

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 30, 2008

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 (the "Company") reported operating income of \$5.3 million on revenue of \$68.0 million for its third quarter of 2008. In comparison, the Company reported operating income of \$0.2 million on revenue of \$33.3 million in the third quarter of 2007. 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 8.01. Other Events.

In the same press release noted at Item 2.02 above, the Company announced that its Board of Directors has authorized a share repurchase program of up to \$10 million to be implemented over the course of a six-month period. The repurchases may be made in the open market or through privately negotiated transactions and will be made in compliance with Securities and Exchange Commission guidelines.

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

(a) Exhibits.

99.1 Press Release dated October 30, 2008.

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: October 30, 2008

ULTRALIFE CORPORATION

By: /s/ Robert W. Fishback

Vice President of Finance and CFO

INDEX TO EXHIBITS

(99) Additional Exhibits

99.1 Press Release dated October 30, 2008.

Ultralife Corporation Reports Third Quarter Results**- Board of Directors Approves \$10 Million Stock Repurchase Plan -**

NEWARK, N.Y.--(BUSINESS WIRE)--October 30, 2008--Ultralife Corporation (NASDAQ: ULBI) reported operating income of \$5.3 million on revenue of \$68.0 million for its third quarter of 2008. In comparison, the company reported operating income of \$0.2 million on revenue of \$33.3 million in the third quarter of 2007.

Revenue more than doubled over the same quarter last year, rising \$34.7 million driven primarily by shipments of advanced communications systems. In addition, there was significant growth in rechargeable product revenue which was led by sales of lithium-ion batteries and chargers. Also, revenue in design and installation services increased as a result of the addition of RedBlack Communications and Stationary Power Services, acquired in September 2007 and November 2007, respectively. Non-rechargeable product revenue declined in comparison to last year which included higher shipments of high-rate batteries to international customers. As a percentage of revenue, consolidated gross margin for the third quarter of 2008 was 23.1%, compared with 20.8% in the same quarter a year ago.

Operating expenses for the third quarter of 2008 totaled \$10.4 million compared to \$6.7 million a year ago. As a percentage of revenue, operating expenses declined from 20% in the third quarter of 2007 to 15% in the third quarter of 2008. The \$3.7 million increase in operating expenses included \$0.7 million in higher product development costs and \$1.4 million from acquired costs for RedBlack and Stationary Power, in addition to higher sales commissions and generally higher costs related to enhanced marketing activity and higher administrative costs resulting from operating a more diverse organization. Income tax expense for the quarter was \$0.2 million. Net income for the third quarter of 2008 was \$4.7 million, or \$0.27 per share, compared with a \$0.1 million net loss, or a \$0.01 loss per share, for the same quarter in 2007.

For the nine-month period ended September 27, 2008, revenue totaled a record \$205.5 million compared to \$100.8 million for the same period a year ago. Operating income amounted to \$17.6 million for the first nine months of 2008 compared to \$2.5 million for the same period last year. The year-over-year increase of \$15.1 million resulted from higher revenue and improved leverage of operating expenses. Net income for the first three quarters of 2008 was \$13.5 million, or \$0.77 per share, compared to \$1.1 million, or \$0.07 per share, for the same period last year.

“Third quarter results put us in position to deliver on our second half revenue guidance of \$130 million,” said John D. Kavazanjian, president and chief executive officer. “We have substantially completed deliveries against the advanced communications orders worth \$120 million that we received in the second half of last year while continuing to advance our strategic growth initiatives. These included deepening our relationships with allied defense organizations in Europe and Asia, continuing our expansion of communications systems product capabilities both in the U.S. and overseas, further leveraging our established relationships with prime contractors and continuing investment in new product development.

“In our standby power service business, a number of key developments served to advance our goal of becoming a dominant player and to support our long-term growth objectives in that market. In addition to formally launching RPS Power Systems, which provides back-up power hardware solutions incorporating energy storage and electronics for critical power applications and renewable energy needs, we entered into a master service agreement with a major data processing company,” added Kavazanjian.

“Since the beginning of the year, we have been successfully executing our 2008 plan to create high-potential market opportunities that leverage our superior engineering capabilities and keep us at the forefront of evolving power technologies and new applications for communications systems. Our reputation for designing customer-focused products continues to grow and our competitive advantages continue to gain recognition by our customers,” concluded Kavazanjian. “These fundamental strengths, coupled with a disciplined approach to spending and a cash flow generating business model, position Ultralife well for long-term growth and prepare the company to perform in a softer economy.”

Stock Repurchase Plan

Reflecting its confidence in the company’s long-term growth prospects, the Board of Directors has authorized a share repurchase program of up to \$10 million to be implemented over the course of a six-month period. Repurchases may be made from time to time at management’s discretion, either in the open market or through privately negotiated transactions. The repurchases will be made in compliance with Securities and Exchange Commission guidelines and will be subject to market conditions, applicable legal requirements, and other factors. Ultralife has no obligation under the program to repurchase shares and the program may be suspended or discontinued at any time without prior notice. Ultralife intends to fund the purchase price for shares acquired primarily with current cash on hand and cash generated from operations, in addition to borrowing from the Company’s credit facility, if necessary.

Outlook

Management continues to anticipate second half 2008 revenue and operating income in the range of approximately \$130 million and \$10 million, respectively, based upon third quarter results, current backlog and anticipated order activity from new and existing customers during the fourth quarter. As a result, management expects full year 2008 operating income in the range of \$22 million on revenue of nearly \$270 million. While several large orders have been instrumental in contributing to the significant growth in revenue in 2008 over 2007, management reiterates its previous guidance of a revenue base of at least \$250 million for 2009, based on its outlook for order opportunities and strong demand for the company’s products and services.

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 and RedBlack Communications. Ultralife’s operations are in North America, Europe and Asia. For more information, visit www.ulbi.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. 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

Investors are invited to listen to a live webcast of the conference call at 10:00 a.m. ET on October 30, 2008 at <http://investor.ultralifecorp.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 4251400, during the period starting at 1:00 p.m. ET October 30 and ending at 1:00 p.m. ET November 6, 2008.

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

| | Three-Month Periods Ended | | Nine-Month Periods Ended | |
|--|---------------------------|-----------------------|--------------------------|-----------------------|
| | September 27, 2008 | September 29, 2007 | September 27, 2008 | September 29, 2007 |
| Revenues: | | | | |
| Non-rechargeable products | \$ 15,741 | \$ 22,819 | \$ 48,056 | \$ 63,785 |
| Rechargeable products | 8,020 | 3,252 | 19,248 | 13,342 |
| Communications systems | 40,675 | 6,733 | 126,675 | 22,912 |
| Design and installation services | 3,557 | 487 | 11,499 | 768 |
| Total revenues | <u>67,993</u> | <u>33,291</u> | <u>205,478</u> | <u>100,807</u> |
| Cost of products sold: | | | | |
| Non-rechargeable products | 13,835 | 18,459 | 40,843 | 48,676 |
| Rechargeable products | 6,282 | 2,549 | 15,488 | 10,334 |
| Communications systems | 29,304 | 5,096 | 92,442 | 18,304 |
| Design and installation services | 2,886 | 265 | 9,516 | 453 |
| Total cost of products sold | <u>52,307</u> | <u>26,369</u> | <u>158,289</u> | <u>77,767</u> |
| Gross margin | 15,686 | 6,922 | 47,189 | 23,040 |
| Operating expenses: | | | | |
| Research and development | 2,161 | 1,547 | 5,907 | 4,849 |
| Selling, general, and administrative | 8,227 | 5,177 | 23,684 | 15,685 |
| Total operating expenses | <u>10,388</u> | <u>6,724</u> | <u>29,591</u> | <u>20,534</u> |
| Operating income | 5,298 | 198 | 17,598 | 2,506 |
| Other income (expense): | | | | |
| Interest income | 5 | 12 | 18 | 44 |
| Interest expense | (248) | (509) | (817) | (1,770) |
| Gain on insurance settlement | - | - | 39 | - |
| Gain on debt conversion | - | - | 313 | - |
| Miscellaneous | (185) | 171 | (48) | 354 |
| Income (loss) before income taxes | <u>4,870</u> | <u>(128)</u> | <u>17,103</u> | <u>1,134</u> |
| Income tax provision-current | 151 | - | 469 | - |
| Income tax provision-deferred | 62 | - | 3,148 | - |
| Total income taxes | <u>213</u> | <u>-</u> | <u>3,617</u> | <u>-</u> |
| Net income (loss) | <u>\$ 4,657</u> | <u>\$ (128)</u> | <u>\$ 13,486</u> | <u>\$ 1,134</u> |
| Earnings (loss) per share - basic | <u>\$ 0.27</u> | <u>\$ (0.01)</u> | <u>\$ 0.78</u> | <u>\$ 0.08</u> |
| Earnings (loss) per share - diluted | <u>\$ 0.27</u> | <u>\$ (0.01)</u> | <u>\$ 0.77</u> | <u>\$ 0.07</u> |
| Weighted average shares outstanding - basic | <u>17,366</u> | <u>15,160</u> | <u>17,220</u> | <u>15,120</u> |
| Weighted average shares outstanding - diluted | <u>17,733</u> | <u>15,160</u> | <u>17,768</u> | <u>15,346</u> |

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

| ASSETS | September 27, <u>2008</u> | December 31, <u>2007</u> |
|---|------------------------------|-----------------------------|
| Current assets: | | |
| Cash and investments | \$ 5,517 | \$ 2,245 |
| Trade accounts receivable, net | 34,946 | 26,540 |
| Inventories | 42,226 | 35,098 |
| Prepaid expenses and other current assets | 2,251 | 4,410 |
| Total current assets | 84,940 | 68,293 |
| Property and equipment | 17,914 | 19,365 |
| Other assets | | |
| Goodwill, intangible and other assets | 33,490 | 34,390 |
| Total Assets | \$ 136,344 | \$ 122,048 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Short-term debt and current portion of long-term debt | \$ 1,870 | \$ 13,423 |
| Accounts payable | 18,944 | 18,326 |
| Other current liabilities | 16,242 | 10,083 |
| Total current liabilities | 37,056 | 41,832 |
| Long-term liabilities: | | |
| Long-term debt and capital lease obligations | 4,470 | 16,224 |
| Other long-term liabilities | 4,274 | 985 |
| Total long-term liabilities | 8,744 | 17,209 |
| Minority interest in equity of subsidiaries | 41 | - |
| Shareholders' equity: | | |
| Common stock, par value \$0.10 per share | 1,812 | 1,712 |
| Capital in excess of par value | 166,437 | 152,070 |
| Accumulated other comprehensive income | (388) | 69 |
| Accumulated deficit | (74,957) | (88,443) |
| Total shareholders' equity | 92,904 | 65,408 |
| Less -- Treasury stock, at cost | 2,401 | 2,401 |
| Total shareholders' equity | 90,503 | 63,007 |
| Total Liabilities and Shareholders' Equity | \$ 136,344 | \$ 122,048 |

CONTACT:

Company:

Ultralife Corporation

Robert W. Fishback, 315-332-7100

bfishback@ulbi.com

or

Investor Relations:

Lippert/Heilshorn & Associates, Inc.

Jody Burfening, 212-838-3777

jburfening@lhai.com