

ULTRALIFE CORP
Form DEF 14A
April 27, 2011

Table of Contents

SCHEDULE 14A INFORMATION

**PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES
EXCHANGE ACT OF 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12

Ultralife Corporation
(Name of Registrant as Specified In Its Charter)

Not Applicable
(Name of Person(s) Filing Proxy Statement if other than the Registrant)

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No fee required

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11

(1) Title of each class of securities to which transaction applies: _____

(2) Aggregate number of securities to which transaction applies: _____

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(4) Proposed maximum aggregate value of transaction: _____

(5) Total fee paid: _____

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- (1) Amount Previously Paid:
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 - (3) Filing Party:
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-

Table of Contents

ULTRALIFE CORPORATION
2000 Technology Parkway
Newark, New York 14513

April 28, 2011

To Our Shareholders:

You are cordially invited to attend the Annual Meeting of Shareholders of Ultralife Corporation on Tuesday, June 7, 2011 at 10:30 A.M. at our corporate offices, 2000 Technology Parkway, Newark, New York 14513.

This year, for the first time, we are providing our proxy materials over the Internet. Accordingly, we are mailing to many of our shareholders a Notice of Internet Availability of Proxy Materials instead of a paper copy of our Proxy Statement and our 2010 Annual Report to Shareholders. The Notice of Internet Availability of Proxy Materials contains instructions about how to access those documents and vote online. The Notice of Internet Availability of Proxy Materials also contains instructions about how each of our shareholders can also receive a paper copy of our proxy materials, including the Proxy Statement, our 2010 Annual Report to Shareholders and a form of proxy card or voting instruction card. By taking advantage of this distribution process, we will not only conserve natural resources, but we will also reduce our costs of printing and distributing proxy materials.

We hope that you will be able to attend this year's Annual Meeting.

Very truly yours,

Michael D. Popielec
President and Chief Executive Officer

Table of Contents

**ULTRALIFE CORPORATION
2000 Technology Parkway
Newark, New York 14513**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
JUNE 7, 2011**

Notice is hereby given that the 2011 Annual Meeting of Shareholders of Ultralife Corporation will be held on Tuesday, June 7, 2011 at 10:30 A.M. at our corporate offices, 2000 Technology Parkway, Newark, New York 14513 for the following purposes:

1. to elect eight directors for a term of one year and until their successors are duly elected and qualified;
2. to approve an advisory resolution on executive compensation;
3. to conduct an advisory vote on the frequency of future advisory votes on executive compensation;
4. to approve an amendment to our Amended and Restated 2004 Long-Term Incentive Plan, including an increase in the number of authorized shares under the plan and an amendment to the annual limitation set forth in the plan;
5. to ratify the selection of BDO USA, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011; and
6. to transact such other business as may properly come before the meeting and any adjournments thereof.

Only shareholders of record of our Common Stock, par value \$.10 per share, at the close of business on April 12, 2011 are entitled to receive notice of, and to vote at and attend our Annual Meeting. Your vote is important. Whether or not you plan to attend our Annual Meeting, we hope that you will vote as soon as possible. If you received only a Notice of Internet Availability of Proxy Materials by mail, you may vote your shares at the Internet site address listed on your Notice of Internet Availability. You may also request a paper copy of our proxy materials by visiting the Internet site address listed on your Notice of Internet Availability, by calling the toll-free number or by sending an e-mail to the e-mail address listed on your Notice of Internet Availability. If you received a paper copy of the proxy materials by mail, you may vote your shares by proxy by doing any one of the following: vote at the Internet site address listed on your proxy or voting instruction card; call the toll-free number listed on your proxy or voting instruction card; or sign, date and return in the pre-addressed envelope provided the enclosed proxy or voting instruction card.

By Order of the Board of Directors

Bradford T. Whitmore
Chair of the Board of Directors

Dated: April 28, 2011

Table of Contents**TABLE OF CONTENTS**

Title	Page
<u>INFORMATION CONCERNING SOLICITATION AND VOTING</u>	1
<u>Quorum</u>	2
<u>Vote Required</u>	2
<u>Abstentions</u>	3
<u>Broker Non-Votes</u>	3
<u>PROPOSAL 1 ELECTION OF DIRECTORS</u>	4
<u>CORPORATE GOVERNANCE</u>	7
<u>General</u>	7
<u>Committees of the Board of Directors</u>	8
<u>Audit and Finance Committee</u>	8
<u>Governance Committee</u>	8
<u>Compensation and Management Committee</u>	9
<u>Strategy and Corporate Development Committee</u>	9
<u>Shareholder Recommendations for Director Nominations</u>	9
<u>Annual Meeting Attendance</u>	9
<u>Executive Sessions</u>	10
<u>Communicating with the Board of Directors</u>	10
<u>Code of Ethics</u>	10
<u>Risk Management</u>	10
<u>DIRECTOR COMPENSATION</u>	11
<u>Director Cash Compensation</u>	11
<u>Directors' Stock-Based Incentive Compensation</u>	12
<u>Director Compensation for 2010</u>	12
<u>PROPOSAL 2 ADVISORY RESOLUTION ON EXECUTIVE COMPENSATION</u>	15
<u>PROPOSAL 3 ADVISORY VOTE ON THE FREQUENCY OF FUTURE ADVISORY VOTES ON EXECUTIVE COMPENSATION</u>	15
<u>Compensation Discussion and Analysis</u>	16
<u>Introduction</u>	16
<u>Executive Summary</u>	16
<u>Compensation Philosophy and Objectives</u>	18
<u>Setting Executive Compensation</u>	18
<u>Competitive Market Data</u>	19
<u>Executive Compensation Components</u>	20
<u>New Chief Executive Officer Compensation Package</u>	24
<u>Severance and Change in Control Arrangements</u>	26
<u>Stock Ownership and Retention Guidelines for 2010</u>	26
<u>Compensation and Management Committee Report</u>	27
<u>2010 Summary Compensation Table</u>	28
<u>2010 Grants of Plan-Based Awards</u>	29
<u>Outstanding Equity Awards at December 31, 2010</u>	30
<u>2010 Option Exercises and Stock Vested</u>	32
<u>2010 Pension Benefits Table</u>	33
<u>2010 Nonqualified Deferred Compensation Table</u>	33

<u>EMPLOYMENT ARRANGEMENTS</u>	34
<u>Mr. Popielec</u>	34
<u>Mr. Kavazanjian</u>	35
<u>Mr. Comerford</u>	35
<u>Other Executive Officers</u>	36
<u>Special Short-Term Severance and Change in Control Benefit</u>	36
<u>Potential Payments upon Termination and/or a Change in Control</u>	37

Table of Contents

Title	Page
<u>PROPOSAL 4 APPROVAL OF AMENDMENT TO OUR AMENDED AND RESTATED 2004 LONG-TERM INCENTIVE PLAN</u>	38
<u>Equity Compensation Plan Information</u>	39
<u>Summary of Restated LTIP (as amended)</u>	40
<u>New Plan Benefits</u>	43
<u>Securities Act Registration</u>	44
<u>Tax Status of Restated LTIP Awards</u>	44
<u>Stock Price</u>	45
<u>Required Vote and Board of Directors Recommendation</u>	45
<u>PROPOSAL 5 RATIFY THE SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	45
<u>Principal Accountant Fees and Services</u>	46
<u>Audit Fees</u>	46
<u>Audit-Related Fees</u>	46
<u>Tax Fees</u>	46
<u>All Other Fees</u>	46
<u>REPORT OF THE AUDIT AND FINANCE COMMITTEE</u>	46
<u>OTHER MATTERS</u>	47
<u>EXECUTIVE OFFICERS</u>	47
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS</u>	48
<u>SECURITY OWNERSHIP OF MANAGEMENT</u>	49
<u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	50
<u>SUBMISSION OF SHAREHOLDER PROPOSALS</u>	50

Table of Contents

IMPORTANT

REGARDLESS OF WHETHER YOU PLAN TO ATTEND THE MEETING, WE ENCOURAGE YOU TO VOTE IN ANY OF THE MANNERS DESCRIBED IN THIS PROXY STATEMENT. WE ALSO ENCOURAGE BENEFICIAL OWNERS TO FOLLOW THE INSTRUCTIONS PROVIDED BY YOUR BROKER REGARDING HOW TO VOTE. YOUR BROKER CANNOT VOTE YOUR SHARES FOR DIRECTOR NOMINEES OR FOR PROPOSALS 2, 3 AND 4 UNLESS YOU PROVIDE YOUR BROKER WITH VOTING INSTRUCTIONS.

ULTRALIFE CORPORATION
2000 Technology Parkway
Newark, New York 14513
(315) 332-7100

PROXY STATEMENT
ANNUAL MEETING OF SHAREHOLDERS
JUNE 7, 2011

INFORMATION CONCERNING SOLICITATION AND VOTING

We are furnishing this proxy statement to our shareholders in connection with our Board of Directors' solicitation of proxies for use at our 2011 Annual Meeting of Shareholders, which we refer to in this proxy statement as the Meeting, to be held on Tuesday, June 7, 2011, at 10:30 A.M. and at any adjournments thereof. The Meeting will be held at our corporate offices, 2000 Technology Parkway, Newark, New York 14513.

In accordance with rules and regulations adopted by the U.S. Securities & Exchange Commission (SEC), instead of mailing a printed copy of our proxy materials to each shareholder of record, we are now furnishing proxy materials to our shareholders on the Internet. If you received only a Notice of Internet Availability of Proxy Materials by mail, you will not receive a printed copy of the proxy materials unless you request a copy. Instead, the Notice of Internet Availability will instruct you how to access and review the proxy materials over the Internet. The Notice of Internet Availability of Proxy Materials will also instruct you as to how you may submit your proxy over the Internet. If you received only a Notice of Internet Availability by mail and would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting those materials included in the Notice of Internet Availability.

The Notice of Internet Availability of Proxy Materials is first being sent to our shareholders on or about April 28, 2011 and our proxy materials are also first being made available to our shareholders on April 28, 2011.

You may vote by proxy or in person at the Meeting. If you received only a Notice of Internet Availability by mail, you may vote your shares on line by proxy at the Internet site address listed on your Notice of Internet Availability. You may also request a paper copy of our proxy materials by visiting the Internet site address listed on your Notice of Internet Availability, by calling the toll-free number or by sending an e-mail to the e-mail address listed on your Notice of Internet Availability. If you received a paper copy of the proxy materials by mail, you may vote your shares by proxy by doing any one of the following: vote at the Internet site address listed on your proxy or voting instruction card; call the toll-free number listed on your proxy or voting instruction card; or mail your signed and dated proxy or voting instruction card to our tabulator in the self-addressed envelope provided. Even if you plan to attend the Meeting in person, we recommend that you vote by proxy prior to the Meeting. You can always change your vote as described below.

When a proxy card is returned properly signed and dated, the shares represented thereby will be voted in accordance with the shareholder's directions. If the proxy is signed, dated and returned without choices having been specified, the shares will be voted FOR the election of each director-nominee named therein, FOR the other proposals

Table of Contents

identified therein and in favor of a frequency of every three years for future advisory votes on executive compensation.

You may receive more than one Notice of Internet Availability or more than one paper copy of the proxy materials, including multiple paper copies of this proxy statement and multiple proxy or voting instruction cards, depending on how you hold your shares. For example, if you hold your shares in more than one brokerage account, you may receive a separate Notice of Internet Availability, a separate e-mail or a separate voting instruction card for each brokerage account in which you hold your shares. If you are a shareholder of record and your shares are registered in more than one name, you may receive more than one Notice of Internet Availability, more than one e-mail or more than one proxy card. To vote all of your shares by proxy, you must vote at the Internet site address listed on your Notice of Internet Availability, proxy or voting instruction card; call the toll-free number listed on your proxy or voting instruction card; or sign, date and return each proxy card and voting instruction card that you receive.

If for any reason any of the nominees for election as directors become unavailable for election, discretionary authority may be exercised by the proxies to vote for substitute nominees proposed by our Board of Directors. A shareholder has the right to revoke a previously granted proxy at any time before it is voted by filing with our Corporate Secretary a written notice of revocation, or a duly executed later-dated proxy, or by requesting return of the proxy at the Meeting and voting in person.

We will bear the cost of soliciting proxies. In addition to the solicitation of proxies by use of the mails, some of our officers, directors and regular employees, without extra remuneration, may solicit proxies personally or by telephone, telefax or similar transmission. We may decide to retain the services of a proxy solicitation firm if we believe it is appropriate under the circumstances. We will reimburse record holders for expenses in forwarding proxies and proxy soliciting material to the beneficial owners of the shares held by them.

Only shareholders of record at the close of business on April 12, 2011 are entitled to notice of, and to vote at, the Meeting. As of April 12, 2011, there were 17,289,114 shares of our Common Stock, par value \$.10 per share, issued and outstanding, each entitled to one vote per share at the Meeting.

Quorum

A majority of the outstanding shares of our Common Stock, represented in person or by proxy at the Meeting, will constitute a quorum for the transaction of all business. For purposes of determining whether a quorum is present, shareholders of record who are present at the Meeting in person or by proxy are considered to be present at the Meeting.

Vote Required

The table below shows the vote required at the Meeting to approve each of the proposals described in this proxy statement, assuming the presence of a quorum:

Proposal	Vote Required
1. Election of directors	Plurality of the votes duly cast at the Meeting
2. To approve an advisory resolution on executive compensation	Majority of the votes duly cast at the Meeting
3. To conduct an advisory vote on the frequency of future advisory votes on executive compensation	Majority of the votes duly cast at the Meeting

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|---|---|
| 4. To approve an amendment to our Amended and Restated 2004 Long-Term Incentive Plan, including an increase in the number of authorized shares under the plan and an amendment to the annual limitation set forth in the plan | Majority of the votes duly cast at the Meeting |
| 5. Ratification of the selection of BDO USA, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011 | Majority of the votes duly cast at the Meeting* |

Table of Contents

* The selection of BDO USA, LLP is being presented to our shareholders for ratification. The Audit and Finance Committee will consider the outcome of this vote when selecting our independent registered public accounting firm for subsequent fiscal years.

Abstentions

Shares that abstain from voting on one or more proposals to be acted on at the Meeting are considered to be present for the purpose of determining whether a quorum exists. Abstentions will have no effect on the election of directors; however, abstentions will have the effect of voting against the other proposals set forth in this proxy statement, because abstentions are deemed to be present and entitled to vote but do not count toward the affirmative vote required to approve the proposal.

Broker Non-Votes

If you own your shares through a broker and do not provide your broker with specific voting instructions, your broker will have the discretion under the rules governing brokers who have record ownership of shares that they hold in street name for their clients to vote your shares on routine matters but not otherwise. **As a result of new rules applicable to director elections after January 10, 2010, brokers may no longer vote shares they hold as nominee in their discretion in the election of directors or other non-routine matters.** As a result, your broker may exercise discretion to vote your shares only with respect to the ratification of the selection of our independent registered public accounting firm, because that is considered a routine matter. **If you want your broker-owned shares to be counted in the election of directors and with respect to Proposals 2, 3 and 4, you must provide instructions to your broker on how to vote your shares.**

A broker non-vote occurs when shares held by a broker are not voted on a non-routine proposal because the broker has not received voting instructions from the beneficial owner and the broker lacks discretionary authority to vote the shares in the absence of such instructions. Shares subject to broker non-votes are considered to be present for the purpose of determining whether a quorum exists and thus count towards satisfying the quorum requirement but are not counted for purposes of determining the number of shares entitled to vote on non-routine matters. A broker non-vote will have no effect on the election of directors or Proposals 2, 3 and 4 since they are not counted for purposes of determining the number of shares entitled to vote.

Table of Contents**PROPOSAL 1****ELECTION OF DIRECTORS**

Our Board of Directors currently has eight directors, all of whom have been nominated to serve for an additional one year term. If elected, each director standing for election shall serve until the next Annual Meeting of Shareholders and until his or her successor shall have been elected and qualified. The names of, and certain information with respect to, the persons nominated for election as directors are presented below.

Name	Age	Present Principal Occupation, Employment History and Expertise
Steven M. Anderson	54	<p>Brigadier General (Ret.) Anderson has been a director since April 13, 2010. General (Ret.) Anderson is currently Senior Vice President of Relyant, LLC, a service-disabled veteran-owned small business and global provider of solutions to complex projects. Prior to joining Relyant, LLC in February 2011, General (Ret.) Anderson served as Chief Operating Officer for Synovision Solutions LLC, a service-disabled veteran-owned small business specializing in unique applications of emerging technology, many central to innovative energy solutions. General (Ret.) Anderson, a career military officer who retired from active duty in November 2009, served for five years as a general officer in the US Army, including 15 months as the senior US and coalition logistician in Iraq in support of Operation Iraqi Freedom. From 2004 to 2006, General (Ret.) Anderson served as the senior US logistician in Korea (Deputy C-4 for the United Nations Command/Combined Forces Command and J4, United States Forces Korea) and spearheaded the development of Camp Humphreys, the new combined and US headquarters facility in Central Korea. He served in various command positions including Commander, Division Support Command, 2nd Infantry Division, Korea (2000-02), and Commander, 725th Main Support Battalion, 25th Infantry Division (Light), Schofield Barracks, Hawaii (1995-97). In his final military assignment, he served for two years on the Army Staff in the Pentagon as the Director, Operations and Logistics Readiness, Office of the Army Deputy Chief of Staff, G4 (logistics). General (Ret.) Anderson is a 1978 graduate of the US Military Academy at West Point and earned a Masters of Science degree in Operations Research and Systems Analysis Engineering at the Naval Postgraduate School in 1987. General (Ret.) Anderson has been nominated for re-election to our Board of Directors because of his familiarity with the US military.</p>
Patricia C. Barron	68	<p>Ms. Barron has been a director since December 2000 and served as Chair of the Board of Directors from June 2007 to August 2009. Ms. Barron serves as lead director of Quaker Chemical Corporation, and as a director of Teleflex Incorporated and United Services Automobile Association, an insurance mutual corporation. She also serves on a number of non-profit organizations, with a focus on education and health. Ms. Barron had a 28-year career in business. She was an Associate at McKinsey and Company and then moved to Xerox Corporation where she became a corporate officer and held the positions of Vice President of Business Operation Support, President of Engineering</p>

Systems and President of Office Document Products. Most recently, she has been a Clinical Associate Professor at the Leonard N. Stern School of Business of New York University, where she focused on issues of corporate governance and leadership. Ms. Barron has been nominated for re-election to our Board of Directors because of her longstanding business career and expertise in corporate governance.

Table of Contents

Name	Age	Present Principal Occupation, Employment History and Expertise
James A. Croce	48	Mr. Croce has been a director since June 8, 2010. Mr. Croce is currently the President and Chief Executive Officer of the Nevada Institute for Renewable Energy Commercialization (NIREC), serving in that position since mid-2009. Prior to accepting his position at NIREC, from 2008 to 2009, Mr. Croce was President of Lipten Energy Services, an engineering and energy project development firm, whose primary focus was the development and execution of strategic growth initiatives in the alternative energy space, including power generation, biomass and waste-to-energy projects. From 2003 to 2008, Mr. Croce was President and Chief Executive Officer of NextEnergy, one of the nation's leading clean energy technology commercialization catalysts. From 2001 to 2003, Mr. Croce was Vice President of Business Development at DTE Energy Technologies, a developer of distributed power generation technologies and energy products including fuel cells, internal combustion engines, turbines and energy information systems. From 1998 to 2001, he was Executive Director, Business Marketing and Sales at Michigan Consolidated Gas Company (MichCon), an integrated natural gas transportation and storage business where he was responsible for sales and marketing programs for the company's commercial and industrial customers. Prior to that, from 1996 to 1998, he was General Manager at MichCon Pipeline Company, where he launched and managed new energy delivery services. Mr. Croce is co-founder of the Michigan Sustainable Energy Coalition, a renewable energy policy advocacy group, and has served on the board of directors of numerous nonprofit agencies. Mr. Croce has been nominated for re-election to our Board of Directors because of his expertise in the renewable energy industry.
Michael D. Popielec	49	Mr. Popielec was appointed as our President and Chief Executive Officer and as a director effective December 30, 2010. Mr. Popielec has 25 years experience in growing domestic and international industrial businesses. Prior to joining us, Mr. Popielec was Group President, Applied Technologies in 2008 and 2009 and Group President, Diversified Components from 2005 to 2007 at Carlisle Companies, Inc., a \$2.5 billion diversified global manufacturer. Prior to that, from 2003 to 2005, he held various positions, most recently Chief Operating Officer, Americas, for Danka Business Systems, PLC. From 1985 to 2002, Mr. Popielec held positions of increasing responsibility at General Electric Company, most recently as a GE corporate officer and President and Chief Executive Officer of GE Power Controls, the European arm of GE Industrial Systems. Mr. Popielec has a B.S. in Mechanical Engineering from Michigan State University. Mr. Popielec has been nominated for election to our Board of Directors because of his operations expertise and his experience in growing domestic and international industrial businesses.

Table of Contents

Name	Age	Present Principal Occupation, Employment History and Expertise
Thomas L. Saeli	54	Mr. Saeli has been a director since March 5, 2010. Mr. Saeli is currently the Chief Executive Officer of JRB Enterprises, Inc., a manufacturer of commercial and industrial roofing systems, having been appointed to that position in March 2011. Prior to that, Mr. Saeli was a business consultant to international corporate clients on matters involving business development strategies, consolidations, acquisitions and operations. He previously served as Chief Executive Officer and a member of the Board of Directors of Noble International, Ltd., an auto supplier of engineered laser-welded steel blanks and roll-formed products, from March 2006 to April 13, 2009 when he resigned those positions. Noble International, Ltd. filed for voluntary relief under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court, Eastern District of Michigan on April 15, 2009. From 1998 through 2006, Mr. Saeli served as Vice President of Corporate Development for Lear Corporation, an automotive supplier of seating, electronics and interior products, where he also served as Vice President of Mergers and Acquisitions. Mr. Saeli also serves on the Boards of Directors of Advance Capital Management, a mutual fund, and Oakwood Hospital in Dearborn, Michigan. Mr. Saeli has been nominated for re-election to our Board of Directors because of his familiarity with the auto industry and his manufacturing, corporate development and finance experience. Mr. Saeli also qualifies as an audit committee financial expert.
Robert W. Shaw II	54	Mr. Shaw has been a director since June 8, 2010. Mr. Shaw is currently the President of Hornblower Yachts, Inc., the largest dining and excursion boat operator in the United States, with over 50 vessels serving California and New York with the Hornblower, Alcatraz and Statue Cruises brands. From 2007 to 2010, he was President of R.M. Thornton, Inc., a mechanical contracting company specializing in the Federal government and healthcare markets. Prior to that, from 1995 to 2006, Mr. Shaw was Chief Executive Officer and Managing Partner at Odyssey Cruises/Premier Yachts, Inc., a leading U.S. dining and excursion boat operator, where he successfully led the company through a sale process to private equity firm ICV Capital Partners. From 1989 to 1995, he served in Sodexho, S.A., one of the world's largest contract services providers, as both President and Chief Executive Officer of Spirit Cruises, Inc., and Division President of The Seiler Corporation. Mr. Shaw served in the US Marine Corps from 1978 to 1982 as an infantry Captain. Mr. Shaw has consulted or served on a number of boards of advisors of various non-public organizations and he has been nominated for re-election to our Board of Directors because of his management expertise and experience as an executive officer.

Table of Contents

Name	Age	Present Principal Occupation, Employment History and Expertise
Ranjit C. Singh	58	Mr. Singh has been a director since August 2000, and served as Chair of the Board of Directors from December 2001 to June 2007. Mr. Singh is currently Chief Executive Officer of CSR Consulting Group, which provides business and technology consulting services. He previously served as President and Chief Executive Officer of Aptara, Inc. (formerly known as Tech Books), a content outsourcing services company, from February 2003 until July 2008. From February 2002 to February 2003, Mr. Singh served as President and Chief Executive Officer of Reliacast Inc., a video streaming software and services company. Prior to that, he was President and Chief Operating Officer of ContentGuard, which develops and markets digital property rights software. Before joining ContentGuard earlier in 2000, Mr. Singh worked for Xerox as a corporate Senior Vice President in various assignments related to software businesses. Mr. Singh joined Xerox in 1997, having come from Citibank where he was Vice President of Global Distributed Computing. Prior to that, he was a principal at two start-up companies and also held executive positions at Data General and Digital Equipment Corporation. Since January 2005, Mr. Singh has served on the Board of Directors of Authentidate Holding Corp. Mr. Singh has been nominated for re-election to our Board of Directors because of his experience in the service industry and with technology-based organizations.
Bradford T. Whitmore	53	Mr. Whitmore has been a director since June 2007 and Chair of the Board of Directors since March 2010. Since 1985, he has been the Managing Partner of Grace Brothers, Ltd., an investment firm which holds approximately 26.1% of the outstanding shares of our Common Stock. Mr. Whitmore and Grace Brothers, Ltd. collectively hold slightly less than 30% of the outstanding shares of our Common Stock. Within the past five years, Mr. Whitmore has served as a director of several non-public companies related to ownership of Grace Brothers, Ltd./affiliates investments as well as not-for-profit organizations. Mr. Whitmore has been nominated for re-election to our Board of Directors because of his corporate development expertise.

Our Board of Directors has approved the above-named nominees for directors. Our Board of Directors recommends a vote **FOR** all of these nominees.

CORPORATE GOVERNANCE

General

Pursuant to the General Corporation Law of the State of Delaware, the state under which we were organized, and our By-laws, our business, property and affairs are managed by or under the direction of our Board of Directors. Members of our Board of Directors are kept informed of company business through discussions with our President and Chief Executive Officer and other corporate officers, by reviewing materials provided to them and by participating in meetings of the Board and its committees.

Our Board of Directors has determined that all of our directors (other than Michael D. Popielec, who serves as our President and Chief Executive Officer) are independent for purposes of the listing standards of the Nasdaq Stock Market. Our Board of Directors has also determined that the Chair of the Board of Directors should be an independent

director. We believe that the segregation of the roles of Board Chair and President and Chief Executive Officer ensures better overall governance of our company and provides meaningful checks and balances regarding our overall performance. This structure allows our President and Chief Executive Officer to focus on our business while the Board Chair leads our Board of Directors in establishing corporate policy and complying with heightened regulatory scrutiny.

Our Board of Directors has four standing committees: an Audit and Finance Committee, a Governance Committee, a Compensation and Management Committee, and a Strategy and Corporate Development Committee (formerly the Mergers and Acquisitions Committee). During 2010, our Board of Directors held 12 meetings and the

Table of Contents

committees of our Board of Directors held a total of 33 meetings, two of which were non-mandatory, uncompensated status meetings of the Audit and Finance Committee. During 2010, General (Ret.) Daniel W. Christman served as our Board Chair until his retirement effective March 24, 2010. Upon General (Ret.) Christman's retirement from our Board of Directors, our Board elected Bradford T. Whitmore as Board Chair. As Board Chair, Mr. Whitmore served as a non-voting ex-officio member of all of our Board committees. Each director attended at least 75% of the aggregate of: (1) the total number of meetings of the Board; and (2) the total number of meetings held by all committees of the Board on which he or she served.

Our Board of Directors has adopted a charter for each of the four standing committees that addresses the composition and function of each committee and has also adopted Corporate Governance Principles that address the composition and function of the Board of Directors. These charters and Corporate Governance Principles are available on our website at <http://investor.ultralifecorp.com> under the subheading Corporate Governance. Pursuant to our Corporate Governance Principles, it is our policy that directors retire from service at the Annual Meeting following a director's 70th birthday.

Our Board of Directors has determined that all of the directors who serve on these committees are independent for purposes of the listing standards of the Nasdaq Stock Market, and that the members of the Audit and Finance Committee are also independent for purposes of Section 10A(m)(3) of the Securities Exchange Act of 1934, as amended, which we refer to in this proxy statement as the Exchange Act. Our Board of Directors based these determinations primarily on a review of the responses of the directors to questions regarding employment, compensation history, affiliations and family and other relationships, and on follow-up discussions.

Committees of the Board of Directors

Audit and Finance Committee

The current members of the Audit and Finance Committee are Thomas L. Saeli (Chair), Patricia C. Barron and Robert W. Shaw II. This committee selects our independent registered public accounting firm and has oversight responsibility for reviewing the scope and results of the independent registered public accounting firm's annual examination of our financial statements and the quality and integrity of those financial statements. Further, the committee reviews the qualifications and independence of the independent registered public accounting firm, and meets with our financial management, including our Internal Audit Manager, and the independent registered public accounting firm to review matters relating to internal accounting controls, our accounting practices and procedures and other matters relating to our financial condition. The Audit and Finance Committee met 15 times during 2010, with two of those meetings being non-mandatory, uncompensated status meetings.

Our Board of Directors has determined that each of the members of the Audit and Finance Committee is financially literate in accordance with the listing standards of the Nasdaq Stock Market. In addition, our Board of Directors has determined that Mr. Saeli qualifies as an audit committee financial expert as defined in Item 407(d)(5) of Regulation S-K.

Governance Committee

The current members of the Governance Committee are Patricia C. Barron (Chair), Steven M. Anderson and James A. Croce. This committee reviews the performance and compensation of our directors, makes recommendations to our Board of Directors for membership and committee assignments and for the compensation of our directors, and manages the annual evaluation of the performance of our President and Chief Executive Officer. The Governance Committee met six times during 2010.

The Governance Committee identifies potential nominees for directors based on its own research for appropriate candidates as well as on recommendations received by directors or from shareholders as described below. On occasion, the Governance Committee will retain an executive search firm to assist in the identification of potential director nominees. The committee will also evaluate information provided by the National Association of Corporate Directors about prospective Board candidates. The evaluation process and the factors considered in undertaking that evaluation are set forth under the caption **Shareholder Recommendations for Director Nominations** on page 9.

Table of Contents

The Governance Committee also has overall responsibility for assessing and managing our exposure to various risks.

Compensation and Management Committee

The current members of the Compensation and Management Committee are Ranjit C. Singh (Chair), Steven M. Anderson and James A. Croce. The Compensation and Management Committee has general responsibility for determining the compensation of officers elected by our Board of Directors, granting stock options and restricted stock awards and otherwise administering our equity compensation plans, and approving and administering any other compensation plans or agreements. Our Restated 2004 Long-Term Incentive Plan, which we refer to in this proxy statement as the Restated LTIP, is administered by the Compensation and Management Committee. The Compensation and Management Committee met seven times during 2010.

Strategy and Corporate Development Committee

The current members of the Strategy and Corporate Development Committee are Robert W. Shaw II (Chair), Thomas L. Saeli and Ranjit C. Singh. The Strategy and Corporate Development Committee is responsible for working with management to develop corporate strategy and for identifying and evaluating acquisition opportunities. The Strategy and Corporate Development Committee met five times during 2010.

Shareholder Recommendations for Director Nominations

As noted above, the Governance Committee considers and establishes procedures regarding recommendations for nomination to our Board of Directors, including nominations submitted by shareholders. Such recommendations, if any, should be sent to Corporate Secretary, Ultralife Corporation, 2000 Technology Parkway, Newark, New York 14513. Any recommendations submitted to the Corporate Secretary should be in writing and should include any supporting material the shareholder considers appropriate in support of that recommendation, but must include the information that would be required under the rules of the SEC in a proxy statement soliciting proxies for the election of such candidate and a signed consent of the candidate to serve as a director, if elected. The Governance Committee evaluates all potential candidates in the same manner, regardless of the source of the recommendation.

Based on the information provided to the Governance Committee, it will make an initial determination whether to conduct a full evaluation of a candidate. The Governance Committee considers the composition and size of the existing Board of Directors, along with other factors, in making its determination to conduct a full evaluation of a candidate. As part of the full evaluation process, the Governance Committee may conduct interviews, obtain additional background information and conduct reference checks of candidates. The Governance Committee may also ask the candidate to meet with management and other members of our Board of Directors. In evaluating a candidate, our Board of Directors, with the assistance of the Governance Committee, takes into account a variety of factors as described in our Corporate Governance Principles, including the particular experience, attributes and skills that would qualify the candidate to serve as a director. The criteria for selection to our Board of Directors include character and leadership skills, general business acumen and executive experience; knowledge of strategy, finance, relations between business and government, internal business – all to ensure an active Board of Directors whose members work well together and possess the collective knowledge and expertise required. Our Governance Committee reviews the qualifications of any candidate with those of its current directors to augment and complement the skill sets of our current Board members. We believe that it is important for our Board of Directors to be comprised of individuals with diverse backgrounds, skills and experiences. Although we do not have a formal diversity policy and identify qualified potential candidates without regard to any particular classification, we believe that the breadth of experience and qualifications of our Board members promotes Board diversity.

Annual Meeting Attendance

Our policy is that all of the directors, absent special circumstances, should attend our Annual Meeting of Shareholders. A regular meeting of the Board of Directors is typically scheduled in conjunction with the Annual Meeting of Shareholders. All directors attended last year's Annual Meeting of Shareholders.

Table of Contents

Executive Sessions

Our Corporate Governance Principles require our Board of Directors to meet in executive session regularly by requiring our independent directors to have at least four regularly-scheduled meetings per year without management present. Our Board of Directors met in executive session 15 times during 2010. In addition, our standing committees meet in executive session on a regular basis.

Communicating with the Board of Directors

Shareholders interested in communicating directly with our Board of Directors as a group or individually may do so in writing to our Corporate Secretary, Ultralife Corporation, 2000 Technology Parkway, Newark, New York 14513. The Corporate Secretary will review all such correspondence and forward to our Board of Directors a summary of that correspondence and copies of any correspondence that, in his opinion, deals with the functions of the Board of Directors or that he otherwise determines requires their attention. Directors may at any time review a log of all correspondence received by us that is addressed to members of the Board of Directors and request copies of any such correspondence. Any concerns relating to accounting, internal controls or auditing matters will be brought to the attention of the Audit and Finance Committee and handled in accordance with the procedures established by the Audit and Finance Committee with respect to such matters.

Code of Ethics

We have a Code of Ethics applicable to all employees, including our Principal Executive Officer and our Principal Financial Officer (who is also our Principal Accounting Officer), and, to the extent it applies to their activities, all members of our Board of Directors. Our Code of Ethics incorporates the elements of a code of ethics specified in Item 406 of Regulation S-K and also complies with the Nasdaq Stock Market requirements for a code of conduct. Shareholders can find a link to this Code of Ethics on our website at <http://investor.ultralifecorp.com> under the subheading Corporate Governance. We intend to post amendments to or waivers (whether expressed or implied) from the Code of Ethics (to the extent applicable to our Principal Executive Officer or Principal Financial Officer) at the same location on our website as the Code of Ethics.

Our Code of Ethics emphasizes our commitment to conducting business in a legal and ethical manner and encourages prompt and confidential reporting of any suspected violations of law or the Code of Ethics. As part of our Code of Ethics, directors and employees are expected to make business decisions and to take actions based upon the best interests of our company and not based upon personal relationships or benefits. Any potential conflict of interest, and any transaction or relationship involving our officers or directors that could give rise to a conflict of interest, must be reviewed and resolved by our Governance Committee.

We have adopted written policies and procedures for the review and approval or ratification of any related party transaction, defined by us as any transaction, or proposed transaction, in excess of \$120,000 between us and any of our executive officers, directors or director nominees. The policy provides that each related party transaction must be reviewed by our Audit and Finance Committee. The committee reviews the relevant facts and circumstances of the transaction, including if the transaction is on terms comparable to those that could be obtained in arms-length dealings with an unrelated third party and the extent of the related party's interest in the transaction, taking into account the conflicts of interest and corporate opportunity provisions of our Code of Ethics, and either recommends that the Board of Directors approve or disapprove the related party transaction. We will disclose all required related party transactions in our filings with the SEC. To our knowledge, no reportable transaction existed during 2010, and there are currently no such proposed transactions.

Risk Management

Our management team is responsible for assessing and managing our exposure to various risks. We have an enterprise risk management process to identify, assess and manage the most significant risks facing our company. Our Governance Committee has general responsibility to review management's risk management process, including the policies and guidelines used by management to identify, assess and manage our exposure to risk. Our Audit and Finance Committee has oversight responsibility for financial risks. Our management reviews these

Table of Contents

financial risks with our Audit and Finance Committee regularly and reviews the risk management process, as it affects financial risks, with our Audit and Finance Committee on an on-going basis.

Our Compensation and Management Committee evaluates the extent to which our compensation policies expose us to risk that could threaten the value of our company.

In 2010,

all bonus plans were reviewed with Human Resources, Finance and our Chief Executive Officer, and officer bonus plans required Compensation and Management Committee approval;

the metrics of those bonus plans were reviewed to make sure they were financial in nature and were stretch in nature;

all commission plans were developed by the Business Unit Vice Presidents and Human Resources followed by Finance and Chief Executive Officer review;

all stock option or equity requests are approved by Human Resources, our Chief Executive Officer and the Business Unit leader followed by Compensation and Management Committee approval and, in the case of awards for more than 10,000 shares, Board of Directors approval; and

additional guidelines were adopted so that effective January 1, 2011 the Compensation and Management Committee is notified and in some cases must approve certain compensation actions for key non-officer employees.

The Compensation and Management Committee has reviewed our incentive compensation arrangements to determine whether the risks related to the design and operation of our compensation plans and programs, if present, were reasonably likely to have a material adverse effect on our company. We have concluded that such arrangements do not encourage excessive risk taking and are not reasonably likely to have a material adverse effect on our company.

DIRECTOR COMPENSATION