

**ULTRALIFE CORPORATION**  
**COMPENSATION AND MANAGEMENT COMMITTEE**  
**CHARTER**

**I. PURPOSE**

The Compensation and Management Committee (the “Committee”) shall:

- A. Discharge the responsibilities of the Board of Directors to the stockholders, potential stockholders and investment community with respect to the compensation programs and compensation of the executives of Ultralife Corporation and its subsidiaries (the “Company”); and
- B. Produce an annual report on executive compensation for inclusion in the Company's annual proxy statement, in accordance with applicable rules and regulations of NASDAQ, the Securities and Exchange Commission (the “SEC”) and other regulatory bodies.

**II. STRUCTURE AND OPERATIONS**

Composition and Qualifications

The Committee shall be comprised of three or more members of the Board of Directors, each of whom is determined by the Board of Directors to be “independent” under the rules of NASDAQ and the SEC. Additionally, no director may serve on the Committee unless he or she (i) is a “Non-Employee Director” for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended, and (ii) satisfies the requirements of an “outside director” for purposes of Section 162(m) of the Internal Revenue Code.

Appointment and Removal

The members of the Committee shall be appointed by the Board of Directors and shall serve until such member’s successor is duly elected and qualified or until such member’s earlier resignation or removal. The members of the Committee may be removed, with or without cause, by a majority vote of the Board of Directors.

Chair

The Chair of the Committee shall be elected by the full Board of Directors. The Chair shall be entitled to cast a vote to resolve any ties. The Chair will preside over all regular sessions of the Committee and set the agendas for Committee meetings.

Delegation to Subcommittees

In fulfilling its responsibilities, the Committee shall be entitled to delegate any or all of its responsibilities to a subcommittee of the Committee.

### **III. MEETINGS**

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. The Board Chair or any member of the Committee may call meetings of the Committee. A quorum shall exist so long as a majority of the members of the Committee are in attendance in person or by telephone. Approval of actions by the Committee requires a majority vote of the Committee members in attendance.

As part of its review and establishment of the performance criteria and compensation of designated key executives, the Committee should meet separately on at least an annual basis with the CEO and any other corporate officers, as it deems appropriate. However, the Committee should meet regularly without such officers present, and in all cases such officers shall not be present at meetings at which their performance and compensation are being discussed and determined.

The Committee may invite to its meetings any Director, management of the Company and such other persons as it deems appropriate in order to carry out its responsibilities. The Committee may also exclude from its meetings any persons it deems appropriate in order to carry out its responsibilities.

### **IV. RESPONSIBILITIES AND DUTIES**

The following functions shall be the common recurring activities of the Committee in carrying out its responsibilities outlined in Section I of this Charter. These functions should serve as a guide with the understanding that the Committee may carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board of Directors from time to time related to the purposes of the Committee outlined in Section I of this Charter.

The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern that the Committee deems appropriate and shall have the sole authority to retain outside counsel or other experts for this purpose, including the authority to approve the fees payable to such counsel or experts and any other terms of retention; said approval to be subject to the review and approval of the Chair of the Board of Directors.

#### Compensation for Executive (Company) Officers

1. Review and establish the overall compensation philosophy of the Company to ensure clear ties to stockholder interests.
2. Review and approve corporate goals and objectives relevant to CEO compensation, including performance objectives.
3. Evaluate the performance of the CEO in light of these criteria. Based on such evaluation, review and recommend to the full Board for approval the CEO's annual salary, short-term incentive plan (bonus), long-term equity tools, including stock options and other benefits, direct and indirect.
4. Upon receipt from the CEO of an annual evaluation of the performance of Executive (Company) Officers, review and recommend to the full Board for approval their annual salary, short-term incentive plan (bonus), long-term equity tools, including stock option and other benefits, direct and indirect.

5. Review officer performance goals for coming year based on input from CEO. Provide feedback to CEO based on this review.
6. Approve the granting of stock options up to and including 10,000 options. For stock option grants over 10,000 options per person, the Compensation and Management Committee is responsible for the recommendation of approval to the Board of Directors, which grants final stock option approval. When required, the Compensation and Management Committee recommends the adoption or changes to the Company's Stock Option Plans to the stockholders for approval.
7. The Compensation and Management Committee will review and recommend to the full Board for approval any additional employment related matters of Executive (Company) Officers, including but not limited to the following: relocation, promotions, terminations and severance.
8. In connection with executive compensation plans:
  - (i) Review and recommend to the full Board of Directors new executive officer compensation programs;
  - (ii) Review on a periodic basis the operations of the Company's executive compensation programs to determine whether they are properly coordinated and achieving their intended purpose;
  - (iii) Establish and periodically review policies for the administration of executive compensation programs;
  - (iv) Take steps to modify any executive compensation program that yields payments and benefits that are not reasonably related to executive and corporate performance;
  - (v) Approve implementation of the above plans and programs; and
  - (vi) Establish and annually review policies in the area of senior management perquisites.
9. Annually review recommendations from the CEO for senior management team succession planning.
10. Annually review CEO succession and continuity planning and report to the Board of Directors.
11. Annually review Leadership Development of management team.
12. Review and make recommendations to the full Board of Directors, or approve any contracts or other transactions with current or former executive officers of the Company, including consulting arrangements, employment contracts, severance or termination arrangements and loans made or guaranteed by the corporation.

Compensation for Direct Reports of the CEO & President [Executive - non (Company) Officers]

13. The Committee is responsible for approving all employment-related matters of the non-officer executive direct reports of the CEO & President. This would include, but is not limited to, the following: New hire offers, relocation, base salary, short-term incentive plans (bonus), long-term equity tools including, stock options, merit increases, promotions, terminations, and severance.

14. Review CEO & President's direct reports performance goals for coming year based on input from CEO.
15. Review the CEO & President's direct reports performance against results from the prior year.

#### Reports

16. Prepare an annual report on executive compensation for inclusion in the Company's proxy statement, in accordance with applicable rules and regulations of NASDAQ, SEC and other applicable regulatory bodies.
17. Report regularly to the Board of Directors (i) following meetings of the Committee, (ii) with respect to such other matters as are relevant to the Committee's discharge of its responsibilities and (iii) with respect to such recommendations as the Committee may deem appropriate. The report to the Board of Directors may take the form of an oral report by the Chair or any other member of the Committee designated by the Committee to make such report.
18. Maintain minutes of meetings of the Committee and distribute such minutes to the full Board upon approval by the Committee.

#### **V. ANNUAL PERFORMANCE EVALUATION**

The Committee shall perform a review and evaluation, at least annually, of the performance of the Committee including a review of the compliance of the Committee with this Charter. In addition, the Committee shall review and reassess, at least annually, the adequacy of this Charter and recommend to the Board of Directors any improvements to this Charter that the Committee considers necessary or valuable. The Committee shall conduct such evaluations and reviews in such manner as it deems appropriate.