

ULTRALIFE CORP  
Form DEF 14A  
April 22, 2016  
Table of Contents

**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

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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)



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**Table of Contents**

**ULTRALIFE CORPORATION**

2000 Technology Parkway

Newark, New York 14513

**April 22, 2016**

**To Our Shareholders:**

You are cordially invited to attend the 2016 Annual Meeting of Shareholders of Ultralife Corporation on Wednesday, June 1, 2016 at 11:00 A.M. local time at the Hilton Chicago O Hare Airport, O Hare International Airport, Chicago, IL 60666.

This year, we are again providing our proxy materials over the Internet. Accordingly, we are mailing to many of our shareholders a Notice of Internet Availability of Proxy Materials instead of a paper copy of our Proxy Statement and our 2015 Annual Report to Shareholders. The Notice of Internet Availability of Proxy Materials contains instructions about how to access those documents and vote online. The Notice of Internet Availability of Proxy Materials also contains instructions about how each of our shareholders can also receive a paper copy of our proxy materials, including the Proxy Statement, our 2015 Annual Report to Shareholders and a form of proxy card or voting instruction card. By taking advantage of this distribution process, we will not only conserve natural resources, but we will also reduce our costs of printing and distributing proxy materials.

We look forward to a productive annual meeting.

**Very truly yours,**

**Michael D. Popielec**

**President and Chief Executive Officer**

**Table of Contents**

**ULTRALIFE CORPORATION**

2000 Technology Parkway

Newark, New York 14513

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**JUNE 1, 2016**

Notice is hereby given that the 2016 Annual Meeting of Shareholders of Ultralife Corporation will be held on Wednesday, June 1, 2016 at 11:00 A.M. local time at the Hilton Chicago O Hare Airport, O Hare International Airport, Chicago, IL 60666 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, 2016; and

3. To transact such other business as may properly come before the meeting and any adjournments thereof. Only shareholders of record of our common stock, par value \$.10 per share, at the close of business on April 5, 2016 are entitled to receive notice of, and to vote at and attend our Annual Meeting. Your vote is important. Whether or not you plan to attend our Annual Meeting, we hope that you will vote as soon as possible. If you received only a Notice of Internet Availability of Proxy Materials by mail, you may vote your shares at the Internet site address listed on your Notice of Internet Availability. You may also request a paper copy of our proxy materials by visiting the Internet site address listed on your Notice of Internet Availability, by calling the toll-free number or by sending an e-mail to the e-mail address listed on your Notice of Internet Availability. If you received a paper copy of the proxy materials by mail, you may vote your shares by proxy by doing any one of the following: vote at the Internet site address listed on your proxy or voting instruction card; call the toll-free number listed on your proxy or voting instruction card; or sign, date and return in the pre-addressed envelope provided the enclosed proxy or voting instruction card.

**By Order of the Board of Directors  
Bradford T. Whitmore  
Chair of the Board of Directors**

**Dated: April 22, 2016**

**Table of Contents**

**TABLE OF CONTENTS**

<b>Title</b>	
<u>INFORMATION CONCERNING SOLICITATION AND VOTING</u>	1
<u>Quorum</u>	2
<u>Vote Required</u>	3
<u>Abstentions</u>	3
<u>Broker Voting</u>	3
<u>PROPOSAL 1 ELECTION OF DIRECTORS</u>	4
<u>CORPORATE GOVERNANCE</u>	7
<u>General</u>	7
<u>Committees of the Board of Directors</u>	8
<u>Audit and Finance Committee</u>	8
<u>Corporate Development and Governance Committee</u>	8
<u>Compensation and Management Committee</u>	9
<u>Shareholder Recommendations and Standards for Director Nominations</u>	9
<u>Annual Meeting Attendance</u>	10
<u>Executive Sessions</u>	10
<u>Communicating with the Board of Directors</u>	10
<u>Code of Ethics</u>	10
<u>Related Party Transactions</u>	10
<u>Risk Management</u>	11
<u>DIRECTOR COMPENSATION</u>	11
<u>Director Cash Compensation</u>	11
<u>Directors' Stock-Based Incentive Compensation</u>	12
<u>Director Compensation for 2015</u>	13
<u>EXECUTIVE COMPENSATION</u>	13
<u>Compensation Overview</u>	13
<u>Retirement Benefits</u>	20
<u>Perquisites and Other Personal Benefits</u>	20
<u>Stock Ownership and Retention Guidelines</u>	20
<u>Deductibility of Executive Compensation</u>	21
<u>Accounting for Stock-Based Compensation</u>	21
<u>2015 Summary Compensation Table</u>	21
<u>Employment Arrangements</u>	22
<u>Mr. Popielec</u>	22
<u>Other Executive Officers</u>	23
<u>Outstanding Equity Awards at December 31, 2015</u>	24
<u>PROPOSAL 2 RATIFY THE SELECTION OF OUR INDEPENDENT REGISTERED PUBLIC</u>	
<u>ACCOUNTING FIRM</u>	26
<u>Principal Accountant Fees and Services</u>	26
<u>Audit Fees</u>	26
<u>Audit-Related Fees</u>	26



**Table of Contents**

<u>REPORT OF THE AUDIT AND FINANCE COMMITTEE</u>	27
<u>OTHER MATTERS</u>	28
<u>EXECUTIVE OFFICERS</u>	29
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS</u>	29
<u>SECURITY OWNERSHIP OF MANAGEMENT</u>	30
<u>SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	31
<u>SUBMISSION OF SHAREHOLDER PROPOSALS</u>	31



**Table of Contents**

**IMPORTANT**

REGARDLESS OF WHETHER YOU PLAN TO ATTEND THE MEETING, WE ENCOURAGE YOU TO VOTE IN ANY OF THE MANNERS DESCRIBED IN THIS PROXY STATEMENT. WE ALSO ENCOURAGE BENEFICIAL OWNERS TO FOLLOW THE INSTRUCTIONS PROVIDED BY YOUR BROKER REGARDING HOW TO VOTE. YOUR BROKER CANNOT VOTE YOUR SHARES FOR DIRECTOR NOMINEES OR PROPOSAL 2 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**

**JUNE 1, 2016**

**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 2016 Annual Meeting of Shareholders, which we refer to in this proxy statement as the Meeting, to be held on Wednesday, June 1, 2016, at 11:00 A.M. local time and at any adjournments or postponements thereof. The Meeting will be held at the Hilton Chicago O'Hare Airport, O'Hare International Airport, Chicago, IL 60666.

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 by mail, you will not receive a printed copy of the proxy materials unless you request a copy. Instead, the Notice of Internet Availability of Proxy Materials will instruct you how to access and review the proxy materials over the Internet. The Notice of Internet Availability of Proxy Materials will also instruct you as to how you may submit your proxy or voting instruction card over the Internet. If you received only a Notice of Internet Availability of Proxy Materials 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 of Internet Availability of Proxy Materials.

The Notice of Internet Availability of Proxy Materials is first being sent to our shareholders on or about April 22, 2016 and our proxy materials are first being made available to our shareholders on or about April 22, 2016.

You may vote by proxy or in person at the Meeting. If you received only a Notice of Internet Availability of Proxy Materials 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 your Notice of Internet Availability of Proxy Materials. 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

## **Table of Contents**

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.

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

If for any reason any of the nominees for election as directors become unavailable for election, 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 April 5, 2016 are entitled to notice of, and to vote at, the Meeting. As of April 5, 2016, there were 15,326,239 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.

**Table of Contents****Vote Required**

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

<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, 2016	Majority of the shares present in person or by proxy at the Meeting and entitled to vote*

\* The selection of Freed Maxick CPA s 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 subsequent fiscal years.

**Abstentions**

Shares that abstain from voting on one or more proposals to be acted on at the Meeting are considered to be present for the purpose of determining whether a quorum exists. Abstentions will have no effect on the election of directors; however, abstentions will have the effect of voting against the other proposal 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 have record ownership of shares that they hold in street name for their clients to vote your shares on routine matters but not otherwise. The only proposal being submitted to the shareholders which is considered routine and as to which brokers may exercise discretion to vote is 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 in the election of directors. **If you want your shares held in your broker account to be counted in the election of directors, 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 an advisory resolution on executive compensation since, with respect to non-routine matters, broker non-votes will not be counted for purposes of determining the number of shares entitled to vote on such proposals.



Table of Contents**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.

Name	Age	Present Principal Occupation, Employment History and Expertise
<b>Steven M. Anderson</b>	59	<p>Brigadier General (Ret.) Anderson has been a director of the Company since April 13, 2010. General (Ret.) Anderson currently serves as the Afghanistan Country Manager for Fluor, 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 2015 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 Master's 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.</p>

**Table of Contents**

<b>Name</b>	<b>Age</b>	<b>Present Principal Occupation, Employment History and Expertise</b>
<b>Michael D. Popielec</b>	54	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 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.
<b>Thomas L. Saeli</b>	59	Mr. Saeli has been a director of the Company since March 5, 2010. Since March 2011, Mr. Saeli has served as the Chief Executive Officer and, since October 2011, as a director of JRB Enterprises, Inc., a manufacturer of commercial and industrial roofing systems. Prior to that, Mr. Saeli was a business consultant to international corporate clients on matters involving business development strategies, consolidations, acquisitions and operations. He previously served as Chief Executive Officer and a member of the Board of Directors of Noble International, Ltd., an automotive supplier of engineered laser-welded steel blanks and roll-formed products, from March 2006 to April 13, 2009 when he resigned those positions. Noble International, Ltd. filed for voluntary relief under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court, Eastern District of Michigan on April 15, 2009. From 1998 through 2006, Mr. Saeli served as Vice President of Corporate Development for Lear Corporation, an automotive supplier of seating, electronics and interior products, where he also served as Vice President of Mergers and Acquisitions. Mr. Saeli also serves on the Boards of Directors of Advance Capital Management, a mutual fund, and The Beaumont Health System. 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.

**Table of Contents**

Name	Age	Present Principal Occupation, Employment History and Expertise
<b>Robert W. Shaw II</b>	59	Mr. Shaw has been a director of the Company since June 8, 2010. Currently he is on the board of directors of the American Queen Steamboat Company and a consultant for HMS Global Maritime and Pratt Miller. From 2010 to 2013 Mr. Shaw was the President of Hornblower Yachts, Inc., the largest dining and excursion boat operator in the United States, with over 50 vessels serving California and New York with the Hornblower, Alcatraz and Statue Cruises brands. From 2007 to 2010, he was President of R.M. Thornton, Inc., a mechanical contracting company specializing in the Federal government and healthcare markets. Prior to that, Mr. Shaw was Chief Executive Officer at Odyssey Cruises/Premier Yachts, Inc., a leading U.S. dining and excursion boat operator, where he successfully led the company through a sale process to private equity firm ICV Capital Partners. Earlier he served in Sodexo, S.A., one of the world's largest contract services providers, as both President and Chief Executive Officer of Spirit Cruises, Inc., and Division President of The Seiler Corporation. Mr. Shaw served in the US Marine Corps as an infantry Captain. Mr. Shaw has consulted or served on a number of boards of advisors of various non-public organizations and he has been nominated for re-election to our Board of Directors because of his management expertise and experience as an executive officer.
<b>Ranjit C. Singh</b>	63	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.



**Table of Contents**

Name	Age	Present Principal Occupation, Employment History and Expertise
<b>Bradford T. Whitmore</b>	58	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 which holds approximately 3% of the outstanding shares of our common stock. Mr. Whitmore and Grace Brothers, Ltd. collectively hold or claim beneficial ownership over 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. 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, the state in which we were organized, 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 and Treasurer, 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 2015, our Board of Directors held seven meetings and the committees of our Board of Directors held a total of twenty meetings. During 2015, 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.



## **Table of Contents**

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.

### **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 meet subsequent to the Meeting to 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 2017 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 Robert W. Shaw II. 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. 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 eight times during 2015.

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 Robert W. Shaw II (Chair), Steven M. Anderson and Ranjit C. Singh. 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 eight times during 2015.



## **Table of Contents**

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 Ranjit C. Singh (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 restricted stock 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 2015.

## **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, 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.

## **Table of Contents**

### **Annual Meeting Attendance**

Our policy is that all of the directors, absent special circumstances, should participate in our Annual Meeting of Shareholders, either in attendance or telephonically. All directors attended last year's Annual Meeting of Shareholders as it was followed by a scheduled Board Meeting.

### **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 seven times during 2015. In addition, our standing committees meet in executive session on a regular basis.

### **Communicating with the Board of Directors**

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

### **Code of Ethics**

We have a Code of Ethics applicable to all employees, including our Principal Executive Officer and our Principal Financial Officer (who is also our Principal Accounting Officer) and 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. 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



**Table of Contents**

Directors approve or disapprove the related party transaction. We will disclose all related party transactions, as required, in our filings with the SEC. To our knowledge, no reportable transaction existed during 2015, 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 every three to four years 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 reduce the period of 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 an independent review by our external compensation consultant, Grahall & Associates, and other publicly available director compensation 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. As our directors are elected annually in June of each year, our annual director compensation period runs from July 1 to June 30.

**Director Cash Compensation**

Each non-employee director will receive an annual cash retainer of \$60,000, except for the Board Chair, who will receive an annual cash retainer of \$90,000 for the period July 1, 2015 through June 30, 2016. In addition, each director who is a member of a Board committee receives an additional cash retainer for such committee service as summarized in the tables below.

**For the Period July 1, 2014 to June 30, 2015**

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

Corporate Development and  
Governance Committee

**Table of Contents****For the Period July 1, 2015 to June 30, 2016**

	<b>Annual Retainer for Committee Members</b>	<b>Annual Retainer for Committee Chair</b>
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, 2015, we paid our directors an aggregate \$414,268.

During 2014, the Compensation and Management Committee approved that in lieu of quarterly stock payments due directors on November 14, 2014, February 13, 2015 and May 15, 2015 more particularly described in the discussion below under **Directors Stock-Based Incentive Compensation** and to be consistent with the overall objectives of our Share Repurchase Program, we would pay our directors in cash rather than in shares of our common stock. For each director other than the Board Chair, this would mean an additional \$10,000 of cash compensation in lieu of shares of common stock valued at \$10,000, and for the Board Chair an additional \$16,500 of cash compensation in lieu of shares of common stock valued at \$16,500 for each of these installments. The total amount of the cash and stock retainers paid to the directors for the period July 1, 2014 through June 30, 2015 is identical to the cash retainers to be paid to the directors for the period July 1, 2015 through June 30, 2016.

**Directors Stock-Based Incentive Compensation**

Initially, our 2014 2015 equity compensation program for directors provided each director with an annual award of fully-vested restricted shares of our common stock. The aggregate value of the award for each non-employee director was \$40,000 and the aggregate value of the award for the Board Chair was \$66,000. Our directors are elected annually in June of each year. Accordingly, these grants of common stock to our current directors were scheduled to be issued in four equal installments on August 15, 2014, November 14, 2014, February 13, 2015 and May 15, 2015. In order to receive an installment of common stock, a director must be a current member of our Board of Directors on the scheduled installment payment date. To determine the number of shares of common stock to be awarded, the value of each quarterly award, which is \$10,000 for each director other than the Board Chair and \$16,500 for the Board Chair, was divided by the volume weighted average price ( VWAP ) of the common stock on the trading day prior to the grant date of the award. On August 15, 2014, each incumbent non-employee director other than the Board Chair received 3,012 shares of common stock and the Board Chair received 4,970 shares of common stock.

On October 29, 2014, the Compensation and Management Committee approved that in lieu of quarterly stock awards due directors on November 14, 2014, February 13, 2015 and May 15, 2015, the Company would pay our directors in cash rather than in awards of shares of our common stock. The Compensation and Management Committee took this action to be consistent with the overall objectives of our Share Repurchase Program. For each director other than the Board Chair, this would mean an additional \$10,000 of cash compensation in lieu of shares of common stock valued at \$10,000, and for the Board Chair an additional \$16,500 of cash compensation in lieu of shares of common stock valued at \$16,500 for each of these installments.



**Table of Contents**

Our directors have stock ownership guidelines which require them to maintain ownership of at least \$40,000 of the Company stock. Newly elected directors have two years from their election to the Board to achieve the stock ownership requirement. Currently, all of our directors meet the stock ownership guidelines.

**Director Compensation for 2015**

The table below summarizes the compensation paid by us to our non-employee directors for their service during the fiscal year ended December 31, 2015.

Name (1)	Fees Earned or Paid in		Non-Equity Incentive Plan		Change in Pension Value and Nonqualified Deferred Compensation		Other Compensation (6)	Total (\$)
	Cash (\$)	Stock Awards (2)	Option Awards (3)	Plan Compensation (4)	Earnings (5)			
Steven. M. Anderson	78,756							78,756
Thomas L. Saeli	82,004							82,004
Robert W. Shaw II	83,504							83,504
Ranjit C. Singh	80,004							80,004
Bradford T. Whitmore	90,000							90,000