AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON AUGUST 17, 2001
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
(716) 232-6500

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. [ ]

CALCULATION OF REGISTRATION FEE

Title of Shares to Be Registered	Amount to Be Registered	Proposed Maximum Offering Price Per Unit (1)	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee(3)
Common Stock, $.10 par value	1,090,000 shares	$6.05	$6,594,500.00	$1,648.63
Common Stock issuable upon exercise of Warrants	109,000 shares(2)	$6.25	$681,250.00	$170.31

(1) The price of $6.05, which was the average of the high and low sale prices of the Common Stock on the Nasdaq National Market System on August 13, 2001, is set forth solely for the purpose of computing the registration fee pursuant to Rule 457(c). The price of $6.25 is the exercise price of the warrants and is set forth solely for the purpose of computing the registration fee pursuant to Rule 457(g).

(2) Shares issuable upon exercise of warrants issued to the Company's placement agent, H.C. Wainwright & Co., Inc., and certain of its affiliates at an exercise price of $6.25 per share in connection with the private placement of 1,090,000 shares of restricted stock at $6.25 per share.

(3) Calculated pursuant to Rule 457(c) and Rule 457(g).

In accordance with Rule 416(a), this Registration Statement shall cover any additional securities that may be issued in connection with the terms of the securities which provide for a change in the amount of securities being issued to prevent dilution resulting from stock splits, stock dividends or similar transactions.

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

1,199,000 SHARES

ULTRALIFE BATTERIES, INC.
COMMON STOCK

This Prospectus relates to the public offering of 1,199,000 shares of our Common Stock, par value $.10 per share. Of the total 1,199,000 shares, 1,090,000 of such shares are being registered for the accounts of the selling stockholders identified in Table A in the section titled "Selling Stockholders". The remaining 109,000 of such shares are being registered for the accounts of future stockholders who will receive their shares upon the exercise of the warrants held by those parties identified in Table B in the Section titled "Selling Stockholders". This offering will not be underwritten. All 1,199,000 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 shares being registered, 1,090,000 of such shares were originally issued in a private transaction pursuant to that certain Share Purchase Agreement dated July 19, 2001 by and among the Company and subscribers identified in Table A in the section of this Prospectus entitled "Selling Stockholders". The issuance of these shares was exempt from registration under Section 4(2) of the Securities Act of 1933, as amended, and Regulation D. We are registering the shares pursuant to Section 7.1 of the Share Purchase Agreement. The remaining 109,000 shares are subject to future issuance upon the exercise of warrants granted to our placement agent, H.C. Wainwright & Co., Inc. and several of its affiliates, pursuant to that certain Warrant Agreement dated as of July 20, 2001 by and among the Company, H.C. Wainwright and its affiliates. We are registering these shares in accordance with the provisions of that Warrant Agreement.

The shares we are registering may be offered by the selling stockholders (including those holding stock as a result of the future exercise of the warrants) 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 exercise of the warrants) 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 exercise of the warrants) 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 these shares. However, to the extent the warrants are exercised through payment of the exercise price in cash, rather than a cashless exercise, we will receive the proceeds of those exercises. We have agreed to bear certain expenses in connection with the registration of the shares being offered and sold by the selling stockholders (including those holding stock as a result of the future exercise of the warrants). Our Common Stock is quoted on the Nasdaq National Market under the symbol "ULBI." On August 13, 2001, the last reported sale price for the Common Stock was $6.05.

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.

This offering of our Common Stock involves certain risks. For further information, please see the section entitled "Risk Factors".

The date of this Prospectus is August ___, 2001

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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 under Risk Factors below. Unless the context otherwise requires, references in this Prospectus to Ultralife, we, us, and our refer to Ultralife Batteries, Inc. and our subsidiaries.

Ultralife

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 June 30, 2001, we had approximately 455 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 the Company's business, operating results, financial condition and the value of Ultralife 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 cannot assure that we will generate an operating profit or achieve profitability in the future.

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. We cannot assure that a

market will 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 results of operations.

Dependence on OEM Relationships and their 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 OEMs that manufacture products which require 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. We cannot assure, however, that our business will rapidly grow or that our efforts to expand our manufacturing and quality control activities will be successful or that we will 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 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 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 cannot assure that we

will 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 or these members, this could have a material adverse effect on our business, financial condition and results of 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 cannot assure that we will 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, we cannot assure that more accidents will not 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 results of 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. We cannot assure that we will not face claims resulting in substantial liability which would have a material adverse effect on our business, financial condition and results of 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. We cannot assure (i) 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, (ii) that any patents issued to us 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 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.

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.

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. To the extent, however, that the warrants are exercised through payment of the exercise price in cash, rather than a cashless exercise, we will receive the proceeds of those exercises. 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 subscribed for 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
First Trust as trustee for Sheila Baird SERP	22,000	22,000	0	*
Weiss, Peck & Greer as trustee for Sheila Baird IRA	10,000	10,000	0	*
Weiss, Peck & Greer as trustee for Murray Berliner Sep IRA	28,000	16,000	12,000	*
Weiss, Peck & Greer as trustee for Stephan Bermas IRA	5,500	4,000	1,500	*
William A. Birnbaum	22,500	16,000	6,500	*
William Birnbaum and Kathleen Birnbaum	22,500	16,000	6,500	*
Harris J. Bixler	21,000	16,000	5,000	*
Weiss, Peck & Greer as trustee for John V. Brennan IRA	8,000	4,000	4,000	*
Weiss, Peck & Greer as trustee for Julie Connelly IRA	8,000	8,000	0	*
Katharine Crossgrove	13,000	8,000	5,000	*
Daeg Partners, LLP	574,500	92,000	482,500	3.93%
Donna Darnell	7,500	4,000	3,500	*
Tirone E. David, M.D	25,000	12,000	13,000	*
Weiss, Peck & Greer as trustee for John W. Dewey, IRA	17,000	8,000	9,000	*
Weiss, Peck & Greer as trustee for John Dorman IRA	18,000	8,000	10,000	*
Weiss, Peck & Greer as trustee for Joan Ellenbogen IRA	14,500	8,000	6,500	*
Weiss, Peck & Greer as trustee for Marcia Goldstein IRA	9,500	4,000	5,500	*
Martha Grant	14,000	8,000	6,000	*
Claire S. Gulamerian, Living Trust dtd 6/7/96	16,600	8,000	8,600	*

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
Ingolstadt Ltd. BVI	26,000	16,000	10,500	*
Oscar Lascano	9,000	4,000	5,000	*
Weiss, Peck & Greer as trustee for Stanley Mailman IRA	9,600	4,000	5,600	*
Barbara V. May	5,200	4,000	1,200	*
Weiss, Peck & Greer as trustee for Bernadette Murphy IRA	18,800	16,000	2,800	*
Joan Nazarro	8,000	4,000	4,000	*
1004050 Ontario Inc.	9,000	4,000	5,000	*
Arthur Panoff	9,300	8,000	1,300	*
Patricia C. Remmer, Revocable Trust dtd 7/22/92	31,000	16,000	15,000	*
Patricia C. Remmer, 1995 Charitable Lead Trust	10,000	4,000	6,000	*
The Remmer Family Foundation	8,000	4,000	4,000	*
Weiss, Peck & Greer as trustee for Dorothy Rivkin IRA	19,000	8,000	11,000	*
Maurice Schlossberg and Amy Schlossberg	5,000	8,000	5,000	*
Weiss, Peck & Greer as trustee for Mary Simons IRA	7,000	4,000	3,000	*
Weiss, Peck & Greer as trustee for Richard R. Stebbins	22,000	16,000	6,000	*
Sarah Tough	9,000	4,000	5,000	*
Weiss, Peck & Greer as trustee for Leon Zeff IRA	11,000	4,000	7,000	*
Charles W. Phillips	10,000	10,000	0	*
Richard F. Morton	15,000	5,000	10,000	*
Neal P. Brooks	38,000	5,000	33,000	*
State of Wisconsin Investment Board	2,218,600	670,000	1,548,600	12.63%
Total	3,355,600	1,090,000	2,273,600	18.54%

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* 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.

The following Table B sets forth the number of shares of Common Stock to be owned upon exercise of the warrants issued to H.C. Wainwright & Co., Inc. and several of its affiliates as partial compensation for its services as placement agent in connection with our private placement. The warrantholders have confirmed to us that none had agreements or understandings, directly or indirectly, with any person to distribute the Common Stock issuable upon exercise of the warrants. Because the warrantholders 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 the warrantholders or subsequent selling stockholders after completion of this offering. The shares offered by this Prospectus may be offered from time to time by the warrant holders 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	Number of Shares Registered for Sale Hereby (1)	Number of Shares Beneficially Owned after Completion of the Offering(2)	Percent of Outstanding Shares(2)
Eric Singer	38,900	38,900	0	*
Matthew Balk	5,000	5,000	0	*
Jason Adelman	5,000	5,000	0	*
Scott Weisman	5,600	5,600	0	*
H.C. Wainright & Co., Inc.	54,500	54,500	0	*
Total	109,000	109,000	0	*

* 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) This figure includes the shares that will be issued upon exercise of the warrants by such selling stockholder.

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 exercise of the warrants) 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 exercise of the warrants) 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 exercise of the warrants) 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 exercise of the warrants) and any broker-dealers or agents that participate with the selling stockholders (including those holding stock as a result of the future exercise of the warrants) 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 exercise of the warrants).

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, 1999 and June 30, 2000 and our consolidated statements of income, retained earnings, and cash flows for each of the three years in the period ended June 30, 2000 incorporated by reference in this prospectus and elsewhere in the registration statement have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports with respect thereto, and are included herein in reliance upon the authority of said firm as experts in accounting and auditing in giving said reports.

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, 2000, filed September 27, 2000;

2. Our Quarterly Reports on Form 10-Q for the quarters ended September 30, 2000, December 31, 2000 and March 31, 2001;

3. Our Form S-8 filed on May 15, 2001;

4. Our Forms 8-K filed on July 12, 2001 and July 24, 2001;

5. Our Form 14A filed on October 30, 2000;

6. 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

7. 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.

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. (the "Company") in connection with the sale of Common Stock being registered. All amounts are estimates except the SEC registration fee.

SEC Registration Fee	$1,800
Legal fees and expenses	20,000
Accounting fees and expenses	5,000
Miscellaneous fees and expenses	5,500
Total	$32,300

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 Company'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 Company and its stockholders and for indemnification of directors, officers, employees and agents of the Company, respectively, to the maximum extent permitted by the DGCL.

The Certificate of Incorporation provides that directors are not liable to the Company 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 Company 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 Company 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 Company 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 Company. With respect to matters to which the Company'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 Company 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 Company.

ITEM 16. EXHIBITS

2.1 Share Purchase Agreement
2.2 Warrant Agreement
5 Opinion of Harter, Secrest & Emery LLP
23.1 Independent Accountants' Consent
23.2 Consent of Harter, Secrest & Emery LLP (included in the Opinion of Counsel filed as Exhibit 5 hereto)
24 Power of Attorney (see page II-4)

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 17th day of August, 2001.

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 appoints John D. Kavazanjian, Robert W. Fishback and Peter F. Comerford, jointly and severally, his or her attorneys-in-fact, each with the power of substitution, for him or her in any and all capacities, to sign any amendment to this Registration Statement on Form S-3, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming that each of said attorneys-in-fact, or his or her substitute or substitutes, may do or cause to be done by virtue hereof.

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)	August 17, 2001
/s/ Robert W. Fishback - ---------- Robert W. Fishback	Vice President-Finance and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	August 17, 2001
/s/ Ranjit Singh - ---------- Ranjit Singh	Director	August 17, 2001
/s/ Arthur M. Lieberman - ---------- Arthur M. Lieberman	Director	August 17, 2001
/s/ Joseph C. Abeles - ---------- Joseph C. Abeles	Director	August 17, 2001
/s/ Joseph N. Barrella - ---------- Joseph N. Barrella	Director	August 17, 2001
/s/ Carl H. Rosner - ---------- Carl H. Rosner	Director	August 17, 2001
/s/ Patricia C. Barron - ---------- Patricia C. Barron	Director	August 17, 2001

INDEX TO EXHIBITS

ULTRALIFE BATTERIES, INC. SHARE PURCHASE AGREEMENT

This SHARE PURCHASE AGREEMENT (this "Agreement"), is made and entered into as of July 19, 2001, by and among ULTRALIFE BATTERIES, INC., a Delaware corporation (the "Company"), and the purchasers listed on Schedule A attached hereto (collectively, the "Purchasers" and individually, a "Purchaser").

1. AUTHORIZATION OF SALE OF THE SHARES

Subject to the terms and conditions of this Agreement, the Company has authorized the sale of up to 1,200,000 shares (the "Shares") of common stock, par value $.10 per share (the "Common Stock"), of the Company.

2. AGREEMENT TO SELL AND PURCHASE THE SHARES

2.1 Purchase and Sale

Subject to the terms and conditions of this Agreement, each Purchaser severally agrees to purchase, and the Company agrees to sell and issue to each Purchaser, at the Closing (as defined below) that number of Shares set forth opposite such Purchaser's name on Schedule A attached hereto.

2.2 Purchase Price

The purchase price of each Share shall be $6.25 (the "Per Share Price"). The Company shall not, during the period beginning on the date of this Agreement and ending ninety (90) days after the Closing Date (as defined below), without adjusting the price per Share hereunder accordingly, (i) sell Shares at a price per Share of less than the Per Share Price, or (ii) grant or issue options, warrants or any other securities that can be converted into, or otherwise exchanged for, shares of the Company's common stock at a conversion, exchange or exercise price per Share of less than the Per Share Price. In the event the Company shall, during the period beginning on the date of this Agreement and ending ninety (90) days after the Closing Date, sell any shares of the Company's common stock at, or grant or issue any instruments that can be converted into or otherwise exchanged for the Company's common stock (the "Subsequent Sale") exercisable at, a price per Share (the "Subsequent Purchase Price") of less than the Per Share Price, the Company shall, within ten (10) business days of the Subsequent Sale, pay to the Purchaser a cash amount equal to the number of Shares times the difference between the Per Share Price and the Subsequent Purchase Price.

3. DELIVERY OF THE SHARES AT THE CLOSING

(a) The completion of the purchase and sale of the Shares (the "Closing") shall occur at the offices of Harter, Secrest & Emery LLP, counsel to the Company, at Rochester, New York at 9:00 a.m. local time on June 28, 2001 or such other time and date as may be agreed by the parties (the "Closing Date").

(b) At the Closing, the Company shall authorize its transfer agent (the "Transfer Agent") to issue to each Purchaser one or more stock certificates registered in the name of such Purchaser, or in such nominee name(s) as designated by such Purchaser in writing, representing the number of Shares set forth in Section 2 above and bearing an appropriate legend referring to the fact that the Shares were sold in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended (the "Securities Act"), and Rule 506 under the Securities Act. Within ten (10) business days of Closing, the Company will cause to be delivered to each Purchaser one certificate representing 100% of the Shares purchased by that Purchaser (the "Certificates") against delivery of payment for the Shares by the Purchasers; subject, however, to the provision that with respect to Shares purchased by State of Wisconsin Investment Board, the Company will cause to be delivered to that Purchaser one certificate representing 80% of the Shares purchased and a second certificate representing 20% of the Shares purchased. Prior to the Purchasers' delivery of payment for the Shares, the Company will deliver via facsimile a copy of the Certificates to be delivered upon Closing to the office of the Purchasers (at the fax number indicated on the signature pages attached hereto).

(c) The Company's obligation to complete the purchase and sale of the Shares shall be subject to the following conditions, any one or more of which may be waived by the Company:

(i) receipt by the Company from stockholders holding rights to require the Company to register the sale of any securities owned by such holder in the Registration Statement (as defined below) of waivers of such rights (including the waiver of any notice requirements related to such rights);

(ii) receipt by the Company of same-day funds in the full amount of the purchase price for the Shares being purchased under this Agreement; and

(iii) the accuracy in all material respects of the representations and warranties made by the Purchasers and the fulfillment in all material respects of those undertakings of the Purchasers to be fulfilled before the Closing.

(d) The Purchasers' obligations to accept delivery of such stock certificates and to pay for the Shares evidenced by the certificates shall be subject to the following conditions, any one or more of which may be waived by a Purchaser with respect to such Purchaser's obligation:

(i) the representations and warranties made by the Company in this Agreement shall be accurate in all material respects and the undertakings of the Company shall have been fulfilled in all material respects on or before the Closing;

(ii) the Company shall have delivered to the Purchasers a certificate executed by the chairman of the board or president and the chief financial or accounting officer of the Company, dated the Closing Date, in form and substance reasonably satisfactory to the Purchasers, to the effect that the representations and warranties of the Company set forth in Section 4 hereof are true and correct in all material respects as of the date of this Agreement and as of the Closing Date, and that the Company has complied with all the agreements and satisfied

all the conditions in this Agreement on its part to be performed or satisfied on or before the Closing Date; and

(iii) the Company shall have delivered to Purchasers a legal opinion in substantially the form attached hereto as Exhibit A.

(iv) the Company shall have obtained gross proceeds of at least $5,000,000 from the sale of the Shares at the Closing.

4. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE COMPANY

Except as set forth on the Schedule of Exceptions attached hereto as Exhibit B, the Company hereby represents and warrants to the Purchasers as follows (which representations and warranties shall be deemed to apply, where appropriate, to each subsidiary of the Company):

4.1 Organization and Qualification

The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware. The Company has the corporate power and authority to own, lease and operate its properties and to conduct its business as currently conducted and to enter into and perform its obligations under this Agreement. The Company is duly qualified as a foreign corporation to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure to so qualify would not, singly or in the aggregate, have a material adverse effect on the condition, financial or otherwise, or the earnings, assets, business affairs or business prospects of the Company.

4.2 Capitalization

(a) The authorized capital stock of the Company consists of 40,000,000 shares of Common Stock and 1,000,000 shares of Preferred Stock.

(b) As of May 31, 2001, the issued and outstanding capital stock of the Company consisted of 11,460,536 shares of Common Stock and no shares of Preferred Stock. The shares of issued and outstanding capital stock of the Company have been duly authorized and validly issued, are fully paid and nonassessable and have not been issued in violation of or are not otherwise subject to any preemptive or other similar rights.

(c) The Company has reserved 2,564,850 shares of Common Stock for issuance upon the exercise of stock options granted or available for future grant under the Company's stock option plans.

(d) The Company has reserved 12,500 shares of Common Stock for issuance upon the exercise of outstanding warrants to purchase Common Stock and up to 120,000 shares of Common Stock for issuance upon the exercise of the warrant to be issued to H.C. Wainwright at Closing.

With the exception of the foregoing, there are no outstanding subscriptions, options, warrants, convertible or exchangeable securities or other rights granted to or by the Company to purchase

shares of Common Stock or other securities of the Company and there are no commitments, plans or arrangements to issue any shares of Common Stock or any security convertible into or exchangeable for Common Stock.

4.3 Issuance, Sale and Delivery of the Shares

(a) The Shares have been duly authorized for issuance and sale to the Purchasers pursuant to this Agreement and, when issued and delivered by the Company pursuant to this Agreement against payment of the consideration set forth in this Agreement, will be validly issued and fully paid and nonassessable and free and clear of all pledges, liens and encumbrances. The certificates evidencing the Shares are in due and proper form under Delaware law.

(b) The issuance of the Shares is not subject to preemptive or other similar rights. No further approval or authority of the shareholders or the Board of Directors of the Company will be required for the issuance and sale of the Shares to be sold by the Company as contemplated in this Agreement.

(c) Subject to the accuracy of the Purchasers' representations and warranties in Section 5 of this Agreement, the offer, sale, and issuance of the Shares in conformity with the terms of this Agreement constitute transactions exempt from the registration requirements of Section 5 of the Securities Act and from the registration or qualification requirements of the laws of any applicable state or United States jurisdiction.

4.4 Financial Statements

The financial statements included (as exhibits or otherwise) in the Company Documents (as defined below) present fairly the financial position of the Company as of the dates indicated and the results of their operations for the periods specified. Except as otherwise stated in such Company Documents, such financial statements have been prepared in conformity with generally accepted accounting principles applied on a consistent basis, and any supporting schedules included with the financial statements present fairly the information stated in the financial statements. The financial and statistical data set forth in the Company Documents were prepared on an accounting basis consistent with such financial statements.

4.5 No Material Change

Since March 31, 2001,

(a) there has been no material adverse change or any development involving a prospective material adverse change in or affecting the condition, financial or otherwise, or in the earnings, assets, business affairs or business prospects of the Company, whether or not arising in the ordinary course of business;

(b) there have been no transactions entered into by the Company other than those in the ordinary course of business, which are material with respect to the Company; and

(c) there has been no dividend or distribution of any kind declared, paid or made by the Company on any class of its capital stock.

The Company has no material contingent obligations.

4.6 Environmental

Except as would not, singly or in the aggregate, reasonably be expected to have a material adverse effect on the condition, financial or otherwise, or the earnings, assets, business affairs or business prospects of the Company,

(a) the Company is in compliance with all applicable Environmental Laws (as defined below);

(b) the Company has all permits, authorizations and approvals required under any applicable Environmental Laws and is in compliance with the requirements of such permits authorizations and approvals;

(c) there are no pending or, to the best knowledge of the Company, threatened Environmental Claims (as defined below) against the Company; and

(d) under applicable law, there are no circumstances with respect to any property or operations of the Company that are reasonably likely to form the basis of an Environmental Claim against the Company.

For purposes of this Agreement, the following terms shall have the following meanings: "Environmental Law" means any United States (or other applicable jurisdiction's) Federal, state, local or municipal statute, law, rule, regulation, ordinance, code, policy or rule of common law and any judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree or judgment, relating to the environment, health, safety or any chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority. "Environmental Claims" means any and all administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of noncompliance or violation, investigations or proceedings relating in any way to any Environmental Law.

4.7 No Defaults

The Company is not in violation of its certificate of incorporation or bylaws or in material default in the performance or observance of any obligation, agreement, covenant or condition contained in any material contract, indenture, mortgage, loan agreement, deed, trust, note, lease, sublease, voting agreement, voting trust, or other instrument or material agreement to which the Company is a party or by which it may be bound, or to which any of the property or assets of the Company is subject.

4.8 Labor Matters

No labor dispute with the employees of the Company exists or, to the best knowledge of the Company, is imminent.

4.9 No Actions

There is no action, suit or proceeding before or by any court or governmental agency or body, domestic or foreign, now pending, or, to the knowledge of the Company, threatened, against or

affecting the Company which, singly or in the aggregate, might result in any material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company, or which, singly or in the aggregate, might materially and adversely affect the properties or assets thereof or which might materially and adversely affect the consummation of this Agreement, nor, to the best knowledge of the Company, is there any reasonable basis therefor. The Company is not in default with respect to any judgment, order or decree of any court or governmental agency or instrumentality which, singly or in the aggregate, would have a material adverse effect on the assets, properties or business of the Company.

4.10 Intellectual Property

(a) The Company, to the best of its knowledge in the course of diligent inquiry, owns or is licensed to use all patents, patent applications, inventions, trademarks, trade names, applications for registration of trademarks, service marks, service mark applications, copyrights, know-how, manufacturing processes, formulae, trade secrets, licenses and rights in any thereof and any other intangible property and assets that are material to the business of the Company as now conducted and as proposed to be conducted (in this Agreement called the "Proprietary Rights"), or is seeking, or will seek, to obtain rights to use such Proprietary Rights that are material to the business of the Company as proposed to be conducted.

(b) The Company does not have any knowledge of, and the Company has not given or received any notice of, any pending conflicts with or infringement of the rights of others with respect to any Proprietary Rights or with respect to any license of Proprietary Rights which are material to the business of the Company.

(c) No action, suit, arbitration, or legal, administrative or other proceeding, or investigation is pending, or, to the best knowledge of the Company, threatened, which involves any Proprietary Rights, nor, to the best knowledge of the Company, is there any reasonable basis therefor.

(d) The Company is not subject to any judgment, order, writ, injunction or decree of any court or any Federal, state, local, foreign or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, or any arbitrator, and has not entered into or is not a party to any contract which restricts or impairs the use of any such Proprietary Rights in a manner which would have a material adverse effect on the use of any of the Proprietary Rights.

(e) The Company has not received written notice of any pending conflict with or infringement upon such third-party proprietary rights.

(f) The Company has not entered into any consent, indemnification, forbearance to sue or settlement agreement with respect to Proprietary Rights other than in the ordinary course of business. No claims have been asserted by any person with respect to the validity of the Company's ownership or right to use the Proprietary Rights and, to the best knowledge of the Company, there is no reasonable basis for any such claim to be successful.

(g) The Company has complied, in all material respects, with its obligations relating to the protection of the Proprietary Rights which are material to the business of the Company used pursuant to licenses.

(h) To the best knowledge of the Company, no person is infringing on or violating the Proprietary Rights.

4.11 Permits

The Company possesses and is operating in compliance with all material licenses, certificates, consents, authorities, approvals and permits from all state, federal, foreign and other regulatory agencies or bodies necessary to conduct the businesses now operated by it, and the Company has not received any notice of proceedings relating to the revocation or modification of any such permit or any circumstance which would lead it to believe that such proceedings are reasonably likely which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would materially and adversely affect the condition, financial or otherwise, or the earnings, assets, business affairs or business prospects of the Company.

4.12 Due Execution, Delivery and Performance

(a) This Agreement has been duly executed and delivered by the Company and constitutes a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms.

(b) The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated in this Agreement and the fulfillment of the terms of this Agreement, including the sale, issuance and delivery of the Shares, (i) have been duly authorized by all necessary corporate action on the part of the Company, its directors and stockholders; (ii) will not conflict with or constitute a breach of, or default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company pursuant to, any contract, indenture, mortgage, loan agreement, deed, trust, note, lease, sublease, voting agreement, voting trust or other instrument or agreement to which the Company is a party or by which it may be bound, or to which any of the property or assets of the Company is subject; (iii) will not trigger anti-dilution rights or other rights to acquire additional equity securities of the Company; and (iv) will not result in any violation of the provisions of the articles of incorporation or bylaws of the Company or any applicable statute, law, rule, regulation, ordinance, decision, directive or order.

4.13 Properties

The Company has good and marketable title to its properties, free and clear of all material security interests, mortgages, pledges, liens, charges, encumbrances and claims of record. The properties of the Company are, in the aggregate, in good repair (reasonable wear and tear excepted), and suitable for their respective uses. Any real property held under lease by the Company is held under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the conduct of the business of the Company. The Company owns or leases all such properties as are necessary to its business or operations as now conducted.

4.14 Compliance

The Company has conducted and is conducting its business in compliance with all applicable Federal, state, local and foreign statutes, laws, rules, regulations, ordinances, codes, decisions, decrees, directives and orders, except where the failure to do so would not, singly or in the aggregate, have a material adverse effect on the condition, financial or otherwise, or on the earnings, assets, business affairs or business prospects of the Company.

4.15 Security Measures

The Company takes security measures designed to enable the Company to assert trade secret protection in its non-patented technology.

4.16 Contributions

To the best of the Company's knowledge, neither the Company nor any employee or agent of the Company has made any payment of funds of the Company or received or retained any funds in violation of any law, rule or regulation.

4.17 Use of Proceeds; Investment Company

The Company intends to use the proceeds from the sale of the Shares for working capital and other general corporate purposes. The Company is not now, and after the sale of the Shares under this Agreement and under all other agreements and the application of the net proceeds from the sale of the Shares described in the proceeding sentence will not be, an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

4.18 Prior Offerings

All offers and sales of capital stock of the Company before the date of this Agreement were at all relevant times duly registered or exempt from the registration requirements of the Securities Act and were duly registered or subject to an available exemption from the registration requirements of the applicable state securities or Blue Sky laws.

4.19 Taxes

The Company has filed all material tax returns required to be filed, which returns are true and correct in all material respects, and the Company is not in default in the payment of any taxes, including penalties and interest, assessments, fees and other charges, shown thereon due or otherwise assessed, other than those being contested in good faith and for which adequate

reserves have been provided or those currently payable without interest which were payable pursuant to said returns or any assessments with respect thereto.

4.20 Other Governmental Proceedings

To the Company's knowledge, there are no rulemaking or similar proceedings before any Federal, state, local or foreign government bodies that involve or affect the Company, which, if the subject of an action unfavorable to the Company, could involve a prospective material adverse change in or effect on the condition, financial or otherwise, or in the earnings, assets, business affairs or business prospects of the Company.

4.21 Non-Competition Agreements

To the knowledge of the Company, any full-time employee who has entered into any non-competition, non-disclosure, confidentiality or other similar agreement with any party other than the Company is neither in violation of nor is expected to be in violation of that agreement as a result of the business currently conducted or expected to be conducted by the Company or such person's performance of his or her obligations to the Company. The Company has not received written notice that any consultant or scientific advisor of the Company is in violation of any non-competition, non-disclosure, confidentiality or similar agreement.

4.22 Transfer Taxes

On the Closing Date, all stock transfer or other taxes (other than income taxes) that are required to be paid in connection with the sale and transfer of the Shares to be sold to the Purchasers under this Agreement will be, or will have been, fully paid or provided for by the Company and all laws imposing such taxes will be or will have been fully complied with.

4.23 Insurance

The Company maintains insurance of the type and in the amount that the Company reasonably believes is adequate for its business, including, but not limited to, insurance covering all real and personal property owned or leased by the Company against theft, damage, destruction, acts of vandalism and all other risks customarily insured against by similarly situated companies, all of which insurance is in full force and effect.

4.24 Governmental/ Regulatory Consents

No registration, authorization, approval, qualification or consent with or required by any court or governmental/ regulatory authority or agency is necessary in connection with the execution and delivery of this Agreement or the offering, issuance or sale of the Shares under this Agreement.

4.25 Securities and Exchange Commission Filings

The Company has timely filed with the Securities and Exchange Commission (the "Commission") all documents required to be filed by the Company under the Securities Exchange Act of 1934, as amended (the "Exchange Act.")

4.26 Additional Information

The Company represents and warrants that the information contained in the following documents (the "Company Documents"), which will be provided to Purchaser before the Closing, is or will be true and correct in all material respects as of their respective final dates:

(a) the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2000.

(b) the Company's Quarterly Reports on Form 10-Q for the fiscal quarters ended September 30, 2000, December 31, 2000 and March 31, 2001;

(c) the Company's Proxy Statement for its 2000 Annual Meeting of Shareholders; and

(d) all other documents, if any, filed by the Company with the Commission since May 14, 2001 pursuant to the reporting requirements of the Securities Exchange Act.

4.27 Contracts

The contracts described in the Company Documents or incorporated by reference therein are in full force and effect on the date hereof, except for contracts the termination or expiration of which would not, singly or in the aggregate, have a material adverse effect on the business, properties or assets of the Company. Neither the Company nor, to the best knowledge of the Company, any other party is in material breach of or default under any such contracts.

4.28 No Integrated Offering

Neither the Company, nor any of its affiliates, nor any person acting on its or their behalf, has directly or indirectly made any offers or sales in any security or solicited any offers to buy any security under circumstances that would require registration under the Securities Act of the issuance of the Shares to the Purchasers. The issuance of the Shares to the Purchasers will not be integrated with any other issuance of the Company's securities (past, current or future) for purposes of the Securities Act or any applicable rules of Nasdaq (or of any national securities exchange on which the Company's Common Stock is then traded). The Company will not make any offers or sales of any security (other than the Shares) that would cause the offering of the Shares to be integrated with any other offering of securities by the Company for purposes of any registration requirement under the Securities Act or any applicable rules of Nasdaq (or of any national securities exchange on which the Company's Common Stock is then traded).

4.29 Listing of Shares

The Company agrees to promptly secure the listing of the Shares upon each national securities exchange or automated quotation system upon which shares of Common Stock are then listed and, so long as any Purchaser owns any of the Shares, shall maintain such listing of all Shares. The Company has taken no action designed to delist, or which is likely to have the effect of delisting, the Common Stock from any of the national securities exchange or automated quotation system upon which the shares of Common Stock are then listed.

4.30 No Manipulation of Stock

The Company has not taken and will not, in violation of applicable law, take any action outside the ordinary course of business designed to or that might reasonably be expected to cause or result in unlawful manipulation of the price of the Common Stock to facilitate the sale or resale of the Shares.

5. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE PURCHASERS

5.1 Securities Law Representations and Warranties

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

(a) The Purchaser is knowledgeable, sophisticated and experienced in making, and is qualified to make, decisions with respect to investments in shares representing an investment decision like that involved in the purchase of the Shares, including investments in securities issued by the Company, and has requested, received, reviewed and considered all information it deems relevant in making an informed decision to purchase the Shares.

(b) The Purchaser is acquiring the number of Shares set forth in Section 2 above in the ordinary course of its business and for its own account for investment (as defined for purposes of the Hart-Scott-Rodino Antitrust Improvement Act of 1976 and the regulations thereunder) 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 such Shares within the meaning of Section 2(11) of the Securities Act, other than as contemplated in Section 7 of this Agreement.

(c) 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 the rules and regulations promulgated thereunder (the "Rules and Regulations").

(d) The Purchaser has completed or caused to be completed the Stock Certificate Questionnaire and the Registration Statement Questionnaire, attached to this Agreement as Appendices I and II, for use in preparation of the Registration Statement (as defined in Section 7.3 below), and the answers to the Questionnaires 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 that the Purchasers shall be entitled to update such information by providing notice thereof to the Company before the effective date of such Registration Statement.

(e) The Purchaser has, in connection with its decision to purchase the number of Shares set forth in Section 2 above, relied solely upon the Company Documents and the representations and warranties of the Company contained in this Agreement.

(f) The Purchaser is an "accredited investor" within the meaning of Rule 501 of Regulation D promulgated under the Securities Act.

5.2 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 officer's certificate

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

(ii) executed 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 (the "Prospectus," as further defined in Section 7.3.1 below) should be suspended until such time as an amendment or supplement to the Registration Statement or the Prospectus has been filed by the Company 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 it 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 Purchasers, 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 SEC 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 SEC

for an amendment or any supplement to such Registration Statement or any related prospectus, or any other information request by any other governmental agency directly relating to the offering, and (ii) of the issuance by the SEC of any stop order suspending the effectiveness of such Registration Statement or of any order preventing or suspending the use of any related 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 its Shares, other than sales pursuant to a Registration Statement contemplated in Section 7 of this Agreement or sales upon termination of the transfer restrictions pursuant to Section 7.4 of this Agreement.

5.3 Due Execution, Delivery and Performance

(a) This Agreement has been duly executed and delivered by the Purchaser and constitutes a valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms.

(b) The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated in this Agreement and the fulfillment of the terms of this Agreement have been duly authorized by all necessary corporate action and will not conflict with or constitute a breach of, or default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Purchaser pursuant to, any contract, indenture, mortgage, loan agreement, deed, trust, note, lease, sublease, voting agreement, voting trust or other instrument or agreement to which the Purchaser is a party or by which it or any of them may be bound, or to which any of the property or assets of the Purchaser is subject, nor will such action result in any violation of the provisions of the charter or bylaws of the Purchaser or any applicable statute, law, rule, regulation, ordinance, decision, directive or order.

6. SURVIVAL OF REPRESENTATIONS, WARRANTIES AND AGREEMENTS.

Notwithstanding any investigation made by any party to this Agreement, all covenants, agreements, representations and warranties made by the Company and the Purchasers in this Agreement and in the certificates for the Shares delivered pursuant to this Agreement shall survive the execution of this Agreement, the delivery to the Purchasers of the Shares being purchased and the payment therefor.

7. FORM D FILING; REGISTRATION; COMPLIANCE WITH THE SECURITIES ACT; COVENANTS

7.1 Form D Filing; Registration of Shares

7.1.1 Registration Statement; Expenses

The Company shall:

(a) file in a timely manner a Form D relating to the sale of the Shares under this Agreement, pursuant to Securities and Exchange Commission Regulation D.

(b) as soon as practicable after the Closing Date, but in no event later than the 30th day following the Closing Date, prepare and file with 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");

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

(d) subject to receipt of necessary information from the Purchasers, use its best efforts to cause the Commission to notify the Company of the Commission's willingness to declare the Registration Statement effective on or before 90 days after the Closing Date;

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

(f) prepare and file with the Commission such amendments and supplements to the Registration Statement and the Prospectus (as defined in Section 7.3.1 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;

(g) 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;

(h) 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;

(i) 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; and

(j) bear all expenses (other than the expenses of a Purchaser's attorney, accountant or other consultant retained by a Purchaser) in connection with the procedures in paragraphs (a) through (i) of this Section 7.1.1 and the registration of the Shares pursuant to the Registration Statement.

7.1.2 Delay in Effectiveness of Registration Statement

In the event that the Registration Statement is not declared effective on or before the 90th day following the Closing Date (the "Penalty Date"), the Company shall pay to each Purchaser liquidated damages in an amount equal to 0.25% of the total purchase price of the Shares purchased by such Purchaser pursuant to this Agreement for each week after the Penalty Date that the Registration Statement is not declared effective.

7.2 Transfer of Shares After Registration

Each Purchaser agrees that it will not effect any disposition of the Shares or its 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 7.1 or as otherwise permitted by law, and that it will promptly notify the Company of any changes in the information set forth in the Registration Statement regarding the Purchaser or its plan of distribution.

7.3 Indemnification

For the purpose of this Section 7.3, 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 7.1.

7.3.1 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 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 Sections 5.2 or 7.2 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.

7.3.2 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 Sections 5.2 or 7.2 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.

7.3.3 Indemnification Procedure

(a) Promptly after receipt by an indemnified party under this Section 7.3 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 7.3, 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 7.3 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 7.3, the Purchaser shall not be liable for any indemnification obligation under this Agreement in excess of the amount of gross proceeds received by the Purchaser from the sale of the Shares.

7.3.4 Contribution

If the indemnification provided for in this Section 7.3 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 7.3 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 sale 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 7.3.3, 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 7.3.3 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 7.3.4; provided, however, that no additional notice shall be required with respect to any threat or action for which notice has been given under Section 7.3 for purposes of indemnification. The Company and each Purchaser agree that it would not be just and equitable if contribution pursuant to this Section 7.3 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 7.3, 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 7.3 are several and not joint.

7.4 Termination of Conditions and Obligations

The restrictions imposed by Section 5 or this Section 7 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.

7.5 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 Shareholders, its Annual Report on Form 10-K;

(iii) 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.

7.6 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).

7.7 Stock Option Matters and Prohibition on Toxics

(a) To the extent the Company has not already done so, the Company shall, within thirty (30) days of the Closing Date, adopt such amendments to, with respect to (i) and (ii) below, the Company's stock option plans and By-laws, and, with respect to (iii) and (iv) below, the Company's By-laws (together, the "Stock Option Plan and By-law Amendments") to provide that, unless approved by the holders of a majority of the shares present and entitled to vote at a duly convened meeting of shareholders, the Company shall not:

(i) grant any stock options with an exercise price that is less than 100% of the fair market value of the underlying stock on the date of grant;

(ii) reduce the exercise price of any stock option granted under any existing or future stock option plan;

(iii) sell or issue any security of the Company convertible, exercisable or exchangeable into shares of Common Stock, having a conversion, exercise or exchange price per share which is subject to downward adjustment based on the market price of the Common Stock at the time of conversion, exercise or exchange of such security into Common Stock (except for appropriate adjustments made to give effect to any stock splits or stock dividends); or

(iv) enter into (a) any equity line or similar agreement or arrangement; or (b) any agreement to sell Common Stock (or any security convertible, exercisable or exchangeable into shares of Common Stock ("Common Stock Equivalent")) at a per share price (or, with respect to a Common Stock Equivalent, at a conversion, exercise or exchange price, as the case may be ("Equivalent Price")) that is fixed after the execution date of the agreement, whether or not based on any predetermined price-setting formula or calculation method. Notwithstanding the foregoing, however, a price protection clause shall be permitted in an agreement for sale of Common Stock or Common Stock Equivalent, if such clause provides for an adjustment to the price per share of Common Stock or, with respect to a Common Stock Equivalent, to the Equivalent Price (provided that such price or Equivalent Price is fixed on or before the execution date of the agreement) (the "Fixed Price") in the event that the Company, during the period beginning on the date of the agreement and ending no later than 90 days after the closing date of the transaction, sells shares of Common Stock or Common Stock Equivalent to another investor at a price or Equivalent Price, as the case may be, below the Fixed Price.

(v) The Stock Option Plan and By-law Amendments may not be further amended or repealed without the affirmative vote of the holders of a majority of the shares present and entitled to vote at a duly convened meeting of shareholders. Upon the adoption of the Stock Option Plan and By-law Amendments, the Company shall promptly furnish a copy of such amendments to the Purchasers. The Company agrees that, prior to the adoption of the Stock Option Plan and By-law Amendments by all necessary corporate action of the Company as described above, the Company shall not conduct any of the actions specified in (i), (ii), (iii) or (iv) above of this Section 7.7.

8. LEGAL FEES AND OTHER TRANSACTION EXPENSES

8.1.1 [For the Purchaser known as State of Wisconsin Investment Board]: At the Closing, the Company agrees to pay a flat fee of $5,000 to the State of Wisconsin Investment Board for their legal and other transaction expenses (whether internal or external) arising in connection with the transactions contemplated by this Agreement.

[For the remaining Purchasers listed on Schedule "A" attached hereto and made a part hereof.]: The Company and each Purchaser shall be responsible for their own legal and other transaction expenses (whether internal or external) arising in connection with the transactions contemplated by this Agreement.

9. BROKER'S FEE

The Purchasers acknowledge that the Company intends to pay to H.C. Wainwright & Co., Inc., the placement agent, a fee in respect of the sale of the Shares to certain of the Purchasers that will consist of $200,000 and a five-year warrant to purchase for $6.25 per share up to that number of shares of the Company's Common Stock as equals 10% of the Shares purchased pursuant to this Agreement. The Purchasers also acknowledge that the Company intends to pay to Kimelman & Baird LLC a cash fee equal to 5% of the amount raised through the sale of the Shares to certain of the Purchasers affiliated with Kimelman & Baird LLC. Each of the parties to this Agreement hereby represents that, on the basis of any actions and agreements by it, there are no other brokers or finders entitled to compensation in connection with the sale of the Shares to the Purchasers. The Company shall indemnify and hold harmless the Purchasers from and against all fees, commissions or other payments owing by the Company to H.C. Wainwright & Co., Inc. and Kimelman & Baird LLC or any other person or firm acting on behalf of the Company hereunder, and each Purchaser, severally and not jointly, shall indemnify and hold harmless the Company from and against all fees, commissions or other payments owing by such Purchaser to any person or firm acting on behalf of such Purchaser.

10. NOTICES

All notices, requests, consents and other communications under this Agreement shall be in writing, shall be mailed by first-class registered or certified airmail, confirmed facsimile or nationally recognized overnight express courier postage prepaid, and shall be delivered as addressed as follows:

(a) if to the Company, to:

Ultralife Batteries, Inc.
2000 Technology Parkway
Newark, New York 14513
Attention: Robert W. Fishback

or to such other person at such other place as the Company shall designate to the Purchaser in writing; and

(b) if to a Purchaser, at its address as set forth on the signature page to this Agreement, or at such other address or addresses as may have been furnished to the Company in writing.

Such notice shall be deemed effectively given upon confirmation of receipt by facsimile, one business day after deposit with such overnight courier or three days after deposit of such registered or certified airmail with the U.S. Postal Service, as applicable.

11. MODIFICATION; AMENDMENT

This Agreement may not be modified or amended except pursuant to an instrument in writing signed by the Company and each of the Purchasers.

12. TERMINATION

This Agreement may be terminated as to any Purchaser, at the option of such Purchaser, if the Closing has not occurred on or before thirty (30) days from the date of this Agreement.

13. HEADINGS

The headings of the various sections of this Agreement have been inserted for convenience of reference only and shall not be deemed to be part of this Agreement.

14. SEVERABILITY

If any provision contained in this Agreement should be held to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained in this Agreement shall not in any way be affected or impaired thereby.

15. GOVERNING LAW; JURISDICTION

This Agreement shall be governed by and construed in accordance with the laws of the state of Delaware and the federal law of the United States of America. The parties hereto hereby submit to the jurisdiction of the courts of the State of Wisconsin, or of the United States of America sitting in the State of Wisconsin, over any action, suit, or proceeding arising out of or relating to this Agreement. Nothing herein shall affect the right of the Purchaser to serve process in any manner permitted by law or limit the right of the Purchaser to bring proceedings against the Company in the competent courts of any other jurisdiction or jurisdictions.

16. NO CONFLICTS OF INTEREST.

The Company represents, warrants, and covenants that, to the best of its knowledge, no trustee or employee of the State of Wisconsin Investment Board identified on the attached list, either directly or indirectly (a) currently holds, except as may be specifically set forth below, a personal interest in the Company or any of its affiliates (together, the "Entity") or the Entity's property or securities, or (b) will, in connection with the investment made pursuant to this Agreement, receive (i) a personal interest in the Entity or the Entity's property or securities or (ii) anything of substantial economic value for his or her private benefit from the Entity or anyone acting on its behalf. As to ownership of an interest in the Entity's publicly traded securities, "knowledge" hereunder is based on an examination of record holders of the Entity's securities and actual knowledge of the undersigned.

17. COUNTERPARTS

This Agreement may be executed in two or more counterparts, each of which shall constitute an original, but all of which, when taken together, shall constitute but one instrument, and shall become effective when one or more counterparts have been signed by each party to this Agreement and delivered to the other parties.

IN WITNESS WHEREOF, the parties to this Agreement have caused this Agreement to be executed by their duly authorized representatives as of the day and year first above written.

ULTRALIFE BATTERIES, INC.

BY: /s/ Robert W. Fishback, Vice President of Finance

PURCHASERS

The Purchasers set forth on SCHEDULE "A" attached hereto have executed this Share Purchase Agreement.

SCHEDULE A

ULTRALIFE BATTERIES, INC. SHARE PURCHASE AGREEMENT

JULY 19, 2001

1.	State of Wisconsin Investment Board Lake Terrace 121 East Wilson Street PO Box 7842 Madison, WI 53707	670,000 shares
2.	Kimelman & Baird, LLC, as agent for those Investors set forth on Schedule 1 attached hereto - shares to be issued to the Investors set forth on Schedule 1 100 Park Avenue, Suite 2120 New York, NY 10017	400,000 shares
3.	Fraser Management Associates, as agent for those Investors set forth on Schedule 2 attached hereto - shares to be issued to the Investors set forth on Schedule 2 Box 494 309 S. Willard Street Burlington, VT 05402	20,000 shares

SCHEDULE 1

KIMELMAN & BAIRD, LLC
100 Park Avenue, Suite 2120
New York, New York 10017
Tel: 212-686-0021 Fax: 212-779-9603

Purchaser Name and Address	Number of Shares
First Trust as trustee for Sheila Baird SERP 100 Park Avenue Suite 2120 New York, NY 10017	22,000
Weiss, Peck & Greer as trustee for Sheila Baird IRA 100 Park Avenue Suite 2120 New York, NY 10017	10,000
Weiss, Peck & Greer as trustee for Murray Berliner Sep IRA 200 Winston Drive Cliffside Park, NJ 07010	16,000
Weiss, Peck & Greer as trustee for Stephan Bermas IRA 9 Shelter Bay Drive Great Neck, NY 11024	4,000
William A. Birnbaum 1060 Lake Avenue Greenwich, CT 06831	16,000
William Birnbaum & Kathleen Birnbaum 1060 Lake Avenue Greenwich, CT 06831	16,000

Schedule 1
(Continued)

Purchaser Name and Address	Number of Shares
Harris J. Bixler 62 Bayside Road Northport, ME 04849	16,000
Weiss, Peck & Greer as trustee for John V. Brennan IRA 83 Eton Road Garden City, New York 11530	4,000
Weiss, Peck & Greer as trustee for Julie Connelly IRA 410 East 57th Street New York, NY 10022	8,000
Katharine Crossgrove 133A Farnham Avenue Toronto, Ontario M4V 1H7 Canada	8,000
Daeg Partners, LLP 100 Park Avenue Suite 2120 New York, NY 10017	92,000
Donna Darnell 6 Skysail Drive Corona Del Mar, CA 92625	4,000
Tirone E. David, M.D. 100 Dunvegan Road Toronto, Ontario MV4 2P7 Canada	12,000
Weiss, Peck & Greer as trustee for John W. Dewey, IRA 706 Commen Road Waitsfield, VT 05673	8,000

Schedule 1
(continued)

Purchaser Name and Address	Number of Shares
Weiss, Peck & Greer as trustee for John Dorman IRA 44 Fairmount Road Ridgewood, NJ 07450	8,000
Weiss, Peck & Greer as trustee for Joan Ellenbogen IRA 142 West 57th Street New York, NY 10019	8,000
Weiss, Peck & Greer as trustee for Marcia Goldstein IRA 142 West 57th Street New York, NY 10019	4,000
Martha Grant 150 Bessborough Drive Toronto Ontario M4G 3J6 Canada	8,000
Claire S. Gulamerian Living Trust dtd 6/7/96 32 Gramercy Park South New York, NY 10003	8,000
Ingolstadt Ltd. BVI c/o Kimelman & Baird LLC 100 Park Avenue New York, NY 10017	16,000
Oscar Lascano 12 Cross Road Brookfield, CT 06805	4,000

Schedule 1
(continued)

Purchaser Name and Address	Number of Shares
Weiss, Peck & Greer as trustee for Stanley Mailman IRA 350 Central Park West New York, NY 10025	4,000
Barbara V. May 7 Dusty Hollow Lane Dorset, VT 05251	4,000
Weiss, Peck & Greer as trustee for Bernadette Murphy IRA 100 Park Avenue Suite 2120 New York, NY 10017	16,000
Joan Nazarro 200 Old Palisade Road Apt. #26D Fort Lee, NJ 07024	4,000
1004050 Ontario Inc. c/o Pauline Scott 505 Island Park Drive Ottawa Ontario K1Y 0B4 Canada	4,000
Arthur Panoff c/o Donow McMullen & Panoff 271 Madison Avenue New York, NY 10016	8,000
Patricia C. Remmer Revocable Trust dtd 7/22/92 5000 Sawgrass Village Circle Ponte Verda Beach, FL 32082	16,000

Schedule 1
(continued)

Purchaser Name and Address	Number of Shares
Patricia C. Remmer 1995 Charitable Lead Trust Susan R. Ryzewic ttee 5000 Sawgrass Village Circle Suite 2 Ponte Verda Beach, FL 32082	4,000
The Remmer Family Foundation c/o Susan R. Ryzewic 5000 Sawgrass Village Circle Suite 2 Ponte Verda Beach, FL 32082	4,000
Weiss, Peck & Greer as trustee for Dorothy Rivkin IRA 211 East 70th Street Apt. #7G New York, NY 10021	8,000
Maurice Schlossberg & Amy Schlossberg 4151 S. Melpomene Way Tucson, AZ 85730	8,000
Weiss, Peck & Greer as trustee for Mary Simmons IRA 110 East 87th Street Apt. #4B New York, NY 10128	4,000
Weiss, Peck & Greer as trustee for Richard R. Stebbins IRA 20 West 86th Street New York, NY 10024	16,000
Sara Tough 25 Birchwood Avenue Willowdale Ontario M2L 1M4 Canada	4,000
Weiss, Peck & Greer as trustee for Leon Zeff IRA 177 19th Street Oakland, CA 94612	4,000

Schedule 2

Purchaser Name and Address	Number of Shares
Charles W. Phillips P.O. Box 183 Derby-Gore Road Morgan, VT 05853	10,000
Richard F. Morton 220 S. Collier Blvd Apr. 1404 Marco Island, FL 34145	5,000
Neal P. Brooks P.O. Box 900160 Homestead, FL 33090-0160	5,000

EXHIBIT A

[LOGO OMITTED]

HARTER SECREST & EMERY LLP

ATTORNEYS AND COUNSELORS

July 19, 2001

To the Purchasers of Common Stock
of Ultralife Batteries, Inc. Listed on
Exhibit A Attached Hereto

Ladies and Gentlemen:

We have acted as counsel to Ultralife Batteries, Inc., a Delaware corporation (the "Company"), in connection with the issuance and sale to you of 1,090,000 shares of the Company's Common Stock (the "Shares") pursuant to the Ultralife Batteries, Inc. Share Purchase Agreement dated as of July 19, 2001 between the Company and each of the Purchasers listed on Exhibit A hereto (the "Agreement"). We are rendering this opinion pursuant to Section 3(d)(iii) of the Agreement. Except as otherwise defined herein, capitalized terms used but not defined herein shall have the respective meanings given to them in the Agreement.

In connection with this opinion, we have examined and relied upon the representations and warranties as to factual matters contained in and made pursuant to the Agreement by the various parties as well as contained in certificates of officers of the Company, and originals or copies, certified to our satisfaction, of such records, documents, certificates, opinions, memoranda and other instruments as in our judgment are necessary or appropriate to enable us to render the opinions expressed below. Where we render an opinion "to the best of our knowledge" or concerning an item "known to us" or our opinion otherwise refers to our knowledge, it is based solely upon (i) an inquiry of attorneys within this firm who have performed legal services for the Company and (ii) such other investigation, if any, that we specifically set forth herein.

Based upon and reliance on the foregoing, and subject to the assumptions and qualifications hereinafter set forth, we are of the opinion that:

1. The Company is a corporation duly incorporated and, as of June 26, 2001, validly existing and in good standing under the laws of the State of Delaware. The Company is duly licensed or qualified and in good standing as a foreign corporation authorized to do business in all jurisdictions where the character of the property owned or leased by it, or the nature of the activities conducted by it, make such licensing or qualification necessary, except where failure to so qualify would not have a material adverse effect on the Company's results of operations. As

of June 18, 2001, the Company is duly qualified to do business and in good standing as a foreign corporation under the laws of the State of New York. The foregoing opinions are given solely on the basis of certificates of appropriate state agencies in the states of Delaware and New York. In determining appropriate state agencies we have relied, without further inquiry, on the advice of CT Corporation System and Accelerated Information Document & Filing, Inc. as to those agencies from which certificates should be received. The foregoing opinion is limited to the meaning ascribed to such certificates by each applicable state agency.

2. The Company has the corporate power and authority to own or lease its properties and operate its business as now conducted, and to execute, deliver and perform its obligations under the Agreement.

3. The Company's execution and delivery of, and its performance of its obligations under the Agreement have been duly authorized by all necessary corporate action on the part of the Company, and the Agreement has been duly executed and delivered by the Company.

4. The Agreement is the valid and binding obligation of the Company, enforceable against the Company in accordance with its terms.

5. The Company's execution and delivery of, and the Company's performance of its obligations under, the Agreement do not on this date (a) conflict with or result in a breach of any provision of the Restated Certificate of Incorporation, as amended, or By-laws, as amended, of the Company, or (b) violate any existing law, rule, regulation or ordinance applicable to the Company and affecting the enforceability of the Agreement, or (c) to our actual knowledge without independent investigation (i) result in a breach of any of the provisions of, or constitute a default under, or result in the creation or imposition of a lien, charge or encumbrance upon any of the assets of the Company pursuant to any agreement or instrument to which the Company is a party or by which the Company or its assets is bound (assuming the laws of each jurisdiction governing such agreement or instrument are the same as the laws of the State of New York) or (ii) violate any existing judgment, order, writ, injunction or decree expressly applicable to the Company.

6. To our actual knowledge, without independent investigation, there is no action, suit or proceeding pending, or overtly threatened by written communication, against the Company or expressly affecting it or its assets, where an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Agreement, or the business, operations, properties, or financial condition of the Company except as disclosed in the Schedule of Exceptions to the Agreement and in the Company's Form 10-Q for the quarter ended March 31, 2001.

7. As of the date hereof, the authorized capital stock of the Company consists of 40,000,000 shares of Common Stock and 1,000,000 shares of Preferred Stock. Relying solely on the certification of American Stock Transfer & Trust Company, the issued and outstanding capital stock of the Company as of June 20, 2001 consists of 11,460,936 shares of Common

Stock and no shares of Preferred Stock. The sale, issuance and delivery of the Shares pursuant to the Agreement have been duly authorized by all necessary corporate action on the part of the Company. When issued, delivered and paid for in accordance with the terms of the Agreement, the Shares will be validly issued, fully paid and non-assessable and free of any pre-emptive or similar rights.

8. Assuming the accuracy of the representations and warranties of the Purchasers set forth in the Agreement, the offer and sale of the Shares by the Company to the Purchasers is exempt from the registration requirements of the Securities Act, subject to the timely filing of a Form D pursuant to Securities and Exchange Commission Regulation D, and the qualification and registration requirements of all applicable state securities and "blue sky" laws.

9. All consents, approvals, authorizations, or orders of, and filings, registrations and qualifications with or required by any regulatory or governmental body or authority in the United States necessary for the issuance by the Company of the Shares as contemplated by the Agreement, have been made or obtained, except for (i) the filing of a Form D pursuant to Securities and Exchange Commission Regulation D, (ii) the filing of a Form D with the Securities Commissioners of those states where the Purchasers reside, and (iii) the filing of a Notice of Listing of Additional Shares with NASDAQ.

The foregoing opinions are subject to the following qualifications and are based upon the following further assumptions:

(A) We have assumed, without any investigation, with respect to each party thereto other than the Company (i) the full capacity, power and authority of such party to execute, deliver and perform the Agreement, (ii) the due execution and delivery of the Agreement by such party, and (iii) the legality, validity and binding effect of the Agreement with respect to such party.

(B) We have assumed without any investigation the genuineness of all signatures, the legal capacity of natural persons, the authenticity and completeness of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified, photostatic or telestatic copies, and the authenticity and completeness of the originals of such copies.

(C) The foregoing opinions are subject to the effect of (i) applicable bankruptcy, reorganization, insolvency, moratorium and/or similar laws relating to or affecting the rights of creditors generally, including without limitation fraudulent conveyance provisions under applicable laws and (ii) equitable, constitutional and public policy limitations (regardless of whether considered in a proceeding in equity or at law).

(D) With respect to the performance by the Company of its obligations under the Agreement with respect to the registration of the Shares, we have assumed compliance by the Company at the time of such performance with the registration requirements of the Securities Act and with applicable state securities laws, and we disclaim any opinion as to the validity or enforceability of the indemnification provisions of the Agreement.

(E) We express no opinion with respect to the effect of any law other than the law of the State of New York, the Delaware General Corporation Law and the Federal law of the United

States, irrespective of any choice of law provisions which may be contained in the Agreement.

This opinion is rendered solely to you and is intended solely for your benefit in connection with the transaction described in this opinion, and may not be relied upon, referred to or otherwise used by you for any other purpose, or by any other person or entity.

Very truly yours,

/s/ HARTER, SECREST & EMERY LLP

EXHIBIT B

SCHEDULE OF EXCEPTIONS

SECTION 4.6 Environmental.

As disclosed in the Company's Form 10-K for the fiscal year ended June 30, 2000, in connection with the Company's purchase/lease of its Newark, New York facility, a consulting firm performed a Phase I and II Environmental Site Assessment which revealed the existence of contaminated soil 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; however, there can be no assurance that this will be the case. In February 1998, the Company entered into an agreement with a third party which provided that the Company and the third party would retain an environmental consulting firm to verify the existence of the contaminants and further delineate the nature of the environmental concern. A voluntary investigation work plan of the site to fully characterize the nature and extent of the contamination that was found during a Phase II investigation is underway. The third party has agreed to reimburse the Company for 50% of the cost associated with remediating the environmental concern. 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.

Section 4.9 No Action.

As disclosed in the Company's Report on Form 10-Q for the quarter ended March 31, 2001, in August 1998, the Company, its Directors, and certain underwriters were named as defendants in a complaint filed in the United States District Court for the District of New Jersey by certain shareholders, purportedly on behalf of a class of shareholders, alleging that the defendants, during the period April 30, 1998 through June 12, 1998, violated various provisions of the federal securities laws in connection with an offering of 2,500,000 shares of the Company's Common Stock. The complaint alleged that the Company's offering documents were materially incomplete, and as a result misleading, and that the purported class members purchased the Company's Common Stock at artificially inflated prices and were damaged thereby. Upon motion made on behalf of the Company, the Court dismissed the shareholder action, without prejudice, allowing the complaint to be refiled. The shareholder action was subsequently refiled, asserting substantially the same claims as in the prior pleading. The Company again moved to dismiss the complaint. By Opinion and Order dated September 28, 2000, the Court dismissed the action, this time with prejudice, thereby barring plaintiffs from any further amendments to their complaint and directing that the case be closed. Plaintiffs filed a Notice of Appeal to the Third Circuit Court of Appeals, the parties submitted their briefs, and oral argument, originally scheduled for the week of May 21, 2001, has been suspended pending further discussions with the Court. The Company believes that the litigation is without merit and will continue to defend it vigorously. The amount of alleged damages, if any, cannot be quantified, nor can the outcome of this litigation be predicted. Accordingly, management cannot determine whether the ultimate resolution of this litigation could have a material adverse effect on the Company's financial position and results of operations.

EXHIBIT C

TRUSTEES OF THE STATE OF WISCONSIN INVESTMENT BOARD

Jon D. Hammes
John Petersen III
Eric O. Stanchfield
Andrea Steen Crawford
James A. Senty
Wayne McCaffery
George F. Lightbourn
James R. Nelsen
William R. Sauey

RELEVANT EMPLOYEES OF THE STATE OF WISCONSIN INVESTMENT BOARD

All Transactions

Patricia Lipton	Executive Director
Joseph Gorman	Chief Investment Officer - Equities
Keith Johnson	Chief Legal Counsel
Teresa Lau	Assistant Legal Counsel
Cynthia Richson	Assistant Legal Counsel
Jon Traver	Chief Investment Officer - Fixed Income

For Real Estate Transactions

Robert Severance	Investment Director
Chuck Carpenter	Assistant Investment Director
Dave Lewandowski	Investment Officer
Steve Spiekerman	Investment Officer

For Private Placement Loans

Jim Gannon	Investment Director
Eve Hennessee	Portfolio Manager
Monica Jaehnig	Portfolio Manager

For Private Placement Funds & Equity Investments

Jim Gannon	Investment Director
Jon Vanderploeg	Portfolio Manager
Carrie Thome	Assistant Portfolio Manager
Tom Olson	Investment Officer

or Non-traditional Investments

Mike Wagner	Investment Director
Tom Drake	Securities Analyst

For Small Cap Portfolio Direct Placements

John Nelson	Investment Director
Chad Neumann	Assistant Portfolio Manager
Jackie Doeler	Securities Analyst
Mark Traster	Securities Analyst
Dan Kane	Securities Analyst

APPENDIX I

ULTRALIFE BATTERIES, INC.

STOCK CERTIFICATE QUESTIONNAIRE

Pursuant to Section 3 of the Agreement, please provide us with the following information:

1. The exact name that your Shares are to be registered in (this is the name that will appear on your stock certificate(s)). You may use a nominee name if appropriate:

---

2. The relationship between the Purchaser of the Shares and the Registered Holder listed in response to item 1 above:

---

3. The mailing address of the Registered Holder listed in response to item 1 above:

---

4. The Social Security Number or Tax Identification Number of the Registered Holder listed in response to item 1 above:

APPENDIX II

ULTRALIFE BATTERIES, INC.

REGISTRATION STATEMENT QUESTIONNAIRE

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

5. 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:

---

6. 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:

---

7. 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 III

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 2.2

WARRANT AGREEMENT

DATED AS OF JULY 20, 2001

BY AND BETWEEN

ULTRALIFE BATTERIES, INC.

AND

H.C. WAINWRIGHT & CO., INC.

WARRANT AGREEMENT

TABLE OF CONTENTS(1)

- ----------

1 This Table of Contents does not constitute a part of this Agreement or have any bearing upon the interpretation of any of its terms or provisions.

WARRANT AGREEMENT, dated as of July 20, 2001, between Ultralife Batteries Inc., a Delaware corporation (the "Company"), H.C. Wainwright & Co., Inc. (the "Agent") and the individual affiliates of the Agent identified on Schedule A attached hereto (the "Wainwright Affiliates") (the Agent and the Wainright Affiliates collectively referred to as the "Warrantholders").

WHEREAS, the Company proposes to issue to the Warrantholders Common Stock Purchase Warrants as hereinafter described (the "Warrants"), to purchase up to 109,000 shares of common stock, par value $.10 per share (the "Common Stock") of the Company (the Common Stock issuable on exercise of the Warrants being referred to herein as the "Warrant Shares"), as set forth on Schedule A, in consideration of the services rendered by the Agent in connection with the Company's private placement of certain shares of its Common Stock.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein set forth, the parties hereto agree as follows:

SECTION 1. Warrant Certificates. The certificates evidencing the Warrants (the "Warrant Certificates") to be delivered pursuant to this Agreement shall be in substantially the form set forth in Exhibit A attached hereto.

SECTION 2. Execution of Warrant Certificates. Warrant Certificates shall be signed on behalf of the Company by its President or its Chief Financial Officer and by its Secretary or an Assistant Secretary and shall be dated the date of signature by the Company. The Company may deem and treat the registered holder(s) of the Warrant Certificates as the absolute owner(s) thereof (notwithstanding any notation of ownership or other writing thereon made by anyone), for all purposes, and the Company shall not be affected by any notice to the contrary.

SECTION 3. Registration of Transfers and Exchanges.

(a) The Company shall from time to time, subject to the limitations of Section 4, register the transfer of any portion or all of any outstanding Warrant Certificate upon the records to be maintained by it for that purpose, upon surrender thereof duly endorsed or accompanied (if so required by it) by a written instrument or instruments of transfer in form satisfactory to the Company, duly executed by the registered holder or holders thereof or by the duly appointed legal representative thereof or by a duly authorized attorney. Upon any such registration of transfer, a new Warrant Certificate shall be issued to the transferee(s) and the surrendered Warrant Certificate shall be cancelled by the Company.

(b) The Agent agrees, and by receiving a Warrant Certificate, each Warrant-holder agrees, that prior to any proposed transfer of the Warrant or of the Warrant Shares, if such transfer is not made pursuant to an effective Registration Statement under the Securities Act of 1933, as amended (the "Act"), or an opinion of counsel that the Warrants or Warrant Shares may be transferred without registration under the Act, the Warrantholder will deliver to the Company:

(1) an investment covenant reasonably satisfactory to the Company signed by the proposed transferee;

(2) an agreement by such transferee to the impression of the restrictive investment legend set forth below on the Warrant or the Warrant Shares;

(3) an agreement by such transferee to be bound by the provisions of this Agreement.

The Agent agrees and each Warrantholder agrees that each certificate representing Warrant Shares will bear a legend in substantially the following form unless at the time the Warrant is exercised there is an effective Registration Statement under the Act with respect to the Warrant Shares:

"The securities evidenced or constituted hereby have been acquired for investment and have not been registered under the Securities Act of 1933, as amended. Such securities may not be sold, transferred, pledged or hypothecated unless the registration provisions of said Act have been complied with or unless the Company has received an opinion of counsel reasonably satisfactory to the Company that such registration is not required."

(c) Subject to the terms of this Agreement, Warrant Certificates may be exchanged at the option of the holder(s) thereof, when surrendered to the Company at its principal office, which is currently located at the address listed in Section 12 hereof, for another Warrant Certificate or other Warrant Certificates of like tenor and representing in the aggregate a like number of Warrants. Any holder desiring to exchange a Warrant Certificate shall deliver a written request to the Company, and shall surrender, duly endorsed or accompanied (if so required by the Company) by a written instrument or instruments of transfer in form satisfactory to the Company, the Warrant Certificate or Certificates to be so exchanged. Warrant Certificates surrendered for exchange shall be cancelled by the Company.

SECTION 4. Terms of Warrants; Exercise of Warrants.

(a) The initial exercise price per share at which Warrant Shares shall be purchasable upon the exercise of the Warrants (the "Exercise Price") shall be equal to $6.25 per share. Each Warrant shall be initially exercisable for one share of Common Stock. Each Warrant Certificate shall represent that number of Warrants set forth on the Warrant Certificate.

Subject to the terms of this Agreement, each Warrantholder shall have the right, from the date of issuance of the Warrants until 5:00 p.m., New York City time on July 20, 2006 (the "Exercise Period"), to receive from the Company the number of fully paid and nonassessable Warrant Shares which the Warrantholder may at the time be entitled to receive on exercise of the Warrants and payment of the Exercise Price then in effect for such Warrant Shares. If not exercised prior to 5:00 p.m., New York City time, on July 20, 2006, the Warrants shall become void and all rights thereunder and all rights in respect thereof under this Agreement shall cease as of such time.

(b) The Warrants may be exercised upon surrender to the Company at its principal office, which is currently located at the address listed in Section 12 hereof, of the Warrant Certificate or Certificates evidencing the Warrants to be exercised with the form of election to purchase on the reverse thereof duly filled in and signed, which signature shall be guaranteed by a participant in a recognized Signature Guarantee Medallion Program and such other documentation as the Company may reasonably request, and upon payment to the Company for the account of the Company of the Exercise Price which is set forth in the form of Warrant Certificate attached hereto as Exhibit A as adjusted as herein provided, for the number of Warrant Shares in respect of which such Warrants are then exercised. Subject to the provisions of Section 4(c) hereof, payment of the aggregate Exercise Price shall be made in cash or by certified or official bank check payable to the order of the Company in New York Clearing House Funds.

(c) Subject to the time limitations set forth in subsections (i) and (ii) below, if at the time a Warrantholder exercises any Warrants hereunder, the Company does not have in effect a current Registration Statement with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Act"), the Warrantholder may choose one of the following, but not both:

(i) At any time after the initial effectiveness of the Registration Statement contemplated by Section 8(b), rather than paying the aggregate Exercise Price in cash or by certified or official bank check in accordance with provisions of Section 4(b) above, the Warrantholder shall be entitled to effect a "cashless exercise" as described in this Section 4(c)(i). For the purposes of this Section 4(c)(i), a "cashless exercise" shall mean an exercise of a Warrant where the payment of the Exercise Price is made with Warrant Shares issuable upon exercise of a Warrant, which Warrant Shares shall be

valued at the Fair Market Value (as defined below) of the Common Stock on the date of exercise. For purposes hereof, the "Fair Market Value" of the Common Stock shall mean the closing price of the Common Stock on the NASDAQ Stock Market (or any successor stock market) for the day on which the notice of exercise is sent or delivered. In the event of a Cashless Exercise, the number of Warrant Shares issuable to the Warrantholder shall be determined using the following formula:

X = Y (A - B)/A

where: X = the number of Warrant Shares to be issued to the Warrantholder on exercise:

Y = the number of Warrant Shares purchasable under the Warrants surrendered

A = the Fair Market Value of the Common Stock on the date of exercise; and

B = the then current Exercise Price of the Warrant; or

(ii) At any time after October 18, 2001, upon payment of the aggregate Exercise Price in cash or by certified or official bank check in accordance with the provisions of Section 4(b) above, the Warrantholder shall be entitled to receive from the Company liquidated damages in an amount equal to 0.25% of the total Exercise Price paid by the holder of the Warrant Shares upon exercise of the Warrants for each week that the Registration Statement is not effective, which amount shall be paid to the Warrantholder at the end of each such week.

(d) Subject to the provisions of Section 5 hereof, upon such surrender of Warrants and payment of the Exercise Price, the Company shall issue and cause to be delivered within five business days to and in such name or names as the Warrantholder may designate a certificate or certificates for the number of full Warrant Shares issuable upon the exercise of such Warrants; provided, however, that if any consolidation, merger or lease or sale of assets is proposed to be effected by the Company as described in subsection (c) of Section 9 hereof, or a tender offer or an exchange offer for shares of Common Stock of the Company shall be made, upon such surrender of the Warrants and payment of the Exercise Price as aforesaid, the Company shall, as soon as possible, but in any event not later than two business days thereafter, issue and cause to be delivered the full number of Warrant Shares issuable upon the exercise of such Warrants in the manner described in this sentence. Such certificate or certificates shall be deemed to have been issued and any person so designated to be named therein shall be deemed to have become a holder of record of such Warrant Shares as of the date of the surrender of such Warrants and payment of the Exercise Price.

(e) The Warrants shall be exercisable, at the election of the holders thereof, either in full or from time to time in part and, in the event that a certificate evidencing Warrants is exercised in respect of fewer than all of the Warrant Shares issuable on such exercise at any time prior to the date of expiration of the Warrants, a new certificate evidencing the remaining Warrants will be issued. The Company may assume that any Warrant presented for exercise is permitted to be so exercised under applicable law and shall have no liability for acting in reliance on such assumption.

(f) All Warrant Certificates surrendered upon exercise of Warrants shall be cancelled by the Company.

(g) The Company shall keep copies of this Agreement and any notices given or received hereunder available for inspection by the Warrantholders with reasonable prior written notice during normal business hours at its office.

SECTION 5. Payment of Taxes. The Company will pay all documentary stamp taxes attributable to the initial issuance of Warrant Shares upon the exercise of Warrants; provided, however, that the Company shall not be required to pay any tax or taxes which may be payable in respect of any transfer involved in the issue of any Warrant Certificates or any certificates for Warrant Shares in a name other than that of the registered holder of a Warrant Certificate surrendered upon the exercise of a Warrant, and the Company shall not be required to issue or deliver such Warrant Certificates unless or until the person

or persons requesting the issuance thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

SECTION 6. Mutilated or Missing Warrant Certificates. In case any Warrant Certificate shall be mutilated, lost, stolen or destroyed, the Company may in its discretion issue, in exchange and substitution for and upon cancellation of the mutilated Warrant Certificate, or in lieu of and substitution for the Warrant Certificate lost, stolen or destroyed, a new Warrant Certificate of like tenor and representing an equivalent number of Warrants, but only upon receipt of evidence satisfactory to the Company of such loss, theft or destruction of such Warrant Certificate and indemnity, if requested, also satisfactory to the Company. Applicants for such substitute Warrant Certificates shall also comply with such other reasonable regulations and pay such other reasonable charges as the Company may prescribe.

SECTION 7. Reservation of Warrant Shares.

(a) The Company will at all times reserve and keep available, free from preemptive rights, out of the aggregate of its authorized but unissued Common Stock or its authorized and issued Common Stock held in its treasury, for the purpose of enabling it to satisfy any obligation to issue Warrant Shares upon exercise of Warrants, the maximum number of shares of Common Stock which may then be deliverable upon the exercise of all outstanding Warrants.

(b) The Company or, if appointed, the transfer agent for the Common Stock (the "Transfer Agent") and every subsequent transfer agent for any shares of the Company's capital stock issuable upon the exercise of any of the rights of purchase aforesaid will be irrevocably authorized and directed at all times to reserve such number of authorized shares as shall be required for such purpose. The Company will keep a copy of this Agreement on file with the Transfer Agent and with every subsequent transfer agent for any shares of the Company's capital stock issuable upon the exercise of the rights of purchase represented by the Warrants. The Company will supply such Transfer Agent with duly executed certificates for such purposes. The Company will furnish such Transfer Agent a copy of all notices of adjustments and certificates related thereto, transmitted to each Warrantholder pursuant to Section 12 hereof.

(c) Before taking any action which would cause an adjustment pursuant to Section 9 hereof to reduce the Exercise Price below the then par value (if any) of the Warrant Shares, the Company will take any corporate action which may, in the opinion of its counsel (which may be counsel employed by the Company), be necessary in order that the Company may validly and legally issue fully paid and nonassessable Warrant Shares at the Exercise Price as so adjusted.

(d) The Company covenants that all Warrant Shares which may be issued upon exercise of Warrants will, upon payment of the Exercise Price therefor and issue, be fully paid, nonassessable, free of preemptive rights and free from all taxes, liens, charges and security interests with respect to the issue thereof.

SECTION 8. Obtaining Stock Exchange Listings; Registration of Warrant Shares.

(a) The Company will from time to time take all action which may be necessary so that the Warrant Shares, immediately upon their issuance upon the exercise of Warrants, will be listed on the principal securities exchanges and markets within the United States of America, if any, on which other shares of Common Stock are then listed.

(b) The Company agrees with the Agent and each Warrantholder to include the Warrant Shares in the Registration Statement (as defined in that certain Share Purchase Agreement dated July 19, 2001 (the "Purchase Agreement")) by and among the Company and the purchasers identified on Schedule A to that Purchase Agreement required by Section 7 of the Purchase Agreement, and the provisions set forth in Section 7 of the Purchase Agreement as they relate to the Registration Statement shall apply with full

force and effect to the Warrantholders who shall, for purposes of that Section 7 be deemed Purchasers, and the Warrant Shares to be included in the Registration Statement, except that with respect to the Warrant Shares, the obligation of the Company to keep the Registration Statement effective shall expire on the earlier of (i) the date on which all of the Warrant Shares have been sold pursuant to the Registration Statement or (ii) July 20, 2007. The indemnification provisions of Section 7.3 of the Purchase Agreement are hereby incorporated by reference with each Warrantholder being deemed a Purchaser for purposes of the provisions of that Section 7.3.

SECTION 9. Adjustment of Exercise Price and Number of Warrant Shares Issuable. The Exercise Price and the number of Warrant Shares issuable upon the exercise of Warrants are subject to adjustment from time to time upon the occurrence of the events enumerated in this Section 9. With respect to any Warrant, no adjustment to the Exercise Price or to the number of Warrant Shares issuable upon exercise shall be made for any event enumerated in this Section 9 if the date as to which the Company committed to undertake such event was prior to such Warrant's issuance. For purposes of this Section 9, "Common Stock" means shares now or hereafter authorized of any class of common stock of the Company and any other stock of the Company, however designated, that has the right (subject to any prior rights of any class or series of preferred stock) to participate in any distribution of the assets or earnings of the Company without limit as to per share amount.

(a) Adjustment for Change in Capital Stock.

If the Company:

(1) pays a dividend or makes a distribution on its Common Stock in shares of its Common Stock;

(2) subdivides its outstanding shares of Common Stock into a greater number of shares;

(3) combines its outstanding shares of Common Stock into a smaller number of shares;

(4) makes a distribution on its Common Stock in shares of its capital stock other than Common Stock; or

(5) issues by reclassification of its Common Stock any shares of its capital stock;

then the Warrants in effect immediately prior to such action shall be proportionately adjusted so that the holder of any Warrant thereafter exercised may receive the aggregate number and kind of shares of capital stock of the Company which he would have owned immediately following such action if such Warrant had been exercised immediately prior to such action. The adjustment shall become effective immediately after the record date in the case of a dividend or distribution and immediately after the effective date in the case of a subdivision, combination or reclassification. Such adjustment shall be made successively whenever any event listed above shall occur.

(b) When De Minimis Adjustment May Be Deferred.

No adjustment in the Exercise Price need be made unless the adjustment would require an increase or decrease of at least 1% in the Exercise Price. Any adjustments that are not made shall be carried forward and taken into account in any subsequent adjustment.

All calculations under this Section 9 shall be made to the nearest cent or to the nearest 1/100th of a share, as the case may be.

(c) Reorganization of Company.

If the Company consolidates or merges with or into, or transfers or leases all or substantially all its assets to (each, a "Reorganization Transaction"), any person, upon consummation of such transaction the Warrants shall automatically become exercisable for the kind and amount of securities, cash or other assets which the holder of the Warrants would have owned immediately after the consolidation, merger, transfer or lease if the holder had exercised the Warrants immediately before the effective date of the Reorganization Transaction.

(d) When Issuance or Payment May Be Deferred.

In any case in which this Section 9 shall require that an adjustment in the Exercise Price be made effective as of a record date for a specified event, the Company may elect to defer until the occurrence of such event issuing to the holder of any Warrant exercised after such record date the Warrant Shares and other capital stock of the Company, if any, issuable upon such exercise over and above the Warrant Shares and other capital stock of the Company, if any, issuable upon such exercise on the basis of the Exercise Price; provided, however, that the Company shall deliver to such holder a due bill or other appropriate instrument evidencing such holder's right to receive such additional Warrant Shares and other capital stock upon the occurrence of the event requiring such adjustment.

(e) Adjustment in Number of Shares.

Upon each event that provides for an adjustment of the Exercise Price pursuant to this Section 9, each Warrant outstanding prior to the making of the adjustment shall thereafter evidence the right to receive upon payment of the adjusted Exercise Price that number of shares of Common Stock obtained from the following formula:

$$N' = N \times \frac{E}{E'}$$

where:

N'= the adjusted number of Warrant Shares issuable upon exercise of a Warrant by payment of the adjusted Exercise Price.

N = the number of Warrant Shares previously issuable upon exercise of a Warrant by payment of the Exercise Price prior to adjustment.

E'= the adjusted Exercise Price.

E = the Exercise Price prior to adjustment.

(f) Form of Warrants.

Irrespective of any adjustments in the Exercise Price or the number or kind of shares purchasable upon the exercise of Warrants, Warrants theretofore or thereafter issued may continue to express the same price and number and kind of shares as are stated in the Warrants initially issuable pursuant to this Agreement.

SECTION 10. Notices to Warrant Holders. Upon any adjustment of the Exercise Price pursuant to Section 9, the Company shall promptly thereafter, or within five days, cause to be given to each of the registered holders of the Warrant Certificates at his address appearing on the Warrant register written notice of such adjustments by first-class mail, postage prepaid. Where appropriate, such notice may be given in advance and included as a part of the notice required to be mailed under the other provisions of this Section 10.

SECTION 11. Notices to Company. Any notice or demand authorized by this Agreement to be given or made by the registered holder of any Warrant Certificate to or on the Company shall be sufficiently given or made when and if deposited in the mail, first class or registered, postage prepaid, addressed (until another address is provided in writing by the Company), as follows:

Ultralife Batteries, Inc.
2000 Technology Parkway
Newark, NY 14513
Facsimile No.: 315-331-3925
Attn: Robert W. Fishback, Vice President of
Finance and Chief Financial Officer

SECTION 12. Supplements and Amendments. The Company may from time to time supplement or amend this Agreement (a) without the approval of any holders of Warrant Certificates in order to cure any ambiguity or to correct or supplement any provision contained herein which may be defective or inconsistent with any other provision herein, or to make any other provisions in regard to matters or questions arising hereunder which the Company may deem necessary or desirable and which shall not in any way adversely affect the interests of the holders, or (b) with the approval of the holders of a majority of the Warrants outstanding.

SECTION 13. Successors. All the covenants and provisions of this Agreement by or for the benefit of the Company shall be binding and inure to the benefit of its respective successors and assigns hereunder. For the purposes of this Agreement, Warrantholders shall mean any individual identified on Schedule A and any permitted successor or assign of such Warrantholder who has properly received a Warrant Certificate in accordance with the provisions of this Agreement.

SECTION 14. Termination. This Agreement will terminate on any earlier date if all Warrants have been exercised or expired without exercise; subject, however, to the provision that the provisions of Section 8(b) shall survive the termination of this Agreement.

SECTION 15. Governing Law. This Agreement and each Warrant Certificate issued hereunder shall be deemed to be a contract made under the laws of the State of New York and for all purposes shall be construed in accordance with the internal laws of said State.

SECTION 16. Benefits of This Agreement. Nothing in this Agreement shall be construed to give to any person or corporation other than the Company, the Agent and the registered holders of the Warrant Certificates any legal or equitable right, remedy or claim under this Agreement. This Agreement shall be for the sole and exclusive benefit of the Company and the registered holders of the Warrant Certificates. The Agent agrees to obtain the signatures of all Warrantholders identified on Schedule A hereto on counterparts of this Agreement and deliver such counterpart signature pages promptly to the Company. No Warrantholder shall be entitled to the benefits of this Agreement until he has signed a counterpart of this Agreement.

SECTION 17. Headings; Counterparts. The headings and captions contained herein are for convenience of reference only and shall not control or affect the meaning or construction of any provision hereof. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed, as of the day and year first above written.

Ultralife Batteries, Inc.

By: /s/ Robert W. Fishback

Robert W. Fishback
Vice President of Finance and
Chief Financial Officer

H.C. WAINWRIGHT & CO., INC.

By: /s/Eric Singer

Eric Singer
Managing Director

EXHIBIT A

[Form of Warrant Certificate]

[Face]

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. SAID SECURITIES MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN EXEMPTION THEREFROM UNDER SAID ACT.

EXERCISABLE ON OR BEFORE 5:00 P.M. NEW YORK CITY TIME ON JULY 20, 2006.

No. _____

Warrant Certificate

Ultralife Batteries, Inc.

This Warrant Certificate certifies that _____, or registered assigns, is the registered holder of _____Warrants expiring July 20, 2006 (the "Warrants") to purchase Common Stock, $.10 par value (the "Common Stock"), of Ultralife Batteries, Inc., a Delaware corporation (the "Company"). Each Warrant entitles the holder upon exercise to receive from the Company on or before 5:00 p.m. New York City Time on July 20, 2006 that number of fully paid and nonassessable shares of Common Stock (each, a "Warrant Share") as set forth below at the exercise price (the "Exercise Price") as determined pursuant to the Warrant Agreement referenced below payable in lawful money of the United States of America upon surrender of this Warrant Certificate and payment of the Exercise Price at the office of the Company, but only subject to the conditions set forth herein and in the Warrant Agreement referred to on the reverse hereof. The Exercise Price and number of Warrant Shares issuable upon exercise of the Warrants are subject to adjustment upon the occurrence of certain events set forth in the Warrant Agreement.

Each Warrant is initially exercisable for one share of Common Stock. The initial Exercise Price for any Warrant shall be $6.25. No warrant may be exercised after 5:00 p.m. New York City Time on July 20, 2006 and to the extent not exercised by such time such Warrants shall become void.

Reference is hereby made to the further provisions of this Warrant Certificate set forth on the reverse hereof and such further provisions shall for all purposes have the same effect as though fully set forth at this place.

This Warrant Certificate shall be governed and construed in accordance with the internal laws of the State of New York.

IN WITNESS WHEREOF, the Company has caused this Warrant Certificate to be signed by its President or Chief Financial Officer and by its Secretary or Assistant Secretary.

ULTRALIFE BATTERIES, INC.

By:

Name:

Title:

By:

Name:

Title:

[Form of Warrant Certificate]

[Reverse]

The Warrants evidenced by this Warrant Certificate are part of a duly authorized issue of Warrants expiring July 20, 2006 entitling the holder on exercise to receive shares of Common Stock, par value $.10 per share, of the Company (the "Common Stock") and are issued or to be issued pursuant to a Warrant Agreement, dated as of July 20, 2001 (the "Warrant Agreement"), duly executed and delivered by the Company, which Warrant Agreement is hereby incorporated by reference in and made a part of this instrument and is hereby referred to for a description of the rights, limitation of rights, obligations, duties and immunities thereunder of the Company and the holders (the words "holders" or "holder" meaning the registered holders or registered holder) of the Warrants. A copy of the Warrant Agreement may be obtained by the holder hereof upon written request to the Company.

Warrants may be exercised at any time on or before 5:00 p.m. New York City time on July 20, 2006. The holder of Warrants evidenced by this Warrant Certificate may exercise them by surrendering this Warrant Certificate, with the form of election to purchase set forth hereon properly completed and executed, together with payment of the Exercise Price as specified in the Warrant Agreement at the office of the Company. In the event that upon any exercise of Warrants evidenced hereby the number of Warrants exercised shall be less than the total number of Warrants evidenced hereby, there shall be issued to the holder hereof or his assignee a new Warrant Certificate evidencing the number of Warrants not exercised. No adjustment shall be made for any dividends on any Common Stock issuable upon exercise of this Warrant.

The Warrant Agreement provides that upon the occurrence of certain events the Exercise Price set forth on the face hereof may, subject to certain conditions, be adjusted. If the Exercise Price is adjusted, the Warrant Agreement provides that the number of shares of Common Stock issuable upon the exercise of each Warrant shall be adjusted. No fractions of a share of Common Stock will be issued upon the exercise of any Warrant.

The holders of the Warrants are entitled to certain registration rights with respect to the Warrant Shares purchasable upon exercise thereof as set forth in full in the Warrant Agreement.

Warrant Certificates, when surrendered at the office of the Company by the registered holder thereof in person or by legal representative or attorney duly authorized in writing, may be exchanged, in the manner and subject to the limitations provided in the Warrant Agreement, but without payment of any service charge, for another Warrant Certificate or Warrant Certificates of like tenor evidencing in the aggregate a like number of Warrants.

Upon due presentation for registration of transfer of this Warrant Certificate at the office of the Company a new Warrant Certificate or Warrant Certificates of like tenor and evidencing in the aggregate a like number of Warrants shall be issued to the transferee(s) in exchange for this Warrant Certificate, subject to the limitations provided in the Warrant Agreement, without charge except for any tax or other governmental charge imposed in connection therewith.

The Company may deem and treat the registered holder(s) thereof as the absolute owner(s) of this Warrant Certificate (notwithstanding any notation of ownership or other writing hereon made by anyone), for the purpose of any exercise hereof, of any distribution to the holder(s) hereof, and for all other purposes, and the Company shall not be affected by any notice to the contrary. Neither the Warrants nor this Warrant Certificate entitles any holder hereof to any rights of a stockholder of the Company.

Election to Purchase

(to be executed upon exercise of warrant)

The undersigned hereby irrevocably elects to exercise the right, represented by this Warrant Certificate, to receive _____ shares of Common Stock and herewith tenders payment for such shares to the order of Ultralife Batteries, Inc. in the amount of $_____ in accordance with the terms hereof. The undersigned requests that a certificate for such shares be registered in the name of _____, whose address is _____ and that such shares be delivered to _____ whose address is _____ _____. If said number of shares is less than all of the shares of Common Stock purchasable hereunder, the undersigned requests that a new Warrant Certificate representing the remaining balance of such shares be registered in the name of _____, whose address is _____, and that such Warrant Certificate be delivered to _____, whose address is _____.

Signature:

Date:

Signature Guaranteed:

Exhibit 5

August 17, 2001

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 under the Securities Act of 1933, as amended, with the Securities and Exchange Commission (the "Registration Statement"), in respect of a resale offering of an aggregate of 1,090,000 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 109,000 shares of Common Stock to be issued upon the exercise of certain warrants to purchase the Corporation's Common Stock.

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 1,090,000 shares of Common Stock and to authorize the issuance of an aggregate 109,000 shares of Common Stock upon exercise of the warrants.

3. The 1,090,000 shares of Common Stock issued by the Corporation and registered pursuant to the Registration Statement were legally and validly issued, and are fully paid and non-assessable, and the warrants have been legally and validly issued, and upon issuance in accordance with the terms and provisions of the warrants, the shares of Common Stock issued upon exercise of the warrants 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 1,199,000 shares of Common Stock covered thereby, and we hereby consent to the filing of this opinion as Exhibit 5 to the Registration Statement.

Very truly yours,

/s/ HARTER, SECREST & EMERY LLP

Exhibit 23.1

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference in this registration statement of our report dated August 10, 2000 included in Ultralife Batteries Inc.'s Form 10-K for the year ended June 30, 2000 and to all references to our firm included in this registration statement.

/s/ ARTHUR ANDERSEN LLP

Rochester, New York

August 16, 2001