AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON JUNE 21, 2002
REGISTRATION NO. 333-_____

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-3

REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

ULTRALIFE BATTERIES, INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware	16-387013
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

2000 Technology Parkway
NEWARK, NEW YORK 14513
(315) 332-7100
(Address, including Zip Code, and Telephone Number, including Area Code, of Registrant's Principal Executive Offices)

John D. Kavazanjian
President and Chief Executive Officer
Ultralife Batteries, Inc.
2000 Technology Parkway
Newark, New York 14513
(315) 332-7100
(Name, Address, including Zip Code, and Telephone Number, including Area Code, of Agent for Service)

Copy to:

Jeffrey H. Bowen, Esq.
Harter, Secrest & Emery LLP
1600 Bausch & Lomb Place
Rochester, New York 14604
(585) 232-6500

CALCULATION OF REGISTRATION FEE

Title Of Each Class Of Securities To Be Registered	Amount To Be Registered	Proposed Maximum Offering Price Per Security	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, $.10 par value.....	1,001,333(1)	$3.41(2)	$3,414,545.53	$314.14

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(1) Includes 200,000 shares of the Registrant's Common Stock issuable upon the conversion of a Debenture issued by the Registrant.

(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) of Regulation C under the Securities Act of 1933, based upon the average of the high and low prices of the Registrant's Common Stock, as quoted on the Nasdaq National Market on June 19, 2002.

Approximate date of commencement of proposed sale to the public: From time to time after this Registration Statement becomes effective.

If the only securities being registered on this Form are being offered to dividend or interest reinvestment plans, please check the following box. [ ]

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. [X]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If delivery of the Prospectus is expected to be made pursuant to Rule 434, please check the following box. [ ] THE REGISTRANT HEREBY AMENDS THIS

REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT THAT SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

PROSPECTUS

Dated June __, 2002

1,001,333 Shares of Common Stock, Par Value $.10

Ultralife Batteries, Inc.

This Prospectus relates to the public offering of 1,001,333 shares of our Common Stock, par value $.10 per share. Of the total 1,001,333 shares of Common Stock being registered, 801,333 shares are being registered for the accounts of the selling stockholders identified in Table A of the section of this Prospectus entitled "Selling Stockholders". The remaining 200,000 of such shares are being registered for the account of Joseph C. Abeles, who is one of our directors and the owner of a $600,000 Senior Convertible Subordinated Debenture issued by us.

This offering will not be underwritten. All 1,001,333 shares may be offered by certain of our stockholders or by pledgees, donees, transferees or other successors-in-interest who receive the shares as a gift, partnership distribution or other non-sale related transfer. Of the 1,001,333 shares of our Common Stock being registered, 801,333 shares were originally issued in private transactions pursuant to the terms of Stock Purchase Agreements by and between us and each of the stockholders identified in the section of this Prospectus entitled "Selling Stockholders". The Debenture, which will automatically convert into the remaining 200,000 shares of Common Stock upon approval of the conversion at our Annual Meeting of Shareholders scheduled to take place in December 2002, was issued in a private transaction pursuant to the terms of that certain Debenture Purchase Agreement by and between us and Mr. Abeles.

The issuance of the Debenture and shares of our Common Stock was exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, as amended, and Regulation D, as promulgated under the Securities Act of 1933. We are registering the shares of our Common Stock pursuant to the terms of certain Registration Rights Agreements by and among us and the selling stockholders identified in the section of this Prospectus entitled "Selling Stockholders".

The shares of Common Stock that we are registering may be offered by the selling stockholders (including those holding stock as a result of the future conversion of the Debenture) from time to time in transactions in the over-the-counter market, in negotiated transactions, or in a combination of such methods of sale. The shares may be offered at fixed prices that may be changed, at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices. The selling stockholders (including those holding stock as a result of the future conversion of the Debenture) may effect such transactions by selling the shares to or through broker-dealers, and such broker-dealers may receive compensation in the form of discounts, concessions or commissions from the selling stockholders (including those holding stock as a result of the future conversion of the Debenture) and/or the purchasers of the shares for whom such broker-dealers act as agents or to whom they sell as principals, or both. This compensation might be in excess of customary commissions. For further information, see the section entitled "Plan of Distribution" below.

We will not receive any of the proceeds from the sale of the shares of our Common Stock. We have agreed to bear certain expenses in connection with the registration of the shares of our Common Stock being offered and sold by the selling stockholders (including those holding stock as a result of the future conversion of the Debenture). Our Common Stock is quoted on the Nasdaq National Market under the symbol "ULBI". On June 19, 2002, the last reported sale price for the Common Stock was $3.35.

Investing in shares of our Common Stock involves certain risks. For more information, please see the section of this Prospectus entitled "Risk Factors", which begins on Page 3 of this Prospectus.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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You should rely only on the information contained or incorporated by reference in this Prospectus. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. If you are in a jurisdiction where offers to sell, or solicitations of offers to purchase, the securities offered by this Prospectus are unlawful, or if you are a person to whom it is unlawful to direct these types of activities, then the offer presented in this Prospectus does not extend to you. You should assume that the information appearing in this Prospectus is accurate only as of the date on the front cover of this Prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

PROSPECTUS SUMMARY

This summary highlights selected information and does not contain all of the information that is important to you. We urge you to read the entire Prospectus carefully and any information contained in or incorporated by reference in this Prospectus before you decide whether to buy our Common Stock. You should pay special attention to the risks of investing in our Common Stock discussed below under the heading "Risk Factors". Unless the context otherwise requires, references in this Prospectus to Ultralife, we, us, and our refer to Ultralife Batteries, Inc. and our subsidiaries.

Our Business

We develop, manufacture and market a wide range of standard and customized primary and rechargeable lithium batteries for use in a wide array of applications and markets, including military, automotive telematics, safety and medical, and computers and communications. We believe that our proprietary technologies allow us to offer batteries that are ultra-thin, light weight and that generally achieve greater operating performance than other batteries currently available. We sell our products

directly to original equipment manufacturers in the United States and abroad and have contractual arrangements with sales representatives who market our products on a commission basis in particular areas. We also distribute our products to domestic and international distributors and retailers that purchase our batteries for resale. We have obtained ISO 9001 certification for our lithium batteries manufacturing operations in Newark, New York and Abingdon, England. As of May 31, 2002, we had approximately 350 employees worldwide.

We were formed in December 1990 as a Delaware corporation. In March 1991, we acquired certain technology and assets from Eastman Kodak Company relating to its 9-volt lithium manganese dioxide primary battery and in June 1994, as a result of the formation of our United Kingdom subsidiary and acquisition of certain battery-related assets, acquired a presence in Europe. In December 1998, we announced a joint venture to produce our polymer rechargeable batteries in Taiwan.

Our principal executive office is located at 2000 Technology Parkway, Newark, New York 14513. Our telephone number is (315) 332-7100.

RISK FACTORS

An investment in shares of Common Stock offered hereby involves a high degree of risk. The following risk factors should be considered carefully in addition to the other information in this Prospectus before purchasing the Common Stock offered by this Prospectus. The following factors could cause actual results to differ materially from the matters described in the forward-looking statements, with material and adverse effects on our business, operating results, financial condition and the value of our stock.

History of Operating Losses; Uncertainty of Future Profitability

We began operating our company in March 1991. During each year since 1991, we have had net operating losses. These losses have resulted mainly from the cost of researching, developing and manufacturing our products and general and administrative costs associated with operating our company. We may not generate an operating profit or achieve profitability in the future.

Uncertainty of Our Ability to Generate Positive Cash Flows and Continue as a Going Concern

We have experienced negative cash flow since our inception. Our current cash and credit situation is strained. While we are focusing intently on increasing revenues and reducing costs and expenses, these efforts may not generate cash. Our failure to successfully attain positive cash flow could have a material adverse effect on the our business, financial condition, and the results of our operations. Such material adverse effects could include a violation of debt covenants, an inability to pay vendors in a timely fashion, or could impact upon our ability to continue as a going concern. If we are unsuccessful in generating positive cash flows, we may need to access capital markets for additional debt or equity funding, and we may not be successful in doing so.

Uncertainty of Our Ability to Borrow Money to Fund Our Operations

In October 2001, we were informed by our primary lending institution that our borrowing availability under our credit facility had been effectively reduced to zero as a result of an appraisal of our fixed assets. In February 2002, our primary lending institution amended the credit facility to reduce our available line of credit from $20,000,000 to $15,000,000, mainly due to the reduction in the valuation of our fixed assets, which limited our borrowing capacity under the term loan component, as well as minimized the cost of unused line fees. Additionally, the term loan and revolving line components of our

line of credit were revised and the minimum net worth covenant was reduced. While these changes to the credit facility improve our overall financial flexibility, our future liquidity depends on our ability to successfully generate positive cash flow from operations and achieve adequate operational savings. We may not have sufficient credit available to us to meet our working capital and capital expenditure requirements.

Uncertainty of Current and Future Demand for Our Primary Battery Products

Although we are currently producing various primary battery products, this demand may not continue. We are in the process of developing new battery configurations for use in the manufacture of original equipment and for military applications. Such products may not be accepted in the market. Additionally, while we have recently been awarded a contract to supply several models of our non-rechargeable batteries to the U.S. Army's Communications and Electronics Command, our products may not pass military qualification standards in the future. Our inability to manufacture and sell new products could have a material adverse effect on our business, financial condition and the results of our operations.

Uncertainty of Market Acceptance of Advanced Rechargeable Batteries

Although we have begun volume production of our rechargeable batteries, our advanced rechargeable batteries have not yet achieved wide acceptance in the market. The market may not ever accept our advanced rechargeable batteries. The introduction of new products is subject to the inherent risks of unforeseen delays and the time necessary to achieve market success for any individual product is uncertain. If volume production and/or market penetration of our advanced rechargeable batteries is delayed for any reason, our competitors may introduce emerging technologies or improve existing technologies which could have a material adverse effect on our business, financial condition and the results of our operations.

Need to Create New Jobs to Fulfill Conditions of Government Grants

In November 2001, we received approval for two grants from New York State and a federally sponsored small cities program in the aggregate amount of $1,050,000. The grants will assist us in funding current capital expansion plans that we expect will lead to job creation. However, in connection with the receipt of the grants, we are obligated to create a certain level of new jobs over the next five years. Our capital expansion may not lead to the creation of a sufficient number of jobs to satisfy the employment quotas required by the government grants. If we do not meet these employment quotas, we could be required to pay back a portion of the amount of the grants.

Dependence on OEM Relationships and Products for Sale of Advanced Rechargeable Batteries

We will continue to promote market demand for, and awareness of, our advanced rechargeable batteries. We will accomplish this partly through the development of relationships with original equipment manufacturers, or OEMs, that manufacture products requiring the performance characteristics of our advanced rechargeable batteries. The success of any such relationship depends upon the general business condition of the OEM and our ability to produce our advanced rechargeable batteries at the quality and cost and within the period required by such OEMs. Our failure to develop a sufficient number of relationships with OEMs could have a material adverse effect on our business, financial condition and results of operations.

A substantial portion of our business will depend upon the success of products sold by OEMs that use our batteries. Therefore, our success is substantially dependent upon the acceptance of the OEMs' products in the marketplace. We are subject to many risks beyond our control that influence the success

or failure of a particular product manufactured by an OEM, including, competition faced by the OEM in its particular industry; market acceptance of the OEM's product; the engineering, sales, marketing and management capabilities of the OEM; technical challenges unrelated to our technology or products faced by the OEM in developing its products; and, the financial and other resources of the OEM.

Risks Relating to Growth and Expansion

Rapid growth of our advanced rechargeable battery business or other segments of our business may significantly strain our management, operations and technical resources. If we are successful in obtaining rapid market growth of our advanced rechargeable batteries, we will be required to deliver large volumes of quality products to our customers on a timely basis at a reasonable cost to those customers. Our business may not rapidly grow and our efforts to expand our manufacturing and quality control activities may be unsuccessful. Likewise, we may not be able to satisfy commercial scale production requirements on a timely and cost-effective basis. We will also be required to continue to improve our operations, management and financial systems and controls. Our failure to manage our growth effectively could have an adverse effect on our business, financial condition and the results of our operations.

Competition; Technological Obsolescence

The primary and rechargeable battery industry is characterized by intense competition, with a large number of companies offering or seeking to develop technology and products similar to ours. We are subject to competition from manufacturers of traditional rechargeable batteries, such as nickel- cadmium batteries, from manufacturers of rechargeable batteries of more recent technologies, such as nickel-metal hydride, lithium-ion liquid electrolyte and lithium-ion solid-polymer batteries, as well as from companies engaged in the development of batteries incorporating new technologies.

Manufacturers of nickel-cadmium and nickel-metal hydride batteries include Eveready, Sanyo Electric Co. Ltd., Sony Corp., Toshiba Corp., Matsushita Electric Industrial Co., Ltd. and Duracell International, Inc. Manufacturers of lithium-ion liquid electrolyte batteries currently include Saft-Soc des ACC, Sony Corp., Toshiba Corp., Matsushita Electric Industrial Co., Ltd., Sanyo Electric Co. Ltd. and Duracell International, Inc. Valence Technology, Inc., Lithium Technology Corporation, and Yuasa-Exide, Inc. have developed prototype solid-polymer batteries and are constructing commercial-scale manufacturing facilities. We also compete with large and small manufacturers of alkaline, carbon-zinc, seawater, high rate and primary batteries as well as other manufacturers of lithium batteries.

We may not successfully compete with these manufacturers, many of which have substantially greater financial, technical, manufacturing, distribution, marketing, sales and other resources. Many companies with substantially greater resources than ours are developing a variety of battery technologies, including liquid electrolyte lithium and solid electrolyte lithium batteries, which are expected to compete with our technology. Other companies undertaking research and development activities of solid-polymer batteries have already developed prototypes and are constructing commercial scale production facilities. If these companies successfully market their batteries before the introduction of our products, there could be a material adverse effect on our business, financial condition and results of operations. The market for our products is characterized by changing technology and evolving industry standards, often resulting in product obsolescence or short product lifecycles.

Although we believe that our batteries, particularly our 9-volt and advanced rechargeable batteries, are comprised of state-of-the-art technology, there can be no assurance that competitors will not develop technologies or products that would render our technology and products obsolete or less marketable.

Dependence on Key Personnel

Because of the specialized, technical nature of our business, we are highly dependent on certain members of our management, marketing, engineering and technical staff. If we lose the services of these members, this could have a material adverse effect on our business, financial condition and the results of our operations. In addition to developing manufacturing capacity so that we can produce high volumes of our advanced rechargeable batteries, we must attract, recruit and retain a sizeable workforce of technically competent employees. Our ability to pursue effectively our business strategy will depend upon, among other factors, the successful recruitment and retention of additional highly skilled and experienced managerial, marketing, engineering and technical personnel. We may not be able to retain or recruit this type of personnel.

Safety Risks; Demands of Environmental and Other Regulatory Compliance

Components of our batteries contain certain elements that are known to pose safety risks. Our primary battery products incorporate lithium metal, which when it reacts with water may cause fires if not handled properly. In addition to a December 1996 fire at our Abingdon, England facility, a fire occurred August 1997 at our Newark, New York facility and fires occurred in July 1994 and September 1995 at our Abingdon, England facility, each of which temporarily interrupted certain manufacturing operations in a specific area of these facilities. Although we incorporate safety procedures in our research, development and manufacturing processes that are designed to minimize safety risks, more accidents may occur. Although we currently carry insurance policies which cover loss of our plant and machinery, leasehold improvements, inventory and business interruption, any accident, whether at our manufacturing facilities or from the use of our products, may result in significant production delays or claims for damages resulting from injuries. These types of losses could have a material adverse effect on our business, financial condition and the results of our operations.

National, state and local laws impose various environmental controls on the manufacture, storage, use and disposal of lithium batteries and/or of certain chemicals used in the manufacture of lithium batteries. Although we believe that our operations are in substantial compliance with current environmental regulations and that, except as noted below, there are no environmental conditions that will require material expenditures for clean-up at our present or former facilities or at facilities to which it has sent waste for disposal, there can be no assurance that changes in such laws and regulations will not impose costly compliance requirements on we or otherwise subject it to future liabilities. Moreover, state and local governments may enact additional restrictions relating to the disposal of lithium batteries used by our customers which could have a material adverse effect on our business, financial condition and results of operations. In addition, the U.S. Department of Transportation and certain foreign regulatory agencies that consider lithium to be a hazardous material regulate the transportation of batteries which contain lithium metal. We currently ship our lithium batteries in accordance with regulations established by the U.S. Department of Transportation. There can be no assurance that additional or modified regulations relating to the manufacture, transportation, storage, use and disposal of materials used to manufacture our batteries or restricting disposal of batteries will not be imposed or how these regulations will affect us or our customers.

In connection with our purchase/lease of our Newark, New York facility in 1998, a consulting firm performed a Phase I and II Environmental Site Assessment which revealed the existence of contaminated soil and ground water around one of our buildings. We retained an engineering firm which estimated that the cost of remediation should be in the range of $230,000. This cost, however, is merely an estimate and the cost may in fact be much higher. In February 1998, we entered into an agreement with a third party which provides that we and this third party will retain an environmental consulting firm to conduct a supplemental Phase II investigation to verify the existence of the contaminants and further

delineate the nature of the environmental concern. The third party agreed to reimburse us for fifty percent of the cost of correcting the environmental concern on the Newark property. Test sampling occurred in the fourth quarter of fiscal 2001 and the engineering report was submitted to the New York State Department of Environmental Conservation (NYSDEC) for review. NYSDEC reviewed the report and, in January 2002, recommended additional testing. We responded by submitting a proposed work plan to NYSDEC, which was approved by NYSDEC in April 2002. We are now soliciting proposals from engineering firms to complete remedial work contained in the work plan, and it is unknown at this time whether the final cost to remediate will be in the range of the original estimate, given the passage of time. The ultimate resolution of this matter may have a significant adverse impact on the results of our operations in the period in which it is resolved. Furthermore, we may face claims resulting in substantial liability which would have a material adverse effect on our business, financial condition and the results of our operations in the period in which such claims are resolved.

Limited Sources of Supply

Certain materials we use in our products are available only from a single or a limited number of suppliers. Additionally, we may elect to develop relationships with a single or limited number of suppliers for materials that are otherwise generally available. Although we believe that alternative suppliers are available to supply materials that could replace materials currently used by us and that, if necessary, we would be able to redesign our products to make use of such alternatives, any interruption in our supply from any supplier that serves as our sole source could delay product shipments and have a material adverse effect on our business, financial condition and results of operations. Although we have experienced interruptions of product deliveries by sole source suppliers, these interruptions have not had a material adverse effect on our business, financial condition and results of operations. We cannot guarantee that we will not experience a material interruption of product deliveries from sole source suppliers.

Dependence on Proprietary Technologies

Our success depends more on the knowledge, ability, experience and technological expertise of our employees than on the legal protection of our patents and other proprietary rights. We claim proprietary rights in various unpatented technologies, know-how, trade secrets and trademarks relating to our products and manufacturing processes. We cannot guarantee the degree of protection these various claims may or will afford, or that our competitors will not independently develop or patent technologies that are substantially equivalent or superior to our technology. We protect our proprietary rights in our products and operations through contractual obligations, including nondisclosure agreements with certain employees, customers, consultants and strategic partners. There can be no assurance as to the degree of protection these contractual measures may or will afford. We, however, have had patents issued and patent applications pending in the U.S. and elsewhere. However, we cannot guarantee (1) that patents will be issued from any pending applications, or that the claims allowed under any patents will be sufficiently broad to protect our technology, (2) that any patents issued to us will not be challenged, invalidated or circumvented, or (3) as to the degree or adequacy of protection any patents or patent applications may or will afford. If we are found to be infringing third party patents, there can be no assurance that we will be able to obtain licenses with respect to such patents on acceptable terms, if at all. Our failure to obtain necessary licenses could delay product shipment or the introduction of new products, and costly attempts to design around such patents could foreclose the development, manufacture or sale of our products.

Dependence on Technology Transfer Agreements

Our research and development of advanced rechargeable battery technology and products utilizes internally-developed technology, acquired technology and certain patents and related technology licensed by us pursuant to non-exclusive, technology transfer agreements. There can be no assurance that our competitors will not develop, independently or through the use of similar technology transfer agreements, rechargeable battery technology or products that are substantially equivalent or superior to the technologies and products currently under research and development by us.

Risks Related to China Joint Venture Program

In July 1992, we entered into several agreements related to the establishment of a manufacturing facility in Changzhou, China, for the production and distribution in and from China of 2/3A lithium primary batteries. Changzhou Ultra Power Battery Co., Ltd., a company organized in China ("China Battery"), purchased from us certain technology, equipment, training and consulting services relating to the design and operation of a lithium battery manufacturing plant. China Battery was required to pay approximately $6.0 million to us over the first two years of the agreement, of which approximately $5.6 million has been paid. We have been attempting to collect the balance due under this contract. China Battery has indicated that it will not make these payments until certain contractual issues have been resolved. Due to China Battery's questionable willingness to pay, we wrote off in fiscal 1997 the entire balance owed to us as well as our investment aggregating $805,000. Since China Battery has not purchased technology, equipment, training or consulting services from us to produce batteries other than 2/3 A lithium batteries, we do not believe that China Battery has the capacity to become our competitor. We do not anticipate that the manufacturing or marketing of 2/3 A lithium batteries will be a substantial portion of our product line in the future. However, in December 1997, China Battery sent to us a letter demanding reimbursement of an unspecified amount of losses they have incurred plus a refund for certain equipment that we sold to China Battery. We have attempted to initiate negotiations to resolve the dispute. However, an agreement has not yet reached. Although China Battery has not taken any additional steps, there can be no assurance that China Battery will not further pursue such a claim which, if successful, would have a material adverse effect on our business, financial condition and results of operations. We believe that such a claim is without merit.

Ability to Insure Against Losses

Because certain of our primary batteries are used in a variety of security and safety products and medical devices, we may be exposed to liability claims if such a battery fails to function properly. We maintain what we believe to be sufficient liability insurance coverage to protect against potential claims; however, there can be no assurance that the liability insurance will continue to be available, or that any such liability insurance would be sufficient to cover any claim or claims.

Possibility of Warranty Claims

We provide warranties for our various products. The longest warranty duration is ten years, which covers our 9-volt battery used in certain smoke detector applications. We maintain a warranty reserve to cover potential warranty claims. We cannot guarantee, however, that the reserves will be sufficient to satisfy warranty claims made. In the event that we experience a significant rise in warranty claims made, such action could have a material adverse effect on our business, financial condition and the results of our operations.

Possible Volatility of Stock Price

Future announcements concerning us or our competitors, including technological innovations or commercial products, litigation or public concerns as to the safety or commercial value of one or more of our products, may cause the market price of our Common Stock to fluctuate substantially for reasons which may be unrelated to operating results. These fluctuations, as well as general economic, political and market conditions, may have a material adverse effect on the market price of our Common Stock.

Risk Related to Arthur Andersen's Role in Auditing Our Financial Statements

Arthur Andersen LLP audited our annual financial statements and issued a report, dated August 16, 2001, concerning those financial statements. Our financial statements and Arthur Andersen's report are incorporated by reference into this Prospectus. The Rochester, New York office of Arthur Andersen, which was primarily responsible for auditing our financial statements, is undergoing a mandatory employee force reduction and is expected to permanently close in the imminent future. Accordingly, we are unable to obtain the consent of Arthur Andersen to incorporate its report into this Prospectus. Our inability to obtain Arthur Andersen's consent to incorporate such report into this Prospectus may prevent you from being able to recover damages from Arthur Andersen under the Securities Act of 1933. In particular, because of this lack of consent, you will not be able to sue Arthur Andersen under Section 11(a)(4) of the Securities Act for any untrue statements of material fact contained in the report or financial statements audited by Arthur Andersen or any failure to state a material fact required to be stated in the report or those financial statements and therefore your right of recovery under that section may be limited.

FORWARD-LOOKING STATEMENTS

This Prospectus, including information contained in documents that are incorporated by reference in this Prospectus, contains forward-looking statements, as that term is defined by federal securities laws, that relate to the financial condition, results of operations, plans, objectives, future performance and business of Ultralife. These statements are frequently preceded by, followed by or include the words believes, expects, anticipates, estimates or similar expressions.

We have based these forward-looking statements on our current expectations and projections about future events. The statements contained in this Prospectus relating to matters that are not historical facts are forward-looking statements that involve risks and uncertainties, including future demand for our products and services, the successful commercialization of our advanced rechargeable batteries, general economic conditions, government and environmental regulation, competition and customer strategies, technological innovations in the primary and rechargeable battery industries, changes in our business strategy or development plans, capital deployment, business disruptions, including those caused by fire, raw materials, supplies and other risks and uncertainties, certain of which are beyond our control.

In addition to these risks, in the section of this Prospectus entitled "Risk Factors", we have summarized a number of the risks and uncertainties that could affect the actual outcome of the forward-looking statements included in this Prospectus. We advise you not to place undue reliance on these forward-looking statements in light of the material risks and uncertainties to which they are subject. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may differ materially from those described herein as anticipated, believed, estimated or expected. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

USE OF PROCEEDS

We will not receive any of the proceeds from the sale of the shares of Common Stock by the selling stockholders. We have agreed to bear all expenses, other than selling commissions and fees and expenses of counsel and other advisors to the selling stockholders, in connection with the registration of the shares being offered.

SELLING STOCKHOLDERS

The following Table A sets forth the number of shares of Common Stock owned by each of the selling stockholders who purchased shares of our Common Stock in our recent private placement. None of these selling stockholders has had a material relationship with us within the past three years other than as a result of the ownership of our Common Stock. Because the selling stockholders may offer all or some of the Common Stock which they hold pursuant to the offering contemplated by this Prospectus, and because there are currently no agreements, arrangements or understandings with respect to the sale of any of the shares, no estimate can be given as to the amount of shares that will be held by the selling stockholders after completion of this offering. The shares offered by this Prospectus may be offered from time to time by the selling stockholders named below or by pledgees, donees, transferees or other successors in interest who receive the shares as a gift, partnership distribution or other non-sale related transfer.

Table A

Name of Selling Stockholder	Number of Shares Beneficially Owned Prior to Completion of the Offering	Number of Shares Registered for Sale Hereby(1)	Number of Shares Beneficially Owned After Completion of the Offering	Percent of Outstanding Shares after Completion of the Offering(2)
Grace Brothers, Ltd.	1,085,633	433,333	652,300	*
W. Anthony Hitschler	330,000	330,000	0	*
Stuart Shikiar	120,600	30,000	90,600	*
Holly E. Zug Trust Dated 8/5/97	11,500	8,000	3,000	*
Total	1,547,773	801,333	745,900	5.57%

* Represents beneficial ownership of less than 1%.

(1) This Registration Statement shall also cover any additional shares of our Common Stock which become issuable in connection with the Common Stock registered for sale hereby by reason of any stock dividend, stock split, recapitalization or other similar transaction effected without the receipt of consideration which results in an increase in the number of our outstanding shares of Common Stock.

(2) Based on 13,379,519 shares of our Common Stock, par value $.10 per share, outstanding as of June 20, 2002, prior to subtraction of 27,250 treasury shares and 231,980 out of 700,000 shares owned by Ultralife Taiwan, Inc., a Taiwanese venture of which we own approximately approximately 33%.

The following Table B sets forth the number of shares of Common Stock to be owned upon the conversion of the $600,000 Debenture issued to Joseph C. Abeles. Mr. Abeles is our Treasurer and a member of our Board of Directors. Mr. Abeles has confirmed to us that he has not engaged in any

agreement or understanding, directly or indirectly, with any person, to distribute the Common Stock issuable upon conversion of the Debenture. Because the Mr. Abeles or subsequent selling stockholders may offer all or some of the Common Stock which they hold pursuant to the offering contemplated by this Prospectus, and because there are currently no agreements, arrangements or understandings with respect to the sale of any of the shares, no estimate can be given as to the amount of shares that will be held by Mr. Abeles or subsequent selling stockholders after completion of this offering. The shares offered by this Prospectus may be offered from time to time by the Mr. Abeles or subsequent selling stockholders or by pledgees, donees, transferees or other successors in interest who receive the shares as a gift, partnership distribution or other non-sale related transfer.

Table B

Name of Selling Stockholder	Number of Shares Beneficially Owned Prior to Completion of the Offering(1)	Number of Shares Registered for Sale Hereby(1)(2)	Number of Shares Beneficially Owned After Completion of the Offering	Percent of Outstanding Shares after Completion of the Offering (3)
Joseph C. Abeles	461,989	200,000	261,989	*
Total	461,989	200,000	261,989	*

- ----------

* Represents beneficial ownership of less than 1%.

(1) Figures include the shares that will be issued upon the conversion of the Debenture by such selling stockholder.

(2) This Registration Statement shall also cover any additional shares of our Common Stock which become issuable in connection with the Common Stock registered for sale hereby by reason of any stock dividend, stock split, recapitalization or other similar transaction effected without the receipt of consideration which results in an increase in the number of our outstanding shares of Common Stock.

(3) Based on 13,379,519 shares of our Common Stock, par value $.10 per share, outstanding as of June 20, 2002, prior to subtraction of 27,250 treasury shares and 231,980 out of 700,000 shares owned by Ultralife Taiwan, Inc., a Taiwanese venture of which we own approximately approximately 33%.

PLAN OF DISTRIBUTION

We will receive no proceeds from this offering. The shares offered by this Prospectus may be sold by the selling stockholders (including those holding stock as a result of the future conversion of the Debenture) from time to time in transactions in the over-the-counter market, in negotiated transactions, or in a combination of such methods of sale, at fixed prices which may be changed, at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices. The selling stockholders (including those holding stock as a result of the future conversion of the Debenture) may effect such transactions by selling the shares to or through broker-dealers, and such broker-dealers may receive compensation in the form of discounts, concessions or commissions from the selling stockholders (including those holding stock as a result of the future conversion of the Debenture) and/or the purchasers of the shares for whom such broker-dealers may act as agents or to whom they sell as principals, or both. This compensation might be in excess of customary commissions. The shares we are offering may be sold either pursuant to this Registration Statement or pursuant to Rule 144 issued by the SEC under the Securities Act of 1933.

In order to comply with the securities laws of certain states, if applicable, the shares will be sold in such jurisdictions only through registered or licensed brokers or dealers. In addition, in certain states the shares may not be sold unless they have been registered or qualified for sale in the applicable state or an exemption from the registration or qualification requirement is available and is complied with.

The selling stockholders (including those holding stock as a result of the future conversion of the Debenture) and any broker-dealers or agents that participate with the selling stockholders (including those holding stock as a result of the future conversion of the Debenture) in the distribution of the shares may be deemed to be "underwriters" within the meaning of the Securities Act of 1933, and any commissions received by them and any profit on the resale of the shares purchased by them may be deemed to be underwriting commissions or discounts under federal law.

Under applicable federal rules and regulations, any person engaged in the distribution of our Common Stock may not simultaneously engage in market making activities with respect to our Common Stock for a period of two business days prior to the commencement of such distribution. In addition, and without limiting the foregoing, each selling stockholder will be subject to applicable provisions of the Securities Exchange Act of 1934 and the rules and regulations of the SEC promulgated thereunder. These rules include, without limitation, Rules 10b-6 and 10b-7, which may limit the timing of purchases and sales of shares of our Common Stock by the selling stockholders (including those holding stock as a result of the future conversion of the Debenture).

LEGAL MATTERS

The validity of the securities offered hereby will be passed upon for us by Harter, Secrest & Emery LLP, Rochester, New York.

EXPERTS

Our consolidated balance sheets as of June 30, 2000 and June 30, 2001 and our consolidated statements of income, retained earnings, and cash flow for each of the three years in the period ended June 30, 2001 incorporated by reference in this Prospectus, have been incorporated herein in reliance on the report of Arthur Andersen LLP, independent accountants, given on the authority of that firm as experts in accounting and auditing.

After reasonable efforts, we have not been able to obtain Arthur Andersen's written consent to the inclusion of their report in this Prospectus, and we have dispensed with the requirement to file their consent in reliance on Rule 437a, as promulgated under the Securities Act of 1933. Because Arthur Andersen has not consented to the inclusion of its report in this Prospectus, your ability to assert claims against Arthur Andersen may be limited. In particular, because of this lack of consent, you will not be able to sue Arthur Andersen under Section 11(a)(4) of the Securities Act for any untrue statements of material fact contained in the financial statements audited by Arthur Andersen or any omissions to state a material fact required to be stated in those financial statements and therefore your right of recovery under that section may be limited.

WHERE YOU CAN FIND MORE INFORMATION

No person has been authorized to give any information or to make any representations other than those contained in this Prospectus in connection with this offering of our Common Stock. If any such information or representations are given or made, such information or representations must not be relied upon as having been authorized by us, by any selling stockholder or by any other person. Neither the

delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that information herein is correct as of any time subsequent to the date hereof. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Common Stock covered by this Prospectus, nor does it constitute an offer to or solicitation of any person in any jurisdiction in which such offer or solicitation may not lawfully be made.

We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended. As a result, we file reports, proxy statements, information statements and other information with the Securities and Exchange Commission (the "SEC"). You may inspect and copy any reports, proxy statements and other information that we file at the Public Reference Room maintained by the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549. You can obtain copies of such materials by mail from the Public Reference Room of the SEC at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates and at the Commission's regional offices in New York City, 75 Park Place, Room 1400, New York, New York 10007 and Chicago, Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains a World Wide Web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. The address of the SEC's web site is http://www.sec.gov. Our Common Stock is quoted on the Nasdaq National Market, and such material may also be inspected at the offices of Nasdaq Operations, 1735 K Street N.W. Washington, D.C. 20006.

We have filed with the SEC a Registration Statement on Form S-3 (together with all amendments and exhibits, referred to in this Prospectus as the "Registration Statement") under the Securities Act of 1933 with respect to the Common Stock we are offering. This Prospectus does not contain, nor is it required to contain, all of the information set forth in the Registration Statement, certain parts of which are omitted in accordance with the rules and regulations of the SEC. For further information regarding us and our Common Stock, you should refer to the Registration Statement and its exhibits and schedules. The Registration Statement, including its exhibits and schedules, may be inspected as described above.

INCORPORATION OF INFORMATION BY REFERENCE

The following documents filed with the SEC pursuant to the Securities Exchange Act of 1934 are incorporated herein by reference:

1. Our Annual Report on Form 10-K for the fiscal year ended June 30, 2001, filed on September 26, 2001, as amended on Form 10-K/A, filed on December 12, 2001;

2. Our Quarterly Reports on Form 10-Q, filed on February 13, 2002 and May 14, 2002;

3. Our Quarterly Report on Form 10-Q, filed on November 7, 2001, as amended on Form 10-Q/A, filed on December 28, 2002;

4. Our Current Reports on Form 8-K, filed on July 12, 2001, July 24, 2001, April 24, 2002 and June 7, 2002;

5. The description of our Common Stock, par value $.10 per share, contained in our Registration Statement on Form S-1, filed on December 23, 1992 (Registration No. 33-54470), including any amendment or report filed for the purpose of updating such description; and

6. All reports and other documents filed by us pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 subsequent to the date of this Prospectus and prior to the termination of this offering.

Any statement contained in a document incorporated by reference herein shall be deemed to be incorporated by reference in this Prospectus and to be part hereof from the date of filing of such documents. Any statement modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus. We will provide to you upon written or oral request and without charge a copy of any or all of such documents which are incorporated herein by reference (other than exhibits to such documents unless such exhibits are specifically incorporated by reference into the documents that this Prospectus incorporates). Written or oral requests for copies (at no cost to requestor) should be directed to our Secretary, at our principal executive offices: Ultralife Batteries, Inc., 2000 Technology Parkway, Newark, New York 14513. Our telephone number is (315) 332-7100.

COMMISSION'S POSITION ON INDEMNIFICATION

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers of persons controlling us pursuant to the foregoing provisions, we have been informed that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in such Act and is therefore unenforceable.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following table sets forth the costs and expenses, other than underwriting discounts and commissions, payable by Ultralife Batteries, Inc. in connection with the sale of Common Stock being registered. All amounts are estimates except the SEC registration fee.

SEC Registration Fee.....	$ 314.14
Legal fees and expenses.....	20,000.00
Accounting fees and expenses.....	5,000.00
Miscellaneous fees and expenses.....	5,500.00
Total.....	$30,814.14

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS

With respect to indemnification of directors and officers, Section 145 of the Delaware General Corporation Law ("DGCL") provides that a corporation shall have the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding, if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the person's conduct was unlawful. Under this provision of the DGCL, the termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in or not opposed to the best interests of the corporation, and with respect to any criminal action or proceeding, had reasonable cause to believe that the person's conduct was unlawful.

Furthermore, the DGCL provides that a corporation shall have the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by the person in connection with the defense or settlement of such action or suit if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

The Registrant's Restated Certificate of Incorporation (the "Certificate of Incorporation") and By-laws, as amended (the "By-laws") provide for limitation of the liability of directors to the Registrant and its stockholders and for indemnification of directors, officers, employees and agents of the Registrant, respectively, to the maximum extent permitted by the DGCL.

The Certificate of Incorporation provides that directors are not liable to the Registrant or its stockholders for monetary damages for breaches of fiduciary duty as a director, except for liability (a) for any breach of the director's duty of loyalty to the Registrant or its stockholders, (b) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law, (c) for dividend payments or stock repurchases in violation of Delaware law, or (d) for any transaction from which the director derived any improper personal benefit.

The By-laws include provisions by which the Registrant will indemnify its officers and directors and other persons against expenses, judgments, fines and amounts paid in settlement with respect to threatened, pending or completed suits or proceedings against such persons by reason of serving or having served the Registrant as officers, directors or in other capacities, except in relation to matters with respect to which such persons shall be determined not to have acted in good faith, lawfully or in the best interests of the Registrant. With respect to matters to which the Registrant's officers, directors, employees, agents or other representatives are determined to be liable for misconduct or negligence in the performance of their duties, the By-laws provide for indemnification only to the extent that the Registrant determines that such person acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Registrant.

ITEM 16. EXHIBITS

4.1 Form of Stock Purchase Agreement entered into by the Registrant and certain Selling Stockholders

4.2 Specimen of Registrant's Common Stock Certificate (incorporated by reference to Exhibit 3.1 of the Registrant's Registration Statement, Commission File No. 33-54470)

4.3 Debenture Purchase Agreement, by and between the Registrant and Joseph C. Abeles

4.4 $600,000 Senior Convertible Subordinated Debenture issued by the Registrant to Joseph C. Abeles

4.5 Form of Registration Rights Agreement entered into by the Registrant and the Selling Stockholders

4.6 Registration Rights Agreement, by and between the Registrant and Joseph C. Abeles

5.1 Opinion of Harter, Secrest & Emery LLP

23.1 Consent of Arthur Andersen LLP, Independent Accountant (omitted pursuant to Rule 437a, as promulgated under the Securities Act of 1933)

23.2 Consent of Harter, Secrest & Emery LLP (included in the Opinion of Counsel filed as Exhibit 5.1 hereto)

24.1 Power of Attorney (included with signatures on page II-5)

ITEM 17. UNDERTAKINGS

The undersigned Registrant hereby undertakes (subject to the proviso contained in Item 512(a) of Regulation S-K):

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) to include any Prospectus required by section 10(a)(3) of the Securities Act of 1933; (ii) to reflect in the Prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflect in the form of Prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) to include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in the Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

The undersigned Registrant hereby undertakes to supplement the Prospectus, after expiration of the subscription period, to set forth the results of the subscription offer, the transactions by the underwriters during the subscription period, the amount of unsubscribed securities to be purchased by the underwriters, and the terms of any subsequent reoffering thereof. If any public offering by the underwriters is to be made on terms different from those set forth on the cover page of the Prospectus, a post-effective amendment will be filed to set forth the terms of such offering.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a

court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes to deliver or cause to be delivered the Prospectus, to each person to whom the Prospectus is sent or given, the latest annual report, to security holders that is incorporated by reference in the Prospectus and furnished pursuant to and meeting the requirements of Rule 14a-3 or Rule 14c-3 under the Exchange Act of 1934; and, where interim financial information required to be presented by Article 3 of Regulation S-X is not set forth in the Prospectus, to deliver, or cause to be delivered to each person to whom the Prospectus is sent or given, the latest quarterly report that is specially incorporated by referred in the Prospectus to provide such interim financial information.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that is has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized in the City of Newark, State of New York, on this 21st day of June, 2002.

ULTRALIFE BATTERIES, INC.

By: /s/ John D. Kavazanjian

John D. Kavazanjian,
President and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints John D. Kavazanjian, Robert W. Fishback and Peter F. Comerford as his or her true and lawful attorney-in-fact, each with full power of substitution and resubstitution for and in the name, place and stead to sign, attest and file this Registration Statement and any and all amendments and exhibits hereto and any and all applications or other documents to be filed with the Securities and Exchange Commission, granting unto said attorneys full power and authority to do and perform any and all acts and things whatsoever requisite or necessary to be done in the premises.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated:

Signature	Title	Date
/s/ John D. Kavazanjian - --- John D. Kavazanjian	Chief Executive Officer, President and Director (Principal Executive Officer)	June 21, 2002
/s/ Robert W. Fishback - --- Robert W. Fishback	Vice President-Finance and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	June 21, 2002
/s/ Joseph C. Abeles - --- Joseph C. Abeles	Director	June 21, 2002
/s/ Joseph N. Barrella - --- Joseph N. Barrella	Director	June 21, 2002
/s/ Patricia C. Barron - --- Patricia C. Barron	Director	June 21, 2002
/s/ Daniel W. Christman - --- Daniel W. Christman	Director	June 21, 2002
/s/ Carl H. Rosner - --- Carl H. Rosner	Director	June 21, 2002
/s/ Ranjit Singh - --- Ranjit Singh	Director	June 21, 2002

Index to Exhibits

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24.1 Power of Attorney (included with signatures on page II-5)

STOCK PURCHASE AGREEMENT

This Stock Purchase Agreement (the "Agreement") is made as of the ___ day of _____, 2002 between ULTRALIFE BATTERIES, INC., a Delaware corporation (the "Company") and _____ (the "Purchaser").

The Company desires to issue and sell, and the Purchaser desires to buy, shares of the Common Stock, $0.10 par value (the "Common Stock") of the Company on the terms and conditions set forth in this Agreement.

In consideration of the covenants and conditions set forth in this Agreement, the parties agree as follows:

1. Sale of Shares. The Company agrees to sell, transfer and assign to the Purchaser and, subject to and in reliance upon the representations, warranties, terms and conditions of this Agreement, the Purchaser agrees to purchase _____ newly issued shares (the "Shares") of Common Stock at a purchase price of $3.00 per share for an aggregate purchase price of $_____.

2. Closing. The closing of the purchase and sale of the Shares (the "Closing") shall be held concurrently with the execution and delivery of this Agreement at the offices of the Company, or at any other time and place or in such other manner to which the Company and the Purchaser may agree. At the Closing, the Company shall authorize its transfer agent to issue to the Purchaser a certificate representing the Shares bearing the legend required by Section 7 of this Agreement. Within ten (10) business days of the Closing, the Company will cause to be delivered to the Purchaser a certificate representing the Shares.

3. Representations of the Company. The Company represents, warrants and agrees as follows:

(a) Neither the execution nor delivery by the Company of this Agreement will conflict with or violate any provision of the Articles of Incorporation, Bylaws or any agreement to which the Company is a party.

(b) The Shares, when issued, sold, delivered and paid for in accordance with the terms hereof, will be duly and validly issued, fully paid and nonassessable.

(c) The sale and issuance of the Shares in accordance with the terms of and on the basis of the representations and warranties set forth in this Agreement, will be exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act").

(d) This Agreement has been duly executed and delivered by the Company and is enforceable against the Company in accordance with its terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, fraudulent transfer, marshalling or similar laws affecting creditors' rights and remedies generally,

and general principles of equity, including without limitation, concepts of materiality, reasonableness, good faith and fair dealing (regardless of whether such enforceability is considered in a proceeding in equity or at law). Except for any notice of issuance to or listing of additional shares with NASDAQ, if required, all consents, approvals, orders or authorizations of, or registrations, qualifications, designations or filings with any federal or state governmental authority on the part of the Company required in connection with the consummation of the transactions contemplated herein have been obtained and are effective.

4. Representations of the Purchaser. The Purchaser represents, warrants and agrees as follows:

(a) It is the Purchaser's present intention to acquire the Shares hereunder for the Purchaser's own account as principal and that the shares are being and will be acquired for the purpose of investment and not with a view to distribution or resale.

(b) The Purchaser has such knowledge and experience in business and financial matters that the Purchaser is capable of evaluating the merits and risks of the investment contemplated hereby.

(c) The Purchaser has full power and authority to execute, deliver and perform this Agreement and to make this Agreement the valid and enforceable obligation of the Purchaser.

(d) The Purchaser understands that the Shares will be "restricted securities" as that term is defined in Rule 144 under the Securities Act and that the Shares may only be resold in compliance with applicable federal and state securities laws.

(e) The Purchaser's domicile is located at the Purchaser's address set forth on the signature page hereto.

(f) The Purchaser is an "Accredited Investor" as defined in Rule 501(a) of the Securities Act, a copy of which is set forth on Exhibit A to

this Agreement, and the Purchaser has certified to the Company the basis for that Purchaser's Accredited Investor status by checking the appropriate category on Exhibit A and signing and dating that Exhibit.

(g) The Purchaser acknowledges that the Company has entered into or expects to enter into separate but substantially identical stock purchase agreements (the "Other Stock Purchase Agreements" and together with this Agreement, the "Stock Purchase Agreements") with other purchasers ("Other Purchasers") providing for the sale to the Other Purchasers of shares of Common Stock. This Agreement and the Other Stock Purchase Agreements are separate agreements and the sales of such shares to the Purchaser and the Other Purchasers are and will be deemed to be separate sales.

(h) The Purchaser has no contract, understanding, agreement or arrangement with any person to sell, transfer or pledge to such person or anyone else any of the Shares the Purchaser hereby purchases (in whole or in part) and that the Purchaser has no present plans to enter into any such contract, undertaking, agreement or arrangement.

(i) The Purchaser will provide, if requested, any additional information that may be requested or required to determine the Purchaser's eligibility to purchase the Shares.

(j) The Purchaser acknowledges that the Purchaser's representations, warranties, acknowledgements and agreements in this Agreement will be relied upon by the Company in determining the Purchaser's suitability as a purchaser of the Shares.

(k) The Purchaser has not retained a broker or finder in connection with the Purchaser's purchase of the Shares and to the Purchaser's knowledge there are no other persons entitled to compensation in connection with the sale of the Shares to the Purchaser other than consulting fees due to Richard Hansen.

5. Company Information. The Purchaser and the Company agree that each is capable of evaluating the merits and risks of the purchase and sale, respectively, of the Shares hereunder. The Purchaser acknowledges that it has reviewed the Company's (i) Annual Report on Form 10-K for the fiscal year ended June 30, 2001, as filed with the Securities and Exchange Commission (the "SEC") pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"); (ii) Proxy Statement for its 2001 Annual Meeting of Shareholders; (iii) Quarterly Reports on Form 10-Q, as amended, for the fiscal quarters ended September 30, 2001 and December 31, 2001 as filed with the SEC pursuant to the Exchange Act; and (iv) all other reports filed with the SEC since December 31, 2001. Since December 31, 2001, the Company has filed with the SEC all reports, documents, definitive proxy statements and all other filings required to be filed with the SEC. The Purchaser further acknowledges that it has reviewed the Risk Factors of the Company set forth on Exhibit B to this Agreement. The Purchaser further acknowledges that it has been furnished with all materials relating to the business, finances and operations of the Company and materials relating to the offer and sale of the Shares that have been requested by the Purchaser. The Purchaser further acknowledges that it has been afforded the opportunity to meet with and ask questions of senior officers of the Company concerning the Company's business, finance and operations, including in particular the Company's business, finances and operations since December 31, 2001.

6. Registration Rights. On or before June 30, 2002, the Company shall prepare and file with the SEC a resale registration statement (the "Registration Statement") on Form S-3 covering the Shares (including any shares of the Company's Common Stock issued as, or issuable upon the conversion or exercise of any warrant, right or other security which is issued as, a dividend or other distribution with respect to, or in exchange for or in replacement of, the Shares), provided that Form S-3 is available to the Company for such purpose. The Company shall take all actions necessary or desirable to qualify to use Form S-3 for the registration of the resale of the Shares. The Company shall be required to file only one Registration Statement. The Purchaser and the Company agree that promptly after the Closing, they shall enter into a separate Registration Rights Agreement consistent with the provisions of this Section 6, which Registration Rights Agreement shall contain customary representations and warranties and provisions regarding indemnification and contribution.

7. Legend. The Purchaser understands and acknowledges that the certificates evidencing the Shares will bear the following legend: "THE SECURITIES EVIDENCED BY

THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), AND ARE "RESTRICTED SECURITIES" AS DEFINED IN RULE 144 PROMULGATED UNDER THE ACT. THE SECURITIES MAY NOT BE SOLD OR OFFERED FOR SALE OR OTHERWISE DISTRIBUTED EXCEPT (I) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE ACT; (II) IN COMPLIANCE WITH RULE 144; OR (III) AFTER RECEIPT OF AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO ULTRALIFE BATTERIES, INC. THAT SUCH REGISTRATION OR COMPLIANCE IS NOT REQUIRED AS TO SAID SALE, OFFER OR DISTRIBUTION."

8. Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original but all of which will be deemed one instrument.

9. Expenses and Taxes. The Company shall pay any and all stamp and other taxes payable or determined to be payable in connection with the execution, delivery and performance of this Agreement and any other instruments and documents to be delivered hereunder and agrees to save the Purchaser harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and filing fees.

10. Survival of Representations and Warranties. All representations and warranties made in this Agreement or any other instrument or document delivered in connection herewith shall survive the execution and delivery hereof.

11. Prior Agreements. This Agreement constitutes the entire agreement between the parties and supersedes any prior or contemporaneous understandings or agreements concerning the subject matter hereof.

12. Severability. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision.

13. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York. The rights of the parties under this Agreement are unique and, accordingly, the parties shall, in addition to such other remedies as may be available to any of them at law or in equity, have the right to enforce their rights hereunder by actions of specific performance to the extent permitted by law.

14. Headings. Section and subsection headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of the Agreement for any other purpose.

15. Amendments and Waivers. This Agreement may not be amended, supplemented or otherwise modified except by an instrument in writing signed by both parties that specifically refers to this Agreement. Either party hereto may, only by an instrument in writing, waive compliance by the other party hereto with any term or provision of this Agreement on the part of such other party to be performed or complied with. The waiver by a party hereto of a breach of any term or provision of this Agreement shall not be construed as a waiver of any

subsequent breach. Any amended or waiver effected in accordance with this Section 15 shall be binding upon each party and its permitted assigns.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

ULTRALIFE BATTERIES, INC.

By:

Name:
Title:

THE PURCHASER:

Print Name

- ---
Signature

Address:

Social Security Number or
Employment Identification Number:

EXHIBIT A

Section 501(a) of the Securities Act of 1933, as Amended:

"As used in Regulation D (17 CFR ss.ss. 230.501-230.508), the following terms shall have the meaning indicated:

(a) Accredited investor. "Accredited investor" shall mean any person who comes within any of the following categories, or who the issuer reasonably believes comes within any of the following categories, at the time of the sale of the securities to that person:

(1) Any bank as defined in section 3(a)(2) of the [Securities Act of 1933, as amended (the "Act")], or any savings and loan association or other institution as defined in section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to section 15 of the Securities Exchange Act of 1934; any insurance company as defined in section 2(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company as defined in section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of $5,000,000; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered adviser, or if the employee benefit plan has total assets in excess of $5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

(2) Any private business development company as defined in section 202(a)(22) of the Investment Advisers Act of 1940;

(3) Any organization described in section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000;

(4) Any director, executive officer, or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;

(5) Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds $1,000,000;

(6) Any natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with that person's spouse in excess of $300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;

(7) Any trust, with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in ss. 230.506(b)(2)(ii); and

(8) Any entity in which all of the equity owners are accredited investors."

The undersigned Purchaser hereby certifies to the Company that the Purchaser is an "Accredited Investor" on the basis of the box checked above.

PURCHASER

Date:

Print Name

Signature

EXHIBIT B

RISK FACTORS

Please carefully consider all information provided by the Company. In particular, the following factors could cause actual results to differ materially from the matters described in the forward-looking statements, with material and adverse effects on the Company's business, operating results, financial condition and the value of Ultralife stock.

HISTORY OF OPERATING LOSSES; UNCERTAINTY OF FUTURE PROFITABILITY

The Company commenced operations in March 1991 and has incurred net operating losses since its inception. Losses have resulted principally from research and development, manufacturing and general and administrative costs. No assurance can be given that the Company will generate an operating profit or achieve profitability in the future.

UNCERTAINTY ABOUT THE COMPANY'S ABILITY TO GENERATE POSITIVE CASH FLOWS AND CONTINUE AS A GOING CONCERN

The Company has been in a negative cash flow situation since its inception. The Company's current cash and credit situation is strained. While the Company is focusing intently on increasing revenues and reducing costs and expenses, there can be no assurance that these efforts will bring the Company to a cash generating position. The Company's inability to successfully attain a positive cash flow position could have a material adverse effect on the Company's business, financial condition, and results of operations. Such material adverse effects could include a violation of debt covenants, an inability to pay vendors in a timely fashion, or could impact upon its ability to continue as a going concern. If the Company is unsuccessful in generating positive cash flows, it may result in the need to further access the capital markets for additional debt or equity funding, and there can be no assurance that the Company would be successful in doing so.

UNCERTAINTY OF CURRENT DEMAND FOR EXISTING PRODUCTS AND FUTURE DEMAND FOR NEW PRODUCTS IN THE COMPANY'S PRIMARY BATTERY PRODUCT LINE

Although the Company is currently in volume production for its various primary battery products, there can be no assurance that this demand will continue. The Company is in the process of developing new battery configurations for both OEM and military applications and there can be no assurance as to the market acceptance and/or military qualification of these batteries. The Company's inability to manufacture and sell these new products could have a material adverse effect on the Company's business, financial condition and results of operations.

UNCERTAINTY OF MARKET ACCEPTANCE OF ADVANCED RECHARGEABLE BATTERIES
Although the Company is capable of volume production of its rechargeable batteries, the Company's advanced rechargeable batteries have not yet achieved wide market acceptance and there can be no assurance that market acceptance of its technology or advanced rechargeable batteries will ever be achieved. The introduction of new products is subject to the inherent risks of unforeseen delays and the time necessary to achieve market success for any individual product is uncertain. If volume production and/or market penetration of the Company's advanced rechargeable batteries is delayed for any reason, the Company's competitors may introduce emerging technologies or refine existing technologies which could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company routinely reviews the appropriateness of the carrying value of its assets. If facts and circumstances indicate that the carrying amount of a long-lived asset may be impaired, an evaluation of recoverability would be performed. If an impairment is determined to exist, a loss would be recognized to the extent the carrying value of the asset is in excess of its fair value. Such an impairment charge could have a material adverse effect on the Company's business, financial condition and results of operations.

DEPENDENCE ON OEM RELATIONSHIPS AND THEIR PRODUCTS FOR SALE OF BATTERIES
The Company intends to continue to promote demand for, and awareness of, its batteries, in part, through the development of relationships with OEMs that manufacture products which require the performance characteristics of the Company's batteries. The success of any such relationship is dependent upon the general business condition of the OEM and the ability of the Company to produce its batteries at the quality and cost and within the time frame required by such OEMs. Failure to develop a sufficient number of relationships with OEMs could have a material adverse effect on the Company's business, financial condition and results of operations.

A substantial portion of the Company's business will depend upon the success of products sold by OEMs that use the Company's batteries. Therefore, the Company's success is substantially dependent upon the acceptance of the OEMs' products in the marketplace. The Company is subject to many risks beyond its control that influence the success or failure of a particular product manufactured by an OEM, including among others, competition faced by the OEM in its particular industry; market acceptance of the OEM's product; the engineering, sales and marketing and management capabilities of the OEM; technical challenges unrelated to the Company's technology or products faced by the OEM in developing its products; and, the financial and other resources of the OEM.

RISKS RELATING TO GROWTH AND EXPANSION
Rapid growth of the Company's primary or advanced rechargeable battery businesses, or other segments of its business, may significantly strain the Company's management, operations and technical resources. If the Company is successful in obtaining rapid

market penetration of its batteries, the Company will be required to deliver large volumes of quality products to its customers on a timely basis at a reasonable cost to those customers. There can be no assurance, however, that the Company's business will achieve rapid growth or that its efforts to expand its manufacturing and quality control activities will be successful or that it will be able to satisfy commercial scale production requirements on a timely and cost-effective basis. The Company will also be required to continue to improve its operations, management and financial systems and controls. Failure by the Company to manage its growth effectively could have an adverse effect on the Company's business, financial condition and results of operations.

COMPETITION; TECHNOLOGICAL OBSOLESCENCE

The primary and rechargeable battery industry is characterized by intense competition with a large number of companies offering or seeking to develop technology and products similar to those of the Company. The Company is subject to competition from manufacturers of traditional rechargeable batteries, such as nickel-cadmium batteries, from manufacturers of rechargeable batteries of more recent technologies, such as nickel-metal hydride, lithium-ion liquid electrolyte and lithium-metal solid-polymer batteries, as well as from companies engaged in the development of batteries incorporating new technologies. Manufacturers of nickel-cadmium and nickel-metal hydride batteries include Eveready, Sanyo Electric Co. Ltd., Sony Corp., Toshiba Corp., Matsushita Electric Industrial Co., Ltd. and Duracell International, Inc. Manufacturers of lithium-ion liquid electrolyte batteries currently include Saft-Soc des ACC, Sony Corp., Toshiba Corp., Matsushita Electric Industrial Co., Ltd., Sanyo Electric Co. Ltd. and Duracell International, Inc. Valence Technology, Inc., Lithium Technology Corporation, and Yuasa-Exide, Inc. have developed prototype solid-polymer batteries and are constructing commercial-scale manufacturing facilities. The Company also competes with large and small manufacturers of alkaline, carbon-zinc, seawater, high rate and primary batteries as well as other manufacturers of lithium batteries. There can be no assurance that the Company will be successful in competing with these manufacturers, many of which have substantially greater financial, technical, manufacturing, distribution, marketing, sales and other resources. A number of companies with substantially greater resources than the Company are pursuing the development of a wide variety of battery technologies, including both liquid electrolyte lithium and solid electrolyte lithium batteries, which are expected to compete with the Company's technology. Other companies undertaking research and development activities of solid-polymer batteries have already developed prototypes and are constructing commercial scale production facilities. If such other companies successfully market their batteries prior to the introduction of the Company's products, there will be a material adverse effect on the Company's business, financial condition and results of operations. The market for the Company's products is characterized by changing technology and evolving industry standards, often resulting in product obsolescence or short product lifecycles. Although the Company believes that its batteries are comprised of state-of-the-art technology, there can be no assurance that competitors will not develop technologies or products that would render the Company's technology and products obsolete or less marketable.

DEPENDENCE ON KEY PERSONNEL

Because of the specialized, technical nature of the Company's business, the Company is highly dependent on certain members of its management, marketing, engineering and technical staff, the loss of whose services could have a material adverse effect on the Company's business, financial condition and results of operations. In addition to developing manufacturing capacity that meets the rigorous tolerances necessary for the Company's high volume production capability, the Company must attract, recruit and retain a sizeable workforce of technically competent employees. The ability of the Company to pursue effectively its business strategy will depend upon, among other factors, the successful recruitment and retention of additional highly skilled and experienced managerial, marketing, engineering and technical personnel. There can be no assurance that the Company will be able to retain or recruit such personnel.

SAFETY RISKS; DEMANDS OF ENVIRONMENTAL AND OTHER REGULATORY COMPLIANCE

Components of the Company's batteries contain certain elements that are known to pose safety risks. The Company's primary battery products incorporate lithium metal, which when it reacts with water may cause fires if not handled properly. In addition to a December 1996 fire at the Company's Abingdon, England facility, a fire occurred August 1997 at the Company's Newark, New York facility and fires occurred in July 1994 and September 1995 at the Company's Abingdon, England facility, each of which temporarily interrupted certain manufacturing operations in a specific area of the facility. Although the Company incorporates safety procedures in its research, development and manufacturing processes that are designed to minimize safety risks, there can be no assurance that an accident in its facilities or one involving its products will not occur. Although the Company currently has in force insurance policies which cover loss of its plant and machinery, leasehold improvements, inventory and business interruption, any accident, whether at the Company's manufacturing facilities or from the use of its products, may result in significant production delays or claims for damages resulting from injuries, any of which could have a material adverse effect on the Company's business, financial condition and results of operations. National, state and local regulations impose various environmental controls on the manufacture, storage, use and disposal of lithium batteries and/or of certain chemicals used in the manufacture of lithium batteries. Although the Company believes that its operations are in substantial compliance with current environmental regulations and that, except as noted below, there are no environmental conditions that will require material expenditures for clean-up at its present or former facilities or at facilities to which it has sent waste for disposal, there can be no assurance that changes in such laws and regulations will not impose costly compliance requirements on the Company or otherwise subject it to future liabilities. Moreover, state and local governments may enact additional restrictions relating to the disposal of lithium batteries used by customers of the Company which could have a material adverse effect on the Company's business, financial condition and results of operations. In addition, the transportation of batteries which contain lithium metal is regulated by the U.S. Department of Transportation and by certain foreign regulatory agencies that consider lithium to be a hazardous material. The Company currently ships

its lithium batteries in accordance with regulations established by the U.S. Department of Transportation. There can be no assurance that additional or modified regulations relating to the manufacture, transportation, storage, use and disposal of materials used to manufacture the Company's batteries or restricting disposal of batteries will not be imposed or as to the effect such regulations may have on the Company or its customers.

In connection with the Company's purchase/lease of its Newark, New York facility in 1998, a consulting firm performed a Phase I and II Environmental Site Assessment which revealed the existence of contaminated soil and ground water around one of the Company's buildings. The Company retained an engineering firm which estimated that the cost of remediation should be in the range of $230,000. There can be no assurance, however, that this will be the case. In February 1998, the Company entered into an agreement with a third party which provides that the Company and this third party would retain an environmental consulting firm to conduct a supplemental Phase II investigation to verify the existence of the contaminants and further delineate the nature of the environmental concern. The third party agreed to reimburse the Company for fifty percent of the cost associated with remediating the environmental concern. This investigation has recently been completed, and the Company has submitted a proposed work plan to the New York State Department of Environmental Conservation for review. There can be no assurance that the Company will not face claims resulting in substantial liability which would have a material adverse effect on the Company's business, financial condition and results of operations in the period in which such claims are resolved.

LIMITED SOURCES OF SUPPLY

Certain materials used in the Company's products are available only from a single or a limited number of suppliers. Additionally, the Company may elect to develop relationships with a single or limited number of suppliers for materials that are otherwise generally available. Although the Company believes that alternative suppliers are available to supply materials that could replace materials currently used by the Company and that, if necessary, the Company would be able to redesign its products to make use of such alternatives, any interruption in its supply from any supplier that serves as the Company's sole source could delay product shipments and have a material adverse effect on the Company's business, financial condition and results of operations. Although the Company has experienced interruptions of product deliveries by sole source suppliers, none of such interruptions has had a material adverse effect on the Company's business, financial condition and results of operations. There can be no assurance that the Company will not experience a material interruption of product deliveries from sole source suppliers which could have a material adverse effect on the Company's business, financial condition and results of operations.

DEPENDENCE ON PROPRIETARY TECHNOLOGIES

The Company believes that its success is less dependent on the legal protection that its patents and other proprietary rights may or will afford than on the knowledge, ability, experience and technological expertise of its employees. The Company claims proprietary rights in various unpatented technologies, know how, trade secrets and trademarks

relating to its products and manufacturing processes. There can be no assurance as to the degree of protection these various claims may or will afford, or that the Company's competitors will not independently develop or patent technologies that are substantially equivalent or superior to the Company's technology. It is the policy of the Company to protect its proprietary rights in its products and operations through contractual obligations, including nondisclosure agreements with certain employees, customers, consultants and strategic partners. There can be no assurance as to the degree of protection these contractual measures may or will afford. The Company, however, has had patents issued and patent applications pending in the U.S. and elsewhere. There can be no assurance (i) that patents will be issued from any pending applications, or that the claims allowed under any patents will be sufficiently broad to protect the Company's technology, (ii) that any patents issued to the Company will not be challenged, invalidated or circumvented, or (iii) as to the degree or adequacy of protection any patents or patent applications may or will afford. If the Company is found to be infringing third party patents, there can be no assurance that it will be able to obtain licenses with respect to such patents on acceptable terms, if at all. Failure of the Company to obtain necessary licenses could result in delays in product shipment or the introduction of new products, and costly attempts to design around such patents could foreclose the development, manufacture or sale of the Company's products.

DEPENDENCE ON TECHNOLOGY TRANSFER AGREEMENTS

The Company's research and development of advanced rechargeable battery technology and products utilizes internally-developed technology, acquired technology and certain patents and related technology licensed by the Company pursuant to non-exclusive, technology transfer agreements. There can be no assurance that the Company's competitors will not develop, independently or through the use of similar technology transfer agreements, rechargeable battery technology or products that are substantially equivalent or superior to the technologies and products currently under research and development by the Company.

RISKS RELATED TO CHINA JOINT VENTURE PROGRAM

In July 1992, the Company entered into several agreements related to the establishment of a manufacturing facility in Changzhou, China, for the production and distribution in and from China of 2/3A lithium primary batteries. Changzhou Ultra Power Battery Co., Ltd., a company organized in China ("China Battery"), purchased from the Company certain technology, equipment, training and consulting services relating to the design and operation of a lithium battery manufacturing plant. China Battery was required to pay approximately $6.0 million to the Company over the first two years of the agreement, of which approximately $5.6 million has been paid. The Company has been attempting to collect the balance due under this contract. China Battery has indicated that these payments will not be made until certain contractual issues have been resolved. Due to China Battery's questionable willingness to pay, the Company wrote off in fiscal 1997 the entire balance owed to the Company as well as the Company's investment aggregating $805,000. Since China Battery has not purchased technology, equipment, training or consulting services from the Company to produce batteries other than 2/3 A lithium

batteries, the Company does not believe that China Battery has the capacity to become a competitor of the Company. The Company does not anticipate that the manufacturing or marketing of 2/3 A lithium batteries will be a substantial portion of its product line in the future. However, in December 1997, China Battery sent to the Company a letter demanding reimbursement of an unspecified amount of losses they have incurred plus a refund for certain equipment that the Company sold to China Battery. The Company has attempted to initiate negotiations to resolve the dispute. However, an agreement has not yet materialized. Although China Battery has not taken any additional steps, there can be no assurance that China Battery will not further pursue such a claim which, if successful, would have a material adverse effect on the Company's business, financial condition and results of operations. The Company believes that such a claim is without merit.

ABILITY TO INSURE AGAINST LOSSES

Because certain of the Company's primary batteries are used in a variety of security and safety products and medical devices, the Company may be exposed to liability claims if such a battery fails to function properly. The Company maintains what it believes to be sufficient liability insurance coverage to protect against potential claims; however, there can be no assurance that the liability insurance will continue to be available, or that any such liability insurance would be sufficient to cover any claim or claims.

POSSIBILTY OF WARRANTY CLAIMS

The Company provides warranties for its various products. The longest duration warranty is a ten (10) year warranty on the Company's 9-volt battery when used in certain smoke detector applications. The Company maintains a warranty reserve to cover potential warranty claims. There can be no guarantee, however, that the reserves will be sufficient to satisfy claims made. In the event the Company experiences a significant rise in warranty claims made, such action could have a material adverse effect on the Company's business, financial condition and results of operations.

POSSIBLE VOLATILITY OF STOCK PRICE

Future announcements concerning the Company or its competitors, including technological innovations or commercial products, litigation or public concerns as to the safety or commercial value of one or more of the Company's products, may cause the market price of the Common Stock to fluctuate substantially for reasons which may be unrelated to operating results. These fluctuations, as well as general economic, political and market conditions, may have a material adverse effect on the market price of the Common Stock.

FORWARD-LOOKING STATEMENTS

This Agreement and information contained in documents provided or made available to the Purchaser, contain forward-looking statements, as that term is defined by federal securities laws, that relate to the financial condition, results of operations, plans, objectives, future performance and business of the Company. These statements are frequently preceded by, followed by or include the words believes, expects, anticipates,

estimates or similar expressions. The Company has based these forward-looking statements on its current expectations and projections about future events. These statements relate to matters that are not historical facts are forward-looking statements that involve risks and uncertainties, including future demand for products and services, the successful commercialization of the Company's batteries, general economic conditions, government and environmental regulation, competition and customer strategies, technological innovations in the primary and rechargeable battery industries, changes in business strategy or development plans, capital deployment, business disruptions, including those caused by fire, raw materials, supplies and other risks and uncertainties, certain of which are beyond the Company's control. In addition to these risks, in this Exhibit entitled Risk Factors, the Company has summarized a number of the risks and uncertainties that could affect the actual outcome of the forward-looking statements included elsewhere. The Company advises you not to place undue reliance on these forward-looking statements in light of the material risks and uncertainties to which they are subject. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may differ materially from those described herein as anticipated, believed, estimated or expected. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

DEBENTURE PURCHASE AGREEMENT

This Debenture Purchase Agreement (the "Agreement") is made as of the 23rd day of April, 2002 between ULTRALIFE BATTERIES, INC., a Delaware corporation (the "Company") and Joseph C. Abelese (the "Purchaser").

The Company desires to issue and sell, and the Purchaser desires to buy, a Senior Convertible Subordinated Debenture of the Company in the principal amount of $600,000 (the "Debenture"), which Debenture will automatically convert into shares of the Common Stock, $0.10 par value (the "Shares") of the Company at the rate of $3.00 per share on the terms and conditions set forth in this Agreement. The Debenture and the Shares are collectively referred to in this Agreement as the "Securities".

In consideration of the covenants and conditions set forth in this Agreement, the parties agree as follows:

1. Sale of Debenture. The Company agrees to sell, transfer and assign to the Purchaser and, subject to and in reliance upon the representations, warranties, terms and conditions of this Agreement, the Purchaser agrees to purchase from the Company the Debenture.

2. Closing. The closing of the purchase and sale of the Debenture (the "Closing") shall be held concurrently with the execution and delivery of this Agreement at the offices of the Company, or at any other time and place or in such other manner to which the Company and the Purchaser may agree. At the Closing, the Company shall issue to the Purchaser the Debenture.

3. Representations of the Company. The Company represents, warrants and agrees as follows:

(a) Neither the execution nor delivery by the Company of this Agreement will conflict with or violate any provision of the Articles of Incorporation, Bylaws or any agreement to which the Company is a party.

(b) The Debenture, when issued, sold, delivered and paid for in accordance with the terms hereof, will be duly and validly issued, fully paid and nonassessable, and the Shares issued on conversion of the Debenture will be duly and validly issued, fully paid and non-assessable.

(c) The sale and issuance of the Debenture and the Shares in accordance with the terms of and on the basis of the representations and warranties set forth in this Agreement, will be exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act").

(d) This Agreement has been duly executed and delivered by the Company and is enforceable against the Company in accordance with its terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance,

fraudulent transfer, marshalling or similar laws affecting creditors' rights and remedies generally, and general principles of equity, including without limitation, concepts of materiality, reasonableness, good faith and fair dealing (regardless of whether such enforceability is considered in a proceeding in equity or at law). Except for any notice of issuance to or listing of additional shares with NASDAQ, if required, all consents, approvals, orders or authorizations of, or registrations, qualifications, designations or filings with any federal or state governmental authority on the part of the Company required in connection with the consummation of the transactions contemplated herein have been obtained and are effective.

4. Representations of the Purchaser. The Purchaser represents, warrants and agrees as follows:

(a) It is the Purchaser's present intention to acquire the Securities hereunder for the Purchaser's own account as principal and that the Securities are being and will be acquired for the purpose of investment and not with a view to distribution or resale.

(b) The Purchaser has such knowledge and experience in business and financial matters that the Purchaser is capable of evaluating the merits and risks of the investment contemplated hereby.

(c) The Purchaser has full power and authority to execute, deliver and perform this Agreement and to make this Agreement the valid and enforceable obligation of the Purchaser.

(d) The Purchaser understands that the Debenture will be "restricted" as that term is defined in Rule 144 under the Securities Act, that the Shares if not registered under the Act will also be "restricted" and that the Debenture and the Shares may only be resold in compliance with applicable federal and state securities laws.

(e) The Purchaser's domicile is located at the Purchaser's address set forth on the signature page hereto.

(f) The Purchaser is an "Accredited Investor" as defined in Rule 501(a) of the Securities Act, a copy of which is set forth on Exhibit A to

this Agreement, and the Purchaser has certified to the Company the basis for that Purchaser's Accredited Investor status by checking the appropriate category on Exhibit A and signing and dating that Exhibit.

(g) The Purchaser acknowledges that the Company has entered into or expects to enter into separate but substantially identical stock purchase agreements (the "Stock Purchase Agreements") with other purchasers ("Other Purchasers") providing for the sale to the Other Purchasers of shares of the Company's Common Stock. This Agreement and the Stock Purchase Agreements are separate agreements and the sales of such shares to the Other Purchasers are and will be deemed to be separate sales. The Purchaser also acknowledges that he is purchasing the Debenture as a means to allow the Company to obtain prior stockholder approval of the issuance of the Shares to him.

(h) The Purchaser has no contract, understanding, agreement or arrangement with any person to sell, transfer or pledge to such person or anyone else any of the Shares the Purchaser hereby purchases (in whole or in part) and that the Purchaser has no present plans to enter into any such contract, undertaking, agreement or arrangement.

(i) The Purchaser will provide, if requested, any additional information that may be requested or required to determine the Purchaser's eligibility to purchase the Debenture.

(j) The Purchaser acknowledges that the Purchaser's representations, warranties, acknowledgements and agreements in this Agreement will be relied upon by the Company in determining the Purchaser's suitability as a purchaser of the Debenture.

(k) The Purchaser has not retained a broker or finder in connection with the Purchaser's purchase of the Debenture and to the Purchaser's knowledge there are no other persons entitled to compensation in connection with the sale of the Debenture to the Purchaser other than consulting fees due to Richard Hansen.

5. Company Information. The Purchaser and the Company agree that each is capable of evaluating the merits and risks of the purchase and sale, respectively, of the Securities hereunder. The Purchaser acknowledges that he has reviewed the Company's (i) Annual Report on Form 10-K for the fiscal year ended June 30, 2001, as filed with the Securities and Exchange Commission (the "SEC") pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"); (ii) Proxy Statement for its 2001 Annual Meeting of Shareholders; (iii) Quarterly Reports on Form 10-Q, as amended, for the fiscal quarters ended September 30, 2001 and December 31, 2001 as filed with the SEC pursuant to the Exchange Act; and (iv) all other reports filed with the SEC since December 31, 2001. Since December 31, 2001, the Company has filed with the SEC all reports, documents, definitive proxy statements and all other filings required to be filed with the SEC. The Purchaser further acknowledges that he has reviewed the Risk Factors of the Company set forth on Exhibit B to this Agreement. The Purchaser further acknowledges that he has been furnished with all materials relating to the business, finances and operations of the Company and materials relating to the offer and sale of the Securities that have been requested by the Purchaser. The Purchaser further acknowledges that he has been afforded the opportunity to meet with and ask questions of senior officers of the Company concerning the Company's business, finance and operations, including in particular the Company's business, finances and operations since December 31, 2001.

6. Registration Rights. On or before June 30, 2002, the Company shall prepare and file with the SEC a resale registration statement (the "Registration Statement") on Form S-3 covering the Shares (including any shares of the Company's Common Stock issued as, or issuable upon the conversion or exercise of any warrant, right or other security which is issued as, a dividend or other distribution with respect to, or in exchange for or in replacement of, the Shares), provided that Form S-3 is available to the Company for such purpose. The Company shall take all actions necessary or desirable to qualify to use Form S-3 for the registration of the resale of the Shares. The Company shall be required to file only one Registration Statement. The Purchaser and the Company agree that promptly after the Closing, they shall enter into a

separate Registration Rights Agreement consistent with the provisions of this Section 6, which Registration Rights Agreement shall contain customary representations and warranties and provisions regarding indemnification and contribution.

7. Legend. The Purchaser understands and acknowledges that the Debenture will bear a legend denoting the restrictions on transfer and that unless the Shares have been duly registered under the Act, the certificate(s) evidencing the Shares will bear the following legend: "THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), AND ARE "RESTRICTED SECURITIES" AS DEFINED IN RULE 144 PROMULGATED UNDER THE ACT. THE SECURITIES MAY NOT BE SOLD OR OFFERED FOR SALE OR OTHERWISE DISTRIBUTED EXCEPT (I) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE ACT; (II) IN COMPLIANCE WITH RULE 144; OR (III) AFTER RECEIPT OF AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO ULTRALIFE BATTERIES, INC. THAT SUCH REGISTRATION OR COMPLIANCE IS NOT REQUIRED AS TO SAID SALE, OFFER OR DISTRIBUTION."

8. Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original but all of which will be deemed one instrument.

9. Expenses and Taxes. The Company shall pay any and all stamp and other taxes payable or determined to be payable in connection with the execution, delivery and performance of this Agreement and any other instruments and documents to be delivered hereunder and agrees to save the Purchaser harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and filing fees.

10. Survival of Representations and Warranties. All representations and warranties made in this Agreement or any other instrument or document delivered in connection herewith shall survive the execution and delivery hereof.

11. Prior Agreements. This Agreement constitutes the entire agreement between the parties and supersedes any prior or contemporaneous understandings or agreements concerning the subject matter hereof.

12. Severability. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision.

13. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York. The rights of the parties under this Agreement are unique and, accordingly, the parties shall, in addition to such other remedies as may be available to any of them at law or in equity, have the right to enforce their rights hereunder by actions of specific performance to the extent permitted by law.

14. Headings. Section and subsection headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of the Agreement for any other purpose.

15. Amendments and Waivers. This Agreement may not be amended, supplemented or otherwise modified except by an instrument in writing signed by both parties that specifically refers to this Agreement. Either party hereto may, only by an instrument in writing, waive compliance by the other party hereto with any term or provision of this Agreement on the part of such other party to be performed or complied with. The waiver by a party hereto of a breach of any term or provision of this Agreement shall not be construed as a waiver of any subsequent breach. Any amended or waiver effected in accordance with this Section 15 shall be binding upon each party and its permitted assigns.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

ULTRALIFE BATTERIES, INC.

By: /s/ Peter F. Comerford

Name: Peter F. Comerford
Title: Vice President of Administration and General Counsel

THE PURCHASER: Jospeh C. Abeles

Print Name

/s/ Jospeh C. Abeles

Signature

Address: 400 Columbus Ave.

Valhalla, NY 10595

Social Security Number or
Employment Identification Number:

EXHIBIT A

Section 501(a) of the Securities Act of 1933, as Amended:

"As used in Regulation D (17 CFR ss.ss. 230.501-230.508), the following terms shall have the meaning indicated:

(a) Accredited investor. "Accredited investor" shall mean any person who comes within any of the following categories, or who the issuer reasonably believes comes within any of the following categories, at the time of the sale of the securities to that person:

(1) Any bank as defined in section 3(a)(2) of the [Securities Act of 1933, as amended (the "Act")], or any savings and loan association or other institution as defined in section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to section 15 of the Securities Exchange Act of 1934; any insurance company as defined in section 2(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company as defined in section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of $5,000,000; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered adviser, or if the employee benefit plan has total assets in excess of $5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

(2) Any private business development company as defined in section 202(a)(22) of the Investment Advisers Act of 1940;

(3) Any organization described in section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000;

(4) Any director, executive officer, or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;

(5) Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds $1,000,000;

(6) Any natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with that person's spouse in excess of $300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;

(7) Any trust, with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in ss. 230.506(b)(2)(ii); and

(8) Any entity in which all of the equity owners are accredited investors."

The undersigned Purchaser hereby certifies to the Company that the Purchaser is an "Accredited Investor" on the basis of the box checked above.

PURCHASER

Date:

Print Name

Signature

EXHIBIT B

RISK FACTORS

Please carefully consider all information provided by the Company. In particular, the following factors could cause actual results to differ materially from the matters described in the forward-looking statements, with material and adverse effects on the Company's business, operating results, financial condition and the value of Ultralife stock.

HISTORY OF OPERATING LOSSES; UNCERTAINTY OF FUTURE PROFITABILITY

The Company commenced operations in March 1991 and has incurred net operating losses since its inception. Losses have resulted principally from research and development, manufacturing and general and administrative costs. No assurance can be given that the Company will generate an operating profit or achieve profitability in the future.

UNCERTAINTY ABOUT THE COMPANY'S ABILITY TO GENERATE POSITIVE CASH FLOWS AND CONTINUE AS A GOING CONCERN

The Company has been in a negative cash flow situation since its inception. The Company's current cash and credit situation is strained. While the Company is focusing intently on increasing revenues and reducing costs and expenses, there can be no assurance that these efforts will bring the Company to a cash generating position. The Company's inability to successfully attain a positive cash flow position could have a material adverse effect on the Company's business, financial condition, and results of operations. Such material adverse effects could include a violation of debt covenants, an inability to pay vendors in a timely fashion, or could impact upon its ability to continue as a going concern. If the Company is unsuccessful in generating positive cash flows, it may result in the need to further access the capital markets for additional debt or equity funding, and there can be no assurance that the Company would be successful in doing so.

UNCERTAINTY OF CURRENT DEMAND FOR EXISTING PRODUCTS AND FUTURE DEMAND FOR NEW PRODUCTS IN THE COMPANY'S PRIMARY BATTERY PRODUCT LINE

Although the Company is currently in volume production for its various primary battery products, there can be no assurance that this demand will continue. The Company is in the process of developing new battery configurations for both OEM and military applications and there can be no assurance as to the market acceptance and/or military qualification of these batteries. The Company's inability to manufacture and sell these new products could have a material adverse effect on the Company's business, financial condition and results of operations.

UNCERTAINTY OF MARKET ACCEPTANCE OF ADVANCED RECHARGEABLE BATTERIES
Although the Company is capable of volume production of its rechargeable batteries, the Company's advanced rechargeable batteries have not yet achieved wide market acceptance and there can be no assurance that market acceptance of its technology or advanced rechargeable batteries will ever be achieved. The introduction of new products is subject to the inherent risks of unforeseen delays and the time necessary to achieve market success for any individual product is uncertain. If volume production and/or market penetration of the Company's advanced rechargeable batteries is delayed for any reason, the Company's competitors may introduce emerging technologies or refine existing technologies which could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company routinely reviews the appropriateness of the carrying value of its assets. If facts and circumstances indicate that the carrying amount of a long-lived asset may be impaired, an evaluation of recoverability would be performed. If an impairment is determined to exist, a loss would be recognized to the extent the carrying value of the asset is in excess of its fair value. Such an impairment charge could have a material adverse effect on the Company's business, financial condition and results of operations.

DEPENDENCE ON OEM RELATIONSHIPS AND THEIR PRODUCTS FOR SALE OF BATTERIES
The Company intends to continue to promote demand for, and awareness of, its batteries, in part, through the development of relationships with OEMs that manufacture products which require the performance characteristics of the Company's batteries. The success of any such relationship is dependent upon the general business condition of the OEM and the ability of the Company to produce its batteries at the quality and cost and within the time frame required by such OEMs. Failure to develop a sufficient number of relationships with OEMs could have a material adverse effect on the Company's business, financial condition and results of operations.

A substantial portion of the Company's business will depend upon the success of products sold by OEMs that use the Company's batteries. Therefore, the Company's success is substantially dependent upon the acceptance of the OEMs' products in the marketplace. The Company is subject to many risks beyond its control that influence the success or failure of a particular product manufactured by an OEM, including among others, competition faced by the OEM in its particular industry; market acceptance of the OEM's product; the engineering, sales and marketing and management capabilities of the OEM; technical challenges unrelated to the Company's technology or products faced by the OEM in developing its products; and, the financial and other resources of the OEM.

RISKS RELATING TO GROWTH AND EXPANSION
Rapid growth of the Company's primary or advanced rechargeable battery businesses, or other segments of its business, may significantly strain the Company's management, operations and technical resources. If the Company is successful in obtaining rapid

market penetration of its batteries, the Company will be required to deliver large volumes of quality products to its customers on a timely basis at a reasonable cost to those customers. There can be no assurance, however, that the Company's business will achieve rapid growth or that its efforts to expand its manufacturing and quality control activities will be successful or that it will be able to satisfy commercial scale production requirements on a timely and cost-effective basis. The Company will also be required to continue to improve its operations, management and financial systems and controls. Failure by the Company to manage its growth effectively could have an adverse effect on the Company's business, financial condition and results of operations.

COMPETITION; TECHNOLOGICAL OBSOLESCENCE

The primary and rechargeable battery industry is characterized by intense competition with a large number of companies offering or seeking to develop technology and products similar to those of the Company. The Company is subject to competition from manufacturers of traditional rechargeable batteries, such as nickel-cadmium batteries, from manufacturers of rechargeable batteries of more recent technologies, such as nickel-metal hydride, lithium-ion liquid electrolyte and lithium-metal solid-polymer batteries, as well as from companies engaged in the development of batteries incorporating new technologies. Manufacturers of nickel-cadmium and nickel-metal hydride batteries include Eveready, Sanyo Electric Co. Ltd., Sony Corp., Toshiba Corp., Matsushita Electric Industrial Co., Ltd. and Duracell International, Inc. Manufacturers of lithium-ion liquid electrolyte batteries currently include Saft-Soc des ACC, Sony Corp., Toshiba Corp., Matsushita Electric Industrial Co., Ltd., Sanyo Electric Co. Ltd. and Duracell International, Inc. Valence Technology, Inc., Lithium Technology Corporation, and Yuasa-Exide, Inc. have developed prototype solid-polymer batteries and are constructing commercial-scale manufacturing facilities. The Company also competes with large and small manufacturers of alkaline, carbon-zinc, seawater, high rate and primary batteries as well as other manufacturers of lithium batteries. There can be no assurance that the Company will be successful in competing with these manufacturers, many of which have substantially greater financial, technical, manufacturing, distribution, marketing, sales and other resources. A number of companies with substantially greater resources than the Company are pursuing the development of a wide variety of battery technologies, including both liquid electrolyte lithium and solid electrolyte lithium batteries, which are expected to compete with the Company's technology. Other companies undertaking research and development activities of solid-polymer batteries have already developed prototypes and are constructing commercial scale production facilities. If such other companies successfully market their batteries prior to the introduction of the Company's products, there will be a material adverse effect on the Company's business, financial condition and results of operations. The market for the Company's products is characterized by changing technology and evolving industry standards, often resulting in product obsolescence or short product lifecycles. Although the Company believes that its batteries are comprised of state-of-the-art technology, there can be no assurance that competitors will not develop technologies or products that would render the Company's technology and products obsolete or less marketable.

DEPENDENCE ON KEY PERSONNEL

Because of the specialized, technical nature of the Company's business, the Company is highly dependent on certain members of its management, marketing, engineering and technical staff, the loss of whose services could have a material adverse effect on the Company's business, financial condition and results of operations. In addition to developing manufacturing capacity that meets the rigorous tolerances necessary for the Company's high volume production capability, the Company must attract, recruit and retain a sizeable workforce of technically competent employees. The ability of the Company to pursue effectively its business strategy will depend upon, among other factors, the successful recruitment and retention of additional highly skilled and experienced managerial, marketing, engineering and technical personnel. There can be no assurance that the Company will be able to retain or recruit such personnel.

SAFETY RISKS; DEMANDS OF ENVIRONMENTAL AND OTHER REGULATORY COMPLIANCE

Components of the Company's batteries contain certain elements that are known to pose safety risks. The Company's primary battery products incorporate lithium metal, which when it reacts with water may cause fires if not handled properly. In addition to a December 1996 fire at the Company's Abingdon, England facility, a fire occurred August 1997 at the Company's Newark, New York facility and fires occurred in July 1994 and September 1995 at the Company's Abingdon, England facility, each of which temporarily interrupted certain manufacturing operations in a specific area of the facility. Although the Company incorporates safety procedures in its research, development and manufacturing processes that are designed to minimize safety risks, there can be no assurance that an accident in its facilities or one involving its products will not occur. Although the Company currently has in force insurance policies which cover loss of its plant and machinery, leasehold improvements, inventory and business interruption, any accident, whether at the Company's manufacturing facilities or from the use of its products, may result in significant production delays or claims for damages resulting from injuries, any of which could have a material adverse effect on the Company's business, financial condition and results of operations. National, state and local regulations impose various environmental controls on the manufacture, storage, use and disposal of lithium batteries and/or of certain chemicals used in the manufacture of lithium batteries. Although the Company believes that its operations are in substantial compliance with current environmental regulations and that, except as noted below, there are no environmental conditions that will require material expenditures for clean-up at its present or former facilities or at facilities to which it has sent waste for disposal, there can be no assurance that changes in such laws and regulations will not impose costly compliance requirements on the Company or otherwise subject it to future liabilities. Moreover, state and local governments may enact additional restrictions relating to the disposal of lithium batteries used by customers of the Company which could have a material adverse effect on the Company's business, financial condition and results of operations. In addition, the transportation of batteries which contain lithium metal is regulated by the U.S. Department of Transportation and by certain foreign regulatory agencies that consider lithium to be a hazardous material. The Company currently ships

its lithium batteries in accordance with regulations established by the U.S. Department of Transportation. There can be no assurance that additional or modified regulations relating to the manufacture, transportation, storage, use and disposal of materials used to manufacture the Company's batteries or restricting disposal of batteries will not be imposed or as to the effect such regulations may have on the Company or its customers.

In connection with the Company's purchase/lease of its Newark, New York facility in 1998, a consulting firm performed a Phase I and II Environmental Site Assessment which revealed the existence of contaminated soil and ground water around one of the Company's buildings. The Company retained an engineering firm which estimated that the cost of remediation should be in the range of $230,000. There can be no assurance, however, that this will be the case. In February 1998, the Company entered into an agreement with a third party which provides that the Company and this third party would retain an environmental consulting firm to conduct a supplemental Phase II investigation to verify the existence of the contaminants and further delineate the nature of the environmental concern. The third party agreed to reimburse the Company for fifty percent of the cost associated with remediating the environmental concern. This investigation has recently been completed, and the Company has submitted a proposed work plan to the New York State Department of Environmental Conservation for review. There can be no assurance that the Company will not face claims resulting in substantial liability which would have a material adverse effect on the Company's business, financial condition and results of operations in the period in which such claims are resolved.

LIMITED SOURCES OF SUPPLY

Certain materials used in the Company's products are available only from a single or a limited number of suppliers. Additionally, the Company may elect to develop relationships with a single or limited number of suppliers for materials that are otherwise generally available. Although the Company believes that alternative suppliers are available to supply materials that could replace materials currently used by the Company and that, if necessary, the Company would be able to redesign its products to make use of such alternatives, any interruption in its supply from any supplier that serves as the Company's sole source could delay product shipments and have a material adverse effect on the Company's business, financial condition and results of operations. Although the Company has experienced interruptions of product deliveries by sole source suppliers, none of such interruptions has had a material adverse effect on the Company's business, financial condition and results of operations. There can be no assurance that the Company will not experience a material interruption of product deliveries from sole source suppliers which could have a material adverse effect on the Company's business, financial condition and results of operations.

DEPENDENCE ON PROPRIETARY TECHNOLOGIES

The Company believes that its success is less dependent on the legal protection that its patents and other proprietary rights may or will afford than on the knowledge, ability, experience and technological expertise of its employees. The Company claims proprietary rights in various unpatented technologies, know how, trade secrets and trademarks

relating to its products and manufacturing processes. There can be no assurance as to the degree of protection these various claims may or will afford, or that the Company's competitors will not independently develop or patent technologies that are substantially equivalent or superior to the Company's technology. It is the policy of the Company to protect its proprietary rights in its products and operations through contractual obligations, including nondisclosure agreements with certain employees, customers, consultants and strategic partners. There can be no assurance as to the degree of protection these contractual measures may or will afford. The Company, however, has had patents issued and patent applications pending in the U.S. and elsewhere. There can be no assurance (i) that patents will be issued from any pending applications, or that the claims allowed under any patents will be sufficiently broad to protect the Company's technology, (ii) that any patents issued to the Company will not be challenged, invalidated or circumvented, or (iii) as to the degree or adequacy of protection any patents or patent applications may or will afford. If the Company is found to be infringing third party patents, there can be no assurance that it will be able to obtain licenses with respect to such patents on acceptable terms, if at all. Failure of the Company to obtain necessary licenses could result in delays in product shipment or the introduction of new products, and costly attempts to design around such patents could foreclose the development, manufacture or sale of the Company's products.

DEPENDENCE ON TECHNOLOGY TRANSFER AGREEMENTS

The Company's research and development of advanced rechargeable battery technology and products utilizes internally-developed technology, acquired technology and certain patents and related technology licensed by the Company pursuant to non-exclusive, technology transfer agreements. There can be no assurance that the Company's competitors will not develop, independently or through the use of similar technology transfer agreements, rechargeable battery technology or products that are substantially equivalent or superior to the technologies and products currently under research and development by the Company.

RISKS RELATED TO CHINA JOINT VENTURE PROGRAM

In July 1992, the Company entered into several agreements related to the establishment of a manufacturing facility in Changzhou, China, for the production and distribution in and from China of 2/3A lithium primary batteries. Changzhou Ultra Power Battery Co., Ltd., a company organized in China ("China Battery"), purchased from the Company certain technology, equipment, training and consulting services relating to the design and operation of a lithium battery manufacturing plant. China Battery was required to pay approximately $6.0 million to the Company over the first two years of the agreement, of which approximately $5.6 million has been paid. The Company has been attempting to collect the balance due under this contract. China Battery has indicated that these payments will not be made until certain contractual issues have been resolved. Due to China Battery's questionable willingness to pay, the Company wrote off in fiscal 1997 the entire balance owed to the Company as well as the Company's investment aggregating $805,000. Since China Battery has not purchased technology, equipment, training or consulting services from the Company to produce batteries other than 2/3 A lithium

batteries, the Company does not believe that China Battery has the capacity to become a competitor of the Company. The Company does not anticipate that the manufacturing or marketing of 2/3 A lithium batteries will be a substantial portion of its product line in the future. However, in December 1997, China Battery sent to the Company a letter demanding reimbursement of an unspecified amount of losses they have incurred plus a refund for certain equipment that the Company sold to China Battery. The Company has attempted to initiate negotiations to resolve the dispute. However, an agreement has not yet materialized. Although China Battery has not taken any additional steps, there can be no assurance that China Battery will not further pursue such a claim which, if successful, would have a material adverse effect on the Company's business, financial condition and results of operations. The Company believes that such a claim is without merit.

ABILITY TO INSURE AGAINST LOSSES

Because certain of the Company's primary batteries are used in a variety of security and safety products and medical devices, the Company may be exposed to liability claims if such a battery fails to function properly. The Company maintains what it believes to be sufficient liability insurance coverage to protect against potential claims; however, there can be no assurance that the liability insurance will continue to be available, or that any such liability insurance would be sufficient to cover any claim or claims.

POSSIBILTY OF WARRANTY CLAIMS

The Company provides warranties for its various products. The longest duration warranty is a ten (10) year warranty on the Company's 9-volt battery when used in certain smoke detector applications. The Company maintains a warranty reserve to cover potential warranty claims. There can be no guarantee, however, that the reserves will be sufficient to satisfy claims made. In the event the Company experiences a significant rise in warranty claims made, such action could have a material adverse effect on the Company's business, financial condition and results of operations.

POSSIBLE VOLATILITY OF STOCK PRICE

Future announcements concerning the Company or its competitors, including technological innovations or commercial products, litigation or public concerns as to the safety or commercial value of one or more of the Company's products, may cause the market price of the Common Stock to fluctuate substantially for reasons which may be unrelated to operating results. These fluctuations, as well as general economic, political and market conditions, may have a material adverse effect on the market price of the Common Stock.

FORWARD-LOOKING STATEMENTS

This Agreement and information contained in documents provided or made available to the Purchaser, contain forward-looking statements, as that term is defined by federal securities laws, that relate to the financial condition, results of operations, plans, objectives, future performance and business of the Company. These statements are frequently preceded by, followed by or include the words believes, expects, anticipates,

estimates or similar expressions. The Company has based these forward-looking statements on its current expectations and projections about future events. These statements relate to matters that are not historical facts are forward-looking statements that involve risks and uncertainties, including future demand for products and services, the successful commercialization of the Company's batteries, general economic conditions, government and environmental regulation, competition and customer strategies, technological innovations in the primary and rechargeable battery industries, changes in business strategy or development plans, capital deployment, business disruptions, including those caused by fire, raw materials, supplies and other risks and uncertainties, certain of which are beyond the Company's control. In addition to these risks, in this Exhibit entitled Risk Factors, the Company has summarized a number of the risks and uncertainties that could affect the actual outcome of the forward-looking statements included elsewhere. The Company advises you not to place undue reliance on these forward-looking statements in light of the material risks and uncertainties to which they are subject. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may differ materially from those described herein as anticipated, believed, estimated or expected. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

This Debenture has not been registered under the Securities Act of 1933, as amended, and cannot be sold or transferred except in compliance with that Act.

SENIOR CONVERTIBLE SUBORDINATED DEBENTURE

$600,000

April 23, 2002

FOR VALUE RECEIVED, the undersigned, Ultralife Batteries, Inc., a Delaware corporation ("Ultralife"), hereby promises to pay to Joseph C. Abeles ("Purchaser"), or order on December 31, 2002 (the "Maturity Date"), the principal sum of Six Hundred Thousand Dollars ($600,000), and to pay simple interest thereon, computed on the basis of a 360-day year of 12 30-day months, from the date hereof at the rate of 10% per annum. Interest shall be calculated monthly and shall be accrued through the Maturity Date.

The principal hereof and interest hereon shall be payable at the office of the undersigned, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

This Debenture is one of a duly authorized issue of debentures of Ultralife Batteries, Inc. designated as its Senior Convertible Subordinated Debentures due December 31, 2002 ("Debentures"), each such Debenture being subject to the same terms and conditions as contained herein.

W I T N E S S E T H:

I. Recording and Transfer.

1.1 Ultralife will have the right at any time, or from time to time, subsequent to the date hereof, to issue a new Debenture or Debentures to the Purchaser or holder in printed form or in any other form in substitution for this Debenture, provided that such substitute Debenture or Debentures shall contain all the terms and conditions of this Debenture, and no other terms and conditions. In the event of such reissuance of Debentures, the Purchaser or holder will be obligated to return to Ultralife this Debenture, or any subsequently issued Debentures, in exchange therefor.

1.2 Ultralife will keep books at its principal office for the registration or transfer of the Debentures, or Ultralife may designate any bank or trust company or any registrar and transfer company as its Registrar and Transfer Agent for such purpose. The person in whose name a Debenture shall be registered on the books of Ultralife or its Transfer Agent shall be deemed and regarded as the absolute owner thereof for all purposes, notwithstanding any notice or knowledge to the contrary, and payment of the principal of, the interest on, or the premium, if any, on the Debentures shall be made, and the conversion thereof shall be effected, only by or

upon the order of such registered owner. Any such payment or conversion shall be valid and effectual to satisfy and discharge Ultralife of liability upon such Debenture to the extent of such sum or sums so paid or the Common Stock of Ultralife issued upon such conversion.

1.3 Subject to the provisions hereof, the Debenture shall be treated as negotiable, and the Purchaser may transfer or assign the Debenture, or any portion thereof, subject to all of the provisions and obligations contained herein. No transfer shall be valid unless made on the books of Ultralife or its Transfer Agent. Such transfers may be effected on the books of Ultralife or its Transfer Agent upon delivery of: (a) this Debenture, duly endorsed or accompanied by a written instrument of transfer, with the signature of endorsement guaranteed by a commercial bank or trust company; (b) a sum sufficient to reimburse Ultralife for any documentary stock transfer tax or other governmental charge imposed upon the transfer; and (c) a letter or other document from the transferee, in form and content satisfactory to Ultralife, stating that such transferee is acquiring the Debenture for his own account and without a view to, or in connection with, any distribution thereof in violation of the Securities Act of 1933, as amended (hereinafter referred to as the "Act"), or applicable state law. Upon receipt of such documents, Ultralife shall issue a new Debenture in the form of the original Debenture to the proper parties as instructed by the transferor.

1.4 Upon receipt of evidence satisfactory to Ultralife or its Transfer Agent of the loss, theft, destruction or mutilation of this Debenture, together with indemnification reasonably satisfactory to Ultralife and reimbursement for all expenses incident thereto, Ultralife or its Transfer Agent shall issue and deliver a new Debenture in lieu of any Debenture which may become lost, stolen, destroyed or mutilated.

II. Subordination.

The parties hereto agree that the payment of the principal of and the interest on the Debenture is expressly subordinated to the payment of all Senior Indebtedness, to the extent and subject to the conditions set forth in this

Article II. As used herein, the term "Senior Indebtedness" shall mean the principal of, the interest on and the premium, if any, on all indebtedness of Ultralife for money borrowed by it from any financial institution including banks, savings institutions or insurance companies and all renewals, extensions and refundings of any such indebtedness, whether such indebtedness shall have been incurred prior to, on, or subsequent to the date hereof, unless by the terms of the instrument creating or evidencing any such indebtedness it is provided that such indebtedness is not to be considered Senior Indebtedness for the purpose of the Debenture.

2.1 No interest or principal shall be paid on the Debenture without the consent of the holders of all outstanding Senior Indebtedness if, at the date fixed herein for such interest or principal payment, Ultralife shall be in default of payment of principal or interest upon such Senior Indebtedness. In the event any payment of interest or principal hereunder shall be prohibited pursuant to this Section 2. 1, such payment shall be deemed to be deferred until the cure of all defaults in payment of principal or interest upon the Senior Indebtedness, and the

payments hereon so deferred shall immediately become due and payable, without any interest thereon, upon the cure of such defaults.

2.2 In the event of any dissolution, winding up, liquidation or reorganization of Ultralife, whether in bankruptcy, insolvency or receivership proceedings, or upon an assignment for the benefit of creditors or in any other marshalling of the assets and liabilities of Ultralife, the holders of all Senior Indebtedness shall first be entitled to receive payment in full of such Senior Indebtedness before the holders of the Debentures shall be entitled to receive any payment upon the principal of, the interest on, or the premium, if any, on the indebtedness evidenced by the Debentures. Upon any such dissolution, winding up, liquidation or reorganization, any payment or distribution of assets of Ultralife of any kind or character, whether in cash, property or securities, to which the holders of the Debentures would be entitled, except for the provisions of this Article II, shall be made by the liquidating trustee or agent or such person making such payment or distribution, whether a trustee in bankruptcy, a receiver or liquidating trustee or otherwise, directly to the holders of the Senior Indebtedness or their representatives or to the trustee or trustees under any indenture or indentures under which any instruments evidencing any such Senior Indebtedness may have been issued, ratably according to the aggregate amounts remaining unpaid on account of the Senior Indebtedness held or represented by each, to the extent necessary to pay in full all such Senior Indebtedness remaining unpaid, after giving effect to all concurrent payment or distribution with respect to such Senior Indebtedness.

2.3 In the event that, notwithstanding the provisions of Section 2.2 of this Article II, upon any such dissolution, winding up, liquidation or reorganization, any payment or distribution of assets of Ultralife of any kind or character, whether in cash, property or securities, shall be received by the holders of the Debentures before all Senior Indebtedness is paid in full, such payment or distribution shall be paid over to the holders of such Senior Indebtedness or their representatives or to the trustee or trustees under any indenture or indentures referred to in said Section 2.2, ratably as aforesaid, for application to the payment of all Senior Indebtedness remaining unpaid until all such Senior Indebtedness shall have been paid in full, after giving effect to any concurrent payment or distribution with respect to such Senior Indebtedness.

2.4 Subject to the payment in full of all Senior Indebtedness, the holders of the Debentures, to the extent permitted by law, shall be subrogated to the rights of each holder of Senior Indebtedness (to the extent of the payments or distributions made to such holder pursuant to the provisions of Sections 2.2 and 2.3 of this Article II) to receive payments or distributions of assets of Ultralife applicable to the Senior Indebtedness until the principal of, the interest on, and the premium, if any, on this Debenture shall be paid in full, and each holder of Senior Indebtedness by accepting such payments or distributions shall be deemed to have agreed to said subrogation. No payments or distributions to the Senior Indebtedness pursuant to the provisions of Sections 2.2 and 2.3 shall, as between Ultralife, its creditors, other than the holders of the Senior Indebtedness, and the holders of the Debentures, be deemed to be a payment by Ultralife to or on account of the Debentures, the provisions of this Article II being, and being intended, solely for the purpose of defining the relative rights of the holders of the Debentures, on the one hand, and the holders of the Senior Indebtedness, on the other hand; and nothing contained in this Article II or elsewhere in this Debenture is intended to or shall impair, as between Ultralife, the

holders of the Debentures and the other creditors of Ultralife, other than the holders of Senior Indebtedness, the obligation of Ultralife, which is unconditional and absolute, to pay to the holders of the Debentures as and when the same shall become due and payable in accordance with the terms herein, or to affect the relative rights of the holders of the Debentures and the other creditors of Ultralife, other than the holders of Senior Indebtedness, or to prevent the holders of the Debentures from exercising all of the remedies otherwise permitted by applicable law upon default as provided for herein, subject to the rights, if any, under this Article II of the holders of the Senior Indebtedness in respect of any cash, property or securities of Ultralife received upon the exercise of any such remedy.

2.5 In the event that this Debenture shall be declared due and payable before the Maturity Date because of the occurrence of a default hereunder, Ultralife will give prompt notice in writing of such happening to the holders of the Senior Indebtedness, and any and all Senior Indebtedness shall forthwith become immediately due and payable upon demand by the respective holders thereof regardless of the expressed maturity dates thereof.

III. Conversion.

The Purchaser agrees that at any time prior to the Maturity Date hereof, if Ultralife obtains the approval of the holders of a majority of the issued and outstanding shares of its $.10 per value Common Stock ("Common Stock") of the conversion of this Debenture, the principal amount of the Debenture shall automatically and mandatorily convert into Common Stock. The conversion price shall be Three Dollars and no Cents ($3.00) per share (hereinafter referred to as the "Conversion Price") subject to the following terms and conditions:

3.1 Interest shall cease to accrue on the principal amount of the Debenture converted pursuant to the provisions of this Article III, immediately upon, and as of, the conversion thereof, and any and all accrued interest shall be forfeited by the Purchaser. As promptly as shall be practicable after the surrender of the Debenture for conversion in whole or in part, Ultralife will issue and deliver to the Purchaser or holder, the number of whole shares of Common Stock into which the Debenture shall be so converted. Such conversion shall for all purposes be deemed to have been effected at the close of business on the day of obtaining stockholder approval of the conversion of this Debenture.

3.2 In connection with the conversion, if there is not an effective registration statement with respect to the shares of Common Stock issuable on conversion, Ultralife reserves the right to imprint restrictive legends on the certificates representing the shares of Common Stock into which the Debenture shall be converted and to place stop transfer orders against the same. Nothing contained herein shall be construed as requiring counsel for Ultralife to subsequently issue any opinion letter that registration is not required, and such counsel may refuse to issue such an opinion letter on any reasonable grounds or may require opinion letters from counsel for the proposed transferor, affidavits from the proposed transferor or transferee, letters from the Securities and Exchange Commission or any other documents which said counsel may deem to be necessary or desirable and proper as a condition precedent to issuing such an opinion letter.

3.3 In the event that at any time the Common Stock of Ultralife shall be exchanged for, or changed into, a different kind and/or a number of shares of stock of Ultralife or of another corporation by reason of a merger, consolidation, sale of assets, recapitalization, reclassification, stock dividend, stock split-up or combination of shares or otherwise, then, until any further adjustment is required, there shall be issuable upon the conversion of this Debenture, in lieu of each share of Common Stock of Ultralife or of any other stock theretofore issued pursuant to the provisions of this Article III, the kind and/or number of shares of stock for which each share of Common Stock of Ultralife or such other stock shall be so exchanged, or into which each share of Common Stock of Ultralife or such other stock shall be so changed and the Conversion Price of Three Dollars and no cents ($3.00) per share of Common Stock shall be automatically adjusted to a new Conversion Price as nearly equivalent as practicable to the adjustment in shares of stock, if by reason of such merger, consolidation, recapitalization, reclassification or otherwise the number of issued and outstanding shares of Common Stock of Ultralife shall have been exchanged for or changed into such new shares on other than a one-to-one basis. If such event requires an adjustment in the Conversion Price, Ultralife shall mail notice of the nature of such event and the new Conversion Price to the Purchaser at the Purchaser's registered address within ten (10) days after the occurrence of such event.

3.4 No adjustment in the Conversion Price shall be made for cash dividends on the shares of Common Stock of Ultralife or any other stock issued upon any conversion of the Debenture. No fractional shares or scrip representing fractional shares will be issued upon the conversion of the Debentures. In lieu of the issuance of any fractional share otherwise called for upon such conversion, Ultralife will pay to the Purchaser or holder an amount in cash equal to the value of such fractional share, based upon the Conversion Price.

3.5 Ultralife shall at all times, prior to the maturity date of the Debenture, reserve and keep available out of its authorized but unissued Common Stock, solely for the purposes of issuance upon conversion of Debentures as herein provided an appropriate number of shares of Common Stock as shall be issuable upon the conversion of the Debenture. Such shares of Common Stock when issued upon conversion shall be duly and validly issued and fully-paid and non-assessable; however, unless such shares have been registered under the Act, such shares of Common Stock will be restricted and subject to restrictions on resale.

IV. Representations and Warranties of Ultralife.

Ultralife represents and warrants to the Purchaser as follows:

4.1 Ultralife is duly incorporated, validly existing and in good standing under the laws of the State of Delaware, and Ultralife is qualified to transact business and is in good standing in all states in which it owns property, and has power and authority to own its property and to carry on its business as now being conducted.

4.2 All necessary action on the part of Ultralife relating to the authorization of the execution and delivery of this Debenture and the performance of its other obligations hereunder

has been taken, and all of the same shall be valid and enforceable in accordance with their respective terms, except as may be limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors' rights. Such action will not violate any provision of law, or of Ultralife's Certificate of Incorporation or By-Laws, and will not violate or create a default under any agreement to which Ultralife is a party, or by which any of its properties is bound, or any order, writ, injunction or decree of any Court or governmental. instrumentality, and will not result in the creation or imposition of any lien, charge or encumbrance upon any of the properties of Ultralife.

V. Default.

In the event that there shall be any Event of Default hereunder and such Event of Default shall remain uncorrected or unremedied for a period of more than thirty (30) days after Ultralife shall have received notice of such Event of Default from the Purchaser or other holders of Debentures, then such portion of the Debenture with respect to which the Event of Default occurred may, at the option of the Purchaser or the holders thereof, become immediately due and payable without further notice by the Purchaser or holders thereof.

"Event of Default" as used in this Article V shall mean and refer to any of the following: (i) the failure of Ultralife to pay any installment of interest or principal on any of the Debentures when and as the same shall become due and payable, whether at maturity, by call for redemption, by declaration or otherwise; (ii) the failure of Ultralife to cure a default declared by the holder of Senior Indebtedness within the applicable period of time to cure such default; (iii) the failure of Ultralife to observe and perform all of the covenants and agreements on the part of Ultralife contained herein; (iv) failure of any representation or warranty made by Ultralife herein to be truthful, accurate or correct; (v) the adjudication of Ultralife as a bankrupt by a court of competent jurisdiction or the entry by a court of competent jurisdiction of an order approving a petition seeking reorganization of Ultralife under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof or any other jurisdiction; (vi) the appointment by a court of competent jurisdiction of a trustee or receiver or receivers of Ultralife of all or any substantial part of its property upon the application of any creditor in any insolvency or bankruptcy proceeding or other creditor's suit, unless such appointment or decree or order shall be stayed upon appeal or otherwise; (vii) the filing by Ultralife of a petition in voluntary bankruptcy or the making by Ultralife of an assignment for the benefit of its creditors or the consenting by Ultralife to the appointment of a receiver or receivers of all or any substantial portion of the property of Ultralife; (viii) the filing by Ultralife of a petition or answer seeking reorganization under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof or any jurisdiction, or the filing by Ultralife of a petition to take advantage of any debtor's act.

5.1 Upon the occurrence of an Event of a Default, each holder of any of the Debentures shall at all times have the right to institute any suit, action or proceeding, in equity or at law, for the enforcement of his rights as provided for herein, or in aid of the exercise of any right or power granted herein.

5.2 The Debentures shall be the obligation of Ultralife solely and there shall be no recourse had for the payment thereof or interest thereon against any stockholder, officer or director of Ultralife, either directly or through Ultralife, by reason of any matter prior to the delivery of the Debentures, or against any present or future officer or director of Ultralife, all such liability being expressly released by the Purchaser and by any subsequent holders hereof by the acceptance hereof and as part of the consideration for the issue hereof.

VI. Miscellaneous.

6.1 All notices and other communications required to be given hereunder shall be in writing, by certified mail, postage prepaid, return receipt requested, addressed to Ultralife at its principal office or to the holder of the Debenture at his registered address as reflected on the books and records of Ultralife or its Transfer Agent.

6.2 This Debenture represents the entire agreement between the parties hereto and may not be modified or rescinded except by mutual agreement of the parties hereto, except in accordance with the terms herein.

6.3 No waiver of any breach of this Debenture shall be deemed or construed as a waiver of any subsequent breach thereof.

6.4 This Debenture may not be assigned by the Purchaser except in accordance with the provisions hereof. This Debenture shall inure to the benefit of, and be binding upon, the successors and assigns of Ultralife.

6.5 The headings of the Articles of this Debenture are inserted for convenience only and do not constitute a part hereof.

6.6 Throughout this Debenture, the masculine gender shall be deemed to include the feminine and neuter, and the singular the plural, and vice versa.

IN WITNESS WHEREOF, Ultralife has executed this Debenture on April 23, 2002.

ULTRALIFE BATTERIES, INC.

By: /s/ John D. Kavazanjian

John D. Kavazanjian, President

ATTEST:

/s/ Peter F. Comerford
- ---
Peter F. Comerford, Secretary

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (the "Agreement") is made as of the ___ day of ___ _____, 2002 between ULTRALIFE BATTERIES, INC., a Delaware corporation (the "Company") and _____ (the "Purchaser").

The Company and the Purchaser have entered into that certain Stock Purchase Agreement (the "Stock Purchase Agreement") pursuant to which the Purchaser purchased _____ newly-issued shares of the Company's Common Stock (the "Shares") at a purchase price of $3.00 per share and also pursuant to which the Company agreed to register the Shares for the benefit of the Purchaser. The Purchaser acknowledges that there are other purchasers of shares of the Company's Common Stock or securities convertible into Common Stock who will be entering into similar registration rights agreements with the Company, all of whom, together with the Purchaser are collectively referred to as the "Purchasers."

Capitalized terms not defined in this Agreement shall have the meanings given them in the Stock Purchase Agreement.

In consideration of the covenants and conditions set forth in this Agreement, the parties agree as follows:

1. REGISTRATION; COMPLIANCE WITH THE SECURITIES ACT; COVENANTS

1.1 Registration of Shares

1.1.1 Registration Statement; Expenses

The Company shall:

(a) as soon as practicable after the Closing Date, but in no event later than June 30, 2002, prepare and file with the Securities and Exchange Commission (the "Commission") a Registration Statement on Form S-3 (or, if the Company is ineligible to use Form S-3, then on Form S-1) relating to the sale of the Shares by the Purchasers from time to time on the Nasdaq National Market (or the facilities of any national securities exchange on which the Company's Common Stock is then traded) or in privately negotiated transactions (the "Registration Statement");

(b) provide to the Purchasers any information required to permit the sale of the Shares under Rule 144A of the Securities Act;

(c) subject to receipt of necessary information from the Purchasers, use its reasonable best efforts to cause the Commission to declare the Registration Statement effective as soon as practicable after the Registration Statement is filed with the Commission;

(d) notify Purchasers promptly upon the Registration Statement, and any post-effective amendment thereto, being declared effective by the Commission;

(e) prepare and file with the Commission such amendments and supplements to the Registration Statement and the Prospectus (as defined in Section 1.3.1 below) and take such other action, if any, as may be necessary to keep the Registration Statement effective until the earlier of (i) the date on which the Shares may be resold by the Purchasers without registration and without regard to any volume limitations by reason of Rule 144(k) under the Securities Act or any other rule of similar effect or (ii) all of the Shares have been sold pursuant to the Registration Statement or Rule 144 under the Securities Act or any other rule of similar effect;

(f) promptly furnish to the Purchasers with respect to the Shares registered under the Registration Statement such reasonable number of copies of the Prospectus, including any supplements to or amendments of the Prospectus, in order to facilitate the public sale or other disposition of all or any of the Shares by the Purchasers;

(g) during the period when copies of the Prospectus are required to be delivered under the Securities Act or the Exchange Act, will file all documents required to be filed with the Commission pursuant to Section 13, 14 or 15 of the Exchange Act within the time periods required by the Exchange Act and the rules and regulations promulgated thereunder;

(h) file documents required of the Company for customary Blue Sky clearance in all states requiring Blue Sky clearance; provided, however, that the Company shall not be required to qualify to do business or consent to service of process in any jurisdiction in which it is not now so qualified or has not so consented;

(i) advise each Purchaser, promptly after it shall receive notice or obtain knowledge of the issuance of any stop order by the Commission delaying or suspending the effectiveness of the Registration Statement or of the initiation of any proceeding for that purpose; and it will promptly use its best efforts to prevent the issuance of any stop order or to obtain its withdrawal at the earliest practicable moment if such stop order should be issued; and

(j) bear all expenses in connection with the procedures in paragraphs (a) through (i) of this Section 1.1.1 and the registration of the Shares pursuant to

the Registration Statement.

1.2 Transfer of Shares After Registration

Purchaser agrees that the Purchaser will not effect any disposition of the Shares or right to purchase the Shares that would constitute a sale within the meaning of the Securities Act, except as contemplated in the Registration Statement referred to in Section 1.1 or as otherwise permitted by law, and that the Purchaser will promptly notify the Company of any changes in the information set forth in the Registration Statement regarding the Purchaser or the Purchaser's plan of distribution.

1.3 Indemnification

For the purpose of this Section 1.3, the term "Registration Statement" shall include any preliminary or final prospectus, exhibit, supplement or amendment included in or relating to the Registration Statement referred to in Section 1.1.

1.3.1 Indemnification by the Company

The Company agrees to indemnify and hold harmless each of the Purchasers and each person, if any, who controls any Purchaser within the meaning of the Securities Act, against any losses, claims, damages, liabilities or expenses, joint or several, to which such Purchasers or such controlling person may become subject, under the Securities Act, the Exchange Act, or any other federal or state statutory law or regulation, or at common law or otherwise (including in settlement of any litigation, if such settlement is effected with the written consent of the Company, which consent shall not be unreasonably withheld), insofar as such losses, claims, damages, liabilities or expenses (or actions in respect thereof as contemplated below) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement, including the Prospectus, financial statements and schedules, and all other documents filed as a part thereof, as amended at the time of effectiveness of the Registration Statement, including any information deemed to be a part thereof as of the time of effectiveness pursuant to paragraph (b) of Rule 430A, or pursuant to Rule 434, of the Rules and Regulations, or the Prospectus, in the form first filed with the Commission pursuant to Rule 424(b) of the Regulations, or filed as part of the Registration Statement at the time of effectiveness if no Rule 424(b) filing is required (the "Prospectus"), or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state in any of them a material fact required to be stated therein or necessary to make the statements in any of them, in light of the circumstances under which they were made, not misleading, or arise out of or are based in whole or in part on any inaccuracy in the representations and warranties of the Company contained in this Agreement, or any failure of the Company to perform its obligations under this Agreement or under applicable law, and will reimburse each Purchaser and each such controlling person for any legal and other expenses as such expenses are reasonably incurred by such Purchaser or such controlling person in connection with investigating, defending, settling, compromising or paying any such loss, claim, damage, liability, expense or action; provided, however, that the Company will not be liable in any such case to the extent that any such loss, claim, damage, liability or expense arises out of or is based upon (i) an untrue statement or alleged untrue statement or omission or alleged omission made in the Registration Statement, the Prospectus or any amendment or supplement of the Registration Statement or Prospectus in reliance upon and in conformity with written information furnished to the Company by or on behalf of the Purchaser expressly for use in the Registration Statement or the Prospectus, or (ii) the failure of such Purchaser to comply with the covenants and agreements contained in the Stock Purchase Agreement or in Section 1.2 of this Agreement respecting resale of the Shares, or (iii) the inaccuracy of any representations made by such Purchaser in this Agreement or (iv) any untrue statement or omission of a material fact required to make such statement not misleading in any Prospectus that is corrected in any subsequent Prospectus that was delivered to the Purchaser before the pertinent sale or sales by the Purchaser.

1.3.2 Indemnification by the Purchaser

Each Purchaser will severally and not jointly indemnify and hold harmless the Company, each of its directors, each of its officers who signed the Registration Statement and each person, if any, who controls the Company within the meaning of the Securities Act, against any losses, claims, damages, liabilities or expenses to which the Company, each of its directors, each of its officers who signed the Registration Statement or controlling person may become subject, under the Securities Act, the Exchange Act, or any other federal or state statutory law or regulation, or at common law or otherwise (including in settlement of any litigation, if such settlement is effected with the written consent of such Purchaser, which consent shall not be unreasonably withheld) insofar as such losses, claims, damages, liabilities or expenses (or actions in respect thereof as contemplated below) arise out of or are based upon (i) any failure on the part of such Purchaser to comply with the covenants and agreements contained in the Stock Purchase Agreement or Section 1.2 of this Agreement respecting the sale of the Shares or (ii) the inaccuracy of any representation made by such Purchaser in this Agreement or (iii) any untrue or alleged untrue statement of any material fact contained in the Registration Statement, the Prospectus, or any amendment or supplement to the Registration Statement or Prospectus, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in the Registration Statement, the Prospectus, or any amendment or supplement thereto, in reliance upon and in conformity with written information furnished to the Company by or on behalf of such Purchaser expressly for use therein; provided, however, that the Purchaser shall not be liable for any such untrue or alleged untrue statement or omission or alleged omission of which the Purchaser has delivered to the Company in writing a correction before the occurrence of the transaction from which such loss was incurred, and the Purchaser will reimburse the Company, each of its directors, each of its officers who signed the Registration Statement or controlling person for any legal and other expense reasonably incurred by the Company, each of its directors, each of its officers who signed the Registration Statement or controlling person in connection with investigating, defending, settling, compromising or paying any such loss, claim, damage, liability, expense or action.

1.3.3 Indemnification Procedure

(a) Promptly after receipt by an indemnified party under this Section 1.3 of notice of the threat or commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against an indemnifying party under this Section 1.3, promptly notify the indemnifying party in writing of the claim; but the omission so to notify the indemnifying party will not relieve it from any liability which it may have to any indemnified party for contribution or otherwise under the indemnity agreement contained in this Section 1.3 or to the extent it is not prejudiced as a result of such failure.

(b) In case any such action is brought against any indemnified party and such indemnified party seeks or intends to seek indemnity from an indemnifying party, the indemnifying party will be entitled to participate in, and, to the extent that it may wish, jointly with all other indemnifying parties similarly notified, to assume the defense thereof with counsel reasonably satisfactory to such indemnified party; provided, however, if the defendants in any such action include both the

indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there may be a conflict between the positions of the indemnifying party and the indemnified party in conducting the defense of any such action or that there may be legal defenses available to it or other indemnified parties that are different from or additional to those available to the indemnifying party, the indemnified party or parties shall have the right to select separate counsel to assume such legal defenses and to otherwise participate in the defense of such action on behalf of such indemnified party or parties. Upon receipt of notice from the indemnifying party to such indemnified party of its election so to assume the defense of such action and approval by the indemnified party of counsel, the indemnifying party will not be liable to such indemnified party under this Section 7.3 for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof unless:

(i) the indemnified party shall have employed such counsel in connection with the assumption of legal defenses in accordance with the proviso to the preceding sentence (it being understood, however, that the indemnifying party shall not be liable for the expenses of more than one separate counsel, approved by such indemnifying party representing all of the indemnified parties who are parties to such action) or

(ii) the indemnifying party shall not have employed counsel reasonably satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of commencement of action, in each of which cases the reasonable fees and expenses of counsel shall be at the expense of the indemnifying party. Notwithstanding the provisions of this Section 1.3, the Purchaser shall not be liable for any indemnification obligation under this Agreement in excess of the amount of net proceeds received by the Purchaser from the sale of the Shares.

1.3.4 Contribution

If the indemnification provided for in this Section 1.3 is required by its terms but is for any reason held to be unavailable to or otherwise insufficient to hold harmless an indemnified party under this Section 1.3 in respect to any losses, claims, damages, liabilities or expenses referred to in this Agreement, then each applicable indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of any losses, claims, damages, liabilities or expenses referred to in this Agreement

(a) in such proportion as is appropriate to reflect the relative benefits received by the Company and the Purchaser from the placement of Common Stock or

(b) if the allocation provided by clause (a) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (a) above but the relative fault of the Company and the Purchaser in connection with the statements or omissions or inaccuracies in the representations and warranties in this Agreement that resulted in such losses, claims, damages, liabilities or expenses, as well as any other relevant equitable considerations.

The respective relative benefits received by the Company on the one hand and each Purchaser on the other shall be deemed to be in the same proportion as the amount paid by such Purchaser to the Company pursuant to this Agreement for the Shares purchased by such Purchaser that were

sold pursuant to the Registration Statement bears to the difference (the "Difference") between the amount such Purchaser paid for the Shares that were sold pursuant to the Registration Statement and the amount received by such Purchaser from such sale. The relative fault of the Company and each Purchaser shall be determined by reference to, among other things, whether the untrue or alleged statement of a material fact or the omission or alleged omission to state a material fact or the inaccurate or the alleged inaccurate representation or warranty relates to information supplied by the Company or by such Purchaser and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The amount paid or payable by a party as a result of the losses, claims, damages, liabilities and expenses referred to above shall be deemed to include, subject to the limitations set forth in Section 1.3.3, any legal or other fees or expenses reasonably incurred by such party in connection with investigating or defending any action or claim. The provisions set forth in Section 1.3.3 with respect to the notice of the threat or commencement of any threat or action shall apply if a claim for contribution is to be made under this Section 1.3.4; provided, however, that no additional notice shall be required with respect to any threat or action for which notice has been given under Section 1.3 for purposes of indemnification. The Company and each Purchaser agree that it would not be just and equitable if contribution pursuant to this Section 1.3 were determined solely by pro rata allocation (even if the Purchaser were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in this paragraph. Notwithstanding the provisions of this Section 1.3, no Purchaser shall be required to contribute any amount in excess of the amount by which the Difference exceeds the amount of any damages that such Purchaser has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Purchasers' obligations to contribute pursuant to this Section 1.3 are several and not joint.

1.4 Termination of Conditions and Obligations

The restrictions imposed by the Stock Purchase Agreement or this Agreement upon the transferability of the Shares shall cease and terminate as to any particular number of the Shares upon the passage of two years from the Closing Date or at such time as an opinion of counsel satisfactory in form and substance to the Company shall have been rendered to the effect that such conditions are not necessary in order to comply with the Securities Act.

1.5 Information Available

From the date of this Agreement through the date the Registration Statement covering the resale of Shares owned by any Purchaser is no longer effective, the Company will furnish to such Purchaser:

(a) as soon as practicable after available (but in the case of the Company's Annual Report to Shareholders, within 90 days after the end of each fiscal year of the Company), one copy of

(i) its Annual Report to Shareholders (which Annual Report shall contain financial statements audited in accordance with generally accepted accounting principles by a national firm of certified public accountants);

(ii) if not included in substance in the Annual Report to Stockholders, its Annual Report on Form 10-K;

(iii) if not included in substance in its Quarterly Reports to Stockholders, its quarterly reports on Form 10-Q; and

(iv) a full copy of the particular Registration Statement covering the Shares (the foregoing, in each case, excluding exhibits);

(b) upon the request of the Purchaser, a reasonable number of copies of the Prospectus to supply to any other party requiring the Prospectus.

1.6 Rule 144 Information

Until the earlier of (i) the date on which the Shares may be resold by the Purchasers without registration and without regard to any volume limitations by reason of Rule 144(k) under the Securities Act or any other rule of similar effect or (ii) all of the Shares have been sold pursuant to the Registration Statement or Rule 144 under the Securities Act or any other rule of similar effect, the Company shall file all reports required to be filed by it under the Securities Act, the Rules and Regulations and the Exchange Act and shall take such further action to the extent required to enable the Purchasers to sell the Shares pursuant to Rule 144 under the Securities Act (as such rule may be amended from time to time).

2. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE PURCHASER

2.1 Securities Law Representations and Warranties

The Purchaser represents, warrants and covenants to the Company as follows:

(a) The Purchaser has acquired the Shares for the Purchaser's own account for investment only, and has no present intention of distributing any of the Shares, nor any arrangement or understanding with any other persons regarding the distribution of the Shares within the meaning of Section 2(11) of the Securities Act, other than as contemplated in Section 1 of this Agreement.

(b) The Purchaser will not, directly or indirectly, offer, sell, pledge, transfer or otherwise dispose of (or solicit any offers to buy, purchase or otherwise acquire or take a pledge of) any of the Shares except in compliance with the Securities Act and rules and regulations promulgated thereunder the "Rules and Regulations").

(c) The Purchaser has completed or caused to be completed the Registration Statement Questionnaire, attached to this Agreement as Appendix I, for use in preparation of the Registration Statement, and the answers to the Questionnaire are true and correct as of the date of this Agreement and will be true and correct as of the effective date of the Registration Statement; provided, however, that the Purchaser shall be entitled to update such information by providing notice thereof to the Company before the effective date of the Registration Statement.

2.2 Resales of Shares

(a) The Purchaser hereby covenants with the Company not to make any sale of the Shares without satisfying the requirements of the Securities Act and the Rules and Regulations, including, in the event of any resale under the Registration Statement, the prospectus delivery requirements under the Securities Act, and the Purchaser acknowledges and agrees that such Shares are not transferable on the books of the Company pursuant to a resale under the Registration statement unless the certificate submitted to the transfer agent evidencing the Shares is accompanied by a separate certificate

(i) in the form of Appendix II to this Agreement;

(ii) executed by the Purchaser individually, or if the Purchaser is an entity, by an officer of, or other authorized person designated by, the Purchaser; and

(iii) to the effect that (a) the Shares have been sold in accordance with the Registration Statement and (b) the requirement of delivering a current prospectus has been satisfied.

(b) The Purchaser acknowledges that there may occasionally be times when the Company determines, in good faith following consultation with its Board of Directors or a committee thereof, the use of the Prospectus forming a part of the Registration Statement should be suspended until such time as an amendment or supplement to the Registration Statement or the Prospectus has been filed by the Company with the Commission and any such amendment to the Registration Statement is declared effective by the Commission, or until such time as the Company

has filed an appropriate report with the Commission pursuant to the Exchange Act. The Purchaser hereby covenants that the Purchaser will not sell any Shares pursuant to the Prospectus during the period commencing at the time at which the Company gives the Purchaser written notice of the suspension of the use of the Prospectus and ending at the time the Company gives the Purchaser written notice that the Purchaser may thereafter effect sales pursuant to the Prospectus. The Company may, upon written notice to the Purchaser, suspend the use of the Prospectus for up to thirty (30) days in any 365-day period based on the reasonable determination of the Company's Board of Directors that there is a significant business purpose for such determination, such as pending corporate developments, public filings with the Commission or similar events. The Company shall in no event be required to disclose the business purpose for which it has suspended the use of the Prospectus if the Company determines in its good faith judgment that the business purpose should remain confidential. In addition, the Company shall notify each Purchaser (i) of any request by the Commission for an amendment or any supplement to such Registration Statement or the Prospectus, or any other information request by any other governmental agency directly relating to the sale of Shares, and (ii) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or of any order preventing or suspending the use of the Prospectus or the initiation or threat of any proceeding for that purpose.

(c) The Purchaser further covenants to notify the Company promptly of the sale of any of the Shares, other than sales pursuant to the Registration Statement or sales upon termination of the transfer restrictions pursuant to Section 1.4 of this Agreement.

3. MISCELLANEOUS

3.1 Counterparts

This Agreement may be executed in counterparts, each of which will be deemed an original but all of which will be deemed one instrument.

3.2 Survival of Representations and Warranties

All representations and warranties made in this Agreement or any other instrument or document delivered in connection herewith shall survive the execution and delivery hereof.

3.3 Prior Agreements

This Agreement constitutes the entire agreement between the parties and supersedes any prior or contemporaneous understandings or agreements concerning the subject matter hereof.

3.4 Severability

The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision.

3.5 Governing Law

This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York. The rights of the parties under this Agreement are unique and, accordingly,

the parties shall, in addition to such other remedies as may be available to any of them at law or in equity, have the right to enforce their rights hereunder by actions of specific performance to the extend permitted by law.

3.6 Headings

Section and subsection headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of the Agreement for any other purpose.

3.7 Amendments and Waivers

This Agreement may not be amended, supplemented or otherwise modified except by an instrument in writing signed by both parties that specifically refers to this Agreement. Either party hereto may, only by an instrument in writing, waive compliance by the other party hereto with any term or provision of this Agreement on the part of such other party to be performed or complied with. The waiver by a party hereto of a breach of any term or provision of this Agreement shall not be construed as a waiver of any subsequent breach. Any amendment or waiver effected in accordance with this Section 2.7 shall be binding upon each party and its permitted assigns.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

ULTRALIFE BATTERIES, INC.

By:

Name:

Title:

PURCHASER:

- ---
Print Name:

- ---
Signature

APPENDIX I

ULTRALIFE BATTERIES, INC.

REGISTRATION STATEMENT QUESTIONNAIRE

In connection with the preparation of the Registration Statement, please provide us with the following information:

1. Pursuant to the "Selling Stockholder" section of the Registration Statement, please state your or your organization's name exactly as it should appear in the Registration Statement:

- ----------

2. Please provide the number of shares that you or your organization will own immediately after Closing, including those Shares purchased by you or your organization pursuant to this Purchase Agreement and those shares purchased by you or your organization through other transactions:

---

3. Have you or your organization had any position, office or other material relationship within the past three years with the Company or its affiliates?

_____ Yes _____ No

If yes, please indicate the nature of any such relationships below:

- ----------

- ----------

- ----------

- ----------

APPENDIX II

PURCHASER'S CERTIFICATE OF SUBSEQUENT SALE

The undersigned, an officer of, or other person duly authorized by

- ---

[fill in official name of individual or institution]

hereby certifies that he/she/it is the Purchaser of the shares evidenced by the attached certificate, and as such, sold such shares on _____, 200__ in accordance with Registration Statement number 333-_____, and complied with the requirement of delivering a current prospectus in connection with such sale.

Print or Type:

Name of Purchaser (Individual or Institution):

- ---

Name of Individual representing Purchaser (if an Institution)

- ---

Title of Individual representing Purchaser (if an Institution):

- ---

Signature:

Individual Purchaser or Individual representing Purchaser:

- ---

Exhibit 4.6

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (the "Agreement") is made as of the 23rd day of April, 2002 between ULTRALIFE BATTERIES, INC., a Delaware corporation (the "Company") and Joseph C. Abeles (the "Purchaser").

The Company and the Purchaser have entered into that certain Debenture Purchase Agreement (the "Purchase Agreement") pursuant to which the Purchaser purchased a $600,000 Senior Convertible Subordinated Debenture of the Company (the "Debenture"), which Debenture by its terms will, upon the Company obtaining stockholder approval of such conversion, automatically convert into 200,000 newly-issued shares of the Company's Common Stock (the "Shares") at a price of $3.00 per share and also pursuant to which the Company agreed to register the Shares for the benefit of the Purchaser. The Purchaser acknowledges that there are other purchasers of shares of the Company's Common Stock who will be entering into similar registration rights agreements with the Company, all of whom, together with the Purchaser are collectively referred to as the "Purchasers."

Capitalized terms not defined in this Agreement shall have the meanings given them in the Purchase Agreement.

In consideration of the covenants and conditions set forth in this Agreement, the parties agree as follows:

1. REGISTRATION; COMPLIANCE WITH THE SECURITIES ACT; COVENANTS

1.1 Registration of Shares

1.1.1 Registration Statement; Expenses

The Company shall:

(a) as soon as practicable after the Closing Date, but in no event later than June 30, 2002, prepare and file with the Securities and Exchange Commission (the "Commission") a Registration Statement on Form S-3 (or, if the Company is ineligible to use Form S-3, then on Form S-1) relating to the sale of the Shares by the Purchasers from time to time on the Nasdaq National Market (or the facilities of any national securities exchange on which the Company's Common Stock is then traded) or in privately negotiated transactions (the "Registration Statement");

(b) provide to the Purchasers any information required to permit the sale of the Shares under Rule 144A of the Securities Act;

(c) subject to receipt of necessary information from the Purchasers, use its reasonable best efforts to cause the Commission to declare the Registration Statement effective as soon as practicable after the Registration Statement is filed with the Commission;

(d) notify Purchasers promptly upon the Registration Statement, and any post-effective amendment thereto, being declared effective by the Commission;

(e) prepare and file with the Commission such amendments and supplements to the Registration Statement and the Prospectus (as defined in Section 1.3.1 below) and take such other action, if any, as may be necessary to keep the Registration Statement effective until the earlier of (i) the date on which the Shares may be resold by the Purchasers without registration and without regard to any volume limitations by reason of Rule 144(k) under the Securities Act or any other rule of similar effect or (ii) all of the Shares have been sold pursuant to the Registration Statement or Rule 144 under the Securities Act or any other rule of similar effect;

(f) promptly furnish to the Purchasers with respect to the Shares registered under the Registration Statement such reasonable number of copies of the Prospectus, including any supplements to or amendments of the Prospectus, in order to facilitate the public sale or other disposition of all or any of the Shares by the Purchasers;

(g) during the period when copies of the Prospectus are required to be delivered under the Securities Act or the Exchange Act, will file all documents required to be filed with the Commission pursuant to Section 13, 14 or 15 of the Exchange Act within the time periods required by the Exchange Act and the rules and regulations promulgated thereunder;

(h) file documents required of the Company for customary Blue Sky clearance in all states requiring Blue Sky clearance; provided, however, that the Company shall not be required to qualify to do business or consent to service of process in any jurisdiction in which it is not now so qualified or has not so consented;

(i) advise each Purchaser, promptly after it shall receive notice or obtain knowledge of the issuance of any stop order by the Commission delaying or suspending the effectiveness of the Registration Statement or of the initiation of any proceeding for that purpose; and it will promptly use its best efforts to prevent the issuance of any stop order or to obtain its withdrawal at the earliest practicable moment if such stop order should be issued; and

(j) bear all expenses in connection with the procedures in paragraphs (a) through (i) of this Section 1.1.1 and the registration of the Shares pursuant to the Registration Statement.

1.2 Transfer of Shares After Registration

Purchaser agrees that the Purchaser will not effect any disposition of the Shares or right to purchase the Shares that would constitute a sale within the meaning of the Securities Act, except as contemplated in the Registration Statement referred to in Section 1.1 or as otherwise permitted by law, and that the Purchaser will promptly notify the Company of any changes in the information set forth in the Registration Statement regarding the Purchaser or the Purchaser's plan of distribution.

1.3 Indemnification

For the purpose of this Section 1.3, the term "Registration Statement" shall include any preliminary or final prospectus, exhibit, supplement or amendment included in or relating to the Registration Statement referred to in Section 1.1.

1.3.1 Indemnification by the Company

The Company agrees to indemnify and hold harmless each of the Purchasers and each person, if any, who controls any Purchaser within the meaning of the Securities Act, against any losses, claims, damages, liabilities or expenses, joint or several, to which such Purchasers or such controlling person may become subject, under the Securities Act, the Exchange Act, or any other federal or state statutory law or regulation, or at common law or otherwise (including in settlement of any litigation, if such settlement is effected with the written consent of the Company, which consent shall not be unreasonably withheld), insofar as such losses, claims, damages, liabilities or expenses (or actions in respect thereof as contemplated below) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement, including the Prospectus, financial statements and schedules, and all other documents filed as a part thereof, as amended at the time of effectiveness of the Registration Statement, including any information deemed to be a part thereof as of the time of effectiveness pursuant to paragraph (b) of Rule 430A, or pursuant to Rule 434, of the Rules and Regulations, or the Prospectus, in the form first filed with the Commission pursuant to Rule 424(b) of the Regulations, or filed as part of the Registration Statement at the time of effectiveness if no Rule 424(b) filing is required (the "Prospectus"), or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state in any of them a material fact required to be stated therein or necessary to make the statements in any of them, in light of the circumstances under which they were made, not misleading, or arise out of or are based in whole or in part on any inaccuracy in the representations and warranties of the Company contained in this Agreement, or any failure of the Company to perform its obligations under this Agreement or under applicable law, and will reimburse each Purchaser and each such controlling person for any legal and other expenses as such expenses are reasonably incurred by such Purchaser or such controlling person in connection with investigating, defending, settling, compromising or paying any such loss, claim, damage, liability, expense or action; provided, however, that the Company will not be liable in any such case to the extent that any such loss, claim, damage, liability or expense arises out of or is based upon (i) an untrue statement or alleged untrue statement or omission or alleged omission made in the Registration Statement, the Prospectus or any amendment or supplement of the Registration Statement or Prospectus in reliance upon and in conformity with written information furnished to the Company by or on behalf of the Purchaser expressly for use in the Registration Statement or the Prospectus, or (ii) the failure of such Purchaser to comply with the covenants and agreements contained in the Purchase Agreement or in Section 1.2 of this Agreement respecting resale of the Shares, or (iii) the inaccuracy of any representations made by such Purchaser in this Agreement or (iv) any untrue statement or omission of a material fact required to make such statement not misleading in any Prospectus that is corrected in any subsequent Prospectus that was delivered to the Purchaser before the pertinent sale or sales by the Purchaser.

1.3.2 Indemnification by the Purchaser

Each Purchaser will severally and not jointly indemnify and hold harmless the Company, each of its directors, each of its officers who signed the Registration Statement and each person, if any, who controls the Company within the meaning of the Securities Act, against any losses, claims, damages, liabilities or expenses to which the Company, each of its directors, each of its officers who signed the Registration Statement or controlling person may become subject, under the Securities Act, the Exchange Act, or any other federal or state statutory law or regulation, or at common law or otherwise (including in settlement of any litigation, if such settlement is effected with the written consent of such Purchaser, which consent shall not be unreasonably withheld) insofar as such losses, claims, damages, liabilities or expenses (or actions in respect thereof as contemplated below) arise out of or are based upon (i) any failure on the part of such Purchaser to comply with the covenants and agreements contained in the Purchase Agreement or Section 1.2 of this Agreement respecting the sale of the Shares or (ii) the inaccuracy of any representation made by such Purchaser in this Agreement or (iii) any untrue or alleged untrue statement of any material fact contained in the Registration Statement, the Prospectus, or any amendment or supplement to the Registration Statement or Prospectus, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in the Registration Statement, the Prospectus, or any amendment or supplement thereto, in reliance upon and in conformity with written information furnished to the Company by or on behalf of such Purchaser expressly for use therein; provided, however, that the Purchaser shall not be liable for any such untrue or alleged untrue statement or omission or alleged omission of which the Purchaser has delivered to the Company in writing a correction before the occurrence of the transaction from which such loss was incurred, and the Purchaser will reimburse the Company, each of its directors, each of its officers who signed the Registration Statement or controlling person for any legal and other expense reasonably incurred by the Company, each of its directors, each of its officers who signed the Registration Statement or controlling person in connection with investigating, defending, settling, compromising or paying any such loss, claim, damage, liability, expense or action.

1.3.3 Indemnification Procedure

(a) Promptly after receipt by an indemnified party under this Section 1.3 of notice of the threat or commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against an indemnifying party under this Section 1.3, promptly notify the indemnifying party in writing of the claim; but the omission so to notify the indemnifying party will not relieve it from any liability which it may have to any indemnified party for contribution or otherwise under the indemnity agreement contained in this Section 1.3 or to the extent it is not prejudiced as a result of such failure.

(b) In case any such action is brought against any indemnified party and such indemnified party seeks or intends to seek indemnity from an indemnifying party, the indemnifying party will be entitled to participate in, and, to the extent that it may wish, jointly with all other indemnifying parties similarly notified, to assume the defense thereof with counsel reasonably satisfactory to such

indemnified party; provided, however, if the defendants in any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there may be a conflict between the positions of the indemnifying party and the indemnified party in conducting the defense of any such action or that there may be legal defenses available to it or other indemnified parties that are different from or additional to those available to the indemnifying party, the indemnified party or parties shall have the right to select separate counsel to assume such legal defenses and to otherwise participate in the defense of such action on behalf of such indemnified party or parties. Upon receipt of notice from the indemnifying party to such indemnified party of its election so to assume the defense of such action and approval by the indemnified party of counsel, the indemnifying party will not be liable to such indemnified party under this Section 7.3 for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof unless:

(i) the indemnified party shall have employed such counsel in connection with the assumption of legal defenses in accordance with the proviso to the preceding sentence (it being understood, however, that the indemnifying party shall not be liable for the expenses of more than one separate counsel, approved by such indemnifying party representing all of the indemnified parties who are parties to such action) or

(ii) the indemnifying party shall not have employed counsel reasonably satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of commencement of action, in each of which cases the reasonable fees and expenses of counsel shall be at the expense of the indemnifying party. Notwithstanding the provisions of this Section 1.3, the Purchaser shall not be liable for any indemnification obligation under this Agreement in excess of the amount of net proceeds received by the Purchaser from the sale of the Shares.

1.3.4 Contribution

If the indemnification provided for in this Section 1.3 is required by its terms but is for any reason held to be unavailable to or otherwise insufficient to hold harmless an indemnified party under this Section 1.3 in respect to any losses, claims, damages, liabilities or expenses referred to in this Agreement, then each applicable indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of any losses, claims, damages, liabilities or expenses referred to in this Agreement

(a) in such proportion as is appropriate to reflect the relative benefits received by the Company and the Purchaser from the placement of Common Stock or

(b) if the allocation provided by clause (a) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (a) above but the relative fault of the Company and the Purchaser in connection with the statements or omissions or inaccuracies in the representations and warranties in this Agreement that resulted in such losses, claims, damages, liabilities or expenses, as well as any other relevant equitable considerations.

The respective relative benefits received by the Company on the one hand and each Purchaser on the other shall be deemed to be in the same proportion as the amount paid by such Purchaser to

the Company pursuant to this Agreement for the Shares purchased by such Purchaser that were sold pursuant to the Registration Statement bears to the difference (the "Difference") between the amount such Purchaser paid for the Shares that were sold pursuant to the Registration Statement and the amount received by such Purchaser from such sale. The relative fault of the Company and each Purchaser shall be determined by reference to, among other things, whether the untrue or alleged statement of a material fact or the omission or alleged omission to state a material fact or the inaccurate or the alleged inaccurate representation or warranty relates to information supplied by the Company or by such Purchaser and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The amount paid or payable by a party as a result of the losses, claims, damages, liabilities and expenses referred to above shall be deemed to include, subject to the limitations set forth in Section 1.3.3, any legal or other fees or expenses reasonably incurred by such party in connection with investigating or defending any action or claim. The provisions set forth in Section 1.3.3 with respect to the notice of the threat or commencement of any threat or action shall apply if a claim for contribution is to be made under this Section 1.3.4; provided, however, that no additional notice shall be required with respect to any threat or action for which notice has been given under Section 1.3 for purposes of indemnification. The Company and each Purchaser agree that it would not be just and equitable if contribution pursuant to this Section 1.3 were determined solely by pro rata allocation (even if the Purchaser were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in this paragraph. Notwithstanding the provisions of this Section 1.3, no Purchaser shall be required to contribute any amount in excess of the amount by which the Difference exceeds the amount of any damages that such Purchaser has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Purchasers' obligations to contribute pursuant to this Section 1.3 are several and not joint.

1.4 Termination of Conditions and Obligations

The restrictions imposed by the Purchase Agreement or this Agreement upon the transferability of the Shares shall cease and terminate as to any particular number of the Shares upon the passage of two years from the Closing Date or at such time as an opinion of counsel satisfactory in form and substance to the Company shall have been rendered to the effect that such conditions are not necessary in order to comply with the Securities Act.

1.5 Information Available

From the date of this Agreement through the date the Registration Statement covering the resale of Shares owned by any Purchaser is no longer effective, the Company will furnish to such Purchaser:

(a) as soon as practicable after available (but in the case of the Company's Annual Report to Shareholders, within 90 days after the end of each fiscal year of the Company), one copy of

(i) its Annual Report to Shareholders (which Annual Report shall contain financial statements audited in accordance with generally accepted accounting principles by a national firm of certified public accountants);

(ii) if not included in substance in the Annual Report to Stockholders, its Annual Report on Form 10-K;

(iii) if not included in substance in its Quarterly Reports to Stockholders, its quarterly reports on Form 10-Q; and

(iv) a full copy of the particular Registration Statement covering the Shares (the foregoing, in each case, excluding exhibits);

(b) upon the request of the Purchaser, a reasonable number of copies of the Prospectus to supply to any other party requiring the Prospectus.

1.6 Rule 144 Information

Until the earlier of (i) the date on which the Shares may be resold by the Purchasers without registration and without regard to any volume limitations by reason of Rule 144(k) under the Securities Act or any other rule of similar effect or (ii) all of the Shares have been sold pursuant to the Registration Statement or Rule 144 under the Securities Act or any other rule of similar effect, the Company shall file all reports required to be filed by it under the Securities Act, the Rules and Regulations and the Exchange Act and shall take such further action to the extent required to enable the Purchasers to sell the Shares pursuant to Rule 144 under the Securities Act (as such rule may be amended from time to time).

2. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE PURCHASER

2.1 Securities Law Representations and Warranties

The Purchaser represents, warrants and covenants to the Company as follows:

(a) The Purchaser has acquired the Debenture and the Shares issuable on conversion of the Debenture for the Purchaser's own account for investment only, and has no present intention of distributing the Debenture or any of the Shares, nor any arrangement or understanding with any other persons regarding the distribution of the Debenture or the Shares within the meaning of Section 2(11) of the Securities Act, other than as contemplated in Section 1 of this Agreement.

(b) The Purchaser will not, directly or indirectly, offer, sell, pledge, transfer or otherwise dispose of (or solicit any offers to buy, purchase or otherwise acquire or take a pledge of) the Debenture or any of the Shares except in compliance with the Securities Act and rules and regulations promulgated thereunder the "Rules and Regulations").

(c) The Purchaser has completed or caused to be completed the Registration Statement Questionnaire, attached to this Agreement as Appendix I, for use in preparation of the Registration Statement, and the answers to the Questionnaire are true and correct as of the date of this Agreement

and will be true and correct as of the effective date of the Registration Statement; provided, however, that the Purchaser shall be entitled to update such information by providing notice thereof to the Company before the effective date of the Registration Statement.

2.2 Resales of Shares

(a) The Purchaser hereby covenants with the Company not to make any sale of the Shares without satisfying the requirements of the Securities Act and the Rules and Regulations, including, in the event of any resale under the Registration Statement, the prospectus delivery requirements under the Securities Act, and the Purchaser acknowledges and agrees that such Shares are not transferable on the books of the Company pursuant to a resale under the Registration statement unless the certificate submitted to the transfer agent evidencing the Shares is accompanied by a separate certificate

(i) in the form of Appendix II to this Agreement;

(ii) executed by the Purchaser individually, or if the Purchaser is an entity, by an officer of, or other authorized person designated by, the Purchaser; and

(iii) to the effect that (a) the Shares have been sold in accordance with the Registration Statement and (b) the requirement of delivering a current prospectus has been satisfied.

(b) The Purchaser acknowledges that there may occasionally be times when the Company determines, in good faith following consultation with its Board of Directors or a committee thereof, the use of the Prospectus forming a part of the Registration Statement should be suspended until such time as an amendment or supplement to the Registration Statement or the Prospectus has been filed by the Company with the Commission and any such amendment to the Registration Statement is declared effective by the Commission, or until such time as the Company has filed an appropriate report with the Commission pursuant to the Exchange Act. The Purchaser hereby covenants that the Purchaser will not sell any Shares pursuant to the Prospectus during the period commencing at the time at which the Company gives the Purchaser written notice of the suspension of the use of the Prospectus and ending at the time the Company gives the Purchaser written notice that the Purchaser may thereafter effect sales pursuant to the Prospectus. The Company may, upon written notice to the Purchaser, suspend the use of the Prospectus for up to thirty (30) days in any 365-day period based on the reasonable determination of the Company's Board of Directors that there is a significant business purpose for such determination, such as pending corporate developments, public filings with the Commission or similar events. The Company shall in no event be required to disclose the business purpose for which it has suspended the use of the Prospectus if the Company determines in its good faith judgment that the business purpose should remain confidential. In addition, the Company shall notify each Purchaser (i) of any request by the Commission for an amendment or any supplement to such Registration Statement or the Prospectus, or any other information request by any other governmental agency directly relating to the sale of Shares, and (ii) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or of any order preventing or suspending the use of the Prospectus or the initiation or threat of any proceeding for that purpose.

(c) The Purchaser further covenants to notify the Company promptly of the sale of any of the Shares, other than sales pursuant to the Registration Statement or sales upon termination of the transfer restrictions pursuant to Section 1.4 of this Agreement.

3. MISCELLANEOUS

3.1 Counterparts

This Agreement may be executed in counterparts, each of which will be deemed an original but all of which will be deemed one instrument.

3.2 Survival of Representations and Warranties

All representations and warranties made in this Agreement or any other instrument or document delivered in connection herewith shall survive the execution and delivery hereof.

3.3 Prior Agreements

This Agreement constitutes the entire agreement between the parties and supersedes any prior or contemporaneous understandings or agreements concerning the subject matter hereof.

3.4 Severability

The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision.

3.5 Governing Law

This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York. The rights of the parties under this Agreement are unique and, accordingly, the parties shall, in addition to such other remedies as may be available to any of them at law or in equity, have the right to enforce their rights hereunder by actions of specific performance to the extend permitted by law.

3.6 Headings

Section and subsection headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of the Agreement for any other purpose.

3.7 Amendments and Waivers

This Agreement may not be amended, supplemented or otherwise modified except by an instrument in writing signed by both parties that specifically refers to this Agreement. Either party hereto may, only by an instrument in writing, waive compliance by the other party hereto with any term or provision of this Agreement on the part of such other party to be performed or complied with. The waiver by a party hereto of a breach of any term or provision of this Agreement shall not be construed as a waiver of any subsequent breach. Any amendment or

waiver effected in accordance with this Section 2.7 shall be binding upon each party and its permitted assigns.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

ULTRALIFE BATTERIES, INC.

By: /s/ Peter F. Comerford

Name: Peter F. Comerford

Title: Vice President of Administration and General Counsel

PURCHASER:

Joseph C. Abeles
- ---
Print Name:

/s/ Joseph C. Abeles
- ---
Signature

APPENDIX I

ULTRALIFE BATTERIES, INC.

REGISTRATION STATEMENT QUESTIONNAIRE

In connection with the preparation of the Registration Statement, please provide us with the following information:

1. Pursuant to the "Selling Stockholder" section of the Registration Statement, please state your or your organization's name exactly as it should appear in the Registration Statement:

Joseph C. Abeles

2. Please provide the number of shares that you or your organization will own immediately after Closing, including those Shares purchased by you or your organization pursuant to this Purchase Agreement and those shares purchased by you or your organization through other transactions: 461,989

3. Have you or your organization had any position, office or other material relationship within the past three years with the Company or its affiliates?

|X| Yes |_| No

If yes, please indicate the nature of any such relationships below:

Treasurer, Board of Directors

APPENDIX II

PURCHASER'S CERTIFICATE OF SUBSEQUENT SALE

The undersigned, an officer of, or other person duly authorized by

- ---

[fill in official name of individual or institution]

hereby certifies that he/she/it is the Purchaser of the shares evidenced by the attached certificate, and as such, sold such shares on _____, 200__ in accordance with Registration Statement number 333-_____, and complied with the requirement of delivering a current prospectus in connection with such sale.

Print or Type:

Name of Purchaser (Individual or Institution):

- ---

Name of Individual representing Purchaser (if an Institution)

- ---

Title of Individual representing Purchaser (if an Institution):

- ---

Signature:

Individual Purchaser or Individual representing Purchaser:

- ---

Exhibit 5.1

June 21, 2002

Ultralife Batteries, Inc.
2000 Technology Parkway
Newark, New York 14513

Re: Ultralife Batteries, Inc. Registration Statement on Form S-3

Ladies and Gentlemen:

You have requested our opinion in connection with your Registration Statement on Form S-3, filed pursuant to the Securities Act of 1933, as amended, with the Securities and Exchange Commission (the "Registration Statement"), with respect to the resale of an aggregate of 801,333 authorized and issued shares of the Common Stock, par value $.10 per share (the "Common Stock"), of Ultralife Batteries, Inc. (the "Corporation"), which may be sold by certain stockholders of the Corporation, and 200,000 shares of Common Stock to be issued upon the automatic conversion of a certain $600,000 Senior Convertible Subordinated Debenture issued by the Company (the "Debenture").

We have examined the following corporate records and proceedings of the Corporation in connection with the preparation of this opinion: its Certificate of Incorporation; its By-laws as currently in force and effect; its Minute Books, containing minutes and records of other proceedings of its stockholders and its Board of Directors, from the date of incorporation to the date hereof; the Registration Statement; applicable provisions of the laws of the State of Delaware; and such other documents and matters as we have deemed necessary.

In rendering this opinion, we have made such examination of laws as we have deemed relevant for the purposes hereof. As to various questions of fact material to this opinion, we have relied upon representations and/or certificates of officers of the Corporation, certificates and documents issued by public officials and authorities, and information received from searchers of public records. Based upon and in reliance on the foregoing, we are of the opinion that:

1. The Corporation has been duly incorporated and is validly existing under the laws of the State of Delaware.

2. The Corporation had the authority to issue an aggregate of 801,333 shares of Common Stock and to authorize the issuance of an aggregate 200,000 shares of Common Stock upon conversion of the Debenture.

3. The 801,333 shares of Common Stock issued by the Corporation and registered pursuant to the Registration Statement are legally and validly issued, and fully paid and non-assessable, the Debenture has been legally and validly issued, and, upon issuance in accordance with the terms and provisions of the Debenture, the shares of Common Stock

issued upon conversion of the Debenture will be legally and validly issued, and will be fully paid and non-assessable.

We hereby consent to be named in the Registration Statement as attorneys passing upon legal matters in connection with the registration of the 1,001,333 shares of Common Stock covered thereby, and we hereby consent to the filing of this opinion as Exhibit 5.1 to the Registration Statement.

Very truly yours,

/s/ Harter, Secrest & Emery LLP