

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):

February 17, 2011

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 14513
(Address of principal executive offices) (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 (NASDAQ: ULBI) reported operating income of \$1.9 million, excluding a previously disclosed \$13.8 million non-cash asset impairment charge, on revenue of \$49.8 million for the quarter ended December 31, 2010. For the fourth quarter of 2009, the company reported operating income of \$1.6 million on revenue of \$50.4 million.

Gross profit for the fourth quarter of 2010 was \$12.5 million, or 25.2% of revenue, compared to \$11.9 million, or 23.7% of revenue, for the same quarter a year ago, reflecting a favorable mix of high-margin products and improved manufacturing efficiencies.

Operating expenses for the fourth quarter of 2010 totaled \$24.4 million compared to \$10.3 million a year ago. Included in operating expenses for the fourth quarter of 2010 was a \$13.8 million non-cash asset impairment charge and certain one-time expenses. As a result, the company reported a net loss of \$11.0 million, or \$0.64 per share, for the fourth quarter of 2010, compared to net income of \$0.8 million, or \$0.05 per share, for the same quarter in 2009.

For the fiscal year ended December 31, 2010 revenue was \$178.6 million, compared to \$172.1 million for the same period a year ago. The operating loss for fiscal year 2010 was \$5.9 million, including the above-mentioned asset impairment charge, compared to an operating loss of \$7.4 million for fiscal year 2009. Net loss was \$6.2 million for fiscal year 2010, or \$0.36 per share, compared to a net loss of \$9.2 million, or \$0.54 per share, for the same period a year ago.

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 February 17, 2011.

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.

Dated: February 17, 2011

ULTRALIFE CORPORATION

By: /s/ Philip A. Fain

Philip A. Fain

Chief Financial Officer & Treasurer

INDEX TO EXHIBITS

(99) Additional Exhibits

99.1 Press Release dated February 17, 2011.

Ultralife Corporation Reports Fourth Quarter Results

Full Year Operating Income of \$7.9 Million, Excluding Asset Impairment Charge

NEWARK, N.Y.--(BUSINESS WIRE)--February 17, 2011--Ultralife Corporation (NASDAQ: ULBI) reported operating income of \$1.9 million, excluding a previously disclosed \$13.8 million non-cash asset impairment charge, on revenue of \$49.8 million for the quarter ended December 31, 2010. For the fourth quarter of 2009, the company reported operating income of \$1.6 million on revenue of \$50.4 million.

Gross profit for the fourth quarter of 2010 was \$12.5 million, or 25.2% of revenue, compared to \$11.9 million, or 23.7% of revenue, for the same quarter a year ago, reflecting a favorable mix of high-margin products and improved manufacturing efficiencies.

Operating expenses for the fourth quarter of 2010 totaled \$24.4 million compared to \$10.3 million a year ago. Included in operating expenses for the fourth quarter of 2010 was a \$13.8 million non-cash asset impairment charge and certain one-time expenses. As a result, the company reported a net loss of \$11.0 million, or \$0.64 per share, for the fourth quarter of 2010, compared to net income of \$0.8 million, or \$0.05 per share, for the same quarter in 2009.

For the fiscal year ended December 31, 2010 revenue was \$178.6 million, compared to \$172.1 million for the same period a year ago. The operating loss for fiscal year 2010 was \$5.9 million, including the above-mentioned asset impairment charge, compared to an operating loss of \$7.4 million for fiscal year 2009. Net loss was \$6.2 million for fiscal year 2010, or \$0.36 per share, compared to a net loss of \$9.2 million, or \$0.54 per share, for the same period a year ago.

“Ultralife’s fourth quarter results build on the third quarter’s strong performance and cap a year of across-the-board operational and margin improvements, which resulted in a much stronger balance sheet,” said Michael D. Popielec, Ultralife’s president and chief executive officer.

“Revenue for the quarter illustrates the benefits of our diversified mix of military and commercial, domestic and international businesses,” added Popielec. “Benchmarked against last year, revenue for this year’s fourth quarter masks a 37% gain in Battery & Energy Products revenue, which was driven by sales increases across our portfolio of rechargeable and non-rechargeable batteries and occurred even without shipments for standard batteries to the U.S. Defense Logistics Agency. In Communications Systems, continued increasing demand for our amplifiers and chargers among allied militaries was more than offset by lower levels of shipments of SATCOM compared to last year’s fourth quarter. Finally, Energy Services revenue benefited from increased wireless tower business.

“As we enter 2011, we are leveraging the new products introduced and market opportunities created in 2010 to further drive profitable growth,” concluded Popielec. “Demand remains strong, particularly from allied militaries and in under-penetrated international commercial markets. Successful penetration of new markets and continued new product development will position the company for sustained revenue and earnings growth in the future.”

Outlook

Management expects year-over-year revenue growth of between 4% and 5% in 2011, taking into account lower than anticipated shipments of SATCOM units. Operating income growth is expected to significantly outpace revenue growth, adjusting for the \$13.8 million non-cash impairment charge recorded in 2010. Driving the earnings leverage is the carryover of the cost actions taken previously and the implementation of Lean initiatives in 2011. Management cautions that the timing of orders and shipments may cause variability in quarterly results.

About Ultralife Corporation

Ultralife Corporation, which began as a battery company, 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.

Headquartered in Newark, New York, the company's business segments include: Battery & Energy Products, Communications Systems and Energy Services. Ultralife has operations 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, 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. 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.

Conference Call Information

Ultralife will hold its fourth quarter earnings conference call today at 10:00 AM ET. To participate, please call (800) 915-4836, identify yourself and ask for the Ultralife call. The conference call will also be broadcast live over the Internet at <http://investor.ultralifecorp.com>. To listen to the call, please go to the web site at least fifteen minutes early to download and install any necessary audio software. For those who cannot listen to the live webcast, a replay of the webcast will be available shortly after the call at the same location.

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

| | Three-Month Periods Ended | | Twelve-Month Periods Ended | |
|--|---------------------------|----------------------|----------------------------|----------------------|
| | December 31, 2010 | December 31, 2009 | December 31, 2010 | December 31, 2009 |
| Revenues: | | | | |
| Battery & energy products | \$ 28,203 | \$ 20,538 | \$ 94,643 | \$ 93,973 |
| Communications systems | 17,688 | 26,472 | 72,176 | 60,322 |
| Energy services | 3,874 | 3,340 | 11,758 | 17,814 |
| Total revenues | <u>49,765</u> | <u>50,350</u> | <u>178,577</u> | <u>172,109</u> |
| Cost of products sold: | | | | |
| Battery & energy products | 21,032 | 16,411 | 72,990 | 76,494 |
| Communications systems | 12,173 | 18,852 | 47,173 | 42,492 |
| Energy services | 4,041 | 3,152 | 11,845 | 16,263 |
| Total cost of products sold | <u>37,246</u> | <u>38,415</u> | <u>132,008</u> | <u>135,249</u> |
| Gross margin | 12,519 | 11,935 | 46,569 | 36,860 |
| Operating expenses: | | | | |
| Research and development | 2,575 | 2,298 | 8,817 | 9,540 |
| Selling, general, and administrative | 8,013 | 8,013 | 29,840 | 34,682 |
| Impairment of goodwill and long-lived assets | 13,793 | - | 13,793 | - |
| Total operating expenses | <u>24,381</u> | <u>10,311</u> | <u>52,450</u> | <u>44,222</u> |
| Operating income (loss) | (11,862) | 1,624 | (5,881) | (7,362) |
| Other income (expense): | | | | |
| Interest income | - | 7 | 2 | 27 |
| Interest expense | (199) | (490) | (1,171) | (1,492) |
| Miscellaneous | (199) | (165) | 171 | (13) |
| Income (loss) before income taxes | <u>(12,260)</u> | <u>976</u> | <u>(6,879)</u> | <u>(8,840)</u> |
| Income tax provision (benefit)-current | (719) | 12 | (555) | 31 |
| Income tax provision (benefit)-deferred | (521) | 88 | (115) | 360 |
| Total income taxes | <u>(1,240)</u> | <u>100</u> | <u>(670)</u> | <u>391</u> |
| Net income (loss) | (11,020) | 876 | (6,209) | (9,231) |
| Net (income) loss attributable to noncontrolling interest | 8 | (36) | 30 | (10) |
| Net income (loss) attributable to Ultralife | <u>\$ (11,012)</u> | <u>\$ 840</u> | <u>\$ (6,179)</u> | <u>\$ (9,241)</u> |
| Net income (loss) attributable to Ultralife common shareholders - basic | <u>\$ (0.64)</u> | <u>\$ 0.05</u> | <u>\$ (0.36)</u> | <u>\$ (0.54)</u> |
| Net income (loss) attributable to Ultralife common shareholders - diluted | <u>\$ (0.64)</u> | <u>\$ 0.05</u> | <u>\$ (0.36)</u> | <u>\$ (0.54)</u> |
| Weighted average shares outstanding - basic | <u>17,242</u> | <u>16,960</u> | <u>17,157</u> | <u>16,989</u> |
| Weighted average shares outstanding - diluted | <u>17,242</u> | <u>16,963</u> | <u>17,157</u> | <u>16,989</u> |

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

| ASSETS | December 31, <u>2010</u> | December 31, <u>2009</u> |
|---|-----------------------------|-----------------------------|
| Current assets: | | |
| Cash and cash equivalents | \$ 5,105 | \$ 6,094 |
| Trade accounts receivable, net | 34,270 | 32,449 |
| Inventories | 33,122 | 35,503 |
| Prepaid expenses and other current assets | 3,157 | 1,912 |
| Total current assets | 75,654 | 75,958 |
| Property and equipment | 14,485 | 16,648 |
| Other assets | | |
| Goodwill, intangible and other assets | 24,696 | 38,560 |
| Total Assets | \$ 114,835 | \$ 131,166 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Short-term debt and current portion of long-term debt | \$ 8,717 | \$ 19,082 |
| Accounts payable | 16,409 | 19,177 |
| Other current liabilities | 11,219 | 9,875 |
| Total current liabilities | 36,345 | 48,134 |
| Long-term liabilities: | | |
| Long-term debt and capital lease obligations | 251 | 267 |
| Other long-term liabilities | 4,444 | 4,651 |
| Total long-term liabilities | 4,695 | 4,918 |
| Shareholders' equity: | | |
| Ultralife equity: | | |
| Common stock, par value \$0.10 per share | 1,865 | 1,831 |
| Capital in excess of par value | 171,020 | 169,064 |
| Accumulated other comprehensive loss | (1,262) | (1,256) |
| Accumulated deficit | (90,200) | (84,021) |
| | 81,423 | 85,618 |
| Less -- Treasury stock, at cost | 7,652 | 7,558 |
| Total Ultralife equity | 73,771 | 78,060 |
| Noncontrolling interest | 24 | 54 |
| Total shareholders' equity | 73,795 | 78,114 |
| Total Liabilities and Shareholders' Equity | \$ 114,835 | \$ 131,166 |

CONTACT:

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