United States
Securities and Exchange Commission
Washington, D.C. 20549

FORM 8-K/A
(Amendment No. 1)

Current Report Pursuant to
Section 13 or 15(d) of the Securities Exchange Act of 1934

November 16, 2007
(Date of Report)

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

Delaware	**000-20852**	**16-1387013**
(State of incorporation)	(Commission File Number)	(IRS 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 (see General Instruction A.2. below):

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Explanatory Note: This Current Report on Form 8-K is being filed to amend Item 9.01 of the Current Report on Form 8-K filed by Ultralife Batteries, Inc. (the "Registrant") on November 19, 2007. In accordance with the instructions to Item 9.01 of Form 8-K, this amendment provides (1) the audited and unaudited historical financial statements of the businesses acquired, as required by Item 9.01(a) of Form 8-K, as well as (2) the unaudited pro forma financial information for the combination of the Registrant and the businesses acquired, using the Registrant's fiscal reporting periods, as required by Item 9.01(b) of Form 8-K and Article 11 of Regulation S-X. As previously reported, the businesses acquired by the Registrant consisted of all of the issued and outstanding shares of common stock of Stationary Power Services, Inc. and Reserve Power Systems, Inc.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Businesses Acquired.

As required by Item 9.01(a) of Form 8-K, the audited consolidated financial statements of Stationary Power Services, Inc. and its variable interest entity Reserve Power Systems, Inc., as of and for the fiscal year ended December 31, 2006 and the unaudited consolidated financial statements of Stationary Power Services, Inc. and its variable interest entity Reserve Power Systems, Inc., as of and for the nine months ended September 30, 2007 and 2006 are attached together as Exhibit 99.1 to this Current Report.

(b) Pro Forma Financial Information.

As required by Item 9.01(b) of Form 8-K, the pro forma financial information of the Registrant, reflecting the acquisition of all of the issued and outstanding shares of common stock of Stationary Power Services, Inc. and Reserve Power Systems, Inc., for the fiscal year ended December 31, 2006 and as of and for the nine months ended September 29, 2007 is attached as Exhibit 99.2 to this Current Report.

(d) Exhibits.

23.1	Consent of Bonadio & Co., LLP
99.1	Consolidated Financial Statements of Stationary Power Services, Inc.
99.2	Unaudited Pro Forma Condensed Combined Financial Information for Ultralife Batteries, Inc.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Amendment No. 1 to the Current Report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: January 30, 2008	**ULTRALIFE BATTERIES, INC.**
	/s/ Robert W. Fishback
	Robert W. Fishback Vice President — Finance and Chief Financial Officer

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-67808, 333-90984, 333-110426 and 333-136742) and Form S-8 (Nos. 333-31930, 333-60984, 333-114271, 333-117662, 333-136737 and 333-136738) of Ultralife Batteries, Inc. of our report dated January 30, 2008 relating to the consolidated financial statements of Stationary Power Services, Inc. and its variable interest entity Reserve Power Systems, Inc., as of and for the year ended December 31, 2006, which appears in the Current Report on Form 8-K of Ultralife Batteries, Inc. filed with the Securities and Exchange Commission on November 19, 2007, as amended.

/s/ Bonadio & Co., LLP

Pittsford, New York
January 30, 2008

Exhibit 99.1

STATIONARY POWER SERVICES, INC.

Consolidated Financial Statements
as of December 31, 2006
Together with
Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

To the Stockholder of
Stationary Power Services, Inc.:

We have audited the accompanying consolidated balance sheet of Stationary Power Services, Inc. (a Florida S-Corporation) and its variable interest entity, Reserve Power Systems, Inc., as of December 31, 2006 and the related consolidated statements of income and change in accumulated deficit, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Stationary Power Services, Inc. and its variable interest entity, Reserve Power Systems, Inc., as of December 31, 2006, and the results of its consolidated operations and its consolidated cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

/s/ Bonadio & Co., LLP

Pittsford, New York
January 30, 2008

STATIONARY POWER SERVICES, INC.

CONSOLIDATED BALANCE SHEET

	December 31, 2006	September 30, 2007 (Unaudited)
ASSETS		
CURRENT ASSETS:		
Cash	$ 295,182	$ 176,198
Accounts receivable, net	1,027,770	1,643,875
Inventories	403,917	927,352
Other current assets	20,342	22,640
Total current assets	1,747,211	2,770,065
PROPERTY AND EQUIPMENT, net	1,266,066	1,299,014
	$3,013,277	$ 4,069,079
LIABILITIES AND STOCKHOLDER'S EQUITY		
CURRENT LIABILITIES:		
Lines-of-credit	$ 622,000	$ 959,299
Accounts payable and accrued expenses	684,896	1,638,733
Deferred revenue	157,326	145,438
Current portion of long-term debt	69,966	85,370
Sales tax payable	50,723	1,280
Accrued payroll, taxes and benefits	25,307	51,111
Settlement obligations	97,000	77,000
Total current liabilities	1,707,218	2,958,231
LONG-TERM LIABILITIES:		
Long term debt, net of current portion	837,841	835,072
Due to related party	168,000	249,000
Total long-term liabilities	1,005,841	1,084,072
Total liabilities	2,713,059	4,042,303
COMMITMENTS AND CONTINGENCIES — SEE NOTES		
STOCKHOLDER'S EQUITY:		
Contributed capital	475,104	475,104
Accumulated deficit	(174,886)	(448,328)
Total stockholder's equity	300,218	26,776
Total liabilities and stockholder's equity	$3,013,277	$ 4,069,079

The accompanying notes are an integral part of these statements.

STATIONARY POWER SERVICES, INC.

CONSOLIDATED STATEMENT OF INCOME AND CHANGE IN ACCUMULATED DEFICIT

	Year Ended December 31, 2006	Nine Months Ended September 30, 2006	Nine Months Ended September 30, 2007
		(Unaudited)	
REVENUE:			
Product sales and installation	$ 8,660,661	$ 6,543,919	$ 5,712,831
Maintenance	277,077	219,933	484,580
Total revenue	8,937,738	6,763,852	6,197,411
COST OF REVENUE	(6,205,861)	(4,827,839)	(4,208,872)
Gross profit	2,731,877	1,936,013	1,988,539
OPERATING EXPENSES	(1,664,474)	(1,225,525)	(1,402,495)
Income from operations	1,067,403	710,488	586,044
OTHER EXPENSE, net:			
Interest	(120,333)	(89,551)	(105,063)
Litigation Settlement	(70,000)	(70,000)	—
Other	(10,276)	(16,654)	(13,608)
Total other expense, net	(200,609)	(176,205)	(118,671)
NET INCOME	866,794	534,283	467,373
ACCUMULATED DEFICIT — beginning of year	(104,236)	(104,236)	(174,886)
STOCKHOLDERS' DISTRIBUTIONS	(937,444)	(592,439)	(740,815)
ACCUMULATED DEFICIT — end of year	$ (174,886)	$ (162,392)	$ (448,328)

The accompanying notes are an integral part of these statements.

STATIONARY POWER SERVICES, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year Ended December 31, 2006	Nine Months Ended September 30, 2006	2007
		(Unaudited)	
CASH FLOW FROM OPERATING ACTIVITIES:			
Net income	$ 866,794	$ 534,283	$ 467,373
Adjustments to reconcile net income to net cash flow from operating activities:			
Depreciation	136,099	130,776	95,271
Bad debts	48,556	10,247	779
(Gain) Loss on disposal of property and equipment	2,982	2,982	—
Changes in:			
Accounts receivable	693,095	709,088	(616,884)
Inventories	(108,189)	47,200	(523,435)
Other current assets	22	81	(2,298)
Accounts payable and accrued expenses	(815,323)	(948,234)	953,837
Deferred revenue	33,403	(46,617)	(11,888)
Accrued payroll, taxes and benefits	25,307	46,520	25,804
Settlement obligations	97,000	104,500	(20,000)
Sales tax payable	33,761	36,962	(49,443)
Net cash flow from operating activities	1,013,507	627,788	319,116
CASH FLOW FROM INVESTING ACTIVITIES:			
Acquisition of property and equipment	(154,312)	(112,192)	(128,219)
Proceeds from disposal of property and equipment	21,468	21,468	—
Net cash flow from investing activities	(132,844)	(90,724)	(128,219)
CASH FLOW FROM FINANCING ACTIVITIES:			
Borrowings on lines-of-credit, net	233,695	121,695	337,299
Proceeds from long-term debt	93,337	67,856	78,301
Repayments on long-term debt	(61,127)	(45,170)	(65,666)
Due to related party	(24,600)	(102,600)	81,000
Stockholder distributions	(937,444)	(592,439)	(740,815)
Net cash flow from financing activities	(696,139)	(550,658)	(309,881)
NET CHANGE IN CASH	184,524	(13,594)	(118,984)
CASH — beginning of year	110,658	110,658	295,182
CASH — end of year	$ 295,182	$ 97,064	$ 176,198
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid for interest	$ 120,819	$ 89,578	$ 105,604
Cash paid for taxes	$ 23,080	$ 13,838	$ 19,625

The accompanying notes are an integral part of these statements.

1. THE COMPANY

Stationary Power Services, Inc. (Stationary Power), located in Clearwater, Florida, was formed in 1989 as a provider of mission critical power solutions for a broad range of applications primarily in the Southeast United States. The Company's primary objective is to assist its customers in extending equipment life, preventing unscheduled outages, improving reliability, reducing maintenance costs and increasing predictability of equipment failures.

Reserve Power Systems, Inc. (Reserve Power), was formed in 2006 with principal offices in Guangzhou, China, as a distributor of lead-based batteries, primarily to Stationary Power, for a broad range of applications (See Note 2).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The consolidated financial statements of Stationary Power Services, Inc. have been prepared in conformity with accounting principles generally accepted in the United States.

Principles of Consolidation

The consolidated financial statements include the accounts of Stationary Power and Reserve Power (collectively, the Company). Reserve Power has been consolidated resulting from the adoption of Financial Accounting Standards Board Interpretation No. 46(R), *"Consolidation of Variable Interest Entities,"* under which Stationary Power determined that Reserve Power was a variable interest entity of which it was the primary beneficiary. All significant intercompany accounts and transactions have been eliminated.

Reserve Power was formed in 2006 primarily to provide batteries to Stationary Power. The sole stockholder and another officer of Stationary Power own 100% of the outstanding common stock of Reserve Power and effectively control its operations. Primarily because of the common control between Stationary Power and Reserve Power, including its related parties, Stationary Power is exposed to the risk that it may be required to subsidize losses of Reserve Power. At December 31, 2006 and September 30, 2006, on a separate company basis, the assets of Reserve Power were not material and there was no outstanding debt. At September 30, 2007, the assets of Reserve Power totaled approximately $153,000, which consisted primarily of amounts receivable from Stationary Power and the carrying amount of its obligations was approximately $428,000. The maximum exposure for Stationary Power would be $428,000, the amount of its outstanding obligations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unaudited Interim Financial Information

The accompanying interim balance sheet as of September 30, 2007, the statements of income and change in accumulated deficit, and cash flows for the nine months ended September 30, 2006 and 2007, are unaudited. The unaudited interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States and in accordance with Article 10 of Regulation S-X. In the opinion of management, these financial statements contain all normal and recurring adjustments necessary to present fairly the financial position at September 30, 2007, and the Company's results of operations and cash flows for the nine months ended September 30, 2006 and 2007. The results for the nine months ended September 30, 2007 are not necessarily indicative of the results to be expected for the full year. The information contained in these notes to the financial statements relating to the interim periods ended September 30, 2006 and 2007 is unaudited.

Cash

Cash consists of bank demand deposit accounts that, at times, may exceed federally insured limits. The Company has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk with respect to cash.

Accounts Receivable

The Company provides credit in the normal course of business to the majority of its customers and generally does not require collateral. The Company maintains an allowance for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. The allowance for doubtful accounts is based on past credit history with customers, known and inherent collection risks, and current economic conditions. The allowance for doubtful accounts totaled approximately $14,900 at both December 31, 2006 and September 30, 2007 (unaudited).

Inventory

Inventory consists primarily of raw materials and is stated at the lower of average cost or market.

Property and Equipment

Property and equipment is stated at cost. Depreciation is provided for vehicles and furniture and equipment using accelerated methods over the estimated useful lives of the assets, which range from three to fifteen years. Building and improvements are depreciated using the straight-line method over the estimated useful life of the assets, which range from five to thirty-nine years.

Impairment of Long-Lived Assets

The Company assesses all of its long-lived assets for impairment when events or circumstances indicate their carrying amounts may not be recoverable. This is accomplished by comparing the expected undiscounted future cash flows of the assets with the respective carrying amount as of the date of assessment. Should aggregate future cash flows be less than the carrying value, a write-down would be required, measured as the difference between the carrying value and the fair value of the asset. When required, fair value is estimated either through independent valuation or as the present value of expected discounted future cash flows. If the expected undiscounted future cash flows exceed the respective carrying amount as of the date of assessment, no impairment is recognized. No impairment of long-lived assets was recognized in 2006 and 2007.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Revenue from the sale of power supply goods is recognized upon shipment to the customer. Revenue from the sale of installation services is recognized on a proportional method, measured by the percentage of actual costs incurred to total estimated costs. Revenue from customer maintenance agreements is recognized using the straight-line method over the term of the related agreements, which range from six months to three years.

Deferred Revenue

Deferred revenue represents the unamortized portion of amounts received from the sale of maintenance agreements and the proportion of revenue from installation services yet to be performed.

Shipping and Handling Costs

Shipping and handling costs are recorded as a component of cost of goods sold.

Advertising

Advertising expenses, which totaled $46,127 for the year ended December 31, 2006 and $25,976 (unaudited) and $29,135 (unaudited) for the nine months ended September 30, 2007 and 2006, respectively, are expensed as incurred.

Income Taxes

The Company has elected to be treated as an S-Corporation for Federal and State income tax purposes. As such, the profit or loss of the Company is reported in the stockholder’s personal tax return.

Loss Contingencies

Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Company but which will only be resolved when one or more future events occur or fail to occur. The Company’s management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company or unasserted claims that may result in such proceedings, the Company’s legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company’s financial statements. If the assessment indicates that a potentially material loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the nature of the guarantee would be disclosed.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at:

	December 31, 2006	September 30, 2007 (Unaudited)
Land	$ 222,826	$ 222,826
Building and improvements	830,491	830,491
Furniture and equipment	664,578	722,795
Vehicles	296,689	345,875
	2,014,584	2,121,987
Less: Accumulated depreciation	(748,518)	(822,973)
	$1,266,066	$ 1,299,014

4. FINANCING ARRANGEMENTS

Line-of-Credit Agreements

The Company has a $250,000 line-of-credit arrangement with a bank to fund short-term working capital needs. Amounts borrowed bear interest at a fixed rate of 6.5% and are collateralized by personal assets of the Company's stockholder. There was $235,000 and $246,000 (unaudited) outstanding under the terms of this arrangement at December 31, 2006 and September 30, 2007.

The Company has a $425,000 line-of-credit arrangement with a bank to fund short-term working capital needs. Amounts borrowed bear interest at the bank's base rate plus 75 basis points (9.25% at December 31, 2006) and are collateralized by the building and all accounts receivable and inventory. There was $387,000 and $419,000 (unaudited) outstanding under the terms of this arrangement at December 31, 2006 and September 30, 2007.

Long-Term Debt Agreements

Long-term debt consisted of the following:

	December 31, 2006	September 30, 2007 (Unaudited)
Mortgage payable to a bank requiring monthly payments of $5,885, including interest at 6.75%, through February 2010, with a balloon payment of $666,771 due on March 28, 2010. The note is collateralized by the building for which the mortgage was obtained.	$ 734,714	$ 719,134
Note payable to a bank requiring monthly payments of $417, including interest at 7.13%, through September 2010. The note is collateralized by the vehicle for which the note was obtained.	16,377	13,448
Note payable to a bank requiring monthly payments of $763, including interest at 7.13%, through August 2008. The note is collateralized by the vehicle for which the note was obtained.	14,343	8,108
Note payable to a bank requiring monthly payments of $555, including interest at 6.5%, through March 2011. The note is collateralized by the vehicle for which the note was obtained.	35,513	29,802
Note payable to a bank requiring monthly payments of $437, including interest at 6.5%, through October 2010. The note is collateralized by the vehicle for which the note was obtained.	17,225	14,269
Note payable to a bank requiring monthly payments of $797, including interest at 6.5%, through October 2010. The note is collateralized by the vehicle for which the note was obtained.	21,910	18,118
Note payable to Ford Credit requiring monthly payments of $675, including interest at 5.9% interest through July 2012. The note is collateralized by the vehicle for which the note was obtained.	—	33,811
Interest-free note payable to Ford Credit requiring monthly payments of $425, through January 2012. The note is collateralized by the vehicle for which the note was obtained.	25,481	21,638

4. FINANCING ARRANGEMENTS (Continued)

Long-Term Debt Agreements (Continued)

Interest-free note payable to Ford Credit requiring monthly payments of $583, through April 2012. The note is collateralized by the vehicle for which the note was obtained.	—	31,509
Interest-free note payable to Ford Credit requiring monthly payments of $466, through October 2012. The note is collateralized by the vehicle for which the note was obtained.	32,133	27,941
Interest-free note payable to Ford Credit requiring monthly payments of $444, through March 2008. The note is collateralized by the vehicle for which the note was obtained.	6,659	2,664
Interest-free note payable to Ford Credit requiring monthly payments of $347, through October 2007. The note is collateralized by the vehicle for which the note was obtained.	3,452	—
	907,807	920,442
Less: Current portion	(69,966)	(85,370)
	$837,841	$835,072

Minimum future principal payments required under these agreements are as follows for the years ending December 31:

2007	$ 69,966
2008	62,834
2009	59,015
2010	699,442
2011	12,377
Thereafter	4,173
	$907,807

5. LEASE COMMITMENTS

The Company leases certain equipment and vehicles under the terms of operating lease agreements. Total monthly payments required under the terms of these agreements are approximately $3,596 and expire at various dates from March 2007 through March 2011. Lease expense under the terms of these agreements totaled $33,500 in 2006. Future annual lease payments due under the terms of these leases are as follows:

2007	$34,120
2008	32,008
2009	13,598
2010	1,024
2011	256
	$81,006

6. EMPLOYEE BENEFIT PLAN

The Company has a profit-sharing plan (the Plan) covering substantially all of the Company's employees. The Plan contains 401(k) salary deferral provisions allowing participants to defer a portion of their compensation. The Plan also contains provisions for Company matching contributions based on the elected deferral and compensation of the participants. The Company's contributions to the Plan totaled $3,279 during 2006, $2,609 (unaudited) for the nine months ended September 30, 2006 and $2,102 (unaudited) for the nine months ended September 30, 2007.

7. RELATED PARTY

Due to Related Party

The Company's stockholder has a $250,000 personal line-of-credit arrangement with a bank, which the Company may use to fund short-term working capital needs. Amounts borrowed bear interest at that bank's prime rate (8.25% at December 31, 2006) and are collateralized by the principal residence of the Company's stockholder. There was $168,000 and $249,000 (unaudited) outstanding under the terms of this arrangement at December 31, 2006 and September 30, 2007, respectively. The amount has been classified as long-term in the accompanying financial statements as the stockholder has not declared an intention to seek repayment within a year's time.

8. CONCENTRATIONS

The Company earned 55% of its revenue from three customers in 2006 and 30% (unaudited) of its revenue from four customers for the nine months ended September 30, 2007. Approximately 21% of the Company's accounts receivable were due from one customer at December 31, 2006 and approximately 44% (unaudited) of its accounts receivable were due from two customers at September 30, 2007.

9. LITIGATION, COMMITMENTS AND CONTINGENCIES

During 2006, the Company settled a lawsuit in which it was named as a defendant. The plaintiff alleged that the Company received preferential payment from 360 Networks (USA), Inc. prior to 360 Networks (USA) filing bankruptcy related to repayment of amounts owed to the Company. The terms of the settlement included a $10,000 payment at the time of settlement and twelve monthly payments of $2,500. At December 31, 2006, there was $20,000 outstanding under the terms of the settlement included in the accompanying balance sheet.

During 2004, the Company was named as a defendant in a lawsuit in which it was alleged that the Company received preferential payment from Global Crossing, Inc. prior to Global Crossing, Inc. filing bankruptcy related to repayment of amounts owed to the Company. During 2007, the Company and the plaintiff exchanged settlement offers which ranged from $20,000 to $40,000. The Company has determined, on the advice of counsel, that the probable settlement amount will be $30,000, which has been accrued and is reflected in the accompanying balance sheets at December 31, 2006 and September 30, 2007.

10. SUBSEQUENT EVENTS

Corporate Borrowing

During 2007, Reserve Power entered into a $300,000 revolving line-of-credit arrangement with a bank to fund short-term working capital needs. Amounts borrowed bear interest at the bank's base rate, adjusted from time to time, (8.25% at September 30, 2007), are collateralized by substantially all of the assets of Reserve Power, are personally guaranteed by the owners of Reserve Power and are guaranteed by Stationary Power. There was $294,299 outstanding under the terms of this arrangement at September 30, 2007.

Warranty Settlement

During 2003, the Company was subject to a warranty claim by Urban America, Inc. In November 2007, the Company settled this warranty claim. The terms of the settlement included a $47,000 payment at the time of settlement, which was paid by the selling stockholder of the Company. The Company has accrued the entire obligation as of the earliest period presented for which the obligation related.

Ultralife Batteries, Inc. Acquisition

On October 30, 2007, both Stationary Power and Reserve Power signed definitive stock purchase agreements with Ultralife Batteries, Inc. to be acquired for total consideration of $10 million and 100,000 common shares of Ultralife Batteries, Inc., and certain other contingent consideration. These transactions closed on November 16, 2007.

Exhibit 99.2

ULTRALIFE BATTERIES, INC.
UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

The following unaudited pro forma financial statements combine the historical consolidated balance sheets and statements of operations of Ultralife Batteries, Inc. (“Ultralife”), Stationary Power Services, Inc. (“SPS”) and Reserve Power Systems, Inc. (“RPS”), giving effect to the acquisition of all of the issued and outstanding shares of common stock of SPS and RPS (collectively “SPS/RPS”) by Ultralife on November 16, 2007 using the purchase method of accounting.

The unaudited pro forma condensed combined statements of operations for the nine months ended September 29, 2007 and for the year ended December 31, 2006 are presented to give effect to the acquisition of all of the issued and outstanding shares of common stock of SPS/RPS as if it had occurred on January 1, 2006, and all transactions contemplated by that acquisition. The unaudited pro forma condensed combined balance sheets as of September 29, 2007 are presented to give effect to the acquisition of all of the issued and outstanding shares of common stock of SPS/RPS on September 29, 2007, and all transactions contemplated by that acquisition.

The unaudited pro forma financial statements are presented for illustrative purposes only and are not intended to represent or be indicative of the consolidated results of operations or the consolidated financial position of Ultralife that would have been reported had the acquisition been consummated as of the dates presented, and should not be viewed to be representative of future operating results or the financial position of Ultralife. The unaudited pro forma financial statements do not reflect any adjustments to conform accounting policies, other than those mentioned in the notes thereto, or to reflect any cost synergies anticipated as a result of the acquisition, or any future acquisition related expenses.

Certain adjustments made to the unaudited pro forma financial statements have been prepared based on preliminary estimates of the fair values of the net assets from SPS/RPS. The impact of ongoing integration activities and adjustments to the fair value of acquired net tangible and intangible assets of SPS/RPS could cause material differences in the information presented.

The unaudited pro forma financial statements should be read in conjunction with the historical consolidated financial statements of SPS/RPS included in this Current Report on Form 8-K/A and the consolidated financial statements of Ultralife included in its Quarterly Report on Form 10-Q for the period ended September 29, 2007 and its Annual Report on Form 10-K for the year ended December 31, 2006.

ULTRALIFE BATTERIES, INC.
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
NINE MONTHS ENDED SEPTEMBER 29, 2007
(Amounts In Thousands, Except Per Share Amounts)

	Historical Ultralife	Offering Proceeds	Sub-Total	Historical SPS/RPS	Pro Forma Adjustments	Pro Forma Combined
Revenues	$100,807	$ —	$100,807	$ 6,197	$ (244)**(C)**	$106,760
Cost of products sold	77,767	—	77,767	4,209	(244)**(C)**	
					88**(D)**	81,820
Gross margin	23,040	—	23,040	1,988	(88)	24,940
Operating expenses:						
Research and development	4,849	—	4,849	—	—	4,849
Selling, general, and administrative	15,685	—	15,685	1,402	—	17,087
Total operating expenses	20,534	—	20,534	1,402	—	21,936
Operating income (loss)	2,506	—	2,506	586	(88)	3,004
Other income (expense):						
Interest income	44	—	44	1	—	45
Interest expense	(1,770)	—	(1,770)	(106)	(150)**(A)**	
					37**(B)**	(1,989)
Miscellaneous	354	—	354	(14)	—	340
Income (loss) before income taxes	1,134	—	1,134	467	(201)	1,400
Income tax provision — current	—	—	—	—	—	—
Income tax provision — deferred	—	—	—	—	—	—
Total income taxes	—	—	—	—	—	—
Net Income (Loss)	$ 1,134	$ —	$ 1,134	$ 467	$ (201)	$ 1,400
Earnings (Loss) per share — basic	$ 0.08		$ 0.07			$ 0.09
Earnings (Loss) per share — diluted	$ 0.07		$ 0.07			$ 0.09
Weighted average shares outstanding — basic	15,120	473**(E)**	15,593		100**(F)**	15,693
Weighted average shares outstanding — diluted	15,346	473**(E)**	15,819		100**(F)**	15,919

See accompanying notes to unaudited pro forma condensed combined financial statements.

ULTRALIFE BATTERIES, INC.
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2006
(Amounts In Thousands, Except Per Share Amounts)

	Historical Ultralife	Offering Proceeds	Sub-Total	Historical SPS/RPS	Pro Forma Adjustments	Pro Forma Combined
Revenues	$ 93,546	$ —	$ 93,546	$ 8,938	$ —	$102,484
Cost of products sold	76,103	—	76,103	6,206	117**(D)**	82,426
Gross margin	17,443	—	17,443	2,732	(117)	20,058
Operating expenses:						
Research and development	5,097	—	5,097	—	—	5,097
Selling, general, and administrative	15,303	—	15,303	1,664	—	16,967
Total operating expenses	20,400	—	20,400	1,664	—	22,064
Operating income (loss)	(2,957)	—	(2,957)	1,068	(117)	(2,006)
Other income (expense):						
Interest income	126	—	126	—	—	126
Interest expense	(1,424)	—	(1,424)	(121)	(200)**(A)**	
					51**(B)**	(1,694)
Gain on insurance settlement	191	—	191	—	—	191
Loss on litigation settlement	—	—	—	(70)	—	(70)
Miscellaneous	311	—	311	(10)	—	301
Income (loss) before income taxes	(3,753)	—	(3,753)	867	(266)	(3,152)
Income tax provision — current	—	—	—	—	—	—
Income tax provision — deferred	23,735	—	23,735	—	—	23,735
Total income taxes	23,735	—	23,735	—	—	23,735
Net Income (Loss)	$(27,488)	$ —	$(27,488)	$ 867	$ (266)	$ (26,887)
Loss per share — basic	$ (1.84)		$ (1.79)			$ (1.74)
Loss per share — diluted	$ (1.84)		$ (1.79)			$ (1.74)
Weighted average shares outstanding — basic	14,906	473**(E)**	15,379		100**(F)**	15,479
Weighted average shares outstanding — diluted	14,906	473**(E)**	15,379		100**(F)**	15,479

See accompanying notes to unaudited pro forma condensed combined financial statements.

ULTRALIFE BATTERIES, INC.
UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
AS OF SEPTEMBER 29, 2007
(Amounts In Thousands, Except Per Share Amounts)

	Historical Ultralife	Offering Proceeds	Sub-Total	Historical SPS/RPS	Pro Forma Adjustments	Pro Forma Combined
ASSETS						
Current assets:						
Cash and cash equivalents	$ 927	$ 6,000	$ 6,927	$ 176	$ (6,000)**(H)**	$ 1,103
Trade accounts receivable, net	23,794	—	23,794	1,644	(244)**(L)**	25,194
Inventories	29,931	—	29,931	927	—	30,858
Due from insurance company	148	—	148	—	—	148
Deferred tax asset — current	92	—	92	—	—	92
Prepaid expenses and other current assets	1,975	—	1,975	23	—	1,998
Total current assets	56,867	6,000	62,867	2,770	(6,244)	59,393
Property, plant and equipment, net	19,623	—	19,623	1,299	(986)**(G)**	19,936
Goodwill and intangible assets, net	22,725	—	22,725	—	54**(H)**	
					11,623**(J)**	34,402
Other assets						
Security deposits	73	—	73	—	—	73
Total Assets	$ 99,288	$ 6,000	$105,288	$ 4,069	$ 4,447	$113,804
LIABILITIES AND SHAREHOLDERS' EQUITY						
Current liabilities:						
Current portion of debt and capital lease obligations	$ 12,789	$ —	$ 12,789	$ 1,044	$ (22)**(G)**	$ 13,811
Accounts payable	13,331	—	13,331	1,639	54**(H)**	
					(244)**(L)**	14,780
Other current liabilities	9,175	—	9,175	275	—	9,450
Total current liabilities	35,295	—	35,295	2,958	(212)	38,041
Long-term liabilities:						
Debt and capital lease obligations	20,324	—	20,324	1,084	(697)**(G)**	
					4,000**(H)**	24,711
Other long-term liabilities	469	—	469	—	—	469
Total long-term liabilities	20,793	—	20,793	1,084	3,303	25,180
Shareholders' equity:						
Common stock, par value $0.10 per share	1,591	47	1,638	—	10**(I)**	
					—**(K)**	1,648
Capital in excess of par value	136,725	5,953	142,678	475	(267)**(G)**	
					1,373**(I)**	
					(208)**(K)**	144,051
Accumulated other comprehensive income	154	—	154	—	—	154
Retained earnings (accumulated deficit)	(92,892)	—	(92,892)	(448)	448**(K)**	(92,892)
	45,578	6,000	51,578	27	1,356	52,961
Less — Treasury stock, at cost	2,378	—	2,378	—	—	2,378
Total shareholders' equity	43,200	6,000	49,200	27	1,356	50,583
Total Liabilities and Shareholders' Equity	$ 99,288	$ 6,000	$105,288	$ 4,069	$ 4,447	$113,804

See accompanying notes to unaudited pro forma condensed combined financial statements.

ULTRALIFE BATTERIES, INC.
NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS
(Amounts in Thousands, except Share Amounts)

Note 1: Basis of Presentation and Purchase Price Allocation

On November 16, 2007, we completed the acquisition of all of the issued and outstanding shares of common stock of Stationary Power Services, Inc. (“SPS”), an infrastructure power management services firm specializing in engineering, installation and preventative maintenance of standby power systems, uninterruptible power supply systems, DC power systems and switchgear/control systems for the telecommunications, aerospace, technology, banking and information services industries. Immediately prior to the closing of the SPS acquisition, SPS distributed the real estate assets, along with the corresponding mortgage payable, to the original owner of SPS, as these assets and corresponding liability were not part of our acquisition of SPS. Also on November 16, 2007, we completed the acquisition of all of the issued and outstanding shares of common stock of Reserve Power Systems, Inc. (“RPS”), a supplier of lead acid batteries primarily for use by SPS in the design and installation of standby power systems.

Under the terms of the stock purchase agreement for SPS, the initial purchase price of $10,000 consisted of $6,000 in cash and a $4,000 subordinated convertible promissory note to be held by the seller. In addition, on the achievement of certain post-acquisition sales milestones, Ultralife will issue up to an aggregate amount of 100,000 shares of Ultralife common stock. The $6,000 cash payment was financed by a portion of the net proceeds from a limited public offering that we completed on November 15, 2007, whereby 1,000,000 shares of Ultralife common stock were issued. Total net proceeds from the offering were $12,692, of which $6,000 was used for the SPS cash payment, and has been reflected in the proforma financial statements. The remaining net proceeds from the offering, which have not been reflected in the proforma financial statements, were used for a $3,500 prepayment on the subordinated convertible notes that were issued as partial consideration for the McDowell acquisition, for repayment of $1,000 of borrowings outstanding under our credit facility used to fund the ISC acquisition, and for general working capital purposes. The $4,000 subordinated convertible promissory note carries a three-year term, bears interest at the rate of 5% per year and is convertible at $15.00 per share into 266,667 shares of Ultralife’s common stock, with a forced conversion feature at $17.00 per share. We incurred $54 in acquisition related costs, which are included in the initial cost of the SPS investment of $10,054.

Under the terms of the stock purchase agreement for RPS, the initial purchase price consisted of 100,000 shares of Ultralife common stock, valued at $1,383. In addition, on the achievement of certain post-acquisition sales milestones, Ultralife will pay the sellers, in cash, 5% of sales up to the operating plan, and 10% of sales that exceed the operating plan, for the remainder of the calendar year 2007 and for calendar years 2008, 2009 and 2010. The additional contingent cash consideration is payable in annual installments, and excludes sales made to SPS, which historically have comprised substantially all of RPS’s sales.

As a result of the adoption of Financial Accounting Standards Board Interpretation No. 46(R), “Consolidation of Variable Interest Entities”, SPS determined that RPS was a variable interest entity of which SPS was the primary beneficiary. Therefore, the historical consolidated financial statements for SPS/RPS include the accounts of SPS and RPS, with all significant intercompany accounts and transactions eliminated.

The following table represents the preliminary allocation of the purchase price to assets acquired and liabilities assumed as of the proforma balance sheet:

ASSETS	
Current assets:	
Cash	$ 176
Trade accounts receivables, net	1,644
Inventories	927
Prepaid expenses and other current assets	23
Total current assets	2,770
Property, plant and equipment, net	313
Goodwill	11,677
Total assets acquired	14,760
LIABILITIES	
Current liabilities:	
Current portion of long-term debt	1,022
Accounts payable	1,639
Other current liabilities	275
Total current liabilities	2,936
Long-term liabilities:	
Debt	387
Total liabilities assumed	3,323
Total Purchase Price	$ 11,437

The estimated excess of the purchase price over the net tangible and intangible assets acquired of $(240) was recorded as goodwill in the amount of $11,677. We are in the process of completing the valuations of certain tangible and intangible assets acquired with the new business; however the amounts of these assets cannot be reasonably estimated at the date of this filing so the entire estimated excess purchase price has been allocated to goodwill. We expect that the ultimate purchase price allocation will include adjustments to the fair values of identifiable intangible assets, including trademarks, patents and technology, and customer relationships. The intangible assets will include indefinite life assets and amortizable assets, for which the amortizable assets will be amortized over their weighted-average estimated useful lives of approximately eight to fifteen years. The final allocation of the excess of the purchase price over the net assets acquired is subject to revision based upon our final review of valuation assumptions. The acquired goodwill will be assigned to the rechargeable products and the design and installation services segments and is expected to be fully deductible for income tax purposes.

Note 2: Pro Forma Adjustments

The unaudited pro forma condensed combined statements of operations include the adjustments necessary to give effect to the acquisition as if it had occurred on January 1, 2006, along with the distribution of real estate assets and the corresponding mortgage payable as contemplated by the stock purchase agreement. The unaudited pro forma condensed combined statements of operations reflect the allocation of the acquisition cost to the fair value of tangible and intangible assets acquired and liabilities assumed as described in Note 1. The unaudited pro forma condensed combined balance sheets include the adjustments necessary to give effect to the acquisition as if it occurred on September 29, 2007, along with the distribution of real estate assets and the corresponding mortgage payable as contemplated by the stock purchase agreement. No pro forma adjustments were required to conform SPS/RPS's accounting policies to Ultralife's accounting policies.

(A) Adjustment to record impact of interest expense relating to the $4,000 convertible note payable issued in connection with SPS's acquisition purchase price, which bears interest at 5%.

(B) Adjustment to record impact on interest expense that would not have been incurred for the mortgage payable that was not assumed by Ultralife in the SPS acquisition.

(C) Adjustment to eliminate intercompany sales and purchases between Ultralife and SPS/RPS.

(D) Adjustment to record rent expense that would have been incurred for the building that was not acquired by Ultralife in the SPS acquisition, net of the reduction in depreciation expense for the building.

(E) Adjustment to record issuance of shares under the limited public offering for the net proceeds portion applicable to the SPS cash payment.

(F) Adjustment to record the issuance of 100,000 shares of Ultralife common stock in connection with RPS's acquisition purchase price.

(G) Adjustment to eliminate SPS assets not acquired and SPS liabilities not assumed in connection with Ultralife's acquisition of all the issued and outstanding shares of common stock of SPS.

(H) Adjustment to record the $6,000 cash payment and the issuance of the $4,000 convertible note payable in connection with SPS's acquisition purchase price, along with the accrual of $54 in capitalized acquisition costs.

(I) Adjustment to record the issuance of 100,000 shares of Ultralife common stock in connection with RPS's acquisition purchase price, valued at $1,383.

(J) Adjustment to record the goodwill associated with the allocation of the SPS/RPS acquisition purchase price at September 29, 2007.

(K) Adjustment to eliminate SPS/RPS's equity associated with the allocation of the SPS/RPS acquisition purchase price.

(L) Adjustment to eliminate intercompany receivables and payables between Ultralife and SPS/RPS as of September 29, 2007.