

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):

August 4, 2005

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. Regulation FD Disclosure.

Ultralife Batteries, Inc. (the "Company") reported results for the second quarter ended July 2, 2005. Revenues for the quarter were \$21.6 million compared to \$28.4 million for the same period last year. The Company's press release is attached as Exhibit 99.1. The information set forth in this Report on Form 8-K, including the attached exhibit, is being furnished and not filed pursuant to Item 2.02.

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.

99.1 Press Release dated August 4, 2005.

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: August 4, 2005

By: /s/Robert W. Fishback

Robert W. Fishback
Vice President of Finance & CFO

INDEX TO EXHIBITS

(99) Additional Exhibits

99.1 Press Release dated August 4, 2005.

Ultralife Batteries Reports Second Quarter Results

NEWARK, N.Y.--(BUSINESS WIRE)--Aug. 4, 2005--Ultralife Batteries, Inc. (NASDAQ: ULBI) reported results for the second quarter ended July 2, 2005. Revenues for the quarter were \$21.6 million compared to \$28.4 million for the same period last year. Operating income for the quarter was \$0.2 million, in line with management's guidance, compared with operating income of \$3.6 million for the same period last year.

The second quarter revenue reflects lower shipments of BA-5390 batteries to the U.S. military, as anticipated, due to delays in contract awards. Partially offsetting this decline in military shipments was an increase in revenue from the company's commercial product lines, including 9-volt and rechargeable batteries and systems.

Gross margins for the quarter were 19% compared to 25% in the same quarter last year, mainly as a result of lower production volumes. Operating expenses were \$4.0 million, a \$0.6 million increase over last year, reflecting the company's commitment to new product development, including charging systems and accessories. Income taxes in the second quarter of 2005 amounted to \$1.3 million, primarily resulting from a change in the New York State tax law that required a non-cash reduction to the company's deferred tax asset. The net loss for the second quarter of 2005 was \$1.4 million, or \$0.10 per share, compared with a net loss of \$0.4 million, or \$0.03 per share, a year ago. Last year's loss included a \$4.0 million charge related to a write-down of the company's investment in Ultralife Taiwan Inc.

For the six-month period ended July 2, 2005, revenues totaled \$37.0 million compared with \$55.4 million reported for the same period last year, resulting mainly from lower shipments of BA-5390 batteries to the U.S. military. The company reported an operating loss of \$1.5 million for the first six months of 2005 compared to an operating income of \$7.0 million last year, reflecting the revenue decline as well as higher operating expenses necessary to support the company's growth objectives. Net loss for first half of 2005 was \$3.0 million, or \$0.21 per share, compared to net income of \$2.9 million, or \$0.19 per diluted share, for 2004.

"With about two-thirds of second quarter revenue derived from our commercial business, we are clearly gaining meaningful traction in a number of target commercial markets this year as design wins move into volume production," said John D. Kavazanjan, president and chief executive officer. "Our rechargeable business set new quarterly records for revenue and gross margin this quarter, an indication that we are benefiting from higher gross margin products, such as chargers and accessories. In our military business, we continued to expand our presence with international military organizations. We remain on track to complete qualification of the new and improved version of the BA-5390 battery, with a state-of-charge indicator, during the third quarter, which we believe will stimulate new order activity.

"With qualification of the new version of the BA-5390, we will have a catalyst to resume revenue growth," continued Mr. Kavazanjan. "Combined with the strong growth in our commercial markets and additional product qualifications under the Next Gen II contract, we have all the elements for continued sequential revenue and profit growth throughout 2006."

As of July 2, 2005, the company has reclassified approximately \$6.0 million of debt from long-term to current. Management is working with its lenders to modify the financial covenants of its credit facility to accommodate the company's revised outlook. The company intends to reclassify the debt as long-term pending completion of the amendment to the credit facility and performing in line with its current financial outlook.

Outlook

Management is adjusting its guidance for the second half of 2005 as a result of the continued uncertainty of the timing of BA-5390 order flow. Management still anticipates that its commercial business will continue to grow in the second half of the year in key target markets such as automotive telematics, search and rescue, and medical.

Based on the latest input from the U.S. military, management still anticipates receiving orders for the BA-5390, but at modest revenue levels. As previously stated, management anticipates that BA-5390 order flow will become more predictable following qualification under the Next Gen II, Phase IV award, which is expected to occur in the third quarter. In addition, management believes that the new version of the BA-5390, with the state-of-charge indicator, will strengthen

the company's competitive advantage and support continued market share gains, contributing to sequential revenue growth in the fourth quarter.

As a result, management currently projects revenues of approximately \$21 million for the third quarter, including modest BA-5390 battery shipments, generating positive operating income. Management projects fourth quarter revenue to increase to approximately \$25 million, with operating margins improving in line with revenue growth. Overall, revenues for the full year of 2005 are now projected to be approximately \$83 million, compared with previous guidance indicating that revenues would be in a range between 2004's level of \$98.2 million and up to 10% growth.

About Ultralife Batteries, Inc.

Ultralife is a global provider of power solutions for diverse applications. The company develops, manufactures and markets a wide range of non-rechargeable and rechargeable batteries, charging systems and accessories for use in military, industrial and consumer portable electronic products. Through its range of standard products and engineered solutions, Ultralife is able to provide the next generation of power systems. Industrial, 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 and Germany, among others.

Ultralife's headquarters, principal manufacturing and research facilities are in Newark, New York, near Rochester. Ultralife (UK) Ltd., a second manufacturing facility, is located in Abingdon, England. Both facilities are ISO-9001 certified. Detailed information about Ultralife is available at the Company's web site, 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 August 4 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 #8744605, starting at 1:00 p.m. ET August 4 until 1:00 p.m. ET August 18.

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		Six-Month Periods Ended	
	July 2, 2005	June 26, 2004	July 2, 2005	June 26, 2004
Revenues:				
Non-rechargeable products	\$17,692	\$26,321	\$30,500	\$51,643
Rechargeable products	3,262	1,691	5,390	3,065
Technology contracts	649	427	1,076	719

Total revenues	21,603	28,439	36,966	55,427
Cost of products sold:				
Non-rechargeable products	13,983	19,273	24,851	37,821
Rechargeable products	2,823	1,773	4,900	3,632
Technology contracts	592	345	987	594
Total cost of products sold	17,398	21,391	30,738	42,047
Gross margin	4,205	7,048	6,228	13,380
Operating expenses:				
Research and development	1,059	560	1,905	1,063
Selling, general, and administrative	2,942	2,858	5,843	5,329
Total operating expenses	4,001	3,418	7,748	6,392
Operating income/(loss)	204	3,630	(1,520)	6,988
Other income (expense):				
Interest income	58	27	118	47
Interest expense	(180)	(110)	(373)	(235)
Write-off of UTI investment and note receivable	-	(3,951)	-	(3,951)
Miscellaneous	(191)	32	(194)	93
(Loss)/income before income taxes	(109)	(372)	(1,969)	2,942
Income tax provision/(benefit)-current	15	-	(2)	79
Income tax provision-deferred	1,315	-	1,022	-
Total income taxes	1,330	-	1,020	79
Net (loss)/income	<u>\$(1,439)</u>	<u>\$(372)</u>	<u>\$(2,989)</u>	<u>\$2,863</u>
(Loss)/earnings per share - basic	<u>\$(0.10)</u>	<u>\$(0.03)</u>	<u>\$(0.21)</u>	<u>\$0.21</u>
(Loss)/earnings per share - diluted	<u>\$(0.10)</u>	<u>\$(0.03)</u>	<u>\$(0.21)</u>	<u>\$0.19</u>
Weighted average shares outstanding - basic	<u>14,450</u>	<u>14,115</u>	<u>14,413</u>	<u>13,930</u>
Weighted average shares outstanding - diluted	<u>14,450</u>	<u>14,115</u>	<u>14,413</u>	<u>15,109</u>

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

ASSETS	July 2, 2005	December 31, 2004
Current assets:		
Cash and investments	\$8,168	\$11,529
Trade accounts receivable, net	10,066	8,585
Inventories	17,491	13,938
Prepaid expenses and other current assets	5,418	6,131
Total current assets	<u>41,143</u>	<u>40,183</u>
Property and equipment	20,242	20,202
Other assets	19,668	20,749

Total Assets	\$81,053	\$81,134
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LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Short-term debt and current portion of long-term debt	\$8,489	\$2,390
Accounts payable	6,533	3,545
Other current liabilities	3,945	3,603
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Total current liabilities	18,967	9,538
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Long-term liabilities:		
Long-term debt and capital lease obligations	48	7,215
Other long-term liabilities	458	756
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Total long-term liabilities	506	7,971
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Shareholders' equity:		
Common stock, par value \$0.10 per share	1,522	1,502
Capital in excess of par value	128,584	127,299
Accumulated other comprehensive income	(966)	(605)
Accumulated deficit	(65,182)	(62,193)
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	63,958	66,003
Less --Treasury stock, at cost	2,378	2,378
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Total shareholders' equity	61,580	63,625
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Total Liabilities and Shareholders' Equity	\$81,053	\$81,134
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