. Available lines of credit with the FHLB at March 31, 2011 approximated $962.6 million in excess of current outstandings, which has decreased slightly from the $1.0 billion available at December 31, 2010, due to changes in certain loan balances and FHLB changes in collateral discounts. At March 31, 2011, the Bank had unpledged available-for-sale securities with an amortized cost of $465.6 million, a portion of which is an available liquidity source, or could be pledged to secure additional FHLB borrowings. In addition, WesBanco participates in the Federal Reserve Bank's Borrower-in-Custody Program ("BIC") whereby WesBanco pledges certain consumer loans as collateral for borrowings. At March 31, 2011, WesBanco had a BIC line of credit totaling $140.4 million, none of which was outstanding. Alternative funding sources may include the utilization of existing overnight lines of credit with third party banks totaling $145.0 million at March 31, 2011 along with seeking other lines of credit, borrowings under repurchase agreement lines, increasing deposit rates to attract additional funds, accessing brokered deposits, or selling securities available-for-sale or certain types of loans.

Other short-term borrowings of $168.0 million at March 31, 2011 primarily include callable repurchase agreements of $165.2 million and several overnight sweep checking accounts for large commercial customers. There has not been a significant fluctuation in the average deposit balance of these overnight sweep checking accounts during 2011. The repurchase agreements require securities to be pledged equal to or greater than the instrument's purchase price and may be called within the next year. The overnight sweep checking accounts require securities to be pledged equal to or greater than the deposit balance.

In July 2009, the FHLB began requiring securities to be specifically pledged to the FHLB and maintained in a FHLB approved custodial arrangement if the member wishes to include such securities in the maximum borrowings capacity calculation. WesBanco has elected not to specifically pledge to the FHLB otherwise unpledged securities. To increase its remaining capacity, WesBanco can at any time decide to pledge a portion of its unpledged securities to the FHLB.

The principal sources of parent company liquidity are dividends from the Bank, $16.4 million in cash and investments on hand, and a $25 million revolving line of credit with another bank, which did not have an outstanding balance at March 31, 2011. WesBanco is in compliance with all loan covenants. There are various legal limitations under federal and state laws that limit the payment of dividends from the Bank to the parent company. As of March 31, 2011, under FDIC and state of West Virginia regulations, WesBanco could receive, without prior regulatory approval, dividends totaling $12.1 million from the Bank.

At March 31, 2011, WesBanco had outstanding commitments to extend credit in the ordinary course of business approximating $697.5 million, compared to $648.8 million at December 31, 2010. On a historical basis, only a small portion of these commitments will result in an outflow of funds. Please refer to Note 9, "Commitments and Contingent Liabilities," of the Consolidated Financial Statements and the "Loans and Credit Risk" section of this MD&A for additional information.

Federal financial regulatory agencies recently issued guidance to provide sound practices for managing funding and liquidity risk and strengthening liquidity risk management practices. The guidance recommends that financial institutions maintain a comprehensive management process for identifying, measuring, monitoring, and controlling liquidity risk and that liquidity risk management be fully integrated into its risk

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management process. WesBanco has completed the implementation of these policies, and management believes WesBanco has sufficient current liquidity to meet current obligations to borrowers, depositors and others as of March 31, 2011 and that WesBanco's current liquidity risk management policies and procedures adequately address the recently issued guidance.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The disclosures set forth in this item are qualified by the section captioned "Forward-Looking Statements" included in Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations, of this report.

MARKET RISK

The primary objective of WesBanco's ALCO is to maximize net interest income within established policy parameters. This objective is accomplished through the management of balance sheet composition, market risk exposures arising from changing economic conditions and liquidity risk.

Market risk is defined as the risk of loss due to adverse changes in the fair value of financial instruments resulting from fluctuations in interest rates and equity prices. Management considers interest rate risk to be WesBanco's most significant market risk. Interest rate risk is the exposure to adverse changes in net interest income due to changes in interest rates. The relative consistency of WesBanco's net interest income is largely dependent on effective management of interest rate risk. As interest rates change in the market, rates earned on interest rate sensitive assets and rates paid on interest rate sensitive liabilities do not necessarily move concurrently. Differing rate sensitivities may arise because fixed rate assets and liabilities may not have the same maturities, or because variable rate assets and liabilities differ in the timing and/or the percentage of rate changes.

WesBanco's ALCO, comprised of senior management from various functional areas, monitors and manages interest rate risk within Board approved policy limits. Interest rate risk is monitored primarily through the use of an earnings simulation model. The model is highly dependent on various assumptions, which change regularly as the balance sheet and market interest rates change. The key assumptions and strategies employed are analyzed bi-monthly and reviewed and documented by the ALCO.

The earnings simulation model projects changes in net interest income resulting from the effect of changes in interest rates. Forecasting changes in net interest income requires management to make certain assumptions regarding loan and security prepayment rates, bond call dates, and adjustments to non-maturing deposit rates, which may not necessarily reflect the manner in which actual yields and costs respond to changes in market interest

rates. Assumptions used are based primarily on historical experience and current market rates. Security portfolio maturities and prepayments are assumed to be reinvested in similar instruments and callable bond forecasts are adjusted at varying levels of interest rates. While management believes such assumptions to be reasonable, there can be no assurance that assumed prepayment rates, callable bond forecasts and non-maturing deposit rates will approximate actual future results. Moreover, the net interest income sensitivity chart presented in Table 1, "Net Interest Income Sensitivity," assumes the composition of interest sensitive assets and liabilities existing at the beginning of the period remains constant over the period being measured and also assumes that a particular change in interest rates is reflected uniformly across the yield curve, regardless of the duration of the maturity or re-pricing of specific assets and liabilities. Since the assumptions used in the model relative to changes in interest rates are uncertain, the simulation analysis may not be indicative of actual results. In addition, the analysis may not consider all actions that management could employ in response to changes in interest rates and various earning asset and costing liability balances.

Management is aware of the significant effect inflation or deflation has upon interest rates and ultimately upon financial performance. WesBanco's ability to cope with inflation or deflation is best determined by analyzing its capability to respond to changing market interest rates, as well as its ability to manage the various elements of noninterest income and expense during periods of increasing or decreasing inflation or deflation. WesBanco monitors the level and mix of interest-rate sensitive assets and liabilities through ALCO in order to reduce the impact of inflation or deflation on net interest income. Management also controls the effects of inflation or deflation by conducting periodic reviews of the prices and terms of its various products and services, both in terms of the costs to offer the services as well as outside market influences upon such pricing, by introducing new products and services or reducing the availability of existing products and services, and by controlling overhead expenses.

Interest rate risk policy limits are determined by measuring the anticipated change in net interest income over a twelve month period assuming an immediate and sustained 100 and 200 basis point increase or decrease in market interest rates as compared to a stable rate environment or base model. WesBanco's current policy limits this exposure to a reduction of 5.0% and 12.5% or less, respectively, of net interest income from the base model over a twelve month period. The table below shows WesBanco's interest rate sensitivity at March 31, 2011 and December 31, 2010 assuming both a 100 and 200 basis point interest rate change, compared to a base model. Due to the current low interest rate environment, particularly for short-term rates, the 200 basis point decreasing change is not calculated, and instead a 300 basis point rising rate environment is shown. The policy limit for an increasing 300 basis point rising rate environment is a negative 25%.

TABLE 1. NET INTEREST INCOME SENSITIVITY

Immediate Change in Interest Rates (basis points)	Percentage Change in Net Interest Income from Base over One Year		ALCO Guidelines
	March 31, 2011	December 31, 2010	
+300	0.4%	0.8%	-25.0%
+200	1.3%	1.7%	- 12.5%
+100	1.9%	2.4%	- 5.0%
-100	(2.7%)	(2.9%)	- 5.0%
-200	N/A	N/A	-12.5%

As per the table above, the earnings simulation model at March 31, 2011 currently projects that net interest income for the next twelve month period would decrease by 2.7% if interest rates were to fall immediately by 100 basis points, compared to a decrease of 2.9% for the same scenario as of December 31, 2010.

For rising rate scenarios, net interest income would increase by 1.9%, 1.3% and 0.4% if rates increased by 100, 200 and 300 basis points, respectively, as of March 31, 2011 as compared to increases of 2.4%, 1.7% and 0.8% in a 100, 200 and 300 basis point increasing rate environment as of December 31, 2010. The balance sheet is slightly less asset sensitive in the first quarter of 2011 due to changes in deposit mix and a slight duration extension in the investment portfolio. Should rates rise more rapidly and by a higher amount, the asset sensitivity is somewhat neutralized due to slower anticipated prepayment speeds and extension risk associated with residential mortgages and mortgage-backed securities. In addition, variable rate commercial loans with rate floors approximated $850 million at March 31, 2011, which represented approximately 40% of commercial loans with an average floor of 5.24%. In the current flat interest rate environment, WesBanco expects that the net interest margin may be slightly negatively impacted throughout the rest of 2011, as short term interest rates are not anticipated to increase until 2012, and loan runoff and investment security maturities are reinvested at lower rates.

The Bank has significant additional borrowing capacity with the FHLB of Pittsburgh, the Federal Reserve Bank of Cleveland, and various correspondent banks, and will continue to utilize these funding sources as necessary to mitigate the impact on our balance sheet of embedded options in commercial and residential loans and to lengthen liabilities to help offset mismatches in various asset maturities. Various derivative strategies may also be employed to enhance asset sensitivity in a rising rate environment, including loan level interest rate swaps for certain of our commercial loan customers, although such strategies would most likely result in a decrease to net interest income in the short term in order to improve net interest income in a longer term rising rate environment.

As an alternative to the immediate rate shock analysis, the ALCO monitors interest rate risk by ramping or increasing interest rates 200 basis points gradually over a twelve month period. WesBanco's current policy limits this exposure to 5.0% of net interest income from the base model for a twelve month period. Management believes that the ramping analysis reflects a more realistic movement of interest rates, whereas the immediate rate shock reflects a less likely scenario. The simulation model at March 31, 2011, using the 200 basis point increasing rate ramp analysis, projects that net interest income would increase 2.0% over the next twelve months, compared to a 2.3% increase at December 31, 2010.

WesBanco also periodically measures the economic value of equity, which is defined as the market value of equity in various increasing and decreasing rate scenarios. At March 31, 2011, the market value of equity as a percent of base in a 200 basis point rising rate environment indicates a decrease of 3.2% as compared to an increase of 4.4% at December 31, 2010. In a 100 basis point falling rate environment, the model indicates an increase of 0.8%, as compared to a decrease of 4.1% as of December 31, 2010. WesBanco's policy is to limit such change to minus 25% for a 200 basis point change in interest rates, as long as the Tier I capital leverage ratio is not forecasted to decrease below 5.0% as a result of the change.

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ITEM 4. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES— WesBanco's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have concluded that WesBanco's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended), based on their evaluation of these controls and procedures as of the end of the period covered by this Form 10-Q, are effective at the reasonable assurance level as discussed below to ensure that information required to be disclosed by WesBanco in the reports it files under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission and that such information is accumulated and communicated to WesBanco's management, including its principal executive officer

and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

LIMITATIONS ON THE EFFECTIVENESS OF CONTROLS— WesBanco's management, including the CEO and CFO, does not expect that WesBanco's disclosure controls and internal controls will prevent all errors and all fraud. While WesBanco's disclosure controls and procedures are designed to provide reasonable assurance of achieving their objective, no control system, no matter how well conceived and operated, can provide absolute assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls.

CHANGES IN INTERNAL CONTROLS—There were no changes in WesBanco's internal control over financial reporting that occurred during our fiscal quarter ended March 31, 2011 as required to be reported by paragraph (d) of Rules 13a-15 and 15d-15 under the Securities Exchange Act of 1934, that materially affected, or are reasonably likely to materially affect, WesBanco's internal control over financial reporting.

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PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

WesBanco is involved in lawsuits, claims, investigations and proceedings which arise in the ordinary course of business. There are no such matters pending that WesBanco expects to be material in relation to its business, financial condition or results of operations.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

As of March 31, 2011, WesBanco had a current stock repurchase plan in which up to one million shares can be acquired. The plan was originally approved by the Board of Directors on March 21, 2007 and provides for shares to be repurchased for general corporate purposes, which may include a subsequent resource for potential acquisitions, shareholder dividend reinvestment and employee benefit plans. The timing, price and quantity of purchases are at the discretion of WesBanco, and the plan may be discontinued or suspended at any time. There were no general open market repurchases during the first three months of 2011, other than those for KSOP and dividend reinvestment plans.

The following table presents the monthly share purchase activity during the quarter ended March 31, 2011:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans	Maximum Number of Shares that May Yet Be Purchased Under the Plans
Balance at December 31, 2010				584,325
January 1, 2011 to January 31, 2011				
Open market repurchases	-	-	-	584,325
Other transactions (1)	19,736	$ 19.19	N/A	N/A
February 1, 2011 to February 28, 2011				

Open market repurchases	-	-	-	584,325
Other transactions (1)	2,346	$ 20.24	N/A	N/A
March 1, 2011 to March 31, 2011				
Open market repurchases	-	-	-	584,325
Other transactions (1)	2,471	$ 20.32	N/A	N/A
First Quarter 2011				
Open market repurchases	-	-	-	584,325
Other transactions (1)	24,553	$ 19.40	N/A	N/A
Total	24,553	$ 19.40	-	584,325

(1) Consists of open market purchases transacted in the KSOP and dividend reinvestment plans.

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ITEM 6. EXHIBITS

31.1 Chief Executive Officer's Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Chief Financial Officer's Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Chief Executive Officer's and Chief Financial Officer's Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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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.

WESBANCO, INC.

Date: April 27, 2011

/s/ Paul M. Limbert
Paul M. Limbert
President and Chief Executive Officer
(Principal Executive Officer)

Date: April 27, 2011

/s/ Robert H. Young
Robert H. Young

Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)