

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):

November 1, 2007

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)

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(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 Batteries, Inc. (the "Company") reported revenue of \$33.3 million for its third quarter of 2007, an increase of 40% compared with \$23.7 million reported in the same three-month period in 2006. Operating income was \$0.2 million compared with a \$2.1 million operating loss a year ago.

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) Exhibits.

99.1 Press Release dated November 1, 2007.

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: November 1, 2007

ULTRALIFE BATTERIES, INC.

By: /s/ Robert W. Fishback

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Robert W. Fishback  
Vice President of Finance and CFO

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INDEX TO EXHIBITS

(99) Additional Exhibits

99.1 Press Release dated November 1, 2007.

## Ultralife Reports Third Quarter Results

- Company Reaches \$100 Million Milestone for Year-to-Date Revenue -

NEWARK, N.Y.--(BUSINESS WIRE)--Nov. 1, 2007--Ultralife Batteries, Inc. (NASDAQ: ULBI) reported revenue of \$33.3 million for its third quarter of 2007, an increase of 40% compared with \$23.7 million reported in the same three-month period in 2006. Operating income was \$0.2 million compared with a \$2.1 million operating loss a year ago.

Revenue in the third quarter rose \$9.6 million over the same quarter last year due to growth in sales of communications accessories, higher sales of batteries to international defense organizations and increased demand from automotive telematics customers. As a percentage of revenue, gross margin for the third quarter of 2007 was 21%, up from 17% a year ago. This was driven primarily by improvements in Non-Rechargeable operating efficiencies on higher production volumes. Operating expenses totaled \$6.7 million, up from \$6.1 million a year ago due to higher professional fees associated with acquisition-related activity and higher corporate costs associated with running a more diverse business. Net interest expense was \$0.5 million in the third quarter of 2007, up modestly from \$0.4 million reported in the same quarter of 2006 due to higher borrowing levels under the company's revolving credit facility. The company has not recorded any tax provision during 2007 as a result of its decision in the fourth quarter of 2006 to fully reserve for its deferred tax asset given the uncertainty of the company's ability to utilize its net operating loss carryforwards at that time. Net loss for the third quarter of 2007 was \$0.1 million, or \$0.01 per common share, compared with a net loss of \$1.7 million, or \$0.11 per share, for the same quarter in 2006.

For the nine-month period ended September 29, 2007, revenue was \$100.8 million, an increase of 59% when compared with revenue of \$63.4 million for the same period a year ago. Operating income amounted to \$2.5 million for the first nine months of 2007, an improvement of \$4.0 million over 2006. Net income for the first nine months of 2007 was \$1.1 million, or \$0.07 per share, compared to a net loss of \$1.4 million, or \$0.10 per share, for the same period last year.

"Our impressive, double-digit revenue growth, both in the third quarter and year-to-date, attests to the leadership position we have established in designing and producing high energy power solutions and communications accessories for a broad range of advanced applications," said John D. Kavazanjian, Ultralife's president and chief executive officer. "During the third quarter, we further cemented our already strong relationships with U.S. prime contractors and, through the acquisition of Innovative Solutions Consulting, we continued to expand our product portfolio and diversify our customer base. On a year-to-date basis, we reached the \$100 million revenue mark, achieving a major milestone and exceeding any prior fiscal year's revenue level.

"In the fourth quarter, we expect our entrenched customer relationships will translate into another period of strong top-line growth. On a broader level, we intend to continue taking full advantage of the growing demand for power solutions, accessories and engineered services in diverse government/defense and commercial markets through the development of new technologies, products and applications, further leveraging our expertise and technical capabilities."

#### Outlook

Management is projecting revenue of approximately \$41 million to \$44 million for its fourth quarter ending December 31, 2007, based on a strong backlog position, anticipated orders and anticipated delivery schedules. Based on this revenue estimate, which excludes any incremental revenue associated with the pending acquisitions of Stationary Power Services and Reserve Power Systems, management anticipates reporting operating income of approximately \$2.7 million to \$3.5 million, inclusive of approximately \$1.0 million in non-cash expenses related to stock-based compensation and intangible asset amortization. In addition, management expects to report a one-time, non-operating gain of approximately \$7.5 million in the fourth quarter related to the negotiated purchase price settlement agreement with the sellers of McDowell Research, announced on October 5.

## About Ultralife Batteries, Inc.

Ultralife is a global provider of high-energy power solutions, communications accessories, and engineering and technical services for diverse applications. The company develops, manufactures and markets a wide range of non-rechargeable and rechargeable batteries, charging systems and accessories for markets including defense, commercial and consumer portable electronics.

Through its portfolio of standard products and engineered solutions, Ultralife is at the forefront of providing the next generation of power systems, communications accessories and technical services. Defense, commercial and retail customers include: General Dynamics, Raytheon, 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, and its McDowell Research operating unit are in Newark, New York, near Rochester. Ultralife's other operating units are: Ultralife Batteries (UK) Ltd., in Abingdon, England; Innovative Solutions Consulting in Hollywood, Maryland; and ABLE New Energy in Shenzhen, China. Detailed information on Ultralife is available at: [www.ultralifebatteries.com](http://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: 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 November 1, 2007 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 4373473, during the period starting at 1:00 p.m. ET November 1 and ending at 1:00 p.m. ET November 8, 2007.

Ultralife(R) and McDowell Research(R) are registered trademarks of Ultralife Batteries, Inc.

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

	Three-Month Periods Ended		Nine-Month Periods Ended	
	September 29, 2007	September 30, 2006	September 29, 2007	September 30, 2006
Revenues:				
Non-rechargeable products	\$22,819	\$16,998	\$ 63,785	\$51,101
Rechargeable products	3,252	3,463	13,342	8,676
Communications accessories	6,733	3,046	22,912	3,046
Technology contracts	487	218	768	614
Total revenues	33,291	23,725	100,807	63,437
Cost of products sold:				
Non-rechargeable products	18,459	14,598	48,676	41,821

Rechargeable products	2,549	3,066	10,334	6,794
Communications accessories	5,096	1,942	18,304	1,942
Technology contracts	265	138	453	552
Total cost of products sold	26,369	19,744	77,767	51,109
Gross margin	6,922	3,981	23,040	12,328
Operating expenses:				
Research and development	1,547	1,517	4,849	3,361
Selling, general, and administrative	5,177	4,601	15,685	10,415
Total operating expenses	6,724	6,118	20,534	13,776
Operating income (loss)	198	(2,137)	2,506	(1,448)
Other income (expense):				
Interest income	12	19	44	104
Interest expense	(509)	(451)	(1,770)	(863)
Gain on insurance settlement	-	-	-	191
Miscellaneous	171	39	354	186
Income (loss) before income taxes	(128)	(2,530)	1,134	(1,830)
Income tax provision (benefit)-current	-	(4)	-	20
Income tax provision (benefit)-deferred	-	(828)	-	(401)
Total income taxes	-	(832)	-	(381)
Net income (loss)	\$ (128)	\$ (1,698)	\$ 1,134	\$ (1,449)
Earnings (loss) per share - basic	\$ (0.01)	\$ (0.11)	\$ 0.08	\$ (0.10)
Earnings (loss) per share - diluted	\$ (0.01)	\$ (0.11)	\$ 0.07	\$ (0.10)
Weighted average shares outstanding - basic	15,160	14,987	15,120	14,867
Weighted average shares outstanding - diluted	15,160	14,987	15,346	14,867

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

ASSETS	September 29, 2007	December 31, 2006
Current assets:		
Cash and investments	\$ 927	\$ 720
Trade accounts receivable, net	23,794	24,197
Inventories	29,931	27,360
Prepaid expenses and other current assets	2,215	3,603
Total current assets	56,867	55,880
Property and equipment	19,623	19,396
Other assets		

Goodwill, intangible and other assets	22,798	22,482
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Total Assets	\$ 99,288	\$ 97,758
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LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term debt and current portion of long-term debt	\$ 12,789	\$ 12,246
Accounts payable	13,331	15,925
Other current liabilities	9,175	9,639
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Total current liabilities	35,295	37,810
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Long-term liabilities:		
Long-term debt and capital lease obligations	20,324	20,043
Other long-term liabilities	469	316
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Total long-term liabilities	20,793	20,359
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Shareholders' equity:		
Common stock, par value \$0.10 per share	1,591	1,578
Capital in excess of par value	136,725	134,736
Accumulated other comprehensive income	154	(321)
Accumulated deficit	(92,892)	(94,026)
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	45,578	41,967
Less -- Treasury stock, at cost	2,378	2,378
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Total shareholders' equity	43,200	39,589
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Total Liabilities and Shareholders' Equity	\$ 99,288	\$ 97,758
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