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**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**

**May 18, 2007**  
(Date of Report)

**ULTRALIFE BATTERIES, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State of incorporation)

**000-20852**  
(Commission File Number)

**16-1387013**  
(IRS 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)

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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 (see General Instruction A.2. below):

- 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 1.01 Entry into a Material Definitive Agreement**

Effective as of February 14, 2007, Ultralife Batteries, Inc. (the “**Company**”) entered into Forbearance and Amendment Number Six to the Credit Agreement (the “**Forbearance and Amendment**”) with JPMorgan Chase Bank, N.A. and Manufacturers and Traders Trust Company (together, the “**Lenders**”), and effective March 23, 2007, the Company and the Lenders entered into Extension of Forbearance and Amendment Number Seven to the Credit Agreement (the “**Forbearance Extension**”). The Company and the Lenders originally entered into the Credit Agreement as of June 30, 2004, and they subsequently amended the agreement on each of September 24, 2004, May 4, 2005, August 5, 2005, November 1, 2005, June 29, 2006, February 14, 2007 and March 23, 2007 (collectively, the “**Credit Agreement**”). The terms and conditions of the Forbearance and Amendment and the Forbearance Extension were previously disclosed in the Company’s 8-K filings dated February 21, 2007 and March 27, 2007, respectively. Neither the Company nor any of its affiliates has any material relationship with the Lenders, other than in respect of the Credit Agreement.

The Forbearance and Amendment provided that the Lenders would forbear from exercising their rights under the Credit Agreement arising from the Company’s failure to comply with certain financial covenants in the Credit Agreement with respect to the fiscal quarter ended December 31, 2006. Specifically, the Company was not in compliance with the terms of the Credit Agreement because it failed to maintain the required debt-to-earnings and EBIT-to-interest ratios provided for in the Credit Agreement. The Lenders agreed to forbear from exercising their respective rights and remedies under the Credit Agreement until March 23, 2007 (the “**Forbearance Period**”), unless the Company breaches the Forbearance and Amendment or unless another event or condition occurs that constitutes a default under the Credit Agreement. The Forbearance Extension extended the Forbearance Period until May 18, 2007. Once the Forbearance Period ends, the Lenders may exercise their rights and remedies under the Credit Agreement without further notice or action.

On May 18, 2007, the Company and the lenders entered into an Extension of Forbearance and Amendment Number Eight to Credit Agreement (the “**Second Forbearance Extension**”) which extended the Forbearance Period until August 15, 2007. The Second Forbearance Extension acknowledged that the Company continues not to be in compliance with the financial covenants identified above for the fiscal quarter ending March 31, 2007 and, based on the information received to date, does not contemplate being in compliance with the fiscal quarter ending June 30, 2007.

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**Item 9.01 Financial Statements and Exhibits**

**(d) Exhibits.**

- 10.1 Extension of Forbearance and Amendment Number Eight to the Credit Agreement, dated as of May 18, 2007, among Ultralife Batteries, Inc., JPMorgan Chase Bank, N.A. and Manufacturers and Traders Trust Company
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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 hereunto duly authorized.

Date: May 18, 2007

**ULTRALIFE BATTERIES, INC.**

/s/ Robert W. Fishback

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Robert W. Fishback  
Vice President of Finance and  
Chief Financial Officer

EXTENSION OF FORBEARANCE

AND

AMENDMENT NUMBER EIGHT TO CREDIT AGREEMENT

dated as of May 18, 2007

between

ULTRALIFE BATTERIES, INC.

and

THE LENDERS PARTY THERETO

and

JPMORGAN CHASE BANK, N.A.,  
as Administrative Agent

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**EXTENSION OF FORBEARANCE  
AND  
AMENDMENT NUMBER EIGHT TO CREDIT AGREEMENT**

This Extension of Forbearance and Amendment Number Eight to Credit Agreement (the "Amendment"), dated as of May 18, 2007, is made by and between ULTRALIFE BATTERIES, INC. (the "Borrower") and the Lenders party to the Credit Agreement and JPMORGAN CHASE BANK, N.A. (formerly known as JPMorgan Chase Bank) as Administrative Agent for the Lenders (in such capacity, the "Agent").

**Statement of the Premises**

The Borrower, the Lenders and the Agent have previously entered into, among other agreements, a Credit Agreement, dated as of June 30, 2004, which was amended by Amendment Number One dated as of September 24, 2004, Amendment Number Two dated as of May 4, 2005, Amendment Number Three dated as of August 5, 2005, Amendment Number Four dated as of November 1, 2005, that certain waiver letter dated May 3, 2006, Amendment Number Five dated June 29, 2006, that certain waiver letter dated October 20, 2006, that certain waiver letter dated November 30, 2006 as extended, that certain Forbearance and Amendment Number Six to Credit Agreement dated February 14, 2007 and that certain Extension of Forbearance and Amendment Number Seven to Credit Agreement dated as of March 23, 2007 (collectively, the "Credit Agreement"). The Borrower has requested that the Lenders and Agent grant the Borrower additional time to comply with covenants contained in the Credit Agreement.

**Statement of Consideration**

Accordingly, in consideration of the premises and under the authority of Section 5-1103 of the New York General Obligations Law, the parties agree as follows:

**Agreement**

1. **Defined Terms.** The terms "this Agreement", "hereunder" and similar references in the Credit Agreement shall be deemed to refer to the Credit Agreement as amended by this Amendment. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Credit Agreement.

2. **Extension of Forbearance.** According to the terms of the forbearance provisions contained within Amendment No. 6 and modified by that certain Extension of Forbearance and Amendment Number Seven to Credit Agreement dated as of March 23, 2007 (the "Extension Agreement"), the Forbearance Period, as defined in Amendment No. 6 and modified by the Extension Agreement, shall terminate on or before May 18, 2007. Although the Borrower continues not to be in compliance with the financial covenants set forth in subsections (a) and (b) of Section 6.09 of the Credit Agreement for the fiscal quarters ending December 31, 2006 and March 31, 2007 and based on the information received to date, does not contemplate being in compliance for the fiscal quarter ending June 30, 2007 (the "Additional Default"), Borrower has requested the Lenders to further extend the Forbearance Period.

Lenders and Agent agree, upon satisfaction of the conditions set forth in Section 5 hereof, that:

A. The "Forbearance Period" as set forth in Amendment No. 6 and modified by the Extension Agreement shall be further extended to the date which is the earliest of: (i) 5:01 p.m. (New York time) on August 15, 2007; or (ii) the date on which the Required Lenders elect to terminate the Forbearance Period upon the occurrence of an event described in Section 4(B) of Amendment No. 6, or

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(iii) the date on which any subsequent amendments to the Credit Agreement, relating to the Existing Event of Default, as modified hereby or this Amendment, become effective. The parties hereto acknowledge and agree that in each instance that the term "Forbearance Period" is used in the Credit Agreement, the same shall mean the Forbearance Period, as extended hereby.

B. the "Existing Event of Default" as set forth in Amendment No. 6 shall be modified to also include the Additional Default.

3. **Amendments.** Effective upon the satisfaction of all conditions specified in Section 5 hereof, the Credit Agreement is hereby amended as follows:

A. Section 5.01 of the Credit Agreement is hereby amended so that in subsection (h) thereof the phrase "(February 3, 2007, March 3, 2007, March 31, 2007 and May 5, 2007)" is hereby superseded and replaced in its entirety to read "(February 3, 2007, March 3, 2007, March 31, 2007, May 5, 2007, June 2, 2007, June 30, 2007 and August 4, 2007)".

4. **Representations.** The Borrower hereby represents and warrants to the Lenders and the Agent that: (i) the covenants, representations and warranties set forth in the Credit Agreement are true and correct on and as of the date of execution hereof as if made on and as of said date and as if each reference therein to the Credit Agreement were a reference to the Credit Agreement as amended by this Amendment; (ii) except for the Existing Event of Default (as modified hereby), no Default or Event of Default specified in the Credit Agreement has occurred and is continuing, (iii) since the date of the Credit Agreement, there has been no material adverse change in the financial condition or business operations of the Borrower which has not been disclosed to Lenders; (iv) the making and performance by the Borrower of this Amendment have been duly authorized by all necessary corporate action, and do not, and will not, (a) contravene the Borrower's certificate of incorporation or by-laws, (b) violate any law, including without limitation the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, or any rule, regulation (including Regulations T, U or X of the Board of Governors of the Federal Reserve System) order, writ, judgment, injunction, decree, determination or award, and (c) conflict with or result in the breach of, or constitute a default under, any material contract, loan agreement, indenture, note, mortgage, deed of trust or any other material instrument or agreement binding on the Borrower or any Subsidiary or any of their properties or result in or require the creation or imposition of any lien upon or with respect to any of their properties; (v) this Amendment has been duly executed and delivered by the Borrower and is the legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with its terms; (vi) no authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or any other third party is required for (a) the due execution, delivery or performance by the Borrower of this Amendment or any other agreement or document related hereto or contemplated hereby to which the Borrower is or is to be a party or otherwise bound, or (b) the exercise by the Agent or any Lender of its rights under the Credit Agreement as modified by this Amendment; and (vii) the security interests and charges granted by the Borrower and its Subsidiary pursuant to the Security Agreements continue to constitute valid, binding and enforceable, first in priority Liens on the Collateral, subject only to Liens permitted under the terms of the Security Agreements and Credit Agreement.

5. **Conditions of Effectiveness.** The effectiveness of each and all of the modifications and waiver contained in the Amendment and the Forbearance is subject to the satisfaction, in form and substance satisfactory to the Agent, of each of the following conditions precedent:

A. Agent shall have received 4 duplicate original counterparts of this Amendment executed by Borrower, Lenders and Agent.

B. Agent shall have received a secretarial certificate of the Borrower in a form reasonably acceptable to Agent, certifying that the June 29, 2006 secretary's certificate of Borrower is true and correct as of the date of execution hereof, and the authorizing resolutions and the incumbency of officers of the Borrower remain in full force and effect.

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C. The representation and warranties contained in Section 5 hereof and in the Credit Agreement shall be true, correct and complete as of the effective date of this Amendment as though made on such date.

**6. Reference to and Effect on Loan Documents.**

A. Upon the effectiveness hereof, each reference in the Credit Agreement to “this Agreement,” “hereunder,” “hereof,” “herein,” “Amendment No. 6,” or words of like import, and each reference in the other Loan Documents to the Credit Agreement shall mean and be a reference to the Credit Agreement or Amendment No. 6, as applicable, as amended hereby and by the Extension Agreement.

B. Except as specifically amended above, the Credit Agreement, and all other Loan Documents shall remain in full force and effect and are hereby ratified and confirmed.

C. The amendments set forth in Section 3 and the extended Forbearance Period set forth in Section 2 hereto are only applicable and shall only be effective in the specific instance and for the specific purpose for which made, are expressly limited to the facts and circumstances referred to herein, and shall not operate as (i) a waiver of, or consent to non-compliance with any provision of the Credit Agreement or any other Loan Document, including specifically, but without limitation, any further advances or loans made by the Borrower in contravention of the terms of the Credit Agreement, (ii) a waiver or modification of any right, power or remedy of either the Agent or any Lender under the Credit Agreement or any Loan Document, or (iii) a waiver or modification of, or consent to, any Event of Default or Default under the Credit Agreement or any Loan Document.

7. **Costs and Expenses.** Borrower agrees to pay on demand all costs and expenses of Agent in connection with the preparation, execution and delivery of this Amendment and the other documents related hereto, including the fees and out-of-pocket expenses of counsel for Agent.

8. **Waiver and Release.** As a material inducement for, and in consideration of, the Lenders’ and Agent’s agreements herein, the Borrower, by signing this Amendment, hereby forever waives, releases, remises and discharges any and all rights to assert any and all defenses to and setoffs, counterclaims, and claims of every kind against any Lenders or Agent, its respective agents, servants, employees, officers, directors and attorneys now existing or arising hereafter on the basis of actions or events occurring on or prior to the date hereof. Each of the parties signing this agreement confirms that the foregoing waiver and release is informed and freely given.

9. **Representation by Counsel.** Borrower hereby represents and warrants to the Lenders and Agent that throughout the negotiations, preparation and execution of this Amendment and the closing hereunder, Borrower has been represented by legal counsel of its own choosing and that this Amendment was entered into by the free will of Borrower and pursuant to arm’s-length negotiations.

10. **Governing Law.** This Amendment shall be governed and construed in accordance with the laws of the State of New York without regard to any conflicts-of-laws rules which would require the application of the laws of any other jurisdiction.

11. **Headings.** Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

12. **Execution in Counterparts.** This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all or which taken together shall constitute but one and the same instrument.

[Signature Page Follows]

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**IN WITNESS WHEREOF**, the parties hereto have caused this Amendment to be executed by their respective representatives thereunto duly authorized as of the date first above written.

**ULTRALIFE BATTERIES, INC.**

By: /s/ Robert W. Fishback  
Name: Robert W. Fishback  
Title: Vice President of Finance and Chief Financial Officer

**ADMINISTRATIVE AGENT:**

**JPMORGAN CHASE BANK, N.A., as Agent**

By: /s/ Thomas C. Strassenburgh  
Name: Thomas C. Strassenburgh  
Title: Vice President

**LENDERS:**

**JPMORGAN CHASE BANK, N.A.**

By: /s/ Thomas C. Strassenburgh  
Name: Thomas C. Strassenburgh  
Title: Vice President

**MANUFACTURERS AND TRADERS  
TRUST COMPANY**

By: /s/ Jon Fogle  
Name: Jon Fogle  
Title: Vice President