

Cryoport, Inc.  
Form SC 13G/A  
February 14, 2012

**SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**SCHEDULE 13G\***

(Rule 13d-102)

**INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT  
TO §240.13d-1(b), (c) AND (d) AND AMENDMENTS THERETO FILED**

**PURSUANT TO §240.13d-2.**

**(Amendment No. 2 )\***

CryoPort, Inc.

(Name of Issuer)

Common Stock, \$0.001 par value per share

(Title of Class of Securities)

229050208

(CUSIP Number)

December 31, 2011

(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

Rule 13d-1(b)

Rule 13d-1(c)

Rule 13d-1(d)

\*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be “filed” for the purpose of Section 18 of the Securities Exchange Act of 1934 (“Act”) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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(1)	Names of Reporting Persons	ENABLE GLOBAL CAPITAL, LLC (FKA ENABLE CAPITAL MANAGEMENT, LLC)	
(2)	Check the Appropriate Box if a Member of a Group (See Instructions)		(a) £
			(b) £
(3)	SEC Use Only		
(4)	Citizenship or Place of Organization		Delaware
	NUMBER OF	(5) Sole Voting Power	2,099,754
		(6) Shared Voting Power	0
	SHARES	(7) Sole Dispositive Power	2,099,754
		(8) Shared Dispositive Power	0
	BENEFICIALLY		
	OWNED BY EACH		
	REPORTING		
	PERSON WITH		
(9)	Aggregate Amount Beneficially Owned by Each Reporting Person		2,099,754
(10)	Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions)		..
(11)	Percent of Class Represented by Amount in Row (9)		6.9%
(12)	Type of Reporting Person (See Instructions)		OO

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(1)	Names of Reporting Persons	ENABLE GROWTH PARTNERS, L.P.
(2)	Check the Appropriate Box if a Member of a Group (See Instructions)	(a) £
		(b) £
(3)	SEC Use Only	
(4)	Citizenship or Place of Organization	Delaware
	NUMBER OF (5) Sole Voting Power	0
	(6) Shared Voting Power	1,743,682
	SHARES (7) Sole Dispositive Power	0
	(8) Shared Dispositive Power	1,743,682
	BENEFICIALLY	
	OWNED BY EACH	
	REPORTING	
	PERSON WITH	
(9)	Aggregate Amount Beneficially Owned by Each Reporting Person	1,743,682
(10)	Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions)	..
(11)	Percent of Class Represented by Amount in Row (9)	5.8%
(12)	Type of Reporting Person (See Instructions)	PN

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(1)	Names of Reporting Persons	MITCHELL S. LEVINE
(2)	Check the Appropriate Box if a Member of a Group (See Instructions)	(a) £
		(b) £
(3)	SEC Use Only	
(4)	Citizenship or Place of Organization	United States
	NUMBER OF (5) Sole Voting Power	2,099,754
	(6) Shared Voting Power	0
	SHARES (7) Sole Dispositive Power	2,099,754
	(8) Shared Dispositive Power	0
	BENEFICIALLY	
	OWNED BY EACH	
	REPORTING	
	PERSON WITH	
(9)	Aggregate Amount Beneficially Owned by Each Reporting Person	2,099,754
(10)	Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions)	..
(11)	Percent of Class Represented by Amount in Row (9)	6.9%
(12)	Type of Reporting Person (See Instructions)	IN

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**Item 1(a). Name of Issuer:**

CryoPort, Inc.

**Item 1(b). Address of Issuer's Principal Executive Offices:**

20382 Barents Sea Circle  
Lake Forest, CA 92630

**Item 2(a). Names of Persons Filing:**

Enable Global Capital, LLC (fka Enable Capital Management, LLC) ("EGC")

Enable Growth Partners, L.P. ("EGP")

Mitchell S. Levine

**Item 2(b). Address of Principal Business Office or, if none, Residence:**

The business office of each reporting person is:

One Ferry Building, Suite 255  
San Francisco, CA 94111

**Item 2(c). Citizenship:**

Reference is made to Item 4 of pages 2, 3 and 4 of this Schedule 13G (this "Schedule"), which Items are incorporated by reference herein.

**Item 2(d). Title of Class of Securities:**

Common Stock, \$0.001 par value per share

**Item 2(e). CUSIP Number:**

229050208

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**Item 3. If this statement is filed pursuant to §§240.13d-1(b) or 240.13d-2(b) or (c), check whether the person filing is a:**

- .. (a) Broker or dealer registered under section 15 of the Act (15 U.S.C. 78o).
- .. (b) Bank as defined in section 3(a)(6) of the Act (15 U.S.C. 78c).
- .. (c) Insurance company as defined in section 3(a)(19) of the Act (15 U.S.C. 78c).
- .. (d) Investment company registered under Section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8).
- .. (e) An investment adviser in accordance with §240.13d-1(b)(1)(ii)(E);
- .. (f) An employee benefit plan or endowment fund in accordance with §240.13d-1(b)(1)(ii)(F);
- .. (g) A parent holding company or control person in accordance with § 240.13d-1(b)(1)(ii)(G);
- .. (h) A savings associations as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813);
- .. (i) A church plan that is excluded from the definition of an investment company under section 3(c)(14) of the Investment Company Act of 1940 (15 U.S.C. 80a-3);
- .. (j) A non-U.S. institution in accordance with § 240.13d-1(b)(1)(ii)(J);
- .. (k) Group, in accordance with §240.13d-1(b)(1)(ii)(K).

If filing as a non-U.S. institution on accordance with § 240.13d-1(b)(1)(ii)(J), please specify the type of institution:

Not applicable.

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**Item 4. Ownership.**

Reference is hereby made to Items 5-9 and 11 of pages 2, 3 and 4 of this Schedule, which Items are incorporated by reference herein.

The securities to which this Schedule relates (the "Securities") are owned by EGP, an investment limited partnership, and other investment funds for which EGC serves as general partner and/or investment manager. EGC, as EGP's general partner and investment manager, and Mitchell S. Levine, as managing member and majority owner of EGC, may therefore be deemed to beneficially own the Securities owned by EGP and these other investment funds for the

purposes of Rule 13d-3 of the Securities Exchange Act of 1934, as amended (the “Act”), insofar as they may be deemed to have the power to direct the voting or disposition of those Securities.

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The number of shares that may be deemed beneficially owned and the percentage of outstanding shares represented thereby for EGC, EGP and Mr. Levine, have been computed in accordance with Rule 13d-3 under the Act, and after giving effect, if any, to the Blocker Provisions (as defined below) in the warrants and convertible debt that may be deemed beneficially owned by EGC and Mr. Levine. The percentage of ownership in Item 11 of pages 2, 3 and 4 of this Schedule is based on the aggregate of (i) 28,283,074 shares of Common Stock issued and outstanding as of November 10, 2011, as reported in the issuer's Quarterly Report on Form 10-Q, filed with the Securities and Exchange Commission on November 14, 2011, and (ii) the number of shares of Common Stock issuable if EGC were to exercise all of the warrants, and convert all of the convertible debt, held by EGP and the other investment funds for which EGC serves as the general partner and/or investment manager, for, and into, shares of Common Stock, subject to the restrictions under the Blocker Provisions in such warrants and convertible debt, on a pro-rata basis.

Each of the warrants to purchase, and the convertible debt convertible into, shares of Common Stock contains a provision that prohibits the exercise and conversion thereof if after such exercise or conversion, the holder of the warrant or the convertible debt and its affiliates and any other persons whose beneficial ownership of Common Stock would be aggregated with such holder's for purposes of Section 13(d) of the Act would beneficially own more than 9.99% of the outstanding Common Stock (such provisions, the "Blocker Provisions").

Neither the filing of this Schedule nor any of its contents shall be deemed to constitute an admission that EGC or Mr. Levine is, for any other purpose, the beneficial owner of any of the Securities, and each of EGC and Mr. Levine disclaims beneficial ownership as to the Securities, except to the extent of his or its pecuniary interests therein.

Under the definition of "beneficial ownership" in Rule 13d-3 under the Act, it is also possible that the individual general partners, executive officers, and members of the foregoing entities might be deemed the "beneficial owners" of some or all of the Securities insofar as they may be deemed to share the power to direct the voting or disposition of the Securities. Neither the filing of this Schedule nor any of its contents shall be deemed to constitute an admission that any of such individuals is, for any purpose, the beneficial owner of any of the Securities, and such beneficial ownership is expressly disclaimed.

**Item 5. Ownership of Five Percent or Less of a Class.**

Not applicable.

**Item 6. Ownership of More Than Five Percent on Behalf of Another Person.**

Not applicable.

**Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company or Control Person.**

Not applicable.



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**Item 8. Identification and Classification of Members of the Group.**

Not applicable.

**Item 9. Notice of Dissolution of Group.**

Not applicable.

**Item 10. Certification.**

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

**SIGNATURE**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: February 14, 2012

ENABLE GLOBAL CAPITAL, LLC

By: /s/ Mitchell S. Levine

Mitchell S. Levine

Its Managing Member

ENABLE GROWTH PARTNERS, L.P.

By: Enable Global Capital, LLC, its General Partner

By: /s/ Mitchell S. Levine

Mitchell S. Levine  
Its Managing Member

MITCHELL S. LEVINE

/s/ Mitchell S. Levine

Mitchell S. Levine

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**EXHIBIT LIST**

Exhibit A	Joint Filing Undertaking
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**EXHIBIT A**

**JOINT FILING UNDERTAKING**

The undersigned, being authorized thereunto, hereby execute this agreement as an exhibit to this Schedule 13G to evidence the agreement of the below-named parties, in accordance with rules promulgated pursuant to the Securities Exchange Act of 1934, to file this Schedule, as it may be amended, jointly on behalf of each of such parties.

Dated: February 14, 2012

ENABLE GLOBAL CAPITAL, LLC

By: /s/ Mitchell S. Levine

Mitchell S. Levine

Its Managing Member

ENABLE GROWTH PARTNERS, L.P.

By: Enable Global Capital, LLC, its General Partner

By: /s/ Mitchell S. Levine

Mitchell S. Levine

Its Managing Member

MITCHELL S. LEVINE

/s/ Mitchell S. Levine

Mitchell S. Levine

Babson Capital Management LLC (3)

1,128,650 7.8%

One Memorial Drive

Cambridge, MA 02142

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- (1) This information as to the beneficial ownership of shares of the Company's Common Stock is based on the Schedule 13G/A (Amendment No. 1) dated February 14, 2005 filed with the SEC by FMR Corp. The amount shown includes: (a) 1,428,300 shares beneficially owned by Fidelity Management & Research Company, a wholly-owned subsidiary of FMR Corp., as a result of its acting as investment advisor to various investment companies (the Funds) registered under Section 8 of the Investment Company Act of 1940. Fidelity Contrafund, one of the investment companies, owns 1,068,280 of such shares. Edward C. Johnson 3d, Chairman of FMR Corp., and FMR Corp., through its control of Fidelity Management & Research Company, and the Funds, each has sole dispositive power with respect to the shares owned by the Funds. Sole power to vote or direct the voting of these shares resides with the Funds' Boards of Trustees. The amount shown also includes 140,485 shares held by Strategic Advisers, Inc., a wholly-owned subsidiary of FMR Corp., which provides investment advisory services to individuals.
- (2) This information as to the beneficial ownership of shares of the Company's Common Stock is based on the Schedule 13G/A (Amendment No. 2) dated January 3, 2005 filed with the SEC by Grace Brothers, Ltd., an Illinois limited partnership, Bradford T. Whitmore (Whitmore) and Spurgeon Corporation (Spurgeon), its general partners. Grace Brothers, Ltd., Whitmore and Spurgeon share voting and dispositive power with respect to all of such shares. In addition, Whitmore has sole voting and dispositive power with respect to 1,200 shares.
- (3) This information as to the beneficial ownership of shares of the Company's Common Stock is based on the Schedule 13G dated February 11, 2005 filed with the SEC by Babson Capital Management LLC. In its role as an investment advisor, Babson has the sole power to vote 1,118,950 of such shares, shared voting power with respect to 9,700 of such shares and sole dispositive power with respect to all 1,128,650 shares.

**Table of Contents****SECURITY OWNERSHIP OF MANAGEMENT**

The following table sets forth certain information regarding the beneficial ownership of shares of the Company's Common Stock as of April 19, 2005 by (i) each director and Named Executive Officer of the Company (see **EXECUTIVE COMPENSATION** ), and (ii) all directors and executive officers of the Company as a group.

Name and Address of Beneficial Owner (1)	Number of Shares Beneficially Owned	Percent Beneficially Owned (14)
Patricia C. Barron (2)	57,409	*
Anthony J. Cavanna (3)	23,000	*
Paula H. J. Cholmondeley (4)	17,065	*
Daniel W. Christman (5)	40,591	*
John D. Kavazanjian (6)	294,800	2.0%
Carl H. Rosner (7)	81,811	*
Ranjit C. Singh (8)	73,505	*
Peter F. Comerford (9)	34,211	*
Robert W. Fishback (10)	49,004	*
Nancy C. Naigle (11)	5,000	*
William A. Schmitz (12)	48,156	*
All directors and executive officers as a group (14 persons)(13)	751,628	5.0%

\* Less than 1%

(1) Except as otherwise indicated, the stockholders named in this table have sole voting and investment power with respect to the shares of Common Stock beneficially owned by them. The information provided in this table is based upon information provided to the Company by such stockholders. The table reports beneficial ownership for the Company's directors and executive officers in accordance with Rule 13d-3 under the Exchange Act. This means all Company securities over which directors and executive officers directly or indirectly have or share voting or investment power are listed as beneficially owned. The figures also include shares which may be acquired by exercise of stock options prior to June 18, 2005. The address of each of the directors and executive officers of the Company is c/o Ultralife Batteries, Inc., 2000 Technology Parkway, Newark, New York 14513.

(2) Includes (i) 1,200 shares held jointly with Ms. Barron's husband, and (ii) 42,409 shares subject to options that may be exercised by Ms. Barron.



- (3) Includes 20,000 shares subject to options that may be exercised by Mr. Cavanna.
- (4) Includes 15,000 shares subject to option that may be exercised by Ms. Cholmondeley.
- (5) Includes 38,091 shares subject to options that may be exercised by Mr. Christman.
- (6) Includes (i) 1,800 shares held by Mr. Kavazanjian's wife, and (ii) 211,500 shares subject to options that may be exercised by Mr. Kavazanjian.
- (7) Includes 24,000 shares subject to options that may be exercised by Mr. Rosner.

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- (8) Includes 71,505 shares subject to options that may be exercised by Mr. Singh.
- (9) Includes 27,671 shares subject to options that may be exercised by Mr. Comerford.
- (10) Includes 46,004 shares subject to options that may be exercised by Mr. Fishback.
- (11) Includes (i) 2,000 shares held jointly with Ms. Naigle's husband, and (ii) 3,000 shares subject to options that may be exercised by Ms. Naigle.
- (12) Includes (i) 42,856 shares subject to options that may be exercised by Mr. Schmitz, and (ii) 300 shares held by Mr. Schmitz's wife.
- (13) Includes 567,612 shares subject to options which may be exercised by the Company's directors and executive officers.
- (14) Based on 14,419,612 shares issued and outstanding.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act requires the Company's directors, executive officers and persons who own greater-than-10% of the Company's Common Stock to file with the SEC initial reports of ownership and reports of changes in ownership of Common Stock and other equity securities of the Company. To the Company's knowledge, based solely on review of the copies of such reports furnished to the Company during 2004, all Section 16(a) filing requirements applicable to its officers, directors and greater-than-10% beneficial owners were complied with, except as follows: all directors and officers (other than Mr. Kavazanjian) were granted options on December 31, 2004, and each Form 4 filing reflecting those option grants was filed three days late; Ms. Cholmondeley filed late with the SEC her initial report; Mr. Barrella, a former officer and director, filed late with the SEC one report disclosing one transaction; and Mr. Meek filed late with the SEC his initial report.

**EXECUTIVE COMPENSATION**

The individuals named in the following tables include, as of December 31, 2004, the Company's Chief Executive Officer and the four other most highly compensated executive officers of the Company whose salary and bonus during 2004 exceeded \$100,000 ( Named Executive Officers ).

The following table sets forth information concerning the annual and long-term compensation of the Named Executive Officers for all services in all capacities to the Company and its subsidiary during 2004, 2003, the Transition Period and Fiscal 2002:

**Table of Contents****SUMMARY COMPENSATION TABLE**

Name and Principal Position	Year	Annual Compensation			Other Annual Compensation (\$)	Long Term Compensation		All Other Compensation (1)			
		Salary (\$)	Bonus (\$)	(2)		Options/ SARs	Restricted Stock Underlying LTIP Awards				
John D. Kavazanjian President and Chief Executive Officer	2004	\$ 289,734	\$ 81,376	\$ 20,494	0	50,000	0	\$ 3,744,612			
	2003	279,002	34,875	12,002	0	0	0	0			
	2002 <sup>(3)</sup>	139,501	0	10,953	0	3,000	0	0			
	2002 <sup>(4)</sup>	289,387	5,000	23,347	0	6,000	0	0			
William A. Schmitz Chief Operating Officer	2004	\$ 176,462	\$ 38,950	\$ 5,719	0	31,000	0	\$ 458,585			
	2003	135,538	26,587	2,578	0	31,000	0	84,228			
	2002 <sup>(3)</sup>	57,692	1,890	1,685	0	0	0	0			
	2002 <sup>(4)</sup>	117,308	8,530	7,897	0	50,000	0	0			
Robert W. Fishback Vice President of Finance and Chief Financial Officer	2004	\$ 156,635	\$ 30,312	\$ 11,293	0	24,000	0	\$ 131,859			
	2003	129,461	26,125	5,411	0	29,000	0	14,560			
	2002 <sup>(3)</sup>	58,500	0	1,372	0	0	0	0			
	2002 <sup>(4)</sup>	122,000	2,000	9,145	0	10,000	0	0			
Nancy C. Naigle Vice President of Sales and Marketing	2004	\$ 138,576	\$ 45,600	\$ 11,400	0	26,000	0	\$ 441,787			
	2003	126,000	34,940	4,901	0	26,000	0	0			
	2002 <sup>(3)</sup>	47,923	7,560	1,903	0	0	0	0			
	2002 <sup>(4)</sup>	119,538	28,240	13,251	0	20,000	0	0			
Peter F. Comerford Vice President of Administration and General Counsel	2004	\$ 129,970	\$ 24,750	\$ 9,258	0	19,000	0	\$ 46,323			
	2003	112,500	18,687	3,789	0	19,000	0	0			
	2002 <sup>(3)</sup>	56,250	0	816	0	0	0	0			
	2002 <sup>(4)</sup>	103,500	2,000	7,563	0	10,000	0	0			
Insurance											
	2004	\$	11,631	\$	4,049	\$	5,229	\$	5,538	\$	3,779
	2003		12,002		2,578		5,411		4,901		3,789
	2002 <sup>(3)</sup>		10,953		1,685		1,372		1,903		816
2002 <sup>(4)</sup>		9,286		5,790		6,465		11,645		6,565	
Automobile											
	2004	\$	0	\$	0	\$	0	\$	0	\$	0
	2003		0		0		0		0		0
2002 <sup>(3)</sup>		0		0		0		0		0	

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2002 <sup>(4)</sup>	8,500	0	0	0	0
401(k) Plan <sup>(5)</sup>					
2004	\$ 5,248	\$ 1,670	\$ 3,064	\$ 2,862	\$ 2,479
2003	0	0	0	0	0
2002 <sup>(3)</sup>	0	0	0	0	0
2002 <sup>(4)</sup>	5,561	2,108	2,680	1,606	998

In 2004, the Company instituted a program where officers of the Company could take advantage of Company-paid financial planning services and tax preparation services offered by an outside provider up to a maximum amount of \$3,000 and \$750, respectively.

	Financial Planning					
2004		\$ 3,000	\$ 0	\$ 3,000	\$ 3,000	\$ 3,000
2003						
2002 <sup>(3)</sup>						
2002 <sup>(4)</sup>						
	Tax Preparation					
2004		\$ 615	\$ 0	\$ 0	\$ 0	\$ 0
2003						
2002 <sup>(3)</sup>						
2002 <sup>(4)</sup>						

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- (1) In each case, the amount reported is the value realized upon the exercise of stock options.
  - (2) The amounts reported in this column are categorized in the tables that follow the Summary Compensation Table.
  - (3) For the Transition Period.
  - (4) For Fiscal 2002.
  - (5) Represents the Company's matching grants to the employees' 401(k) Plan accounts for 2004, 2003, the Transition Period and for Fiscal 2002.

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The following table sets forth information concerning options granted to the Named Executive Officers during 2004:

**OPTION GRANTS IN 2004**

Individual Grants	Shares	% (2)	Price (3)	Exp. Date	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term (1)	
					5% Dollar Gain (4)	10% Dollar Gain (4)
John D. Kavazanjian President and Chief Executive Officer	26,576	5.5482	\$ 15.05	12/7/2011	\$ 162,827.47	\$ 379,457.24
	23,424	4.8902	\$ 15.05	12/7/2011	\$ 143,515.60	\$ 334,452.38
William A. Schmitz Chief Operating Officer	1,500	0.3132	\$ 21.28	3/31/2011	\$ 12,994.65	\$ 30,283.05
	500	0.1044	\$ 19.36	6/30/2011	\$ 3,940.73	\$ 9,183.58
	1,000	0.2088	\$ 19.36	6/30/2011	\$ 7,881.46	\$ 18,367.16
	500	0.1044	\$ 10.17	9/30/2011	\$ 2,070.11	\$ 4,824.23
	1,000	0.2088	\$ 10.17	9/30/2011	\$ 4,140.21	\$ 9,648.45
	8,750	1.8267	\$ 15.05	12/7/2011	\$ 53,610.04	\$ 124,934.18
	16,250	3.3925	\$ 15.05	12/7/2011	\$ 99,561.50	\$ 232,020.63
	1,500	0.3132	\$ 19.45	12/31/2011	\$ 11,877.15	\$ 27,678.82
Robert W. Fishback Vice President of Finance and Chief Financial Officer	1,000	0.2088	\$ 21.28	3/31/2011	\$ 8,663.10	\$ 20,188.70
	1,000	0.2088	\$ 19.36	6/30/2011	\$ 881.46	\$ 18,367.16
	1,000	0.2088	\$ 10.17	9/30/2011	\$ 4,140.21	\$ 9,648.45
	3,556	0.7424	\$ 15.05	12/7/2011	\$ 21,787.12	\$ 50,773.25
	16,444	3.4330	\$ 15.05	12/7/2011	\$ 100,750.11	\$ 234,790.60
	666	0.1390	\$ 19.45	12/31/2011	\$ 5,273.46	\$ 12,289.40
	334	0.0697	\$ 19.45	12/31/2011	\$ 2,644.65	\$ 6,163.15
Nancy C. Naigle Vice President of Sales and Marketing	1,500	0.3132	\$ 21.28	3/31/2011	\$ 12,994.65	\$ 30,283.05
	190	0.0397	\$ 19.36	6/30/2011	\$ 1,497.48	\$ 3,489.76
	1,310	0.2735	\$ 19.36	6/30/2011	\$ 10,324.72	\$ 24,060.98
	998	0.2084	\$ 10.17	9/30/2011	\$ 4,131.93	\$ 9,629.16
	502	0.1048	\$ 10.17	9/30/2011	\$ 2,078.39	\$ 4,843.52
	7,066	1.4752	\$ 15.05	12/7/2011	\$ 43,292.40	\$ 100,889.71
	12,934	2.7002	\$ 15.05	12/7/2011	\$ 79,244.82	\$ 184,674.14
	1,500	0.3132	\$ 19.45	12/31/2011	\$ 11,877.15	\$ 27,678.82
Peter F. Comerford Vice President of Administration and General Counsel	1,000	0.2088	\$ 21.28	3/31/2011	\$ 8,663.10	\$ 20,188.70
	1,000	0.2088	\$ 19.36	6/30/2011	\$ 7,881.46	\$ 18,367.16
	1,000	0.2088	\$ 10.17	9/30/2011	\$ 4,140.21	\$ 9,648.45
	827	0.1727	\$ 15.05	12/7/2011	\$ 5,066.91	\$ 11,808.07
	14,173	2.9589	\$ 15.05	12/7/2011	\$ 86,836.01	\$ 202,364.82

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333	0.0695	\$ 19.45	12/31/2011	\$	2,636.73	\$	6,144.70
667	0.1392	\$ 19.45	12/31/2011	\$	5,281.37	\$	12,307.85

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- (1) There is no assurance that the value realized by an employee will be at or near the amount estimated using this model. These amounts rely on assumed future stock price movements that cannot be predicted accurately.
  - (2) Options for a total of 562,000 shares were granted to employees.
  - (3) Fair market value of Common Stock at date of grant.
  - (4) Fair market value of Common Stock at end of actual option term assuming compounding at the stated rate, less the option price.

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The following table sets forth certain information concerning the number of shares of Common Stock acquired upon the exercise of stock options during 2004 and the number and value at December 31, 2004 of unexercised options to purchase shares of Common Stock held by the Named Executive Officers.

**AGGREGATED OPTION EXERCISES IN 2004  
AND DECEMBER 31, 2004 OPTION VALUES**

Name	Shares		Number of Unexercised Options/SARs at December 31, 2004 (#)	Value of Unexercised in the Money Options/SARs at December 31, 2004 (\$)
	Acquired on Exercise (#)	Value Realized (\$)		
John D. Kavazanjian President and Chief Executive Officer	228,000	\$ 3,744,612	313,000/30,000	\$ 4,241,817/\$132,000
William A. Schmitz Chief Operating Officer	31,000	\$ 458,585	40,693/76,000	\$ 543,273/\$793,475
Robert W. Fishback Vice President of Finance and Chief Financial Officer	13,000	\$ 174,800	35,004/52,996	\$ 463,758/\$528,567
Nancy C. Naigle Vice President of Sales and Marketing	29,500	\$ 441,787	5,500/62,000	\$ 46,080/\$626,700
Peter F. Comerford Vice President of Administration and General Counsel	10,000	\$ 104,160	19,004/38,996	\$ 231,358/\$378,572

(1) Market value of Company's Common Stock at December 31, 2004 (\$19.45) minus the exercise price.

The Compensation and Management Committee revised its policy effective January 1, 2004 for granting stock options to make it clear that only non-employee directors will receive seven-year stock options at the end of each calendar quarter to purchase 3,000 shares of Common Stock at an exercise price equal to the closing price of the Common Stock on the date of grant, and that executive officers will receive seven-year stock options at the end of each calendar quarter at an exercise price equal to the closing price of the Common Stock on the date of grant in the following amounts: William A. Schmitz and Nancy C. Naigle - 1,500 shares; Robert W. Fishback and Peter F. Comerford - 1,000 shares; and Julius M. Cirin, Patrick R. Hanna, Jr. and Philip M. Meek - 500 shares.

The Company has no employee pension plans to which it makes contributions, except as described below under 401(k) Plan.

**EMPLOYMENT ARRANGEMENTS**

In connection with the hiring of Mr. Kavazanjian as the Company's President and Chief Executive Officer effective July 12, 1999, the Company granted Mr. Kavazanjian an option to purchase 500,000 shares of Common Stock for \$5.19 per share, exercisable until July 12, 2005. The option vested 50,000 shares at issue and 90,000 shares on July 12, 2000, 2001, 2002, 2003 and 2004. In September 2002, the Company entered into a new employment agreement with Mr. Kavazanjian pursuant to which the Company agrees to pay Mr. Kavazanjian a salary of \$300,000 per annum. In addition, Mr. Kavazanjian shall have one year after the termination of his employment to exercise any vested but unexercised stock options. On February 1, 2005, both the Company and Mr. Kavazanjian had the option of terminating Mr. Kavazanjian's employment agreement effective June 30, 2005. As neither party opted to terminate the employment agreement, pursuant to its terms, the employment agreement was renewed



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automatically for an additional year. The employment agreement will similarly renew each year, if the parties do not give notice of intent to terminate by February 1 of the year in which the agreement is intended to be terminated effective June 30.

In September 2002, the Company entered into an employment agreement with Mr. Schmitz pursuant to which the Company agrees to pay Mr. Schmitz a salary of \$125,000 per annum. Pursuant to that agreement, Mr. Schmitz shall have one year after the termination of his employment to exercise any vested but unexercised stock options. On February 1, 2005, both the Company and Mr. Schmitz had the option of terminating Mr. Schmitz's employment agreement effective June 30, 2005. As neither party opted to terminate the employment agreement, pursuant to its terms, the employment agreement was renewed automatically for an additional year. The employment agreement will similarly renew each year if the parties do not give notice of intent to terminate by February 1 of the year in which the agreement is intended to be terminated effective June 30.

**401(k) PLAN**

The Company established a profit sharing plan under Sections 401(a) and 401(k) of the Internal Revenue Code (the 401(k) Plan ), effective as of June 1, 1992. The 401(k) Plan was amended effective as of January 1, 1994. All employees in active service who have completed 1,000 hours of service or were participating in the 401(k) Plan as of January 1, 1994, not otherwise covered by a collective bargaining agreement (unless such agreement expressly provides that those employees are to be included in the 401(k) Plan), are eligible to participate in the 401(k) Plan. Eligible employees may direct that a portion of their compensation, up to a maximum amount determined in accordance with all IRS limitations, be withheld by the Company and contributed to their account under the 401(k) Plan.

For 2004, the Board of Directors authorized a Company matching contribution up to a maximum of 2% of an employee's salary (50% match of up to 4% of annual salary). The Company made or accrued contributions of \$192,000 for Fiscal 2004.

All 401(k) contributions are placed in a trust fund to be invested at the participant's direction within the various funds made available under the 401(k) Plan. Amounts contributed to employee accounts by the Company or as compensation reduction payments, and any earnings or interest accrued on employee accounts, are not subject to federal income tax until distributed to the employee, and may not be withdrawn (absent financial hardship) until death, retirement or termination of employment.

**REPORT OF COMPENSATION AND MANAGEMENT COMMITTEE  
CONCERNING EXECUTIVE COMPENSATION**

***Overview***

The Company's Compensation and Management Committee establishes and implements the Company's executive compensation policy and makes decisions regarding specific levels of compensation for the Company's executive management team. All three of our directors who sit on the committee are non-employee directors of Ultralife, as defined for certain SEC purposes, and are also independent in accordance with standards established for Nasdaq listed companies.

The Company's executive compensation program has been constructed to promote the growth of Company profitability and the corresponding enhancement of stockholder value. The Company seeks to provide executive compensation that will support the achievement of the Company's financial goals while attracting and retaining talented executives and rewarding superior performance. The Company seeks to

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provide an overall level of compensation to the Company's executives that is competitive within the Company's industry and with other companies of comparable size and complexity. Compensation in any particular case may vary from the industry average on the basis of annual and long-term Company performance as well as individual performance. The committee will exercise its discretion to set compensation where, in its judgment, external, internal or individual circumstances warrant it.

The committee will, on occasion, retain an outside compensation consultant to assist the committee in assessing the competitiveness of the Company's overall executive compensation as well as to supplement the information otherwise available to the committee in making its compensation decisions. The committee did not retain any compensation consultant for purposes of setting 2004 compensation levels. Consistent with past years, the committee evaluated the adequacy of overall compensation as well as the sufficiency of each of the components of executive compensation.

In general, the Company compensates its executive officers through a combination of salary, incentive bonus, stock option awards and certain employee benefits.

### ***Salary***

Of the primary elements of executive compensation set forth above, salary is generally the least affected by the Company's performance, although it very much depends on individual performance. Executive salaries for Fiscal 2002 were, however, adversely affected by the Company's performance. Executives, at the recommendation of the committee and in a cooperative effort to conserve the Company's cash resources, reduced their salaries initially by 20% during Fiscal 2002, which reduction was then followed by an across-the-board increase so that the Company's executives were receiving at the end of 2003 90% of their then base salaries. During June of 2004, the committee, in recognition of enhanced Company financial performance, and in consultation with the Chief Executive Officer about his performance assessment of the Company's executive officers, adjusted base salary levels upward from where they stood at the end of 2003, but still mandated that the executives receive actual payment of 90% of their new base salaries. The committee believes that the base salaries paid to its executives are competitive with industry norms. The salary levels and any increases in salary of all executive officers of the Company must be approved by the committee. Salary levels for executives are determined by progress made in the operational and functional areas for which the executives are responsible as well as the overall profitability of the Company.

Executives' salaries are reviewed periodically, but at least annually. The timing and amount of any salary increase to executives both depend upon (i) the performance of the individual and, (ii) to a lesser extent, the financial performance of the Company.

In March 2005, the committee, effective January 1, 2005, abolished the requirement that the actual payment of salary to the Company's executives equal 90% of their stated base salaries. The effect of this decision is that for 2005, all of the Company's executives will receive 100% of their stated base salaries.

### ***Incentive Bonus***

In addition to receiving salary, Company executives have been eligible to receive a quarterly cash bonus based upon the financial performance of the Company measured against budgeted targets. Each year, the Board approves budgeted financial targets for the end of each fiscal quarter and determines the manner in which executive bonus compensation will be calculated. For 2004, if the Company met the pre-established earnings targets at the end of each quarter, the executives would receive a bonus at the end



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of each quarter in an amount equal to the dollar amount that would have the effect of reinstating the executive's base salary for that quarter to 100% of the executive's base salary then in effect. If the Company exceeded those pre-established earnings targets, the executives would receive an additional bonus equal to either 5%, 10% or 15% of the executive's base salary in effect for that quarter, depending on the amount by which the actual quarterly earnings exceeded the target earnings. In addition to bonuses based on pre-established earnings targets, executives were also eligible to receive discretionary bonuses based on individual performance.

In March 2005, the committee, at the same time it abolished the 90% of base salary requirement, decided to eliminate the quarterly percentage bonus based on pre-established earnings targets. The committee has agreed to re-evaluate the Company's bonus program and recommend a new bonus policy to the Board of Directors at a future meeting. Until a new policy is put into effect, the committee will not be authorizing any bonuses in 2005.

## ***Stock Options***

Stock options are designed to provide long-term incentives and rewards, tied to the price of the Company's Common Stock. Given the vagaries of the stock market, stock price performance and financial performance are not always consistent. Stock options provide executives with an opportunity to increase their ownership in the Company and share in any increase in the value of the Company's Common Stock acquired on the exercise of the options. The committee believes that stock options, which provide value to the participants only when the Company's stockholders benefit from stock price appreciation, are an appropriate complement to the Company's overall compensation policies. Executive officers of the Company are eligible to receive option grants under the Company's long-term incentive plan.

The decision to award any additional stock options to an executive is based upon such considerations as the executive's position with the Company and is designed to be competitive for individuals at that level. The committee administers the Company's long-term incentive plan. Any options for more than 10,000 shares require approval of the full Board of Directors.

## ***Employee Benefit Plans***

Executives of the Company are each entitled to participate in or receive benefits under any pension plan, profit-sharing plan, life insurance plan, health insurance plan or other employee benefit plan made available by the Company to its executives and employees. The Company also provides Mr. Kavazanjian with supplemental life insurance (\$700,000 coverage in addition to \$300,000 of basic coverage) and supplemental disability insurance. Currently, the Company provides medical insurance for its executive officers and has established the 401(k) Plan. All executive officers and employees are eligible to participate in the 401(k) Plan. In 2004, the Company made available to its executive officers certain financial planning and tax return preparation services, the cost of which would be borne by the Company. The Company agreed to fund up to \$3,000 per executive for financial planning services and up to \$750 per executive for tax return preparation services.

## ***Chief Executive Officer***

Mr. Kavazanjian joined the Company in July 1999, and received non-statutory stock options for 500,000 shares as described earlier in this Proxy Statement. Mr. Kavazanjian exercised options for 225,000 of those shares in 2004 and executed a 10b5-1 trading plan in December 2004 pursuant to which he will exercise the balance of those options on or before July 12, 2005. The 2004 exercises generated income to him that was not deductible by the Company pursuant to Code Section 162(m). Mr.



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Kavazanjian and the Company entered into a new employment agreement in September 2002, the principal terms of which are described earlier in this Proxy Statement. In reviewing the performance of the Chief Executive Officer, the committee considers the scope and complexity of his job during the past year, progress made in planning for the future development and growth and return on assets of the Company. As with other executives of the Company, Mr. Kavazanjian received 90% of his base salary and was entitled to receive bonus compensation during 2004 on the same terms as other executives, except that in the event the Company exceeded the pre-established quarterly earnings targets, Mr. Kavazanjian's bonus would be calculated upon 10%, 20% and 30% of his base salary. Based on this bonus approach, Mr. Kavazanjian received an overall bonus of \$62,001 for 2004 performance. In addition, Mr. Kavazanjian received two new options for an aggregate 50,000 shares on December 7, 2004, which options have seven-year terms and exercise prices of \$15.05 per share. The 26,576 share option was designated an incentive stock option and vested immediately with respect to 6,644 shares on the grant date and vests with respect to the same number of shares on each of the next three anniversaries of the grant date. The 23,424 share option is a non-statutory option which vested immediately with respect to 13,356 shares on the grant date and vests with respect to 3,356 shares on each of the next three anniversaries of the grant date. By action taken in March 2005 with respect to all of the Company's executives, Mr. Kavazanjian, effective January 1, 2005, began receiving payment of 100% of his stated base salary.

***Code Section 162(m)***

Section 162(m) of the Internal Revenue Code generally limits to \$1,000,000 the amount of compensation the Company can deduct in any year with respect to each of its five highest compensated executives. Certain compensation that qualifies as performance-based compensation is not subject to the Section 162(m) limitation. The Company's compensatory arrangements typically do not trigger any Section 162(m) concerns. However, during 2004, and during 2005, Mr. Kavazanjian has exercised or will exercise certain non-statutory stock options which generated or will generate compensation to him greater than \$1,000,000 which, under Code Section 162(m), did not qualify as performance-based compensation, and would therefore limit the Company's ability to deduct amounts greater than \$1,000,000.

The committee intends to structure its executive compensation and all of its various non-salary components in a way that they will qualify as performance-based compensation pursuant to Section 162(m). Certain unanticipated events, however, could result in a disallowance of compensation deductions. In addition, the committee may, when it deems it to be in the Company's best interests, provide for executive compensation that is not deductible pursuant to Section 162(m).

**Compensation and Management Committee**

Daniel W. Christman, Chair  
Patricia C. Barron  
Anthony J. Cavanna

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**PERFORMANCE GRAPH**

The following graph compares the cumulative return to holders of the Company's Common Stock for the period commencing June 30, 1999 through the end of 2004 with the NASDAQ U.S. Index and the NASDAQ Electronic Components Index for the same period. The comparison assumes \$100 was invested on June 30, 1999 in the Company's Common Stock and in each of the comparison groups, and assumes reinvestment of dividends. The Company paid no dividends during the comparison period. As stated earlier, in December 2002 the Company changed its fiscal year end from June 30 to December 31. Accordingly, the data shown at December 31, 2002 reflects the Transition Period.

**REPORT OF THE AUDIT AND FINANCE COMMITTEE**

The duties and responsibilities of the Audit and Finance Committee are set forth in our Audit and Finance Committee Charter, a copy of which is attached hereto as Appendix A. Among other things, the Audit and Finance Committee recommends to our Board of Directors that our audited financial statements be included in our Annual Report on Form 10-K, approves the Company's quarterly filings on Form 10-Q and selects the independent registered public accounting firm to audit our books and records.

The Audit and Finance Committee has:

Reviewed and discussed our audited financial statements for 2004 with our management and with PricewaterhouseCoopers LLP, our independent registered public accounting firm for 2004;

Discussed with our independent registered public accounting firm the matters required to be discussed by SAS 61 (Codification for Statements on Auditing Standards) (as modified by SAS 90); and

Received from PricewaterhouseCoopers LLP the written disclosures required by Independence Standards Board Statement No. 1 (Independence Discussions with Audit Committees) and has discussed with PricewaterhouseCoopers LLP their independence.



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Based on the review and discussions referred to above, the Audit and Finance Committee recommended to the Board of Directors that the audited financial statements be included in our Annual Report on Form 10-K for 2004 for filing with the SEC.

**Audit and Finance Committee**

Anthony J. Cavanna, Chair  
 Paula H. J. Cholmondeley  
 Carl H. Rosner  
 Ranjit C. Singh

**PROPOSAL 2**

**RATIFY THE SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The firm of PricewaterhouseCoopers LLP, independent registered public accountants, served as the independent registered public accounting firm of the Company in connection with the audit of the Company's financial statements for 2003 and 2004.

Our Audit and Finance Committee has selected PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2005. This selection will be presented to the stockholders for their ratification at the Meeting. The Board of Directors recommends a vote in favor of the proposal to ratify this selection, and the persons named in the enclosed proxy (unless otherwise instructed therein) will vote such proxies **FOR** this proposal. If the stockholders do not ratify this selection, the Audit and Finance Committee will reconsider its choice.

The Company has been advised by PricewaterhouseCoopers LLP that a representative will be present at the Meeting and will be available to respond to appropriate questions. In addition, the Company intends to give such representative an opportunity to make any statements if he or she should so desire.

***Principal Accountant Fees and Services***

Aggregate fees for professional services rendered for us by PricewaterhouseCoopers LLP for 2003 and for 2004 were:

	<b>2003</b>	<b>2004</b>
Audit	\$ 120,000	\$ 158,000
Audit Related		\$ 329,000
Tax	\$ 36,000	\$ 43,000
All Other		\$ 11,000
Total	\$ 156,000	\$ 541,000

*Audit Fees* for 2003 and 2004, respectively, were for professional services rendered for the audits of the consolidated financial statements of the Company, consents, income tax provision procedures and assistance with review of documents filed with the SEC.



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*Audit Related Fees* for 2004 were for consulting and opinion relating to a 10-Q/A filing and accounting consultations and audits in connection with internal control reviews. The most significant portion of these fees related to Sarbanes-Oxley Section 404, internal control matters.

*Tax Fees* for 2003 and 2004, respectively, were for services related to tax compliance, including the preparation of tax returns and claims for refund, and tax planning and tax advice.

*All Other Fees* for 2004 were for S-8 review and related consents and access to web-based research.

Our Audit and Finance Committee has not adopted pre-approval policies and procedures for audit and non-audit services. Accordingly, this Proxy Statement does not include disclosure regarding pre-approval policies and procedures and related information. The engagement of PricewaterhouseCoopers LLP for non-audit accounting and tax services is limited to circumstances where those services are considered integral to the audit services that it provides or where there is another compelling rationale for using PricewaterhouseCoopers LLP. All audit, audit-related and permitted non-audit services for which PricewaterhouseCoopers LLP was engaged were approved in advance by our Audit and Finance Committee in compliance with applicable SEC requirements.

**OTHER MATTERS**

The Board of Directors does not intend to present, and has not been informed that any other person intends to present, any matters for action at the Meeting other than those specifically referred to in this Proxy Statement. If any other matters properly come before the Meeting, it is intended that the holders of the proxies will act in respect thereof in accordance with their best judgment.

**SUBMISSION OF STOCKHOLDER PROPOSALS**

Under Rule 14a-8 of the Exchange Act, stockholder proposals intended for inclusion in the Proxy Statement for our 2006 Annual Meeting of Stockholders must be submitted in writing to the Company to our Corporate Secretary at 2000 Technology Parkway, Newark, New York 14513, and must be received by the Company by January 23, 2006.

Any stockholder proposal submitted for consideration at the Company's 2006 Annual Meeting of Stockholders but not submitted for inclusion in the Proxy Statement for that meeting that is received by the Company after March 19, 2006 will not be considered filed on a timely basis with the Company under Rule 14a-4(c)(1) of the Exchange Act. For such proposals that are not timely filed, the Company retains discretion to vote proxies it receives. For such proposals that are timely filed, the Company retains discretion to vote proxies it receives provided that the Company includes in its Proxy Statement advice on the nature of the proposal and how it intends to exercise its voting discretion and the proponent of any such proposal does not issue its own proxy statement.

The Company's Annual Report on Form 10-K for the year ended December 31, 2004, as filed with the SEC, is included in the Annual Report to Stockholders which accompanies this Proxy Statement.

May 3, 2005

By Order of the Board of Directors

Ranjit C. Singh  
Chairman of the Board of Directors



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**APPENDIX A**

**Audit and Finance Committee Charter**

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Amended April 26, 2005

**Ultralife Batteries, Inc.**

**Audit and Finance Committee**

**Charter**

**I. Purpose**

The primary function of the Audit and Finance Committee (the **Committee**) is to assist the Board of Directors (the **Board**) in fulfilling its oversight responsibilities by reviewing and discussing: (a) the consolidated financial information of Ultralife Batteries, Inc. and its subsidiaries (the **Company**) which will be provided to stockholders and others, (b) adequacy of the systems of internal controls regarding finance, accounting, legal compliance and ethics guidelines that management and the Board have established, (c) and the **Company's** auditing, accounting and financial reporting processes. Consistent with this function, the Committee should encourage management to engage in continuous improvement of, and should foster adherence to, the **Company's** policies, procedures and practices at all levels.

Generally, the **Committee's** primary duties and responsibilities are to: (a) serve as an independent and objective party to monitor the **Company's** financial reporting processes and internal control systems, (b) review and appraise the audit results of any public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the **Company** (the **Independent Auditor**) and its internal accounting staff, (c) retain and, if appropriate, discharge the **Independent Auditor**, (d) review and monitor areas of risk that could have a material impact on the **Company**, and (e) provide an open avenue of communication among the independent accountants, financial and senior management, and the **Board**.

**II. Composition**

The **Committee** shall be comprised of three or more directors as determined from time to time by the **Board**, each of whom shall be independent as determined by the **Board** in accordance with the applicable rules of Nasdaq, the Securities and Exchange Commission ( **SEC** ) and the Sarbanes-Oxley Act.

All members of the **Committee** shall be able to read and understand fundamental financial statements, including the **Company's** balance sheet, income statement and cash flow statement. The **Committee** has, and will continue to have, at least one member who has accounting or related financial management expertise, and who shall be an **audit committee financial expert** as defined by the **SEC**. In carrying out their **Committee** responsibilities, members of the **Committee** are not providing any expert or special assurance as to the **Company's** financial statements or any professional certification as to the **Independent Auditor's** work. **Committee** members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the **Company** or an outside consultant.

The members of the **Committee** shall be appointed by the **Board** at the **Company's** Annual Meeting of the **Board** or until their successors shall be duly elected and qualified. The

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members of the Committee may be removed by the Board at any time. The Committee will be chaired by an Independent Director appointed by the Board.

**III. Duties and Responsibilities.**

Responsibility for the Company's financial statements rests primarily with management and the Independent Auditor, and both the internal auditor of the Company and the Independent Auditor are responsible for conducting audits. Nonetheless, the Committee shall have the following authority and responsibilities:

***Independent Auditor***

**Appointment and Oversight.** The Committee shall be directly responsible for the appointment, compensation, retention and oversight of the Independent Auditor with the understanding that the Independent Auditor must report directly to the Committee. The Committee shall make it clear to the Independent Auditor that the Independent Auditor is ultimately accountable to the Committee as the representative of the Company's stockholders.

**Scope of Service.** The Committee shall meet with the Independent Auditor and financial management of the Company to understand the scope and associated fees of the proposed audit for the current year and the audit procedures to be utilized, and at the conclusion thereof discuss any comments or recommendations of the Independent Auditors.

**Evaluation.** The Committee shall, no less than annually (including at the time it appoints the Independent Auditor), evaluate the Independent Auditor's qualifications, performance and independence. This evaluation shall include the review and evaluation of the lead partner of the Independent Auditor firm. In making its evaluation, the Committee shall take into account the opinions of management and the Company's internal auditor. The Committee shall report its findings to the Board.

**Annual Report on Quality Control and Independence.** The Committee shall receive and review, at least annually, a report from the Independent Auditor relating to the Independent Auditor's independence and quality of the Independent Auditor's internal controls. The report shall describe (a) the Independent Auditor's internal quality-control procedures, (b) any material issues raised by the most recent peer review or internal quality-control review of the Independent Auditor, (c) any material issues raised by any governmental or professional authority and any inquiry or investigation, within the preceding five years, regarding any independent audit carried out by the Independent Auditor, and (d) any steps taken to deal with any issues raised in connection with clauses (b) and (c) above. In addition, to assist the Committee in assessing the independence of the Independent Auditor, the report shall describe all relationships between the Independent Auditor and the Company (including any significant fees for any anticipated non-audit services).

**Independent Auditor Plan.** The Committee shall review with the Independent Auditor and management the plan and scope of the Independent Auditor's proposed annual financial audit and quarterly reviews, including the procedures to be utilized and the Independent Auditor's compensation. The Committee shall also pre-approve audit, non-audit, and any other services to be provided by the Independent Auditor in accordance with such policies as may,

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from time to time, be adopted by the Committee. The Committee may (a) pre-approve audit and non-audit services based on policies and procedures adopted by the Committee, provided that: (i) the policies and procedures are detailed as to the particular service, (ii) the Committee is informed of each service on a timely basis, (iii) such policies and procedures do not include delegation of the Committee's responsibilities to management, and (iv) such policies and procedures are disclosed in the Company's Annual Report; and/or (v) delegate to one or more of its members the authority to approve in advance all audit or non-audit services to be provided by the Independent Auditor so long as decisions made by such member are presented to the full Committee at the immediately subsequent scheduled meeting. Notwithstanding the foregoing, pre-approval is not necessary for de minimis non-audit services if: (a) the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its auditors during the fiscal year in which the non-audit services are provided; (b) such services were not recognized by the Company at the time of the engagement to be non-audit services; and (c) such services are promptly brought to the attention of the Committee and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Committee.

**Audit Reports and Reviews.** The Committee shall, in consultation with management and the Independent Auditor, review the results of the annual financial audit and limited quarterly reviews of the Company's financial statements, significant findings thereof, and any other matters required to be communicated by the Independent Auditor under general accepted auditing standards, including, if applicable, the Independent Auditor's summary of any significant accounting, auditing and internal control issues, along with questions, comments and recommendations and management's corrective action plans, if applicable (i.e., the management or internal control letter).

In conjunction with its annual audit and its limited quarterly reviews of the Company's financial statements, the Independent Auditor will review with the Committee any problems or difficulties the Independent Auditor encountered in the course of its work, including any restrictions on the scope of the Independent Auditor's activities, its access to information, or any significant disagreements with management and management's responses to such matters. Management shall notify the Committee when it seeks a second opinion on a significant accounting issue, the Committee shall be responsible for the resolution of any disagreements between management and the Independent Auditor regarding financial reporting.

***Financial Statements***

The Committee shall review with management the consolidated financial statements contained in the Form 10-K and annual report to stockholders, quarterly financial statements on Form 10-Q, including MD&A disclosures, to determine that management is satisfied with the disclosure and content of the financial statements to be presented to the Company's stockholders.

**Scope of Review.** In reviewing the Company's Form 10-K and 10-Q, the Committee shall review with management and the Independent Auditor:



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the certifications required to be made by management in relation to the filings, including those which relate to any significant deficiencies or weaknesses in the design or operation of the Company's internal control over financial reporting and any fraud, whether or not material, involving management or other employees who have a significant role in the Company's system of internal control;

major issues regarding the presentation of, and the clarity of the disclosure in, the Company's financial statements;

major issues regarding the Company's accounting principles, including (i) significant changes in the Company's selection or application of its accounting principles, (ii) material questions of choice with respect to the appropriate accounting principles and practices used and to be used in the preparation of the Company's financial statements, including judgments about the quality, not just acceptability, of accounting principles, and (iii) the reasonableness of those significant judgments;

significant regulatory and accounting initiatives, including material changes in, or adoptions of, accounting principles and disclosure practices and standards;

the effect of off-balance sheet structures on the Company's financial statements;

any analyses prepared by management or the Independent Auditor regarding the foregoing matters; and

other communications regarding the results of the Independent Auditor's audit or review, including any other matters required to be communicated to the Committee by the Independent Auditor under generally accepted auditing standards.

***Earnings Releases and Guidance***

The Committee shall discuss and review earnings press releases and financial information with management, as well as earnings guidance provided to analysts and rating agencies. In connection with this discussion and review, the Committee shall address the appropriate use of pro forma and adjusted non-GAAP information and relevant reconciliations of such non-GAAP information to GAAP financial presentation.

***Internal Controls***

The Committee shall discuss with the Company's financial and accounting personnel, the adequacy and effectiveness of the accounting and financial controls of the Company, and elicit any recommendations for the improvement of such internal control procedures or particular areas where new or more detailed controls or procedures are desirable. Particular emphasis should be given to the adequacy of such internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper. The Committee shall also discuss with the Independent Auditors any significant matters regarding internal controls over financial reporting that have come to their attention during the conduct of their audit. The Committee must establish procedures for the (i) receipt, retention, and treatment of complaints

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received by the Company regarding accounting, internal accounting controls, or auditing matters, and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters. Further, the Committee periodically should review Company policy statements to determine their adherence to an appropriate code of conduct.

***Internal Audit***

The Committee shall review the internal audit function through an indirect reporting relationship, including its competence and objectivity, and proposed audit plans for the coming year. The Committee shall review and approve, at least annually, an Internal Audit Plan. The Committee shall review and approve changes in the compensation of the head of the Company's internal audit function as recommended by the Company's management. The Committee shall also receive regular reports at least quarterly from the internal auditor regarding the results of the internal audits. The Committee shall also discuss with the internal auditor, at least annually, the responsibilities, budget, and staffing of the Company's internal audit function.

**IV. Committee Operations**

**Meeting Schedule.** The Committee shall approve its schedule of meetings and shall meet at least four times per year. The Committee may also hold additional meetings at the direction of the Committee Chairman or at the request of any other Committee members. The Committee may meet in person or by telephone conference call, and may act by unanimous written consent.

**Agenda and Materials.** The Committee Chairman shall approve the agenda for the Committee's meeting, and any member may suggest items for the Committee's consideration. Briefing materials shall be provided to the Committee as far in advance of a meeting as practicable.

**Attendance at Meetings.** The Committee, at the discretion of the Committee Chairman, may invite members of management to attend the Committee's meetings. All outside directors who are not Committee members shall be invited to attend Committee meetings, provided that: (i) the Committee shall meet without such other Directors during executive session, (ii) the Committee Chairman may ask non-Committee members to leave the meeting at any time, and (iii) such non-Committee members may not vote on any actions considered by the Committee.

**Executive Sessions.** The Committee shall hold an executive session at each regularly scheduled meeting. During the executive sessions, no non-Committee members shall be present. As part of these executive sessions, the Committee may, at its discretion, meet separately and privately with each of the following: (i) management, (ii) the internal auditor, and (iii) representatives of the Independent Auditor.

**Voting.** A majority of the Committee members shall constitute a quorum. Each Committee member shall have one vote and actions at meetings may be approved by a majority of the members present.

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**Reporting to the Board.** At the Board of Directors meeting following each Committee meeting, the Committee Chairman (or the Chairman's designee) shall report to the full Board on the Committee's actions and recommendations. Among other things, these reports shall address any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the Independent Auditor, and the performance of the internal audit function.

**V. Committee Resources**

To assist the Committee in fulfilling its responsibilities (i) each Committee member shall have full access to any member of management, the internal auditor, and the Independent Auditor, and (ii) the Committee may retain independent consultants, counsel, and other advisors as it determines necessary to carry out its duties. The Committee will have sole authority and responsibility for hiring, approving the fees and retention terms for, and terminating the services of, such advisors.

The Company will provide appropriate funding, as determined by the Committee, for payment of the fees of the Independent Auditor, the administrative expenses of the Committee, and any advisors that the Committee may employ in carrying out its duties.

**VI. Performance Evaluation**

The Committee shall conduct an evaluation of the Committee's performance at least annually. The evaluation shall address subjects including the Committee's composition, responsibilities, structure and processes, and effectiveness. As part of this evaluation, the Committee shall also review the Committee's charter. The Committee shall, as appropriate, make recommendations to management, the Governance Committee, or the full Board as a result of its performance evaluation and review of its charter.

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**PROXY**

**ULTRALIFE BATTERIES, INC.**

**ANNUAL MEETING OF STOCKHOLDERS ON JUNE 9, 2005**

**PROXY SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

The undersigned hereby appoints each of John D. Kavazanjian and Peter F. Comerford as the undersigned's proxy, with full power of substitution, to vote all of the undersigned's shares of Common Stock in Ultralife Batteries, Inc. (the Company) at the Annual Meeting of Stockholders of the Company to be held on June 9, 2005 at 10:30 A.M. local time, at the offices of the Company, 2000 Technology Parkway, Newark, New York 14513, or at any adjournment, on the matters described in the Notice of Annual Meeting and Proxy Statement and upon such other business as may properly come before such meeting or any adjournments thereof, hereby revoking any proxies heretofore given.

**(Continued and to be signed on the reverse side)**

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THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE ELECTION OF DIRECTORS AND "FOR" PROPOSAL 2. PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE<sub>x</sub>

1. Election of Directors.

**NOMINEES:**

- |   |   |
|---|---|
| <input type="radio"/> FOR ALL NOMINEES                        | <input type="checkbox"/> Patricia C. Barron       |
| <input type="radio"/> WITHHOLD AUTHORITY FOR ALL NOMINEES     | <input type="checkbox"/> Anthony J. Cavanna       |
| <input type="radio"/> FOR ALL EXCEPT (See instructions below) | <input type="checkbox"/> Paula H. J. Cholmondeley |
|   | <input type="checkbox"/> Daniel W. Christman      |
|   | <input type="checkbox"/> John D. Kavazanjian      |
|   | <input type="checkbox"/> Carl H. Rosner           |
|   | <input type="checkbox"/> Ranjit C. Singh          |

**INSTRUCTION:** To withhold authority to vote for any individual nominee(s), mark "FOR ALL EXCEPT" and fill in the circle next to each nominee you wish to withhold as shown here:

- |  |                       |                       |                       |
|--|-----------------------|-----------------------|-----------------------|
|  | FOR                   | AGAINST               | ABSTAIN               |
| 2. Proposal to ratify the selection of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2005. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

3. In their discretion, the proxies are authorized to vote upon such other business as may properly come before the Meeting and any adjournments thereof.

The undersigned acknowledges receipt with this Proxy of a copy of the Notice of Annual Meeting and Proxy Statement dated May 3, 2005, describing more fully the proposals set forth herein.

**Each properly executed proxy will be voted in accordance with specifications made hereon. Unless authority to vote for one or more of the nominees is specifically withheld according to the instructions, a signed Proxy will be voted FOR the election of the named nominees for directors and, unless otherwise specified, FOR the other proposal listed herein and described in the accompanying Proxy Statement.**

I plan to attend the Meeting in person

Signature of  
Stockholder

Date:

Signature of Stockholder

Date:

**Note:** Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

ANNUAL MEETING OF STOCKHOLDERS OF

**ULTRALIFE BATTERIES, INC.**

June 9, 2005

Please date, sign and mail  
your proxy card in the  
envelope provided as soon  
as possible.