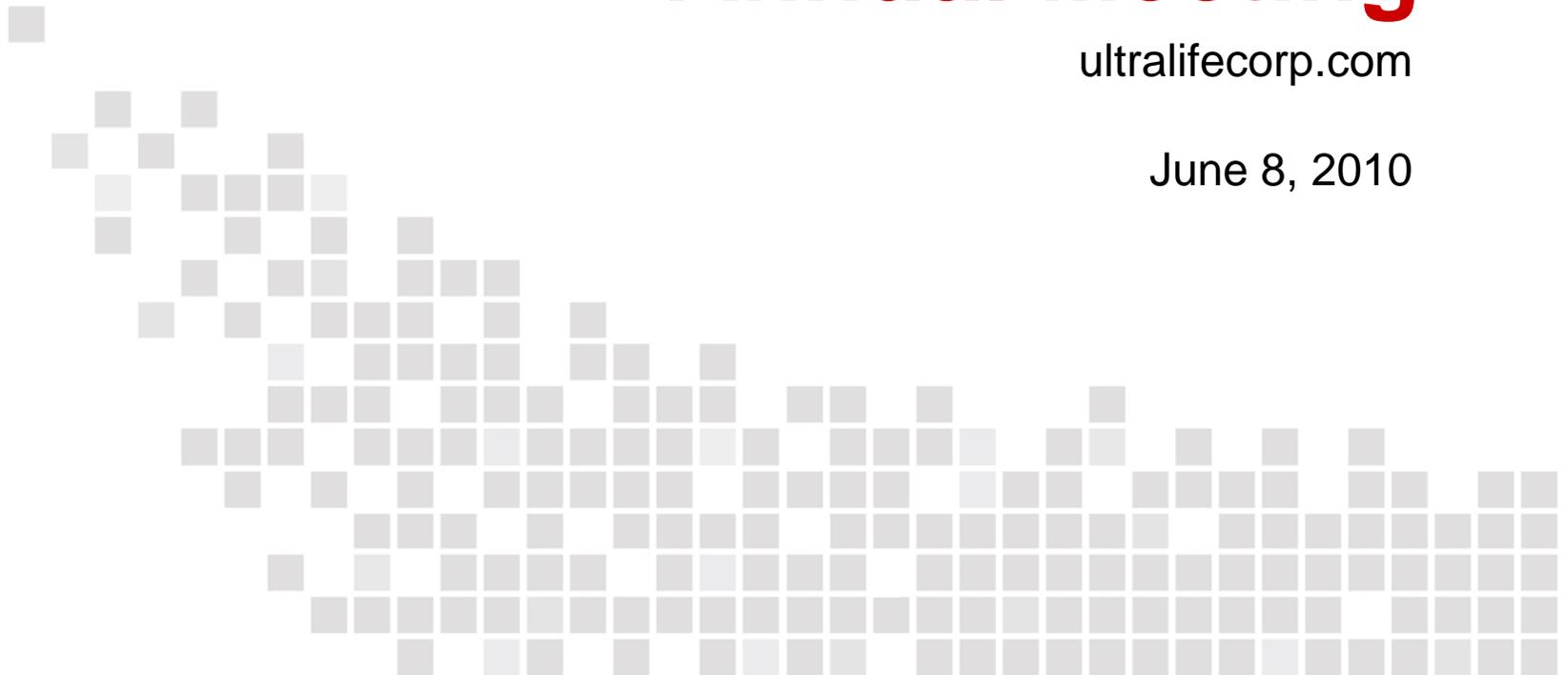




# Annual Meeting

[ultralifecorp.com](http://ultralifecorp.com)

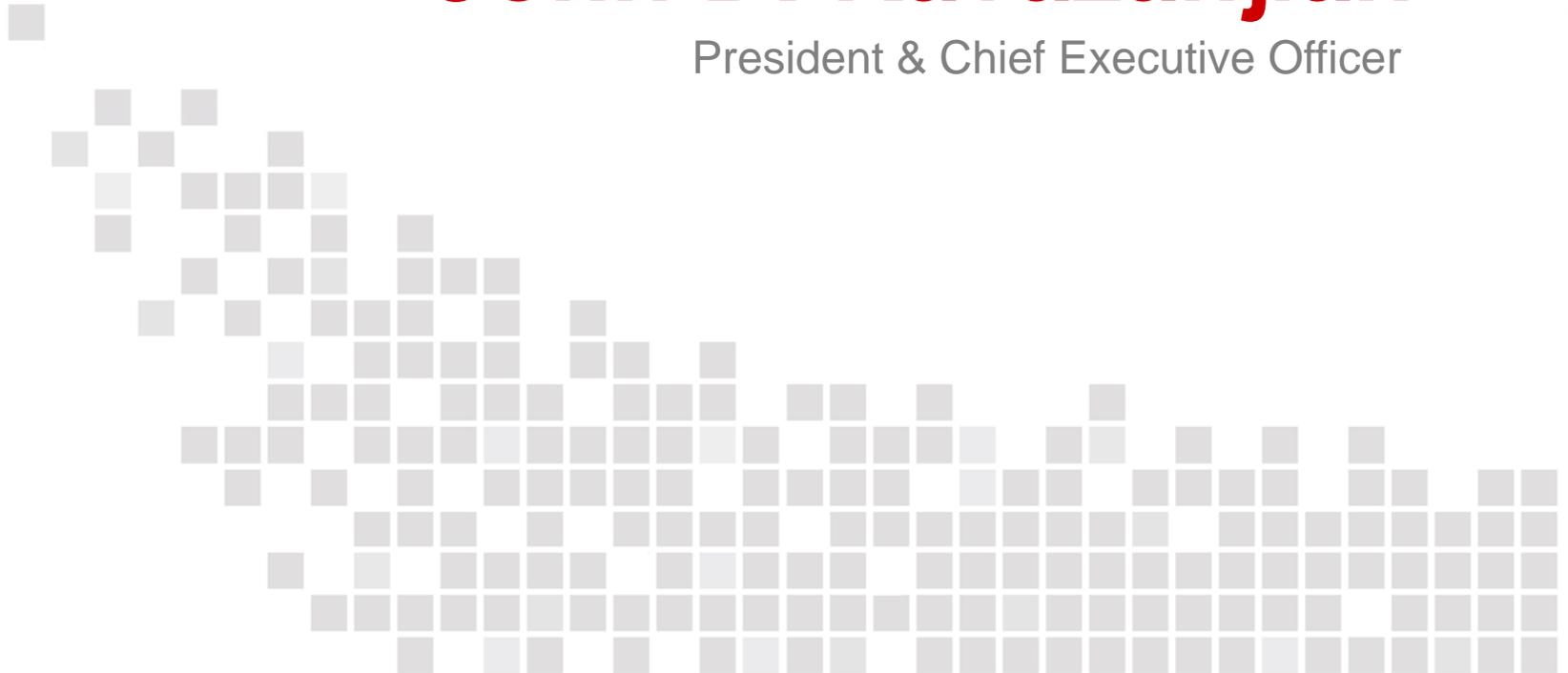
June 8, 2010





# John D. Kavazanjan

President & Chief Executive Officer



# Today's Agenda

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- **Introductions**
- **Proposals**
- **Ultralife Overview**
- **Financials**
- **Vision**
- **Q & A**
- **Results of Voting**
- **Adjourn**

# Board of Directors

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- **Carole L. Anderson** – outgoing director
- **Steven M. Anderson** – standing for re-election
- **Patricia C. Barron** - standing for re-election
- **Anthony J. Cavanna** – outgoing director
- **Paula H. J. Cholmondeley** – outgoing director
- **James A. Croce** – director nominee
- **John D. Kavazanjian** - standing for re-election
- **Thomas L. Saeli** - standing for re-election
- **Robert W. Shaw** - director nominee
- **Ranjit C. Singh** - standing for re-election
- **Bradford T. Whitmore** – Board Chair,  
standing for re-election

# Guests

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- **Keith Klucevek – BDO Seidman LLP**
- **William P. Kennedy – Inspector of Elections  
American Stock Transfer**





# Peter F. Comerford

VP Administration,  
General Counsel &  
Secretary of the  
Corporation



# Reminder

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This presentation 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 the Company's financial results is included in the Company's Securities and Exchange Commission (SEC) filings, including the latest Annual Report on Form 10-K.

# Proposals

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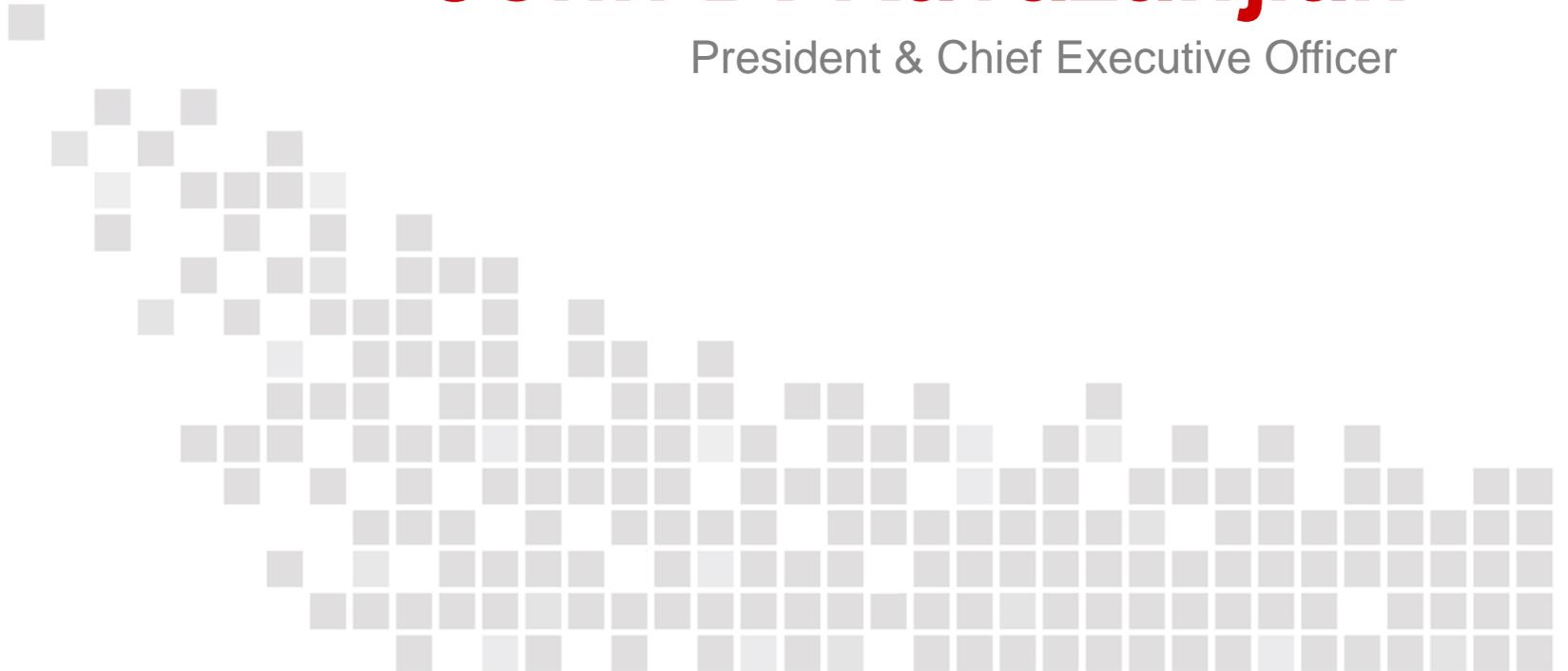
- **Elect Directors**
- **Ratify Selection of BDO Seidman LLP**





# John D. Kavazanjian

President & Chief Executive Officer



# Three Business Segments

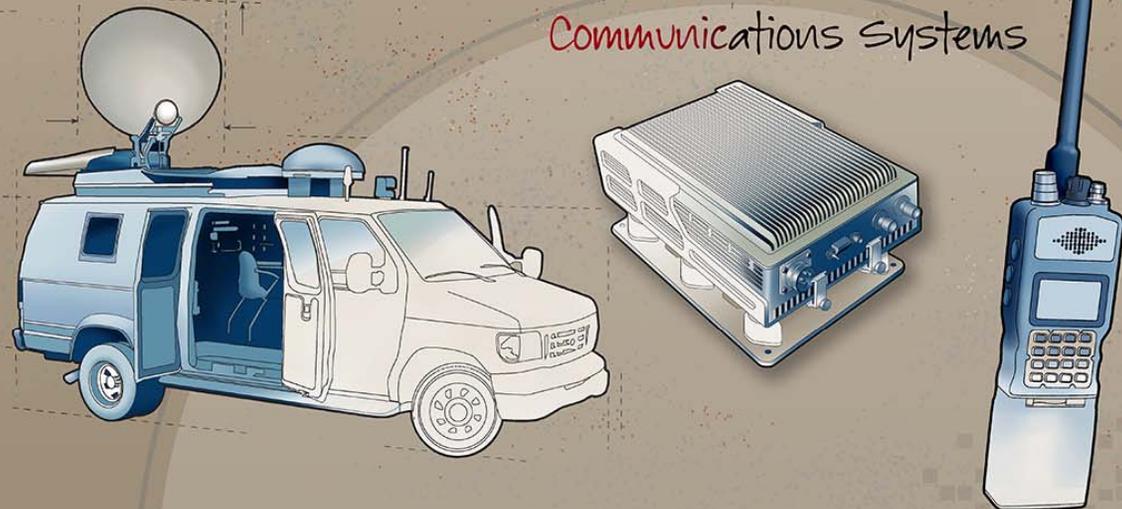
Battery & Energy Products



Energy Services



Communications Systems



# Taking Action

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- **Major reductions in manufacturing costs**
- **Positioning for gross margin improvements on lower revenue base**
- **Reduced operating expenses**
- **Goal: sustainably profitable business**

# Battery & Energy Products

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- **Won General Dynamics UK contract**
- **China operation contributed to profits**
  - **Introduced new Lithium Thionyl Chloride batteries**
- **Large scale lithium batteries for energy storage**
  - **New business focus**

# Communications Systems

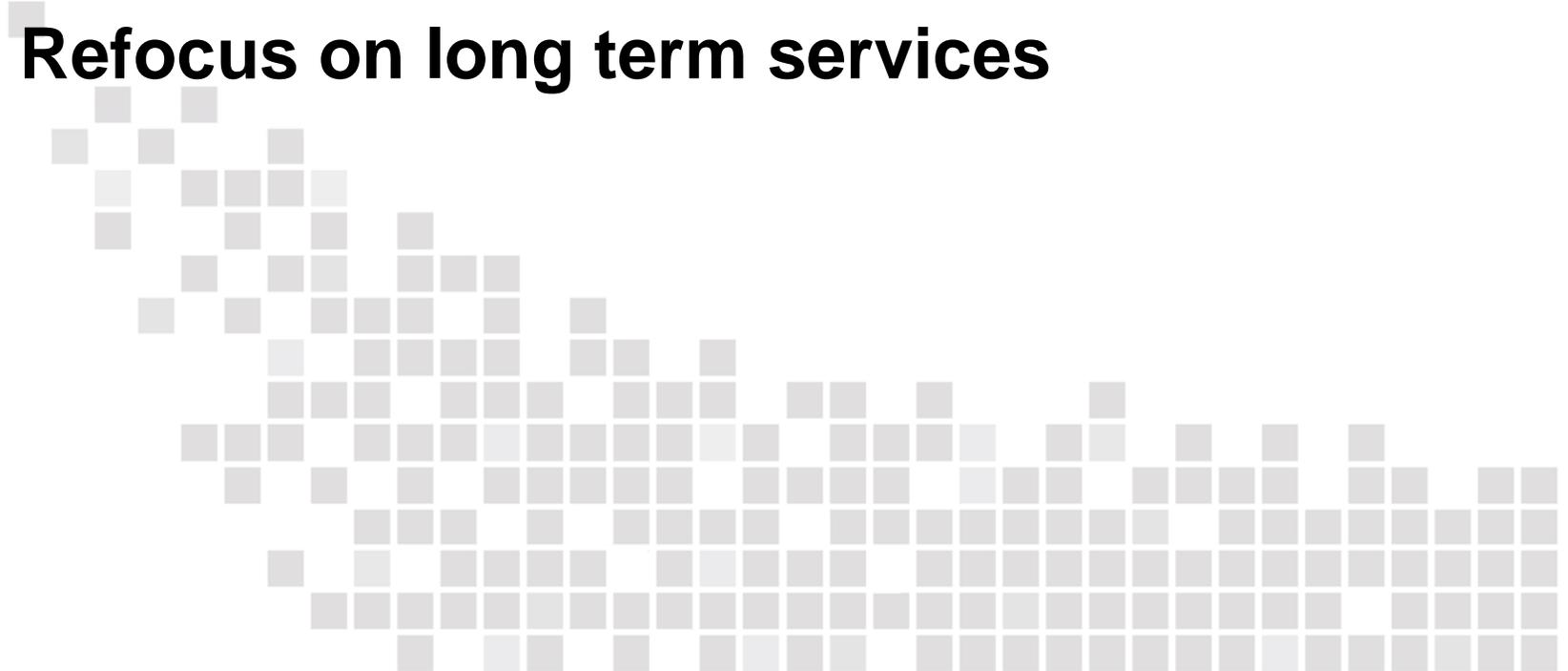
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- **Did not receive SATCOM order**
  - **Won \$22M contract**
- **AMTI amplifier business is a success**
  - **Becoming the standard**
- **Increases distribution capabilities**
- **Leveraging engineering & manufacturing talent**

# Energy Services

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- Experienced intense price competition & slowdown in orders
- Cutback non-productive areas
- Refocus on long term services



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# Financials



**ULTRALIFE<sup>®</sup>**

**Philip A. Fain**

CFO & Treasurer



# Income Statement Summary

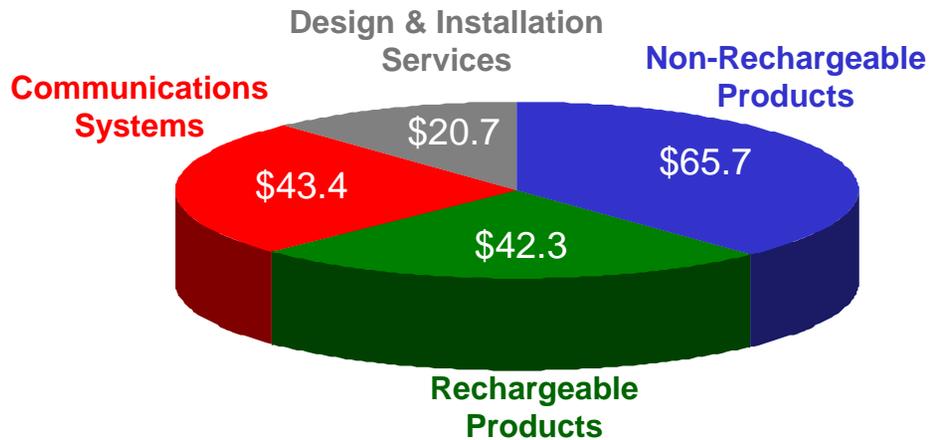
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(\$ in millions, except EPS)	<b>2009</b>	<b>2008</b>
Revenue	\$172.1	\$254.7
Gross Margin	21%	22%
Operating Income/Loss	\$(7.4)	\$17.3
Net Income/Loss	\$(9.2)	\$13.7
EPS	\$(0.54)	\$0.78
Adjusted EBITDA	\$(0.3)	\$26.4

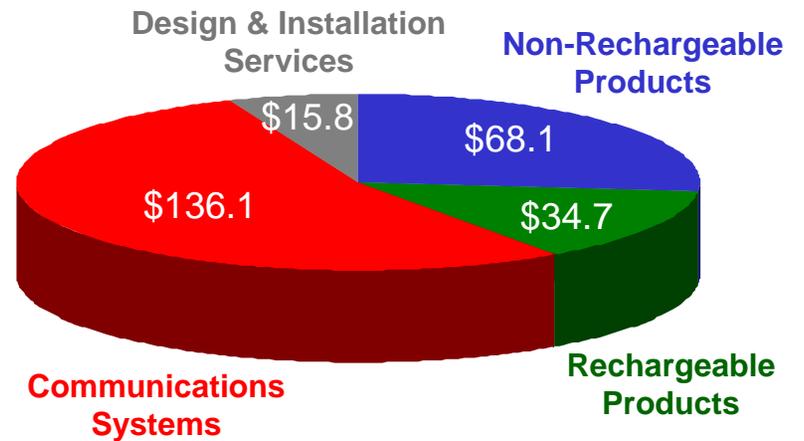
# Revenue by Segment

(\$ in millions)

**2009**  
**\$172.1**



**2008**  
**\$254.7**



# Adjusted EBITDA Reconciliation

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(\$ in millions)	2009	2008
<b>Net Income/(Loss)</b>	<b>\$(9.2)</b>	<b>\$13.7</b>
<b>Interest Expense, Net</b>	<b>\$1.5</b>	<b>\$0.9</b>
<b>Taxes</b>	<b>\$0.4</b>	<b>\$3.9</b>
<b>Depreciation</b>	<b>\$4.0</b>	<b>\$3.8</b>
<b>Amortization</b>	<b>\$1.7</b>	<b>\$2.1</b>
<b>Stock-based Comp. Expense</b>	<b>\$1.3</b>	<b>\$2.3</b>
<b>Debt Conversion Gain</b>	<b>--</b>	<b>\$(0.3)</b>
<b>Adjusted EBITDA</b>	<b>\$(0.3)</b>	<b>\$26.4</b>

# 2009 Results by Quarter

## Return to Profitability in Q4

(\$ Millions)	Q1'09	Q2'09	Q3'09	Q4'09
<b>Total Revenue</b>	39.8	39.6	42.4	50.4
<b>Gross Margin</b>	19.5%	17.1%	24.5%	23.7%
<b>Operating Income (Loss)</b>	(2.3)	(6.3)	(.4)	1.6
<b>Adjusted EBITDA</b>	(.4)	(4.5)	1.4	3.2

# Balance Sheet Improvements

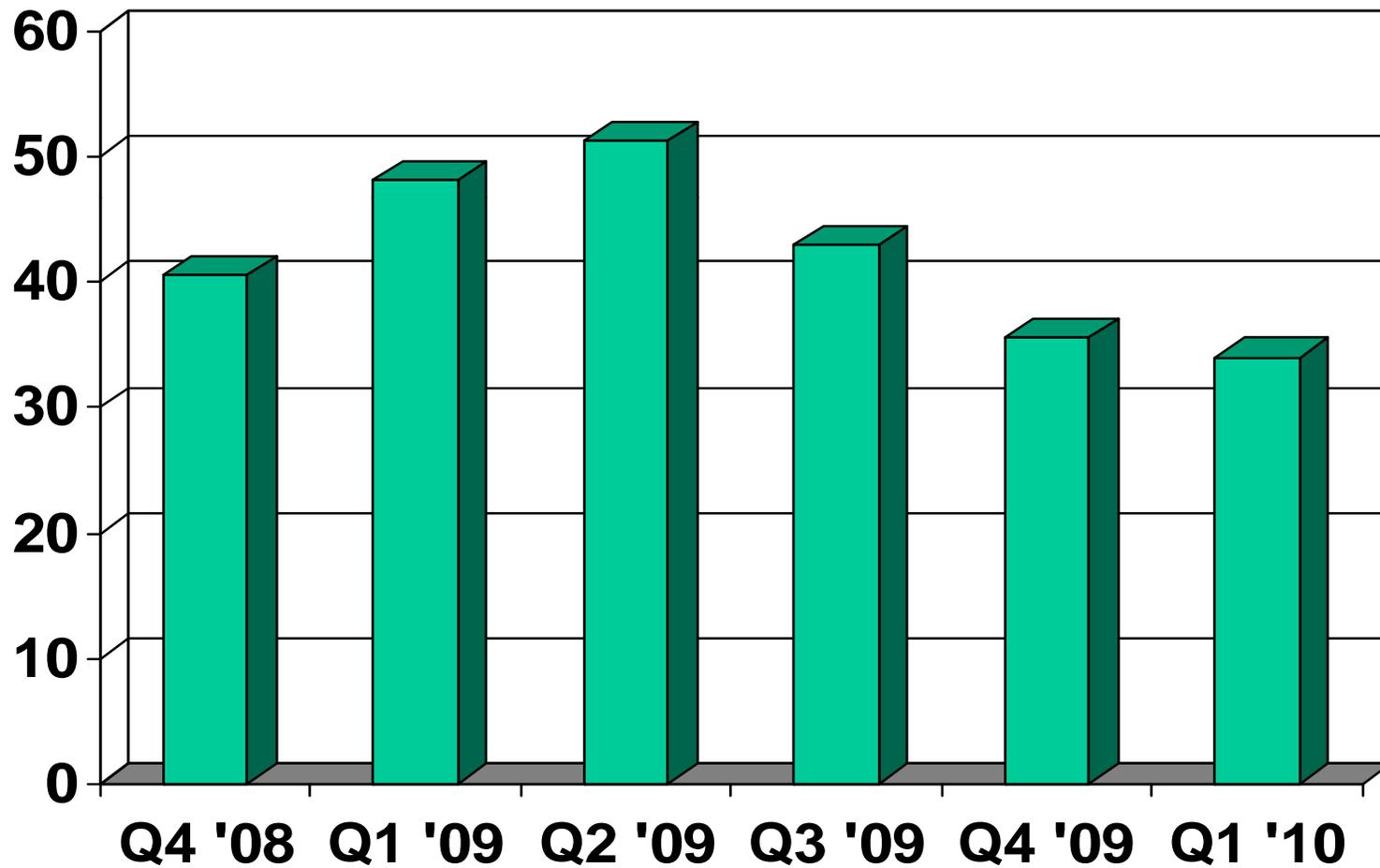
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- **Improved asset management**
- **Reductions in both inventory & net borrowing levels**



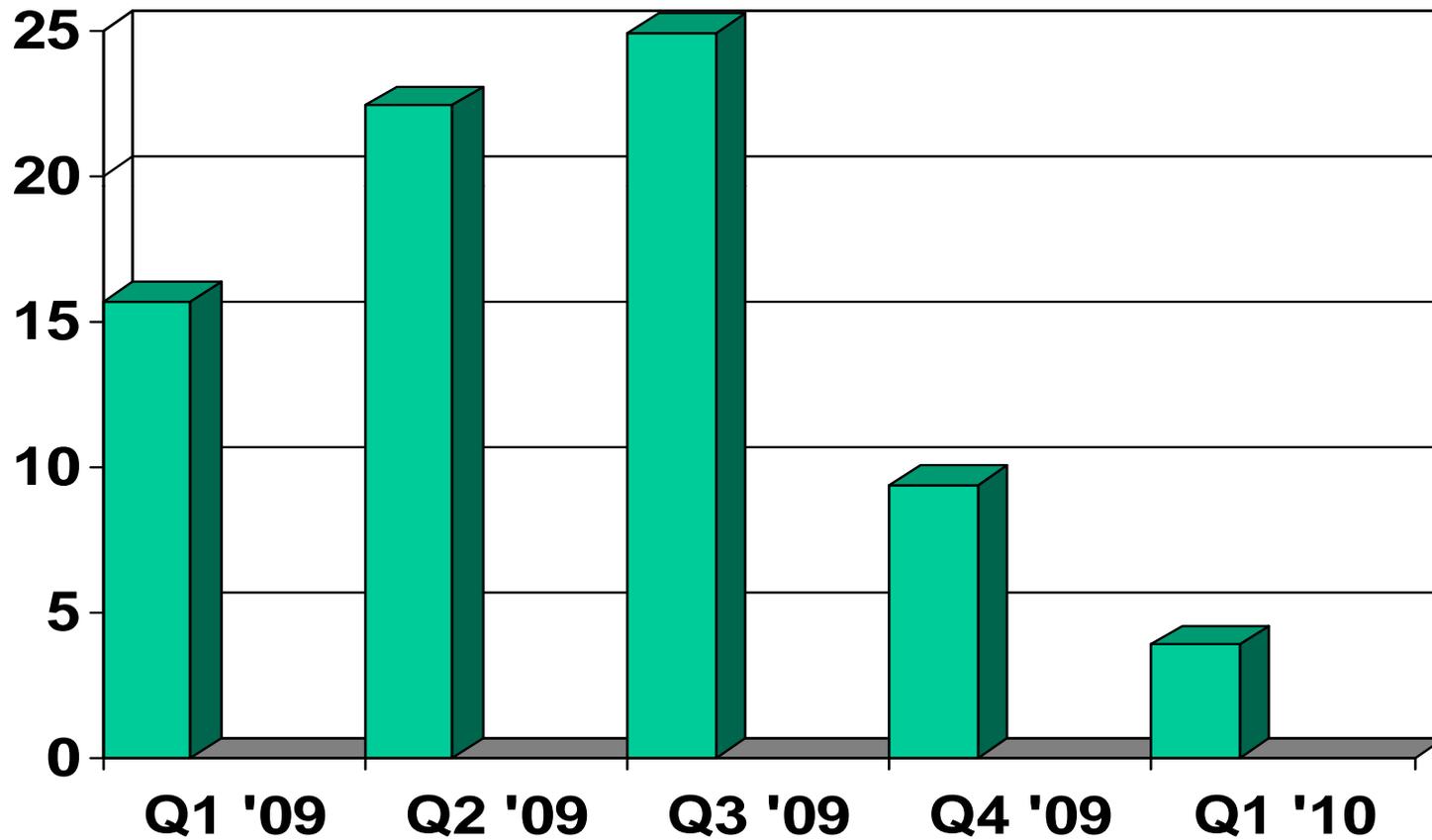
# Inventory Levels

Decreasing

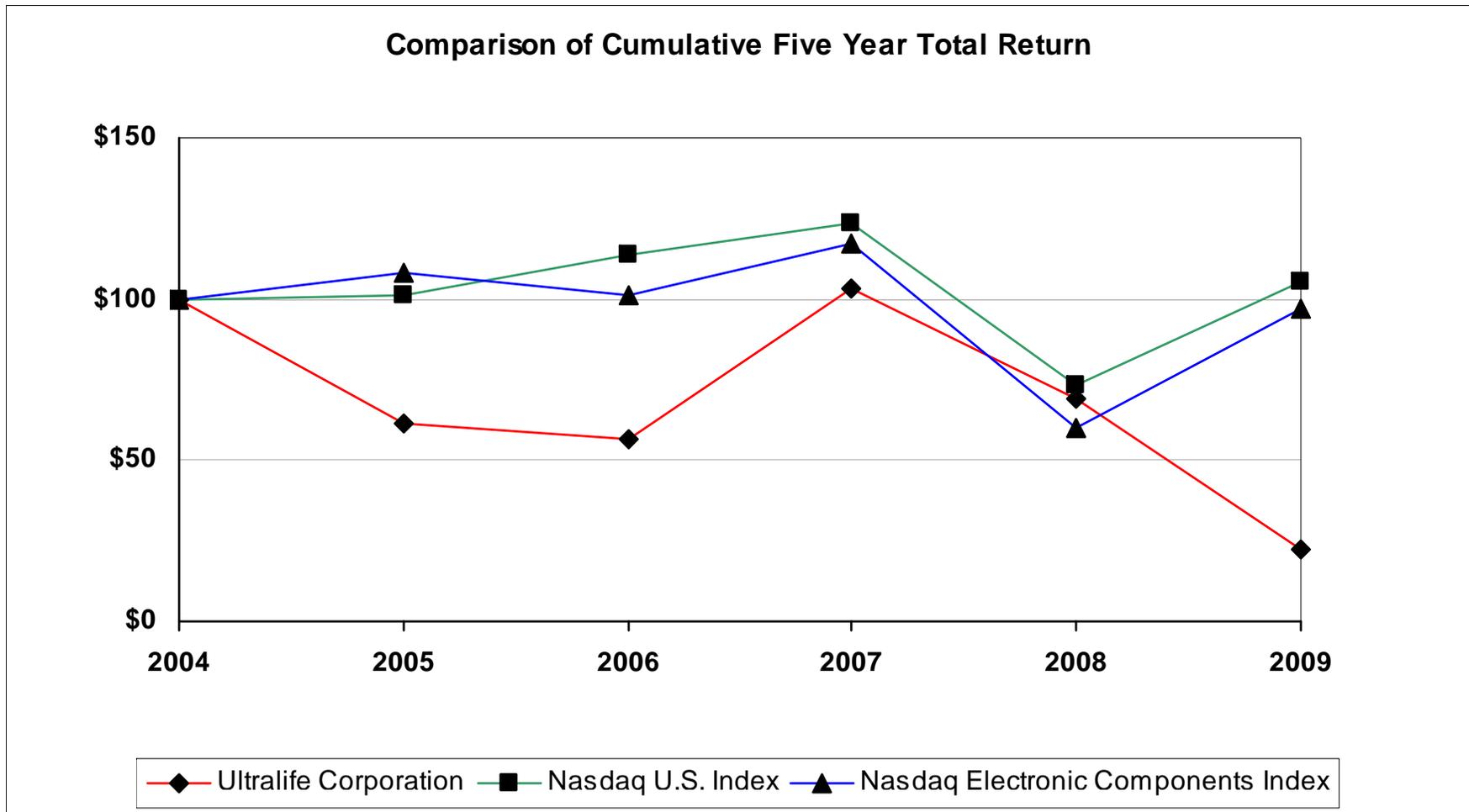


# Net Borrowing Levels

Decreasing



# Performance vs. NASDAQ



# Battery & Energy Products

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- **Margins will improve**
- **New 9V battery**
  - **Manufactured in China**
- **Large scale lithium rechargeable batteries**
  - **Megawatt sized batteries**
  - **Transform markets served by legacy technologies**

# Communications Systems

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- **Continued expansion of business**
- **Demand for SATCOM systems**
  - **Recent \$21M order**
- **Amplifiers, repeaters & other products**
  - **Expand business by selling to allied governments**

# Energy Services

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- **Capital spending starting to pick up**
- **Opportunities are increasing**
  - **Expect to show growth in 2<sup>nd</sup> half of 2010**
- **Increases sales of service business**
  - **Recurring revenues**
- **New lithium ion battery for standby applications**

# Change of Approach

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- **Focused on increasing gross margins**
- **Controlling operating expenses**
- **Sustain profitability on base level revenue**
- **Take advantage of**
  - **Broadened product portfolio**
  - **Distribution channels**
  - **Engineering expertise**

# Approach to Growth

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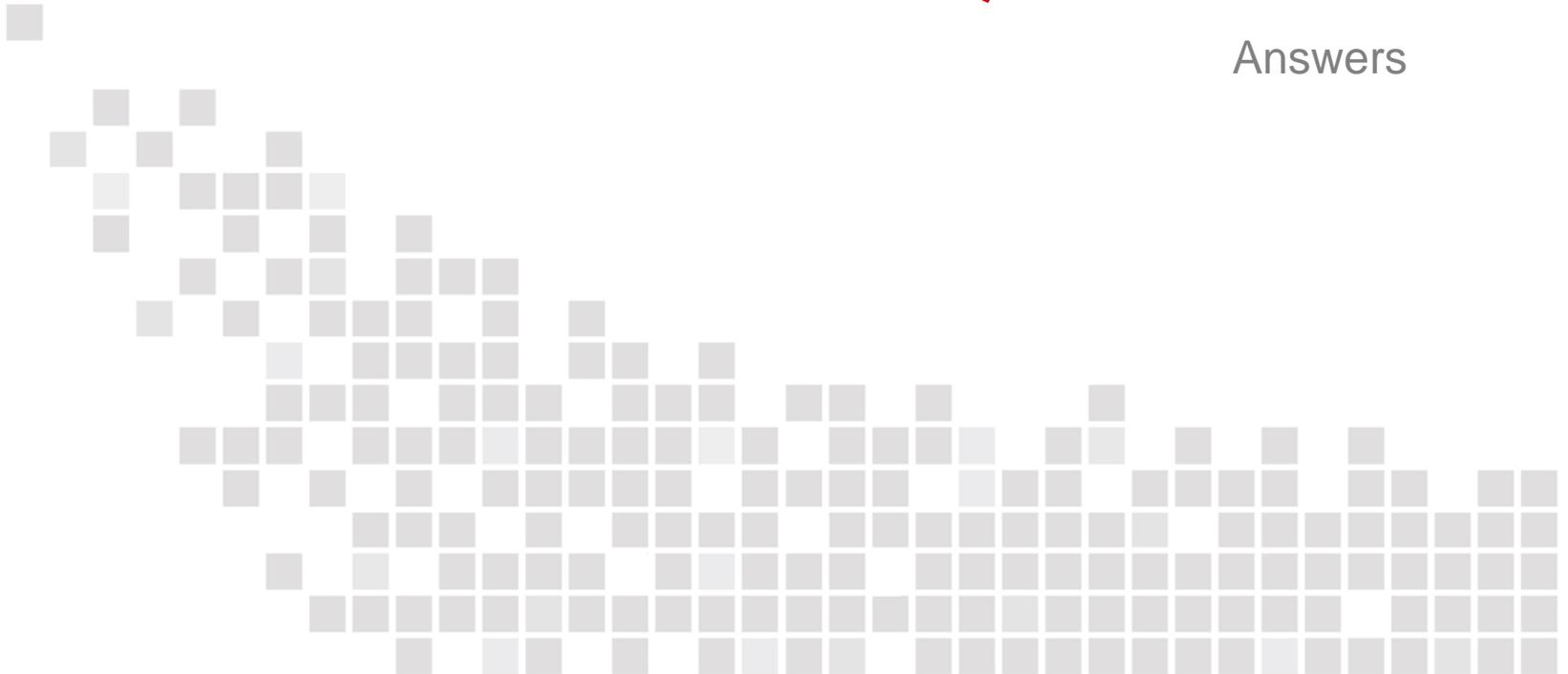
- **Focus on applications & markets**
- **Move deeper in to apps & services where we bring value**
- **Be the vehicle for commercialization of new technologies**

# Q & A

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## Questions

Answers



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## Results of Voting



# Proposals

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- **Elect Directors**
- **Ratify Selection of BDO Seidman LLP**



# A Company of Principles

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- **Strict code of ethics & conduct**
- **Exemplary corporate governance**
- **Strong Partnerships**
- **Environmental & cultural conscience**
- **Commitment to safety**
- **Reward long term shareholders**

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**Thank You**

