

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

Current Report
PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported):

October 29, 2009

ULTRALIFE CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

0-20852

(Commission File Number)

16-1387013

(I.R.S. Employer Identification No.)

2000 Technology Parkway, Newark, New York

(Address of principal executive offices)

14513

(Zip Code)

(315) 332-7100

(Registrant's telephone number, including area code)

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition.

Ultralife Corporation reported results for the third quarter ended September 27, 2009.

Revenue for the third quarter was \$42.4 million compared to \$68.0 million for the same quarter last year, a \$25.6 million decline attributable to lower communications systems revenue. Revenue in the third quarter of 2008 included \$40.7 million of communications systems revenue related primarily to orders received in the latter part of 2007 that were fulfilled during 2008. The company's three other reporting segments – non-rechargeable products, rechargeable products and design and installation services – grew in total by \$5.5 million. That gain was led by a \$2.6 million increase in non-rechargeable products revenue reflecting strong sales of BA-5390 batteries. Gross margin for the third quarter was 24.5% compared to 23.1% for the comparable quarter last year. Included in the gross margin for the third quarter of 2009 was a \$1.3 million gain related to the resolution of a trade dispute.

The information set forth in this Form 8-K and the attached exhibit is being furnished to and not filed with the Securities and Exchange Commission and shall not be deemed to be incorporated by reference in any filing under the Securities Exchange Act of 1934, as amended, or the Securities Act of 1933, as amended, except to the extent specifically provided in any such filing.

Item 9.01. Financial Statements, Pro Forma Financials and Exhibits.

(a) Exhibits.

99.1 Press Release dated October 29, 2009.

SIGNATURE

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 hereunto duly authorized.

ULTRALIFE CORPORATION

Dated: October 29, 2009

By: /s/ John C. Casper

John C. Casper

Vice President of Finance & CFO

INDEX TO EXHIBITS

(99) Additional Exhibits

99.1 Press Release dated October 29, 2009.

Ultralife Corporation Reports Third Quarter Results

NEWARK, N.Y.--(BUSINESS WIRE)--October 29, 2009--Ultralife Corporation (NASDAQ: ULBI) today reported results for the third quarter ended September 27, 2009.

Revenue for the third quarter was \$42.4 million compared to \$68.0 million for the same quarter last year, a \$25.6 million decline attributable to lower communications systems revenue. Revenue in the third quarter of 2008 included \$40.7 million of communications systems revenue related primarily to orders received in the latter part of 2007 that were fulfilled during 2008. The company's three other reporting segments – non-rechargeable products, rechargeable products and design and installation services – grew in total by \$5.5 million. That gain was led by a \$2.6 million increase in non-rechargeable products revenue reflecting strong sales of BA-5390 batteries. Gross margin for the third quarter was 24.5% compared to 23.1% for the comparable quarter last year. Included in the gross margin for the third quarter of 2009 was a \$1.3 million gain related to the resolution of a trade dispute.

Operating expenses for the third quarter of 2009 totaled \$10.8 million compared to \$10.4 million for the same quarter last year. Operating loss for the third quarter was \$0.4 million compared to operating income of \$5.3 million for the third quarter last year. Net loss for the third quarter was \$0.6 million, or \$0.04 per share, compared to net income for the third quarter of 2008 of \$4.7 million, or \$0.26 per share.

For the nine-month period ended September 27, 2009, revenue was \$121.8 million compared to \$205.5 million for the same period a year ago. Operating loss amounted to \$9.0 million compared to operating income of \$17.6 million for the first nine months of 2008. Net loss for the nine-month period ended September 27, 2009 was \$10.1 million, or \$0.59 per share, compared to net income of \$13.5 million, or \$0.77 per share, for the same period a year ago.

“Third quarter results demonstrated the strength of our core business as revenue grew sequentially despite only a modest order for advanced communications systems and without the contribution of initial orders from General Dynamics UK to supply rechargeable battery systems to the UK Ministry of Defence,” said John D. Kavazanjian, Ultralife's president and chief executive officer. “Our standby power business improved as we closed orders that had been pushed back earlier in the year and increased the mix of higher-margin service revenue. As a result, even though we are still contending with pricing pressures and the effects of the economic slowdown, gross margin in our design and installation services segment more than tripled quarter to quarter. Finally, we implemented the planned cost reduction actions during the quarter and, with last quarter's \$1.2 million in non-recurring expenses behind us, we have met our objective of reducing quarterly operating expenses to the \$11 million range.

“Attention to operating expenses, streamlining operations, lowering the cost basis of the business and improving manufacturing efficiencies all will remain high priorities for the company,” concluded Kavazanjian. “We are diligently focused on positioning the company to return to sustainable profitability in the fourth quarter with a right-sized business model to deliver incremental profits on revenue growth in 2010.”

Outlook

Based on expected shipments of government/defense orders in the fourth quarter, management has revised its outlook for 2009 and now expects revenue of approximately \$175 million and to be profitable in the fourth quarter yielding an operating loss of between \$8.0 million and \$9.0 million for the year.

Segment Reporting

Beginning with the first quarter of fiscal 2010, management intends to realign its reporting segments. The Non-rechargeable Products and Rechargeable Products segments will be combined into a segment called Battery & Energy Products. The Communications Systems segment will include the company's RedBlack Communications business, which currently is included in the Design & Installation Services segment. The Design & Installation Services segment, to be renamed Energy Services, will continue to encompass the company's standby power business.

About Ultralife Corporation

Ultralife Corporation, which began as a battery company, now serves its markets with products and services ranging from portable and standby power solutions to communications and electronics systems. Through its engineering and collaborative approach to problem solving, Ultralife serves government, defense and commercial customers across the globe.

Ultralife's family of brands includes: Ultralife Batteries, Stationary Power Services, RPS Power Systems, ABLE, McDowell Research, RedBlack Communications and AMTI. Ultralife's operations are in North America, Europe and Asia. For more information, visit www.ultralifecorp.com.

This press release may contain forward-looking statements based on current expectations that involve a number of risks and uncertainties. The potential risks and uncertainties that could cause actual results to differ materially include: worsening global economic conditions, increased competitive environment and pricing pressures, disruptions related to restructuring actions and delays, and the possibility of intangible asset impairment charges that may be taken should management decide to retire one or more of the brands of acquired companies in the future. The Company cautions investors not to place undue reliance on forward-looking statements, which reflect the Company's analysis only as of today's date. The Company undertakes no obligation to publicly update forward-looking statements to reflect subsequent events or circumstances. Further information on these factors and other factors that could affect Ultralife's financial results is included in Ultralife's Securities and Exchange Commission (SEC) filings, including the latest Annual Report on Form 10-K.

ULTRALIFE CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(In Thousands, Except Per Share Amounts)
(Unaudited)

	Three-Month Periods Ended		Nine-Month Periods Ended	
	September 27, 2009	September 27, 2008	September 27, 2009	September 27, 2008
Revenues:				
Non-rechargeable products	\$ 18,358	\$ 15,741	\$ 52,855	\$ 48,056
Rechargeable products	8,484	8,020	32,645	19,248
Communications systems	9,565	40,675	20,402	126,675
Design and installation services	5,956	3,557	15,857	11,499
Total revenues	<u>42,363</u>	<u>67,993</u>	<u>121,759</u>	<u>205,478</u>
Cost of products sold:				
Non-rechargeable products	15,001	13,835	43,319	40,843
Rechargeable products	6,483	6,282	25,219	15,488
Communications systems	5,820	29,304	14,442	92,442
Design and installation services	4,695	2,886	13,854	9,516
Total cost of products sold	<u>31,999</u>	<u>52,307</u>	<u>96,834</u>	<u>158,289</u>
Gross margin	10,364	15,686	24,925	47,189
Operating expenses:				
Research and development	2,748	2,161	7,242	5,907
Selling, general, and administrative	8,020	8,227	26,669	23,684
Total operating expenses	<u>10,768</u>	<u>10,388</u>	<u>33,911</u>	<u>29,591</u>
Operating income (loss)	(404)	5,298	(8,986)	17,598
Other income (expense):				
Interest income	16	5	20	18
Interest expense	(470)	(248)	(1,002)	(817)
Gain on insurance settlement	-	-	-	39
Gain on debt conversion	-	-	-	313
Miscellaneous	350	(175)	152	(66)
Income (loss) before income taxes	<u>(508)</u>	<u>4,880</u>	<u>(9,816)</u>	<u>17,085</u>
Income tax provision-current	17	151	19	469
Income tax provision-deferred	88	62	272	3,148
Total income taxes	<u>105</u>	<u>213</u>	<u>291</u>	<u>3,617</u>
Net income (loss)	(613)	4,667	(10,107)	13,468
Net (income) loss attributable to noncontrolling interest	8	(10)	26	18
Net income (loss) attributable to Ultralife	<u>\$ (605)</u>	<u>\$ 4,657</u>	<u>\$ (10,081)</u>	<u>\$ 13,486</u>
Net income (loss) attributable to Ultralife common shareholders - basic	<u>\$ (0.04)</u>	<u>\$ 0.27</u>	<u>\$ (0.59)</u>	<u>\$ 0.78</u>
Net income (loss) attributable to Ultralife common shareholders - diluted	<u>\$ (0.04)</u>	<u>\$ 0.26</u>	<u>\$ (0.59)</u>	<u>\$ 0.77</u>
Weighted average shares outstanding - basic	<u>16,921</u>	<u>17,366</u>	<u>16,996</u>	<u>17,220</u>
Weighted average shares outstanding - diluted	<u>16,921</u>	<u>17,722</u>	<u>16,996</u>	<u>17,742</u>

ULTRALIFE CORPORATION
CONSOLIDATED BALANCE SHEETS
(In Thousands, Except Per Share Amounts)
(unaudited)

ASSETS	September 27, <u>2009</u>	December 31, <u>2008</u>
Current assets:		
Cash and investments	\$ 1,697	\$ 1,878
Trade accounts receivable, net	36,230	30,588
Inventories	42,907	40,465
Prepaid expenses and other current assets	2,293	2,242
Total current assets	83,127	75,173
Property and equipment	17,291	18,465
Other assets		
Goodwill, intangible and other assets	39,182	35,949
Total Assets	\$ 139,600	\$ 129,587
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term debt and current portion of long-term debt	\$ 26,995	\$ 1,425
Accounts payable	15,080	20,255
Other current liabilities	11,298	10,556
Total current liabilities	53,373	32,236
Long-term liabilities:		
Long-term debt and capital lease obligations	4,455	4,670
Other long-term liabilities	4,915	4,528
Total long-term liabilities	9,370	9,198
Shareholders' equity:		
Ultralife equity:		
Common stock, par value \$0.10 per share	1,829	1,815
Capital in excess of par value	168,686	167,259
Accumulated other comprehensive loss	(1,257)	(1,930)
Accumulated deficit	(84,861)	(74,780)
	84,397	92,364
Less -- Treasury stock, at cost	7,558	4,232
Total Ultralife equity	76,839	88,132
Noncontrolling interest	18	21
Total shareholders' equity	76,857	88,153
Total Liabilities and Shareholders' Equity	\$ 139,600	\$ 129,587

CONTACT:

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