

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 9, 2006

ULTRALIFE BATTERIES, INC.

(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 Batteries, Inc. (the "Company") reported an operating loss of \$2.1 million on revenues of \$23.7 million for the third quarter ended September 30, 2006.

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) Financial Statements of Business Acquired.

Not applicable.

(b) Pro Forma Financial Information.

Not applicable.

(c) Exhibits.

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.

ULTRALIFE BATTERIES, INC.

Dated: November 9, 2006

By: /s/ Robert W. Fishback

Robert W. Fishback
Vice President of Finance & CFO

INDEX TO EXHIBITS

(99) Additional Exhibits

99.1 Press Release dated November 9, 2006.

Ultralife Batteries Reports Third Quarter Results

NEWARK, N.Y.--(BUSINESS WIRE)--Nov. 9, 2006--Ultralife Batteries, Inc. (NASDAQ: ULBI) reported an operating loss of \$2.1 million on revenues of \$23.7 million for the third quarter ended September 30, 2006. In comparison, the company reported an operating loss of \$1.5 million on revenues of \$15.7 million for the same period last year. Subsequent to announcing preliminary third quarter results on October 26, the company adjusted third quarter revenue to reflect a final review of shipments at McDowell and updated its estimate of intangible amortization expense.

Third quarter revenue growth reflects increases in 9-volt sales and higher commercial business, particularly from the automotive telematics market, as well as the addition of McDowell Research and ABLE New Energy, which were acquired on July 3 and May 19, respectively, of this year. As a percentage of revenues, gross margins were 17% compared with 15% in the same quarter last year. Operating expenses of \$6.1 million included \$0.4 million in stock-based compensation expense, \$0.5 million in intangible amortization, and \$1.4 million in added operating costs from the newly-acquired companies. For the same period last year, operating expenses amounted to \$3.9 million. Net loss for the third quarter of 2006 was \$1.7 million, or \$0.11 per common share, compared to a net loss of \$1.3 million, or \$0.09 loss per common share, for the third quarter of 2005.

For the nine-month period ended September 30, 2006, revenues totaled \$63.4 million compared to \$52.7 million for the same period last year. The company reported an operating loss of \$1.4 million, including \$1.0 million in stock-based compensation expense and \$0.5 million of intangible amortization, compared to an operating loss of \$3.0 million for the first nine months of 2005. Net loss for the first three quarters of 2006 was \$1.4 million, or \$0.10 per share, compared to a net loss for the same period last year of \$4.3 million, or \$0.30 per share.

"Revenues for the third quarter are indicative of the success we are having in progressing opportunities in our commercial business and in diversifying our government/military business," said John D. Kavazanjian, Ultralife's president and chief executive officer. "Since reporting preliminary third quarter results, we have satisfied ourselves that the handful of issues which had a bearing on the quarter's performance are substantially behind us."

"As we move forward in the fourth quarter, the initiatives we are implementing to enhance operations at McDowell and ABLE should benefit our bottom line performance," concluded Kavazanjian. "In addition, through increased coordination of sales and marketing functions we are making progress toward integrating both McDowell and ABLE into our core business and organizing ourselves to optimally leverage a broadened product portfolio and wider array of growth opportunities. Based on our backlog of contract awards and our pipeline for new business, we remain comfortable with the revenue outlook for the fourth quarter we provided on October 26. The combination of our augmented growth strategy and stabilized cost structure will give us a solid foundation on which to drive the company's earnings power in 2007."

Outlook

For the fourth quarter of 2006, management expects revenues of approximately \$35 million, resulting in revenues for the full year in the range of \$100 million. Operating income for the fourth quarter is projected to range between \$2.5 million and \$3.0 million, including non-cash charges for stock based compensation expense and intangible amortization, which are assumed to be \$0.5 million and \$0.4 million, respectively.

About Ultralife Batteries, Inc.

Ultralife is a global provider of high-energy power solutions and communications accessories for diverse applications. The company develops, manufactures and markets a wide range of non-rechargeable and rechargeable batteries, charging systems and accessories including power supplies, amplifiers, amplified speakers, equipment mounts, case equipment and integrated communication systems for markets including military, 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 and accessories. Commercial, retail and government customers include General Dynamics, 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 are in Newark, New York, near Rochester. Ultralife's three other operating units are: Ultralife Batteries (UK) Ltd., in Abingdon, England; McDowell Research in Waco, Texas; and ABLE New Energy in Shenzhen, China. Detailed information on Ultralife is available at: 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: addressing the process of U.S. military procurement, 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 9, 2006 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 #3984741, during the period starting at 1:00 p.m. ET November 9 and ending at 1:00 p.m. ET November 16, 2006.

Ultralife(R) is a registered trademark 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 30, 2006	October 1, 2005	September 30, 2006	October 1, 2005
Revenues:				
Non-rechargeable products	\$16,998	\$12,805	\$51,101	\$43,305
Rechargeable products	3,463	2,286	8,676	7,676
Communications accessories	3,046	-	3,046	-
Technology contracts	218	601	614	1,677
Total revenues	23,725	15,692	63,437	52,658
Cost of products sold:				
Non-rechargeable products	14,598	10,994	41,821	35,845
Rechargeable products	3,066	1,830	6,794	6,730
Communications accessories	1,942	-	1,942	-
Technology contracts	138	508	552	1,495
Total cost of products sold	19,744	13,332	51,109	44,070
Gross margin	3,981	2,360	12,328	8,588
Operating expenses:				
Research and development	1,239	969	3,083	2,874
Selling, general, and administrative	4,367	2,902	10,181	8,745

Amortization of intangible assets	512	-	512	-
Total operating expenses	6,118	3,871	13,776	11,619
Operating income /(loss)	(2,137)	(1,511)	(1,448)	(3,031)
Other income (expense):				
Interest income	19	44	104	162
Interest expense	(451)	(220)	(863)	(593)
Gain on insurance settlement	-	-	191	-
Miscellaneous	39	(9)	186	(203)
Income/(loss) before income taxes	(2,530)	(1,696)	(1,830)	(3,665)
Income tax provision/(benefit)-current	(4)	5	20	3
Income tax provision/(benefit)-deferred	(828)	(385)	(401)	637
Total income taxes	(832)	(380)	(381)	640
Net Income/(Loss)	<u>\$(1,698)</u>	<u>\$(1,316)</u>	<u>\$(1,449)</u>	<u>\$(4,305)</u>
Earnings/(Loss) per share - basic	<u>\$(0.11)</u>	<u>\$(0.09)</u>	<u>\$(0.10)</u>	<u>\$(0.30)</u>
Earnings/(Loss) per share - diluted	<u>\$(0.11)</u>	<u>\$(0.09)</u>	<u>\$(0.10)</u>	<u>\$(0.30)</u>
Weighted average shares outstanding - basic	<u>14,987</u>	<u>14,642</u>	<u>14,867</u>	<u>14,497</u>
Weighted average shares outstanding - diluted	<u>14,987</u>	<u>14,642</u>	<u>14,867</u>	<u>14,497</u>

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

ASSETS	September 30, 2006	December 31, 2005
Current assets:		
Cash and investments	\$1,345	\$3,214
Trade accounts receivable, net	18,453	10,965
Inventories	22,949	19,446
Prepaid expenses and other current assets	5,819	5,737
Total current assets	<u>48,566</u>	<u>39,362</u>
Property and equipment	19,663	19,931
Other assets	44,003	21,464
Total Assets	<u>\$112,232</u>	<u>\$80,757</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term debt and current portion of long-term debt	\$8,736	\$7,715
Accounts payable	10,295	5,218
Other current liabilities	8,274	5,450

Total current liabilities	27,305	18,383
	-----	-----
Long-term liabilities:		
Long-term debt and capital lease obligations	20,052	25
Other long-term liabilities	156	242
	-----	-----
Total long-term liabilities	20,208	267
	-----	-----
Shareholders' equity:		
Common stock, par value \$0.10 per share	1,576	1,547
Capital in excess of par value	134,078	130,530
Accumulated other comprehensive income	(570)	(1,054)
Accumulated deficit	(67,987)	(66,538)
	-----	-----
	67,097	64,485
Less -- Treasury stock, at cost	2,378	2,378
	-----	-----
Total shareholders' equity	64,719	62,107
	-----	-----
Total Liabilities and Shareholders' Equity	\$112,232	\$80,757
	=====	=====

CONTACT: Ultralife Batteries, Inc.
Robert W. Fishback, 315-332-7100
bfishback@ulbi.com
or
Investor Relations:
Lippert/Heilshorn & Associates, Inc.
Jody Burfening, 212-838-3777
jburfening@lhai.com