

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 4, 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))

Item 2.02. Results of Operations and Financial Condition.

Ultralife Corporation (NASDAQ: ULBI) reported operating income from continuing operations of \$2.9 million on revenue of \$43.6 million for the quarter ended July 3, 2011. For the second quarter of 2010, the company reported operating income from continuing operations of \$1.0 million on revenue of \$33.6 million.

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 August 4, 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: August 4, 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 August 4, 2011.

Ultralife Corporation Reports Second Quarter Results

Completes Exit of its Energy Services Business One Quarter Ahead of Schedule

NEWARK, N.Y.--(BUSINESS WIRE)--August 4, 2011--Ultralife Corporation (NASDAQ: ULBI) reported operating income from continuing operations of \$2.9 million on revenue of \$43.6 million for the quarter ended July 3, 2011. For the second quarter of 2010, the company reported operating income from continuing operations of \$1.0 million on revenue of \$33.6 million.

“Revenue for our second quarter increased by 29% over last year. The growth was driven by solid demand from our defense customers, including resumed order activity from our core U.S. government customer, and further penetration of our batteries into the metering business in China,” said Michael D. Popielec, Ultralife’s president and chief executive officer. “We are continuing to make progress towards improving the company’s profitability through lean manufacturing, reductions in non-value-added overhead and the implementation of plans to further consolidate our facilities footprint. These operational efficiencies are unlocking resources that we are allocating to new product development and expanded sales coverage. Having exited the Energy Services business one quarter ahead of schedule, we are now channeling all of our attention on positioning the company for sustainable, profitable growth.”

“As a result of our financial performance, working capital management and cash generated from lean initiatives, we reduced our revolver balance by \$6.5 million during the second quarter to \$3.7 million at quarter end. Working capital efficiencies included the reduction in inventory levels and improved accounts receivable collections,” added Philip A. Fain, Ultralife’s chief financial officer.

Second Quarter 2011 Financial Results

During the quarter, Ultralife completed the exit of the Energy Services business. As a result, the Energy Services segment has been reclassified as a discontinued operation. In connection with exiting the Energy Services business, the company incurred closing costs of \$2.9 million for the first six months of 2011, the cash component of which amounted to \$2.0 million. All figures presented below represent results from continuing operations.

Revenue increased by 29% to \$43.6 million, compared to \$33.6 million for the second quarter of 2010, consisting of a 23% increase in Battery & Energy Product sales and a 49% increase in Communications Systems sales.

Gross margin was \$11.8 million, or 27.1% of revenue, compared to \$9.0 million, or 26.8% of revenue, for the same quarter a year ago, reflecting a favorable mix of high-margin Communications Systems sales. Included in gross margin for the second quarter of 2011 was a \$0.3 million severance charge related to overhead reductions.

Operating expenses were \$8.9 million, compared to \$8.0 million a year ago reflecting higher new product development costs, higher selling expenses, and relocation and severance expenses that did not occur in the same period last year. As a percent of revenue, operating expenses were 20.5%, compared to 23.8% a year ago. Operating income grew to \$2.9 million, representing an operating margin of 6.6%, compared to \$1.0 million, for an operating margin of 2.9%, for the same quarter last year.

Net income from continuing operations was \$2.6 million, or \$0.15 per share, compared to \$0.6 million, or \$0.03 per share, for the second quarter of 2010. Net loss from discontinued operations was \$2.1 million, or \$0.12 per share, reflecting the cost of exiting the Energy Services business, compared to a net loss of \$0.6 million, or \$0.03 per share, for the same quarter last year. For the second quarter of 2010, the net loss from discontinued operations represented the operating loss of the Energy Services business.

Six Months Ended July 3, 2011 Financial Results

For the six month period ended July 3, 2011, revenue from continuing operations was \$72.0 million, compared to \$70.1 million for the same period a year ago. Year-to-date 2011 revenue was negatively impacted by a \$2.7 million charge recorded in the first quarter to reflect the settlement with the U.S. Government related to exigent contracts completed between 2003 and 2004. This charge resulted in an operating loss of \$1.3 million, compared to operating income of \$2.8 million for the first half of 2010. The net loss from continuing operations was \$1.5 million, or \$0.08 per share, compared to net income of \$1.8 million, or \$0.11 per share, for the same period a year ago. The net loss from discontinued operations was \$3.8 million, or \$0.22 per share, including \$2.9 million of costs related to the exit of the Energy Services business, compared to a net loss of \$1.5 million, or \$0.09 per share, for the first half of 2010.

Outlook

Management reaffirmed its guidance for 2011, which calls for revenue of approximately \$162 million and operating income of approximately \$7.8 million. Management cautions that the timing of orders and shipments may cause variability in quarterly results.

About Ultralife Corporation

Ultralife Corporation serves its markets with products and services ranging from portable 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 and Communications Systems. 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: uncertain global economic conditions, increased competitive environment and pricing pressures, disruptions related to restructuring actions and delays. 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 second 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		Six-Month Periods Ended	
	July 3, <u>2011</u>	June 27, <u>2010</u>	July 3, <u>2011</u>	June 27, <u>2010</u>
Revenues:				
Battery & energy products	\$ 31,239	\$ 25,387	\$ 55,487	\$ 49,677
Communications systems	12,316	8,260	16,524	20,439
Total revenues	<u>43,555</u>	<u>33,647</u>	<u>72,011</u>	<u>70,116</u>
Cost of products sold:				
Battery & energy products	23,986	19,382	45,193	38,470
Communications systems	7,772	5,259	10,483	12,801
Total cost of products sold	<u>31,758</u>	<u>24,641</u>	<u>55,676</u>	<u>51,271</u>
Gross margin	11,797	9,006	16,335	18,845
Operating expenses:				
Research and development	2,114	1,883	4,621	3,590
Selling, general, and administrative	6,820	6,137	12,971	12,481
Total operating expenses	<u>8,934</u>	<u>8,020</u>	<u>17,592</u>	<u>16,071</u>
Operating income (loss)	2,863	986	(1,257)	2,774
Other income (expense):				
Interest income	1	-	2	-
Interest expense	(162)	(215)	(318)	(710)
Miscellaneous	(9)	(124)	290	(83)
Income (loss) from continuing operations before income taxes	<u>2,693</u>	<u>647</u>	<u>(1,283)</u>	<u>1,981</u>
Income tax provision-current	63	28	67	66
Income tax provision-deferred	67	39	133	94
Total income taxes	<u>130</u>	<u>67</u>	<u>200</u>	<u>160</u>
Net income (loss) from continuing operations	2,563	580	(1,483)	1,821
Net (income) loss from continuing operations attributable to noncontrolling interest	15	3	28	(6)
Net income (loss) from continuing operations attributable to Ultralife	2,578	583	(1,455)	1,815
Discontinued operations:				
Loss from discontinued operations, net of tax	(2,139)	(563)	(3,796)	(1,508)
Net income (loss) attributable to Ultralife	<u>\$ 439</u>	<u>\$ 20</u>	<u>\$ (5,251)</u>	<u>\$ 307</u>
Net income (loss) attributable to Ultralife common shareholders - basic				
Continuing operations	\$ 0.15	\$ 0.03	\$ (0.08)	\$ 0.11
Discontinued operations	\$ (0.12)	\$ (0.03)	\$ (0.22)	\$ (0.09)
Total	<u>\$ 0.03</u>	<u>\$ 0.00</u>	<u>\$ (0.30)</u>	<u>\$ 0.02</u>
Net income (loss) attributable to Ultralife common shareholders - diluted				
Continuing operations	\$ 0.15	\$ 0.03	\$ (0.08)	\$ 0.11
Discontinued operations	\$ (0.12)	\$ (0.03)	\$ (0.22)	\$ (0.09)
Total	<u>\$ 0.03</u>	<u>\$ 0.00</u>	<u>\$ (0.30)</u>	<u>\$ 0.02</u>
Weighted average shares outstanding - basic	17,296	17,164	17,286	17,089
Weighted average shares outstanding - diluted	<u>17,308</u>	<u>17,169</u>	<u>17,286</u>	<u>17,094</u>

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

ASSETS	July 3, <u>2011</u>	December 31, <u>2010</u>
Current assets:		
Cash and cash equivalents	\$ 4,033	\$ 5,105
Trade accounts receivable, net	25,162	34,270
Inventories	32,056	33,122
Prepaid expenses and other current assets	3,194	3,157
Total current assets	64,445	75,654
Property and equipment	13,649	14,485
Other assets		
Goodwill, intangible and other assets	24,345	24,696
Total Assets	\$ 102,439	\$ 114,835
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term debt and current portion of long-term debt	\$ 3,757	\$ 8,717
Accounts payable	14,097	16,409
Other current liabilities	10,016	11,219
Total current liabilities	27,870	36,345
Long-term liabilities:		
Long-term debt and capital lease obligations	1	251
Other long-term liabilities	5,186	4,444
Total long-term liabilities	5,187	4,695
Shareholders' equity:		
Ultralife equity:		
Common stock, par value \$0.10 per share	1,871	1,865
Capital in excess of par value	171,599	171,020
Accumulated other comprehensive loss	(975)	(1,262)
Accumulated deficit	(95,451)	(90,200)
	77,044	81,423
Less -- Treasury stock, at cost	7,658	7,652
Total Ultralife equity	69,386	73,771
Noncontrolling interest	(4)	24
Total shareholders' equity	69,382	73,795
Total Liabilities and Shareholders' Equity	\$ 102,439	\$ 114,835

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