

ULTRALIFE CORP  
Form DEF 14A  
June 01, 2018

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a)**

**of the Securities Exchange Act of 1934**

**(Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement  
Definitive Proxy Statement  
Definitive Additional Materials  
Soliciting Material Pursuant to §240.14a-12

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**ULTRALIFE CORPORATION**

**(Name of Registrant as Specified In Its Charter)**

**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

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:
  
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- (1) Amount Previously Paid:
  
- (2) Form, Schedule or Registration Statement No.:
  
- (3) Filing Party:

(4) Date Filed:

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**ULTRALIFE CORPORATION**

2000 Technology Parkway  
Newark, New York 14513

**June 1, 2018**

**To Our Shareholders:**

On behalf of the Board of Directors of Ultralife Corporation (the “Company”) you are cordially invited to attend the 2018 Annual Meeting of Shareholders of the Company on Wednesday, July 25, 2018 at 9:00 A.M. local time at The Westin Crystal City, 1800 Jefferson Davis Highway, Arlington, VA 22202.

This year, we are again providing our proxy materials on the Internet. Accordingly, we are mailing to many of our shareholders a Notice of Internet Availability of Proxy Materials (the “Notice”) instead of a paper copy of our Proxy Statement and our 2017 Annual Report to Shareholders. The Notice contains instructions about how to access those documents and vote online. The Notice also contains instructions about how each of our shareholders can also receive a paper copy of our proxy materials, including the Proxy Statement, our 2017 Annual Report to Shareholders and a form of proxy card or voting instruction card. By taking advantage of the Securities and Exchange Commission Rules permitting this distribution process, the Company will not only conserve natural resources, but also reduce our costs of printing and distributing proxy materials.

Your continued interest in the Company is greatly appreciated. We look forward to a productive annual meeting.

**Very truly yours,**

**Michael D. Popielec,**

**President and Chief Executive Officer**

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**ULTRALIFE CORPORATION**

2000 Technology Parkway  
Newark, New York 14513

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**JULY 25, 2018**

Notice is hereby given that the 2018 Annual Meeting of Shareholders of Ultralife Corporation will be held on Wednesday, July 25, 2018 at 9:00 A.M. local time at The Westin Crystal City, 1800 Jefferson Davis Highway, Arlington, VA 22202 for the following purposes:

1. To elect six directors for a term of one year and until their successors are duly elected and qualified;
2. To ratify the selection of Freed Maxick CPAs, P.C. as our independent registered public accounting firm for the fiscal year ending December 31, 2018;
3. To vote on a shareholder proposal of a non-binding advisory resolution entitled “Special Shareholder Meeting Improvement”; and
4. 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 May 29, 2018 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 (the “Notice”) by mail, you may vote your shares at the Internet site address listed on your Notice. You may also request a paper copy of our proxy materials by visiting the Internet site address listed on the Notice, by calling the toll-free number or by sending an e-mail to the e-mail address listed on the Notice. 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 the enclosed proxy or voting instruction card in the pre-addressed envelope provided.

**By Order of the Board of Directors**

**Bradford T. Whitmore,**  
**Chair of the Board of Directors**

**Dated: June 1, 2018**

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**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 THEIR BROKER REGARDING HOW TO VOTE. YOUR BROKER CANNOT VOTE YOUR SHARES FOR DIRECTOR NOMINEES OR FOR PROPOSAL 3 UNLESS YOU PROVIDE YOUR BROKER WITH VOTING INSTRUCTIONS. SEE “BROKER VOTING” FOR MORE INFORMATION.

**ULTRALIFE CORPORATION**

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

**Proxy Statement**

**Annual Meeting of Shareholders**

**TO BE HELD ON JULY 25, 2018**

**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 2018 Annual Meeting of Shareholders, which we refer to in this proxy statement as the Meeting, to be held on Wednesday, July 25, 2018, at 9:00 A.M. local time and at any adjournments or postponements thereof. The Meeting will be held at The Westin Crystal City, 1800 Jefferson Davis Highway, Arlington, VA 22202.

In accordance with rules and regulations adopted by the U.S. Securities and Exchange Commission (the “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 (the “Notice”) by mail, you will not receive a printed copy of the proxy materials unless you request a copy. Instead, the Notice will instruct you how to access and review the proxy materials on the Internet. The Notice will also instruct you as to how you may submit your proxy or voting instruction card over the Internet. If you received only a Notice by mail and would like to receive a printed copy of our proxy materials, please follow the instructions for requesting those materials included in the Notice.

The Notice was first being sent to our shareholders on or about June 1, 2018 and our proxy materials were first being made available to our shareholders on or about June 1, 2018.

You may vote by proxy or in person at the Meeting. If you received only the Notice by mail, you may vote your shares online 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 (i) visiting the Internet site address, (ii) calling the toll-free number or (iii) by sending an email to the email address listed on the Notice. 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 and **FOR** the other proposals identified therein.

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You may receive more than one Notice 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, 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, more than one e-mail or more than one proxy card. To vote all of your shares by proxy, you must (i) vote at the Internet site address listed on the Notice, proxy or voting instruction card, (ii) call the toll-free number listed on your proxy or voting instruction card, or (iii) 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, the holders of the proxies will exercise discretionary authority 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 and voting in person at the Meeting.

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, email or similar transmission. We have not engaged a proxy solicitation firm, but we may decide to retain the services of a proxy solicitation firm in the future if we believe it is appropriate under the circumstances. In those situations where the beneficial owner of shares is not the record holder, we will reimburse record holders for reasonable expenses in forwarding proxies and proxy soliciting material to the beneficial owners of the shares.

Only shareholders of record at the close of business on May 29, 2018 are entitled to notice of, and to vote at, the Meeting. As of May 29, 2018, there were 15,924,811 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 with respect to the voting of proposals submitted to the shareholders, as described in this proxy statement. 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 describes the vote required at the Meeting to approve each of the proposals described in this proxy statement, assuming the presence of a quorum:

<i>Proposal</i>	<i>Vote Required</i>
1. Election of directors	Plurality of the shares present in person or by proxy at the Meeting and entitled to vote
2. Ratification of the selection of Freed Maxick CPAs, P.C. as our independent registered public accounting firm for the fiscal year ending December 31, 2018	Majority of the shares present in person or by proxy at the Meeting and entitled to vote*
3. A shareholder proposal by Mr. Kenneth Steiner of a non-binding advisory resolution entitled "Special Shareholder Meeting Improvement"	Majority of the shares present in person or by proxy at the Meeting and entitled to vote

\*The selection of Freed Maxick CPAs, P.C. 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 this and subsequent fiscal years but may, in

its discretion,  
determine to  
maintain its  
selection of  
Freed  
Maxick  
CPAs, P.C.

## **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 Voting**

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 hold record ownership of shares in street name for their clients to vote your shares on routine matters but not otherwise. The only proposal being submitted to the shareholders that is considered routine and as to which brokers may exercise discretion to vote is Proposal 2 concerning ratification of the selection of our independent registered public accounting firm. Brokers will not be permitted to vote shares they hold as nominee in their discretion for the election of directors. **If you want your shares held in your broker account to be counted in the election of directors and/or proposals 2 and 3, 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 on the approval of the advisory resolution since, with respect to non-routine matters, shares representing broker non-votes will not be counted for purposes of determining the number of shares entitled to vote on such proposals.

## **PROPOSAL 1 ELECTION OF DIRECTORS**

Our Board of Directors currently has six directors, each of whom has 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 duly elected and qualified. The names of, and certain information with respect to, the persons nominated for election as directors are presented below.

<u>Name</u>	<u>Present Principal Occupation, Age Employment History and Expertise</u>
<b>Steven M. Anderson</b>	61 Brigadier General (Ret.) Anderson has been a director of the Company since April 13, 2010. General (Ret.) Anderson presently serves as the Chief Growth Officer for Sallyport Global LLC, a \$600 million/year security and services company based in Reston, VA, with significant overseas operations in the Middle East and Africa. He previously served as the Afghanistan Country Manager for Fluor Corporation from April 2016 to March 2018, managing the US Army LOGCAP (Logistics Civil Augmentation Program) providing contingency support to US forces in the Afghanistan combat zone. He has served as an owner and Chief Marketing Officer



from January 2013 to March 2016 and Senior VP from February 2011 through December 2012 of Relyant, LLC, a service-disabled veteran-owned small business and global provider of construction, environmental, energy and logistics services. 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 combined and US headquarters facility in Central Korea. He served in various command positions including Commander, Division Support Command,

2<sup>nd</sup> Infantry Division,  
Korea (2000-02), and  
Commander, 725<sup>th</sup>  
Main Support  
Battalion, 25<sup>th</sup>  
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. In  
2014, he was inducted  
into the US Army  
Ordnance Hall of  
Fame and elected to  
the board of directors  
of the National  
Association of  
Ordnance Contractors  
(NAOC). General  
(Ret.) Anderson has  
been nominated for  
re-election to our  
Board of Directors  
because of his general  
knowledge of the US  
military and  
particularly his  
knowledge of its  
procurement  
processes and

policies. The military  
and prime defense  
contractors are  
important customer  
bases of the  
Company.

<u>Name</u>	<u>Age</u>	<u>Present Principal Occupation, Employment History and Expertise</u>
<b>Michael D. Popielec</b>	56	<p>Mr. Popielec has served as our President and Chief Executive Officer and as a director of the Company since December 30, 2010. Mr. Popielec has 30 years experience in growing domestic and international industrial businesses. Prior to joining us, Mr. Popielec operated his own management consulting business in 2009 to 2010 and 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</p>

billion  
diversified  
global  
manufacturer.  
Prior to that,  
from 2003 to  
2005, he held  
various  
positions,  
including Chief  
Operating  
Officer,  
Americas, for  
Danka Business  
Systems, PLC.  
From 1985 to  
2002, Mr.  
Popielec held  
positions of  
increasing  
responsibility at  
General  
Electric  
Company,  
culminating in  
his serving as a  
GE corporate  
officer and as  
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 re-election  
to our Board of  
Directors  
because of his

operations  
expertise and  
his experience  
in growing  
domestic and  
international  
industrial  
businesses.

**Thomas L. Saeli**    61    Mr. Saeli has  
been a director  
of the  
Company since  
March 5, 2010.  
Since 2011,  
Mr. Saeli has  
served as the  
Chief  
Executive  
Officer and a  
director of John  
R. Burt  
Enterprises, a  
diversified  
manufacturer of  
primarily  
commercial and  
industrial  
roofing  
systems. Prior  
to that, Mr.  
Saeli was a  
business  
consultant to  
international  
corporate  
clients on  
matters  
involving  
business  
development  
strategies,  
acquisitions  
and operations.  
He previously  
served as Chief  
Executive  
Officer and a  
member of the

board of directors of Noble International, Ltd., an automotive supplier of engineered laser-welded and roll-formed metal products, from March 2006 through April 13, 2009 when he resigned those positions. Noble International, Ltd. filed voluntary relief under Chapter 11 of the U.S. Bankruptcy Code 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, interior and electronic products. Over the past five years, Mr. Saeli has served on various boards of privately held profit and nonprofit organizations. Mr. Saeli has a BA in Economics from Hamilton

College, and an  
MBA in  
Finance and  
Accounting  
from Columbia  
University's  
Graduate  
School of  
Business. Mr.  
Saeli has been  
nominated for  
re-election to  
our Board of  
Directors  
because of his  
manufacturing,  
corporate  
development,  
mergers and  
acquisitions  
and finance  
experience. Mr.  
Saeli also  
qualifies as an  
audit  
committee  
financial expert  
under  
applicable SEC  
rules.



<u>Name</u>	<u>Age</u>	<u>Present Principal Occupation, Employment History and Expertise</u>
<b>Robert W. Shaw II</b>	61	<p>Mr. Shaw has been a director of the Company since June 8, 2010. Currently he is on the board of directors for Pratt Miller, Inc., a large engineering company for automotive racing and defense businesses. Additionally he is a senior advisor to HMS Global Maritime, a marine operator for domestic ferry companies and the US government , the American Queen Steamboat Company, a \$100 million operator of overnight cruise ships, and for Hornblower NY Ferry Fleet, the \$400 million start-up of New York City’s fleet of fast ferries. Mr. Shaw has served as the president of the largest dining and excursion boat</p>

operators in the United States, with over 100 vessels. He has been president of a large mechanical contracting company specializing in the federal government and healthcare markets. Mr. Shaw served in the US Marine Corps as an infantry Captain, has a MBA degree from Harvard University and an engineering degree from Cornell University. Mr. Shaw has been nominated for re-election to our Board of Directors because of his management expertise and experience as an executive officer.

**Ranjit C. Singh**      65 Mr. Singh has been a director of the Company since August 2000, and served as Chair of our Board of Directors from December 2001 to June 2007. Mr. Singh is currently the Chief

Executive Officer of CSR Consulting Group, which provides business and technology consulting services, a position that he has held since 2008. He previously served as President and Chief Executive Officer of Aptara, 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 with various responsibilities related to its software

businesses. Mr. Singh joined Xerox in 1997, having been employed by Citibank where he was Vice President of Global Distributed Computing. Mr. Singh has been nominated for re-election to our Board of Directors because of his experience as an executive of growing technology-based companies, his familiarity with international operations and his expertise in mergers and acquisitions.

<u>Name</u>	<u>Age</u>	<u>Present Principal Occupation, Employment History and Expertise</u>
<b>Bradford T. Whitmore</b>	60	<p>Mr. Whitmore has been a director of the Company since June 2007 and Chair of our Board of Directors since March 2010. Since 1985, he has been the Managing Partner of Grace Brothers, Ltd., an investment firm that holds approximately 3% of the outstanding shares of our common stock. Mr. Whitmore and Grace Brothers, Ltd. collectively hold or claim beneficial ownership of slightly less than 34% of the outstanding shares of our common stock. Over the past five years, Mr. Whitmore has served as a director of several privately held companies in which Grace Brothers, Ltd. and its affiliates held investments as well as not-for-profit organizations. Mr.</p>

Whitmore has been nominated for re-election to our Board of Directors because of his corporate development expertise and significant expertise in corporate financial matters.

Our Board of Directors has approved the above-named nominees for directors. Our Board of Directors recommends a vote **FOR** each of these nominees. Unless otherwise directed on your proxy, your shares will be voted **FOR** each of the above-named nominees for directors.

## **CORPORATE GOVERNANCE**

### **General**

Pursuant to the General Corporation Law of the State of Delaware and our By-laws, our business, property and affairs are managed under the direction of our Board of Directors. Members of our Board of Directors are kept informed of Company business through regular discussions with our President and Chief Executive Officer and our Chief Financial Officer, Treasurer and Secretary, by reviewing materials provided to them by the Company's management and by participating in meetings of the Board and its committees.

Our Board of Directors has determined that all but one of our directors, Michael D. Popielec, who serves as our President and Chief Executive Officer, are "independent" for purposes of NASDAQ listing standards applicable to the Corporate Development and Governance Committee and the Compensation and Management Committee. In addition, our Board of Directors has determined that all but two of our Directors, Michael D. Popielec and Bradford T. Whitmore, our Board Chair, are independent for purposes of NASDAQ listing standards applicable to the Audit and Finance Committee. We believe that the segregation of the roles of Board Chair from that of the 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 enhancing our governance structure and practices.

Our Board of Directors has three standing committees: an Audit and Finance Committee, a Corporate Development and Governance Committee, and a Compensation and Management Committee. During 2017, our Board of Directors held five meetings and the committees of our Board of Directors held a total of fourteen meetings. During 2017, Bradford T. Whitmore served as our 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 three 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.ultralifecorporation.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 their 70<sup>th</sup> birthday.

Our Board of Directors has determined that all of the directors who serve on these committees are “independent” for purposes of NASDAQ listing standards, 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 with directors.

### **Committees of the Board of Directors**

The composition and the functions of our three standing committees of our Board of Directors are set forth below. Our Board of Directors will appoint members of the committees and designate Chairs of those committees from among those individuals elected at the Meeting to serve on our Board of Directors until the 2019 Annual Meeting of Shareholders.

#### ***Audit and Finance Committee***

The current members of the Audit and Finance Committee are Thomas L. Saeli (Chair), Steven M. Anderson and Ranjit C. Singh. This committee selects our independent registered public accounting firm, subject to ratification of our full Board of Directors, and has oversight responsibility for reviewing the scope and results of the independent registered public accounting firm’s annual audit 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 Chief Financial Officer and Treasurer 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, and has the power to engage outside counsel and other outside experts. The committee also reviews and monitors areas of financial risk that could have a material impact on our Company. The Audit and Finance Committee met five times during 2017.

Our Board of Directors has determined that each of the members of the Audit and Finance Committee is “financially literate” in accordance with NASDAQ listing standards. 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.

#### ***Corporate Development and Governance Committee***



The current members of the Corporate Development and Governance Committee are Ranjit C. Singh (Chair), Steven M. Anderson and Robert W. Shaw II. This committee works with management to develop corporate strategy and to identify and evaluate acquisition opportunities, 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 and our Board Chair. The Corporate Development and Governance Committee met five times during 2017.

The Corporate Development and Governance Committee identifies potential nominees for director based on its own research for appropriate candidates as well as on recommendations received by directors or from shareholders as described below. The Corporate Development and Governance Committee may retain an executive search firm to assist in the identification of potential director nominees. The evaluation process and the factors considered in undertaking that evaluation are set forth under the caption “Shareholder Recommendations and Standards for Director Nominations” below.

The Corporate Development and Governance Committee also has overall responsibility for assessing and managing our exposure to risks associated with the conduct of our business.

#### *Compensation and Management Committee*

The current members of the Compensation and Management Committee are Robert W. Shaw II (Chair), Steven M. Anderson and Thomas L. Saeli. The Compensation and Management Committee has ultimate responsibility for determining the compensation of officers elected by our Board of Directors, granting stock options and other equity awards and otherwise administering our equity compensation plans, and approving and administering any other compensation plans or agreements. The Compensation and Management Committee has the authority to retain outside experts in making compensation determinations. Our 2014 Long-Term Incentive Plan (“2014 LTIP”) is administered by the Compensation and Management Committee. The Compensation and Management Committee met four times during 2017.

## **Shareholder Recommendations and Standards for Director Nominations**

As noted above, the Corporate Development and 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, Attn: Philip A. Fain, Ultralife Corporation, 2000 Technology Parkway, Newark, New York 14513. Any recommendations submitted to the Corporate Secretary should be in writing and should include any 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, should he or she be elected. The Corporate Development and Governance Committee evaluates all potential candidates in the same manner, regardless of the source of the recommendation.

Based on the information provided to the Corporate Development and Governance Committee with respect to director candidates, the Corporate Development and Governance Committee will make an initial determination whether to conduct a full evaluation of a candidate. The Corporate Development and 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 Corporate Development and Governance Committee may conduct interviews, obtain additional background information and conduct reference checks of candidates. The Corporate Development and 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 Corporate Development and 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 and relations between business and government; and internal business operations – all to ensure an active Board of Directors whose members work well together and possess the collective knowledge and expertise required to meaningfully contribute as directors. Our Corporate Development and Governance Committee reviews the qualifications of director candidates with those of our 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 possessing a breadth of experience and qualifications, as our Board does, promotes Board diversity.

## **Annual Meeting Attendance**

Our policy is that all of the directors, absent special circumstances, should participate in our Annual Meeting of Shareholders, either in person or telephonically. All directors participated in last year's Annual Meeting of Shareholders.

## **Executive Sessions**

Our Corporate Governance Principles require our independent directors to meet in executive session regularly by requiring them to have at least four regularly scheduled meetings per year without management present. Our independent directors met in executive session five times during 2017. 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, Attn. Philip A. Fain, 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 executive officers and 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 NASDAQ requirements for a code of conduct. Shareholders can find a link to this Code of Ethics on our website at <http://investor.ultralifecorporation.com> under the subheading “Corporate Governance.”

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. In conjunction with our Code of Ethics, our General Counsel conducts an annual training session with our Board of Directors with emphasis on all facets of compliance with new and existing regulations and best practices. 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 Corporate Development and Governance Committee.

## **Related Party Transactions**

We have adopted written policies and procedures for the review and approval or ratification of any “related party transaction,” as defined by Regulation S-K, Item 404. The policy provides that each related party transaction must be reviewed by our Audit and Finance Committee. The Audit and Finance 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 related party transactions, as required, in our filings with the SEC. No reportable transactions occurred during 2017 and 2016, and there are currently no such proposed transactions.

## **Risk Management**

Our management team is responsible for assisting the Corporate Development and Governance Committee in its assessment of our exposure to risks associated with the conduct of business. We have an enterprise risk management process to identify, assess and manage the most significant risks facing our Company. Our Corporate Development and Governance Committee has overall 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 and other risks that could have a material impact on

our Company. Our management reviews these 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.

## **DIRECTOR COMPENSATION**

We presently use cash compensation to attract and retain qualified candidates to serve on our Board of Directors. Our practice is to survey our peer group companies periodically to ascertain whether our overall director compensation is appropriate and balanced. If we perceive that there has been a major change in our Company or the market, we may alter the time between surveys. In setting director compensation, we consider the amount of time that directors spend fulfilling their duties to us, the skill-level required by members of our Board of Directors, and, based on publicly available data, the compensation paid to directors in similar sized organizations in our industry. Our program is designed to deliver annual director compensation at the median levels of director compensation for companies in similar industries and of similar size. Our annual director compensation period runs from July 1 to June 30.

## Annual Retainers

Each non-employee director will receive an annual cash retainer of \$65,000, except for the Board Chair, who will receive an annual cash retainer of \$95,000 for the period July 1, 2017 through June 30, 2018. Each non-employee director received an annual cash retainer of \$65,000, except for the Board Chair, who received an annual cash retainer of \$95,000 for the period July 1, 2016 through June 30, 2017. These retainers are paid quarterly in cash. In addition, each director who is a member of a Board committee receives an additional cash retainer for such committee service. Annual retainers for Board committee service for the periods July 1, 2016 to June 30, 2017 and July 1, 2017 to June 30, 2018 were as follows:

	<u>Annual Retainer for Committee Members</u>	<u>Annual Retainer for Committee Chair</u>
Audit and Finance Committee	\$6,750	\$16,750
Compensation and Management Committee	\$5,250	\$13,250
Corporate Development and Governance Committee	\$6,750	\$16,750

Annual retainers for both committee members and committee chairs are paid quarterly in cash. For Board and committee service during the fiscal year ended December 31, 2017, we paid our non-employee directors an aggregate \$439,268.

Our non-employee directors have stock ownership guidelines that require them to maintain ownership of at least \$40,000 of our common stock. Newly elected directors have two years from their election to the Board to achieve the stock ownership requirement. Currently, all of our non-employee directors meet the stock ownership guidelines. Refer to the Executive Officer Compensation section contained herein for stock ownership guidelines for our executive officers.

## Director Compensation Table

The table below summarizes the compensation paid by us to our non-employee directors for their service during the fiscal year ended December 31, 2017.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards (\$)	Non- Equity Incentive Plan Compensation	Nonqualified Deferred Compensation Earnings	All Other Compensation (\$)	Total (\$)
(1)	(2)	(3)	(4)	(5)	(6)		
Steven. M. Anderson	83,756	-	-	-	-	-	83,756
Thomas L. Saeli	87,004	-	-	-	-	-	87,004
Robert W. Shaw II	85,004	-	-	-	-	-	85,004
Ranjit C. Singh	88,504	-	-	-	-	-	88,504
Bradford T. Whitmore	95,000	-	-	-	-	-	95,000
	<b>439,268</b>	-	-	-	-	-	<b>439,268</b>

Michael D. Popielec, our President and Chief Executive Officer, is ineligible to receive compensation for his (1) service as a director because he is also an employee. Refer to the Summary Compensation Table for the compensation of our executive officers.

(2) There were no stock awards granted to our non-employee directors during 2017 or outstanding at December 31, 2017.

(3) There were no option awards granted to our non-employee directors during 2017 or outstanding at December 31, 2017.

(4) There was no non-equity incentive plan compensation paid to our non-employee directors for the fiscal year ended December 31, 2017.

(5) There were no deferred compensation earnings for our non-employee directors for the fiscal year ended December 31, 2017.

(6) There was no other compensation paid to our non-employee directors for the fiscal year ended December 31, 2017.

## EXECUTIVE OFFICERS

Our executive officers are appointed annually by our Board of Directors. Our executive officers for fiscal 2017 were:

Michael D. Popielec, President and Chief Executive Officer

Philip A. Fain, Chief Financial Officer, Treasurer and Secretary

Other than for Mr. Popielec, whose information is set forth with the other directors standing for election, certain information with respect to Philip A. Fain, our other executive officer, is presented below.

### Name Age Present Principal Occupation and Employment History

<b>Philip A. Fain</b>	63	Mr. Fain was named Chief Financial Officer in November 2009, Treasurer in December 2009 and Corporate Secretary in April 2013. He previously served as Vice President of Business Development, having joined us in February 2008. Prior to joining us, he was Managing Partner of CXO on the GO, LLC, a management-consulting firm, which he co-founded in November 2003 and which we retained in connection with our acquisition activity. Prior to founding CXO on the GO, LLC, Mr. Fain served as Vice President of Finance - RayBan Sunoptics for Luxottica, SpA. Prior to the acquisition of Bausch & Lomb's global eyewear business by Luxottica, Mr. Fain served as Bausch & Lomb's Senior Vice President Finance - Global Eyewear from 1997 to 1999 and as Vice President and Controller for the US Sunglass business from 1993 to 1996. In these roles, he led the process to acquire some of the World's most sought after sunglass companies and brands for Bausch & Lomb. From 1983 to 1993, Mr. Fain served in various positions with Bausch & Lomb including executive positions in corporate accounting, finance and audit. Mr. Fain began his career as a CPA and consultant with Arthur Andersen & Co. in 1977. He received his B.A. in Economics from the University of Rochester and an MBA from the William E. Simon Graduate School of Business Administration of the University of Rochester.
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**Executive OFFICER compensation**

This proxy statement provides certain information relating to the compensation of our named executive officers. We have determined that Messrs. Popielec and Fain were our only named executive officers for 2017.

As a smaller reporting company under the Securities Exchange Act of 1934, as amended, we are providing executive compensation information in accordance with the scaled disclosure requirements of Regulation S-K. As a result, Compensation Disclosure and Analysis (“CD&A”) and certain other disclosures are not included.

**Summary Compensation Table**

The following table sets forth information concerning the compensation earned by or awarded to our executive officers for their services in all capacities to us during 2017 and 2016:

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	All Other Compensation (\$)	Total (\$)
		(1)	(2)	(3)	(4)	(5)	(6)
<b>Michael D. Popielec</b> President and Chief Executive Officer	2017	504,150	393,671	-	193,410	20,046	1,111,277
	2016	500,160	-	-	75,398	18,166	593,724
<b>Philip A. Fain</b> Chief Financial Officer, Treasurer and Secretary	2017	319,512	167,170	-	50,080	9,559	546,321
	2016	309,311	-	-	37,969	9,769	357,049

Amounts shown represent base salary cash compensation paid during the respective years. Amounts may differ (1) from amounts earned due to timing of payroll periods. Refer to the “Narrative to Summary Compensation Table” for further information.

(2)

Amounts shown represent short-term incentive plan (“STIP”) cash awards earned during the respective years and paid in the subsequent year. Refer to the “Narrative to Summary Compensation Table” for further information.

(3) There were no stock awards granted during fiscal years 2017 and 2016.

On April 19, 2017, the Company’s Board of Directors extended the expiration date from December 30, 2017 to December 30, 2020 of options previously granted (and fully vested at the time of modification) to Mr. Popielec to purchase an aggregate 300,000 shares of our common stock. Pursuant to Accounting Standards Codification Topic 718, Compensation – Stock Compensation, the transaction was accounted for as an equity award modification. The amount shown for 2017 for Mr. Popielec represents the incremental fair value of the modified award computed as (4) the difference between the fair value of the modified award and the fair value of the original award immediately before it was modified. All other amounts shown represent the aggregate grant date fair value of stock options awarded during the respective years computed in accordance with ASC 718. See Note 8 to our audited financial statements included in our Annual Reports on Form 10-K for the fiscal years ended December 31, 2017 and December 31, 2016, respectively, for the assumptions used in valuing these stock option awards in accordance with ASC 718. Refer to the “Narrative to Summary Compensation Table” for further information.

(5) Amounts shown as “All Other Compensation” consist of the following:

	<b>401(k) Plan</b>	<b>Other</b>	<b>Total</b>
	<b>Employer Match</b>	<b>Benefits <sup>(a)</sup></b>	
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
<b>Michael D. Popielec</b> 2017	5,300	14,746	20,046
2016	5,300	12,866	18,166
<b>Philip A. Fain</b> 2017	5,300	4,259	9,559
2016	5,300	4,469	9,769

(a) The “Other Benefits” column of the above table includes premiums paid for group medical and dental coverage and long-term care insurance, reimbursement for tax preparation and certain financial planning expenses.

## **Narrative to Summary Compensation Table**

### *Compensation Overview*

Our executive compensation program is evaluated and approved each year by our Compensation and Management Committee. Annual total compensation for our executive officers is comprised of the following key components:

Base salary;

Short-term incentive plan (“STIP”);

Long-term incentive plan (“LTIP”); and

Limited perquisites and other benefits.

Our executive compensation program is structured to align the interests of our executive officers with those of our shareholders by rewarding performance that achieves successful execution of our business strategy, grows our business and increases shareholder value. Our executive rewards program is designed to incentivize our executive officers to achieve strong financial, operational and strategic performance and to provide a link between the compensation earned by our executives and the creation of long-term sustainable value. The Compensation and Management Committee establishes specific annual, long-term and strategic goals and seeks to reward our executive officers for performance that meets or exceeds those goals. In addition, we expect our executive officers to work toward achievement of these goals while maintaining the highest ethical standards.

### *Base Salary*

The Compensation and Management Committee evaluates the performance of Mr. Popielec, our President and Chief Executive Officer, and presents its evaluation and recommendation for base salary adjustment, if any, to the Board of Directors for approval. Mr. Popielec evaluates the performance of Mr. Fain, our Chief Financial Officer, Treasurer and Secretary, and presents his evaluation and recommendation for a base salary adjustment, if any, to the Compensation and Management Committee, which, in turn, may recommend acceptance of or adjustment to such base salary recommendation to the Board of Directors. If adjustments to base salaries are recommended and approved, the adjustments are made to be effective for a period ranging from twelve to fifteen months from the date of the last salary adjustment.

In April 2017, the Board of Directors, at the recommendation of the Compensation and Management Committee, approved a base salary increase of 3% for Mr. Fain (\$313,015 to \$322,405). Other than this adjustment, no further changes were made to the base salaries of our executive officers during 2017.

In May 2016, the Board of Directors, at the recommendation of the Compensation and Management Committee, approved a base salary increase of 4.0% for Mr. Popielec (\$486,683 to \$506,150) and 4.0% for Mr. Fain (\$300,976 to \$313,015). The salary increases were approved by the Committee based on a number of factors including individual and Company performance.

#### *Short-Term Incentive Plan*

Our Compensation Committee establishes a STIP each fiscal year to provide our executive officers an opportunity to earn an annual cash award in addition to their base salaries. The STIP is designed to place “at risk” a significant portion of the annual total cash compensation of our executive officers to incentivize them to achieve our short-term financial objectives while making progress toward our longer term goals. Generally, the STIP target levels are set such that, assuming achievement of pre-established performance metrics, the combined annual base salary and STIP award for our executive officers will be at or near the 50<sup>th</sup> percentile for executive officers at the companies in our peer group.

For 2017, the STIP target bonus levels for Messrs. Popielec and Fain were 75% and 50% of their respective base salaries. The performance goals to be achieved to be awarded the STIP targeted bonus for 2017 were consolidated operating profit and revenue goals of \$6.0 million and \$86.7 million, respectively, as measured pursuant to generally accepted accounting standards. The STIP award was structured with a 70% weighting on the consolidated operating profit goal and a 30% weighting on the consolidated revenue goal. Achievement of less than 75% of the operating profit goal or less than 95% of the revenue goal would result in no award being earned with respect to that metric. Achievement of 75% to 100% of the operating profit goal and achievement of 95% to 100% of the revenue goal would result in an award ranging from 50% to 100% of the target award with respect to the metric for which such performance levels had been achieved. Achievement of over 100% to 135% of the operating profit goal and over 100% to 125% of the revenue goal would result in an award ranging from 101% to 150% of the target award with respect to the metric for which such performance levels had been achieved. Our executive officers were eligible for a partial award if one of the two metrics was achieved.

Based on our 2017 financial performance, Messrs. Popielec and Fain earned STIP awards for 2017 of \$393,671 and \$167,170, respectively, which were paid in February 2018.

For 2016, the STIP target bonus levels for Messrs. Popielec and Fain were 75% and 50% of their respective base salaries. The performance goals to be achieved to be awarded the STIP targeted bonus for 2016 were consolidated operating profit and revenue goals of \$7.1 million and \$102.6 million, respectively, as measured pursuant to generally accepted accounting standards. The STIP award was structured with a 70% weighting on the consolidated operating profit goal and a 30% weighting on the consolidated revenue goal. Achievement of less than 75% of the operating profit goal or less than 90% of the revenue goal would result in no award being earned with respect to that metric. Achievement of 75% to 100% of the operating profit goal and achievement of 90% to 100% of the revenue goal would result in an award ranging from 50% to 100% of the target award with respect to the metric for which such performance levels had been achieved. Achievement of over 100% to 135% of the operating profit goal and over 100% to 125% of the revenue goal would result in an award ranging from 101% to 150% of the target award with respect to the metric for which such performance levels had been achieved. Our executive officers were eligible for a partial award if one of the two metrics was achieved.

Based on our 2016 financial performance, our executive officers did not earn a STIP award for 2016.

#### *Long-Term Incentive Plan*

Stock options and other equity awards are used to align the interests of our executive officers with those of our shareholders by incentivizing our executive officers to achieve long-term growth and sustainable shareholder value.

Refer to “Outstanding Equity Awards” below for stock options granted during 2017 and 2016. There were no other equity-based awards granted to our executive officers during 2017 and 2016.

*Retirement Benefits*

We provide a tax-qualified 401(k) plan to all active employees that provides for both employer and employee contributions. Under this plan, employees may contribute a portion of their eligible cash compensation to the plan. We provide a company match of 50% on the first 4% of an employee’s contributions, up to a maximum of 2% of the employee’s annual salary.

*Perquisites and Other Personal Benefits*

We provide our executive officers with certain perquisites and other personal benefits which are consistent with the objectives of our overall compensation program to better enable us to attract and retain superior employees for key positions. The Compensation and Management Committee periodically reviews the levels of such perquisites and other personal benefits to ensure they remain at appropriate levels. The aggregate incremental costs of the perquisites and other personal benefits provided to our executive officers are included in the “All Other Compensation” column of the Summary Compensation Table.

**Outstanding Equity Awards**

The following table sets forth information concerning the number of shares underlying exercisable and non-exercisable stock option awards outstanding at December 31, 2017 for our executive officers.

Name	Equity Incentive Plan Awards:			Option Exercise Price (\$)	Option Expiration Date
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Number of Securities Underlying Unexercised Options (#) Unearned		
<b>Michael D. Popielec</b>	50,000	-	-	6.4218	12/30/2020 (1)
	250,000	-	-	6.4218	12/30/2020 (1)
	-	-	200,000 (2)	10.0000	12/30/2020
	-	-	200,000 (2)	15.0000	12/30/2020
	26,667	13,333 (3)	-	3.7103	3/3/2022
	13,334	6,666 (4)	-	3.7876	3/5/2022
	13,334	26,666 (5)	-	4.2902	6/1/2023
<b>Philip A. Fain</b>	50,000	-	-	4.4218	12/9/2018
	20,000	-	-	3.9797	1/3/2019
	70,000	-	-	3.9384	3/4/2021
	20,000	10,000 (6)	-	3.7103	3/3/2022
	6,667	13,333 (7)	-	4.2902	6/1/2023
	-	20,000 (8)	-	5.7075	4/19/2024

On April 19, 2017, our Board of Directors, on recommendation of the Compensation and Management Committee, (1)extended the option expiration date from December 30, 2017 to December 30, 2020, pursuant to the Company's Amended and Restated 2004 Long-Term Incentive Plan.

Stock options were granted to Mr. Popielec under the terms of his employment agreement and begin to vest on the date our common stock first reaches a closing price equal to the exercise price for 15 trading days in a 30-day (2)trading period, with such vesting in equal amounts on the four anniversary dates of that date. All such options expire as of the later of December 31, 2017 and five years after the initial vesting commences, but in no event later than December 31, 2020. Such options had not vested as of December 31, 2017.

(3)On March 3, 2015, our Board of Directors, on recommendation of the Compensation and Management Committee, granted to Mr. Popielec the option to purchase 40,000 shares of our common stock. This option vested with respect

to 13,334 shares on March 3, 2016, 13,333 shares on March 3, 2017 and 13,333 shares on March 3, 2018.

On March 5, 2015, our Board of Directors, on recommendation of the Compensation and Management Committee, (4) granted to Mr. Popielec the option to purchase 20,000 shares of our common stock. This option vested with respect to 6,667 shares on March 5, 2016, 6,667 shares on March 5, 2017 and 6,666 shares on March 5, 2018.

On June 1, 2016, our Board of Directors, on recommendation of the Compensation and Management Committee, (5) granted to Mr. Popielec the option to purchase 40,000 shares of our common stock. This option vested with respect to 13,334 shares and 13,333 shares on June 1, 2017 and June 1, 2018, respectively, and will vest with respect to 13,333 shares on June 1, 2019.



On March 3, 2015, our Board of Directors, on recommendation of the Compensation and Management Committee, (6) granted to Mr. Fain the option to purchase 30,000 shares of our common stock. This option vested with respect to 10,000 shares on March 3, 2016, 10,000 shares on March 3, 2017 and 10,000 shares on March 3, 2018.

On June 1, 2016, our Board of Directors, on recommendation of the Compensation and Management Committee, (7) granted to Mr. Fain the option to purchase 20,000 shares of our common stock. This option vested with respect to 6,667 shares and 6,667 shares on June 1, 2017 and June 1, 2018, respectively, and will vest with respect to 6,666 shares on June 1, 2019.

On April 19, 2017, our Board of Directors, on recommendation of the Compensation and Management Committee, (8) granted to Mr. Fain the option to purchase 20,000 shares of our common stock. This option vested with respect to 6,667 shares on April 19, 2018 and will vest with respect to 6,667 shares and 6,666 shares on June 1, 2019 and June 1, 2020, respectively.

There were no other equity awards outstanding at December 31, 2017 for our executive officers.

## **Employment Arrangements**

On December 6, 2010, the Company entered into an employment agreement with Mr. Popielec, providing that Mr. Popielec would become our President and Chief Executive Officer effective December 30, 2010. Mr. Popielec's annual base salary was set at \$450,000 subject to adjustment. Mr. Popielec is also eligible to receive an annual cash bonus under our short-term incentive plan if we meet or exceed certain quantitative and qualitative performance metrics to be agreed upon and approved by the Compensation Committee no later than January 31 of the year for which the bonus applies. The bonus goals and payout ranges for 2017 are set forth above beginning on Page 14.

Pursuant to the terms of his employment agreement, Mr. Popielec was granted options to purchase shares of our common stock. Certain of the options granted were conditional and subject to shareholder approval to increase the number of shares available under our Amended and Restated 2004 Long-Term Incentive Plan ("Restated 2004 LTIP"). Shareholder approval of this increase was obtained in June 2011. All unexpired options awarded to Mr. Popielec pursuant to the terms of his employee agreement were outstanding as of December 31, 2017. Refer to the Outstanding Equity Awards section above beginning on Page 15.

Mr. Popielec is also entitled to receive the retirement benefits, perquisites and other personal benefits described in this proxy statement under the sections entitled "Retirement Benefits" and "Perquisites and Other Personal Benefits".

The employment agreement provides that Mr. Popielec's employment is "at will." Mr. Popielec is entitled to certain severance benefits if we terminate his employment without Business Reasons or a Constructive Termination occurs (as those terms are defined in the employment agreement), including (i) salary continuation for a period of 12 months following the termination date; (ii) a pro rata amount (calculated on a per diem basis) of the full-year bonus which Mr. Popielec would have earned for the calendar year in which the termination of employment occurs; (iii) acceleration of vesting of all outstanding stock options and other equity awards to the extent that the outstanding options and other equity awards would otherwise have vested no more than 18 months after the date of termination, and all such options and other equity awards shall remain exercisable for one year following the termination date or through the original expiration date, if earlier; (iv) continuation of health benefits for Mr. Popielec, his spouse and any dependent children for a period of 12 months after the termination date followed by 18 months of executive-paid COBRA eligibility. In addition, if we terminate the employment of Mr. Popielec within 12 months following the occurrence of a Change in Control, without Business Reasons or if a Constructive Termination occurs (as those terms are defined in the employment agreement), then Mr. Popielec shall be entitled to receive (i) any earned but unpaid salary, any unpaid bonus from the prior year plus an amount equal to 18 months of his base salary as then in effect, payable immediately upon the termination date; (ii) one and one-half times his target bonus for the calendar year in which the termination date occurs; (iii) acceleration of vesting of all outstanding stock options and other equity awards, which are to remain exercisable for 18 months following the termination date, or through the original expiration date, if earlier; (iv) continuation of health benefits for Mr. Popielec, his spouse and any dependent children for a period of 24 months after the termination date. To the extent the vesting and/or accelerated payment of outstanding stock options would subject Mr. Popielec to the imposition of tax and/or penalties under Section 409A of the Internal Revenue Code (the "Code"), the vesting and/or payment of such stock options and other equity shall be delayed to the extent necessary to avoid the imposition of such tax and/or penalties. The employment agreement also provides for the continuation of certain benefits in the event Mr. Popielec's employment is terminated for Disability (as defined in the employment agreement) or by his death. Mr. Popielec has also executed an Employee Confidentiality Non-Disclosure, Non-Compete, Non-Disparagement and Assignment Agreement in our standard form.

We do not have an employment agreement with Mr. Fain.

## **Retirement Benefits and Potential Payments upon Termination or Change in Control**

The only arrangement that we maintain that provides for retirement benefits is our tax-qualified defined contribution 401(k) plan. The material terms of our tax-qualified defined contribution 401(k) plan are summarized above under the heading “Retirement Benefits.”

All of the potential payments and benefits payable by us to those of our executive officers in the event of various circumstances involving either a termination of employment or change in control are determined pursuant to the employment agreement with Mr. Popielec or the Restated 2004 LTIP and 2014 LTIP. The employment agreement with Mr. Popielec is summarized above under the heading “Employment Arrangements”. We do not have an employment agreement with Mr. Fain. Under the Restated 2004 LTIP and 2014 LTIP, the Committee has discretion to provide for full vesting of all outstanding unvested stock options and other equity awards upon the occurrence of a “Change in Control” (as defined by the respective plan).

## **Stock Ownership Guidelines**

In order to better align the interests of our executive officers and shareholders, the Compensation Committee implemented stock ownership requirements for our executive officers. The stock ownership requirements for our executive officers are as follows:

President & CEO	1.00 times salary
Chief Financial Officer	0.50 times salary

For 2017, the Compensation Committee established the presumed share price to be used for purposes of determining the minimum number of shares to be owned by the executive officers. This presumed price was \$4.98 per share, which was based on the volume weighted average price (“VWAP”), calculated as an amount equal to the sum of the dollar value of every transaction in our common stock for the two-year period ended December 31, 2016 divided by the total shares traded for such two-year period. Each year the Compensation Committee will establish a new price per share to be used to determine the minimum number of shares required to be held which will be based on the VWAP of our common stock for the preceding two-year period. Executive officers have three years from the date of hire to achieve the required holdings, which are based on the price per share as calculated above. Additionally, our stock ownership policy requires that until the share ownership guidelines are met, executive officers are prohibited from disposing of more than 50% of vested shares received from restricted share grants (on an after tax basis) and 50% of

shares received on exercise of stock options. Shares owned by an executive, as well as shares underlying awards of stock options and restricted stock are treated as owned by the executive for purposes of determining whether required ownership has been achieved. Our executive officers have met their respective stock ownership requirement.

**Proposal 2**

**Ratify the selection of our independent registered public accounting firm**

The firm of Freed Maxick CPAs, P.C. (“Freed Maxick”) served as our independent registered public accounting firm for the years ended December 31, 2016 and 2017.

The selection of Freed Maxick to serve as our independent registered public accounting firm for 2018 will be presented to our shareholders for ratification at the Meeting. Our 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 shareholders do not ratify this selection, the Audit and Finance Committee will seek to identify and address the reason or reasons why the shareholders did not ratify the committee’s selection and will consider such reason or reasons in selecting an independent registered public accounting firm for 2018.

We have been advised by Freed Maxick that they will have a representative present at the Meeting who will be available to respond to appropriate questions. In addition, we intend to give such representative an opportunity to make any statements if the representative should so desire.

**Principal Accountant Fees and Services**

Aggregate fees for professional services rendered for us for 2016 and 2017 were:

	<b>2016</b>	<b>2017</b>
Audit Fees	\$211,310	\$218,793
Audit - Related Fees	11,800	8,500
Tax Fees	-	-
All Other Fees	-	-
Total Fees	\$223,110	\$227,293

***Audit Fees***

Audit fees were for professional services rendered for the audit of our consolidated financial statements and reviews of our quarterly consolidated financial statements.

***Audit-Related Fees***

Audit-related fees were for the annual audit of our 401(k) defined contribution plan. Also included in the audit-related fees for 2016 is an amount related to a review of our 8-K filing related to our acquisition of Accutronics.

***Tax Fees***

Freed Maxick did not provide any tax compliance or consulting services for the years ended December 31, 2017 and 2016.

Our Audit and Finance Committee has not adopted pre-approval policies and procedures for audit and non-audit services. Although no pre-approval policy was in effect, all audit, audit-related and permitted non-audit services for which our independent registered public accounting firm was engaged were reviewed and approved prior to the commencement of the services by our Audit and Finance Committee in compliance with applicable SEC requirements.

## 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 available on our website at <http://investor.ultralifecorporation.com> under the subheading “Corporate Governance.” Among other things, the Audit and Finance Committee reviews the adequacy of our system of internal control regarding financial reporting, disclosure controls and procedures and preparing our consolidated financial statements. In addition, 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 our 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 2017 with our management and with Freed Maxick CPAs, P.C. (“Freed Maxick”), our independent registered public accounting firm for 2017;

Discussed with Freed Maxick, our independent registered public accounting firm for 2017, the matters required to be discussed by Auditing Standard No. 1301, *Communications with Audit Committees*, as adopted by the Public Company Accounting Oversight Board (“PCAOB”); and

Received from Freed Maxick the written disclosures and the letter from Freed Maxick required by applicable requirements of the PCAOB regarding the independent registered public accounting firm’s communications with the Audit and Finance Committee concerning independence, and has discussed with Freed Maxick their independence.

The Audit and Finance Committee met with our independent accountants with and without management present and discussed with them the results of their examinations, their evaluations of our internal control over financial reporting, our disclosure controls and procedures and the quality of our financial reporting. Based on the review and discussions referred to above, the Audit and Finance Committee concluded that Freed Maxick is independent and recommended to the Board of Directors that the audited financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2017 for filing with the SEC.

The Audit and Finance Committee:

Thomas L. Saeli, Chair  
Steven M. Anderson

Ranjit C. Singh

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**Proposal 3**  
**shareholder proposal entitled Special shareholder meeting improvement**

The Company has been advised that Mr. Kenneth Steiner, 14 Stoner Ave., 2M, Great Neck, NY 11021 who has indicated that he is a beneficial owner of at least \$2,000 in market value of the Company's common stock, intends to submit the following proposal at the Annual Meeting:

**“Proposal 3 – Special Shareholder Meeting Improvement**

RESOLVED: Shareholders ask our board to take the steps necessary (unilaterally if possible) to amend our bylaws and each appropriate governing document to give holders in the aggregate of 10% of our outstanding common stock the power to call a special shareowner meeting (or the closest percentage to 10% according to state law). This proposal does not impact our board's current power to call a special meeting.

Special meetings allow shareholders to vote on important matters, such as electing new directors that can arise between annual meetings. This proposal topic won more than 70%-support at Edwards Lifesciences and SunEdison in 2013.

Please vote to increase management accountability to shareholders:

**Special Shareholder Meeting Improvement – Proposal [3]”**

**The Company's Statement of Opposition to Proposal 3**

The Board recommends a vote **AGAINST** Proposal 3.

The Board believes that stockholders have a meaningful right to call a special stockholder meeting when showing good cause. Our by-laws require a majority of the stockholders entitled to vote to call a special meeting of

stockholders. We believe that this ownership requirement is reasonable, designed to strike a balance between assuring that stockholders have a means of calling a meeting of stockholders and avoiding the management distraction and expense associated with special meetings. Reducing the threshold to 10% would allow a relatively small group of stockholders to call a meeting on a matter that could be of interest only to that small group of investors and of limited or no concern to the remaining large majority of stockholders. The current threshold protects stockholder interests by ensuring that special meeting matters are: (i) of concern to a majority of stockholders; (ii) not an unnecessary distraction to management; and (iii) worth the expense to the Company.

For all of the reasons above, the Board recommends a vote **AGAINST** Proposal 3.

#### **Vote Required**

Approval of Proposal 3 requires the affirmative vote of a majority of the shares present or represented by proxy and voting at the Annual Meeting.

#### **Recommendation of the Board**

The Board recommends a vote **AGAINST** Proposal 3.

**Other Matters**

Our 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.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS**

The table below shows certain information regarding the beneficial ownership of shares of our common stock as of May 29, 2018 by each person known by us to beneficially own more than five percent of the outstanding shares of our common stock, with percentages based on 15,924,811 shares issued and outstanding.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percent of Class Beneficially Owned
Bradford T. Whitmore (1) 1560 Sherman Avenue, Suite 900 Evanston, IL 60201	5,363,073	33.7%
NGP Energy Technology Partners II, L.P. (2) 1700 K Street NW, Suite 750 Washington, D.C. 20006	950,721	6.0%

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(1) This information as to the beneficial ownership of shares of our common stock is based on the Form 4 dated February 24, 2017 filed with the SEC by Grace Brothers, Ltd., an Illinois limited partnership, Bradford T. Whitmore individually and as general partner of Grace Brothers, Ltd. and as manager and sole voting member of

Sunray I, LLC, Spurgeon Corporation, as general partner of Grace Brothers, Ltd. and Sunray I, LLC, a Delaware limited liability company that reports beneficial ownership of 5,298,229 shares of our common stock. Mr. Whitmore reports sole voting and dispositive power with respect to 4,844,457 of such shares, of which 4,452,283 shares are held in the name of Sunray I, LLC. Grace Brothers, Ltd., Mr. Whitmore and Spurgeon Corporation report shared voting and dispositive power with respect to 518,616 of such shares.

This information as to the beneficial ownership of shares of our common stock is based on Amendment No. 2 to Schedule 13G dated April 5, 2016 filed with the SEC by NGP Energy Technology Partners II, L.P. (a Delaware limited partnership which owns the reported securities), NGP ETP II, L.L.C., the general partner of NGP Energy Technology Partners II, L.P, Energy Technology Partners, L.L.C., the sole manager of NGP ETP II, L.L.C., and Philip J. Deutch, the sole member and manager of Energy Technology Partners, L.L.C. and the manager of NGP ETP II, L.L.C. Mr. Deutch is also a member of the investment committee of NGP ETP II, L.L.C. NGP Energy Technology Partners II, L.P. reports sole voting and dispositive power with respect to all 950,721 shares. By virtue of the relationships between and among the reporting persons, NGP ETP II, L.L.C., Energy Technology Partners, L.L.C. and Mr. Deutch may be deemed to have the power to direct the voting and disposition of the shares of common stock beneficially owned by NGP Energy Technology Partners II, L.P. NGP ETP II, L.L.C., Energy Technology Partners, L.L.C. and Mr. Deutch disclaim beneficial ownership of the reported securities except to the extent of their pecuniary interest therein.

**SECURITY OWNERSHIP OF MANAGEMENT**

The table below shows certain information regarding the beneficial ownership of shares of our common stock as of May 29, 2018 by (1) each of our directors, (2) each of our executive officers, and (3) all of our directors and executive officers as a group.

Name of Beneficial Owner (1)	Number of Shares Beneficially Owned (1)	Percent of Class Beneficially Owned (2)
Steven M. Anderson	18,500	*
Michael D. Popielec	656,955 (3)	1.7% (7)