

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):

August 3, 2006

ULTRALIFE BATTERIES, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

0-20852 16-1387013
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(Commission File Number) (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))

Item 2.02. Results of Operations and Financial Condition.

Ultralife Batteries, Inc. (the "Company") reported results for the second
quarter ended July 1, 2006. Operating income for the quarter was \$0.5 million on
revenues of \$21.4 million. Included in operating income was stock-based
compensation expense of \$0.3 million.

The Company's press release is attached as Exhibit 99.1 to this Form 8-K. 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) Financial Statements of Business Acquired.

Not applicable.

(b) Pro Forma Financial Information.

Not applicable.

(c) Exhibits.

99.1 Press Release dated August 3, 2006.

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 BATTERIES, INC.

Dated: August 3, 2006

By: /s/Robert W. Fishback

Robert W. Fishback
Vice President of Finance & CFO

INDEX TO EXHIBITS

(99) Additional Exhibits

99.1 Press Release dated August 3, 2006.

Ultralife Batteries Reports Second Quarter Revenues of \$21.4 Million;
Management Increases Fiscal 2006 Guidance to
Reflect the Acquisitions of ABLE New Energy and McDowell Research

NEWARK, N.Y.--(BUSINESS WIRE)--Aug. 3, 2006--Ultralife Batteries, Inc. (NASDAQ: ULBI) reported results for the second quarter ended July 1, 2006. Operating income for the quarter was \$0.5 million on revenues of \$21.4 million. Included in operating income was stock-based compensation expense of \$0.3 million. In comparison, the company reported operating income of \$0.2 million on revenues of \$21.6 million for the same period last year.

Second quarter revenues reflect growth from the company's automotive telematics products partially offset by lower BA-5390 battery shipments. As a percentage of revenues, gross margins amounted to 20% compared with 19% in the same quarter last year. Operating expenses were \$3.9 million, including \$0.3 million in stock-based compensation expense, compared to \$4.0 million in operating expenses a year ago. Net income for the second quarter of 2006 was \$0.1 million, or \$0.01 per diluted common share, compared to a net loss of \$1.4 million, or \$0.10 loss per diluted common share, for the second quarter of 2005.

For the six-month period ended July 1, 2006, revenues totaled \$39.7 million compared to \$37.0 million for the same period last year. The company reported operating income of \$0.7 million, including \$0.6 million in stock-based compensation expense, compared to an operating loss of \$1.5 million for the first six months of 2005. Net income for the first half of 2006 was \$0.3 million, or \$0.02 per share, compared to a net loss for the same period last year of \$3.0 million, or \$0.21 per share.

"Having met our financial and strategic goals for the second quarter of 2006, we are focusing our efforts on accomplishing our plans for the year, which include continuing to grow our commercial business and diversify our government/military business, and integrating the two companies we recently acquired, ABLE New Energy and McDowell Research," said John D. Kavazanjian, president and chief executive officer. "We are making progress in strengthening our presence in target commercial markets, notably automotive telematics, where this quarter we expanded a customer relationship to supply another platform for model year 2007.

"The addition of ABLE advances Ultralife's position as the supplier of choice of high-energy power sources to commercial customers in an expanding set of target markets. We have already started selling ABLE's products and are enhancing their operations by leveraging our engineering and manufacturing process expertise," continued Mr. Kavazanjian. "McDowell builds on our efforts to diversify our government/military business by extending our penetration into foreign defense organizations and the growing special operations area while strengthening our relationships with U.S. prime defense contractors. We are coordinating our strategies to operate as an integrated company with a diversified set of growth opportunities supported by broadened sales coverage and an expanded product portfolio."

Mr. Kavazanjian concluded, "The traction we are gaining in the commercial business, coupled with the opportunities we have to broaden our government/military business, supports our confidence in our second half outlook."

Outlook

Management has revised its guidance for the full year 2006 to include the contributions from ABLE and McDowell. For the full year of 2006, the company now expects revenues of approximately \$100 million. For the third quarter of 2006 management expects revenues to be between \$25 million and \$29 million and operating income to be in the range of \$1.2 million to \$2.4 million, including approximately \$0.4 million in non-cash stock-based compensation expense.

About Ultralife Batteries, Inc.

Ultralife is a global provider of high-energy power systems for diverse applications. The company develops, manufactures and markets a wide range of non-rechargeable and rechargeable batteries, charging systems and accessories for use in military, industrial and consumer portable electronic products. Through its portfolio of standard products and engineered solutions, Ultralife is at the forefront of providing the next generation of power systems. Industrial, retail and government customers include General Dynamics, Philips Medical

Systems, General Motors, Energizer, Kidde Safety, Lowe's, Radio Shack and the national defense agencies of the United States, United Kingdom, Germany, Australia and New Zealand, among others.

Ultralife's headquarters, principal manufacturing and research facilities are in Newark, New York, near Rochester. Ultralife's three other operating units are: Ultralife Batteries (UK) Ltd., in Abingdon, England; McDowell Research in Waco, Texas; and ABLE New Energy in Shenzhen, China. Detailed information on Ultralife is available at: www.ultralifebatteries.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: addressing the process of U.S. military procurement, worsening global economic conditions, increased competitive environment and pricing pressures, disruptions related to restructuring actions and delays. 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

Investors are invited to listen to a live webcast of the conference call at 10:00 a.m. ET on August 3, 2006 at <http://investor.ultralifebatteries.com>. To listen to the live 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 broadcast, a replay of the webcast will be available shortly after the call at the same location for 90 days. Investors may also listen to a telephone replay of the conference call by dialing 888-203-1112, Reservation #9143546, during the period starting at 1:00 p.m. ET August 3 and ending at 1:00 p.m. ET August 10, 2006.

Ultralife(R) is a registered trademark of Ultralife Batteries, Inc.

ULTRALIFE BATTERIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In Thousands, Except Per Share Amounts)
(Unaudited)

	Three-Month Periods Ended		Six-Month Periods Ended	
	July 1, 2006	July 2, 2005	July 1, 2006	July 2, 2005
Revenues:				
Non-rechargeable products	\$18,458	\$17,692	\$34,103	\$30,500
Rechargeable products	2,648	3,262	5,213	5,390
Technology contracts	287	649	396	1,076
Total revenues	21,393	21,603	39,712	36,966
Cost of products sold:				
Non-rechargeable products	14,900	13,983	27,223	24,851
Rechargeable products	1,859	2,823	3,728	4,900
Technology contracts	257	592	414	987
Total cost of products sold	17,016	17,398	31,365	30,738
Gross margin	4,377	4,205	8,347	6,228
Operating expenses:				
Research and development	884	1,059	1,844	1,905
Selling, general, and administrative	3,032	2,942	5,814	5,843
Total operating expenses	3,916	4,001	7,658	7,748
Operating income /(loss)	461	204	689	(1,520)
Other income (expense):				
Interest income	40	58	85	118
Interest expense	(207)	(180)	(412)	(373)
Gain on insurance settlement	43	-	191	-

Miscellaneous	139	(191)	147	(194)
Income/(loss) before income taxes	476	(109)	700	(1,969)
Income tax provision/(benefit)- current	20	15	24	(2)
Income tax provision/(benefit)- deferred	347	1,315	427	1,022
Total income taxes	367	1,330	451	1,020
Net Income/(Loss)	\$ 109	\$(1,439)	\$ 249	\$(2,989)
Earnings/(Loss) per share - basic	\$ 0.01	\$(0.10)	\$ 0.02	\$(0.21)
Earnings/(Loss) per share - diluted	\$ 0.01	\$(0.10)	\$ 0.02	\$(0.21)
Weighted average shares outstanding - basic	14,851	14,450	14,807	14,413
Weighted average shares outstanding - diluted	15,165	14,450	15,150	14,413

ULTRALIFE BATTERIES, INC.
CONSOLIDATED BALANCE SHEETS
(In Thousands, Except Per Share Amounts)
(unaudited)

	July 1, 2006	December 31, 2005
ASSETS		
Current assets:		
Cash and investments	\$ 4,237	\$ 3,214
Trade accounts receivable, net	12,748	10,965
Inventories	17,010	19,446
Prepaid expenses and other current assets	4,158	5,737
Total current assets	38,153	39,362
Property and equipment	19,892	19,931
Goodwill	2,806	-
Other assets	20,892	21,464
Total Assets	\$ 81,743	\$ 80,757
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term debt and current portion of long-term debt	\$ 6,190	\$ 7,715
Accounts payable	5,681	5,218
Other current liabilities	4,191	5,450
Total current liabilities	16,062	18,383
Long-term liabilities:		
Long-term debt and capital lease obligations	25	25
Other long-term liabilities	251	242
Total long-term liabilities	276	267
Shareholders' equity:		
Common stock, par value \$0.10 per share	1,565	1,547
Capital in excess of par value	133,159	130,530
Accumulated other comprehensive income	(652)	(1,054)

Accumulated deficit	(66,289)	(66,538)
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	67,783	64,485
Less --Treasury stock, at cost	2,378	2,378
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Total shareholders' equity	65,405	62,107
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Total Liabilities and Shareholders' Equity	\$ 81,743	\$ 80,757
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CONTACT: Ultralife Batteries, Inc.
Robert W. Fishback, 315-332-7100
bfishback@ulbi.com
or
Lippert/Heilshorn & Associates, Inc.
Investor Relations:
Jody Burfening, 212-838-3777
jburfening@lhai.com