

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934

Filed by the Registrant [X]

Filed by a Party other than the Registrant []

Check the appropriate box:

- [] Preliminary Proxy Statement
 [] Confidential, for use of the Commission Only (as permitted by Rule 14a-6(e)(2))
 [X] Definitive Proxy Statement
 [] Definitive Additional Materials
 [] Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12

Ultralife Batteries, Inc.
(Name of Registrant as Specified In Its Charter)

Not Applicable
(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- [X] No fee required
- [] Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11
- (1) Title of each class of securities to which transaction applies: _____
- (2) Aggregate number of securities to which transaction applies: _____
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule: 0-11: _____
- (4) Proposed maximum aggregate value of transaction: _____
- (5) Total fee paid: _____
- [] Fee paid previously with preliminary materials.
- [] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
- (1) Amount Previously Paid:
- (2) Form, Schedule or Registration Statement No.:
- (3) Filing Party:
- (4) Date Filed:

ULTRALIFE BATTERIES, INC.
1350 ROUTE 88 SOUTH
P.O. BOX 622
NEWARK, NEW YORK 14513

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
DECEMBER 8, 1998

Notice is hereby given that the 1998 Annual Meeting of Stockholders (the "Meeting") of Ultralife Batteries, Inc. (the "Company") will be held on December 8, 1998 at 10:30 A.M. at the offices of The Chase Manhattan Bank, 410 Park Avenue, 5th floor, The Board Room, New York, New York for the following purposes:

1. To elect directors for a term of one year and until their successors are duly elected and qualified.
2. To transact such other business as may properly come before the meeting and any adjournments thereof.

Only stockholders of record of common stock, par value \$.10 per share, of the Company at the close of business on October 23, 1998 are entitled to receive notice of, and to vote at and attend the Meeting. At least 10 days prior to the Meeting, a complete list of stockholders entitled to vote will be available for inspection by any stockholder, for any purpose germane to the Meeting, during ordinary business hours, at Share & Blejec, P.C. 317 Madison Avenue, Suite 1421, New York, NY 10017 attn: Paul Share, Esq.. If you do not expect to be present you are requested to fill in, date and sign the enclosed Proxy, which is solicited by the Board of Directors of the Company, and to promptly return it in the enclosed envelope. In the event you decide to attend the Meeting in person, you may, if you desire, revoke your proxy and vote your shares in person.

By Order of the Board of Directors
Bruce Jagid

Chairman of the Board of Directors

and Chief Executive Officer

Dated: October 26, 1998

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IMPORTANT
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Regardless of whether or not you plan to attend the meeting, you are urged to complete, sign and return the enclosed proxy in the envelope provided, which requires no postage if mailed in the United States.

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ULTRALIFE BATTERIES, INC.
1350 ROUTE 88 SOUTH
P.O. BOX 622
NEWARK, NEW YORK 14513

PROXY STATEMENT
ANNUAL MEETING OF STOCKHOLDERS
DECEMBER 8, 1998

INFORMATION CONCERNING SOLICITATION AND VOTING

This proxy statement is furnished in connection with the solicitation on behalf of the Board of Directors of Ultralife Batteries, Inc. (the "Company") for use at the 1998 Annual Meeting of Stockholders (the "Meeting") to be held on Tuesday, December 8, 1998 at 10:30 A.M. and any adjournments thereof. The Meeting will be held at the offices of The Chase Manhattan Bank, 410 Park Avenue, 5th floor, The Board Room, New York, New York.

When a proxy is returned properly signed, the shares represented thereby will be voted in accordance with the stockholder's directions. If the proxy is signed and returned without choices having been specified, the shares will be voted for the election as directors of the persons named herein. If for any reason any of the nominees for election as directors shall become unavailable for election, discretionary authority may be exercised by the proxies to vote for substitutes proposed by the Board of Directors of the Company. A stockholder giving a proxy has the right to revoke it at any time before it is voted by filing with the Secretary of the Company a written notice of revocation, or a duly executed later-dated proxy, or by requesting return of the proxy at the Meeting and voting in person.

Only stockholders of record at the close of business on October 23, 1998 are entitled to notice of, and to vote at, the annual meeting of stockholders. As of October 23, 1998, there were 10,511,536 shares of the Company's stock, par value \$.10 per share ("Common Stock"), outstanding, each entitled to one vote per share at the Meeting.

The cost of solicitation of proxies will be borne by the Company. In addition to the solicitation of proxies by use of the mails, some of the officers, directors and regular employees of the Company, without extra remuneration, may solicit proxies personally or by telephone, telefax or similar transmission. The Company will reimburse record holders for expenses in forwarding proxies and proxy soliciting material to the beneficial owners of the shares held by them.

The approximate date on which the enclosed form of proxy and this proxy statement are first being sent to stockholders of the Company is October 26, 1998.

PROPOSAL 1

ELECTION OF DIRECTORS

The Board of Directors currently has 7 directors all of whom are running for reelection. Directors are elected by a plurality of the votes cast by the stockholders of the Company at a stockholders meeting at which a quorum of shares is represented. Each director shall serve until the next annual stockholders meeting and until the successor of such directors shall have been elected and qualified. The names of, and certain information with respect to, the persons nominated for election as directors are presented on the following pages.

Name	Age	Present Principal Occupation and Employment History
Bruce Jagid	58	Mr. Jagid, a founder of the Company, has been a director and the Company's Chairman since March 1991 and its Chief Executive Officer since January 1992. Mr. Jagid has over 25 years experience in the technical and business aspects of the energy conversion field. Together with Mr. Rosansky, Mr. Jagid founded Power Conversion, Inc. ("PCI") in 1970, where he was the President until January 1989. PCI was sold to Hawker Siddely PLC in 1986. Mr. Jagid is a director of several private companies and THQ, Inc. Mr. Jagid holds numerous patents in the area of battery technology and has authored several publications on the subject.

Name	Age	Present Principal Occupation and Employment History
Martin Rosansky	60	Mr. Rosansky, a founder of the Company, has been a director since March 1991 and the Company's Vice Chairman since January 1992. Mr. Rosansky, a co-founder of PCI in 1970, has 30 years experience in the engineering, design and production of battery and fuel-cell systems. He was Chairman of the Board, Secretary and Treasurer at PCI from 1970 to January 1989, when he left PCI to pursue private investment activities. Mr. Rosansky is a director of several private companies. Mr. Rosansky holds numerous patents and has authored several publications in the field of battery technology.
Joseph N. Barrella	52	Mr. Barrella, a founder of the Company, has been a director and the Company's President since March 1991 and the Company's Chief Operating Officer from October 1992 through November 1996, and its Chief Technology Officer since November, 1996. Prior thereto, Mr. Barrella spent seven years as Director of Engineering at PCI, from May 1984 to January 1991. Mr. Barrella has been involved in the development and manufacture of lithium batteries for more than 20 years. He holds a number of patents relating to lithium battery designs and has authored several publications relating to battery technology.
Joseph C. Abeles	83	Mr. Abeles, a founder of the Company, has been a director and Treasurer since March 1991. Mr. Abeles, formerly a director of PCI, is a private investor and currently serves as a director of a number of companies, including Intermagnetics General Corporation ("IGC") and Bluegreen Corporation (formerly Patten Corporation). In 1951 he founded Kaweck Chemical Co. and served as Chairman and CEO of Kaweck Berylco Industries from 1969 to 1978.
Arthur Lieberman	63	Mr. Lieberman has been a director since March 1991. Mr. Lieberman is a founder, and since 1981 has been the senior partner of Lieberman & Nowak, a legal firm specializing in intellectual property law which for many years has represented clients in the battery industry and related fields. Lieberman & Nowak has represented the Company in connection with certain intellectual property matters.
Carl H. Rosner	69	Mr. Rosner, a director of the Company since January 1992, is the Chairman, and Chief Executive Officer of IGC. Mr. Rosner has been Chairman of IGC since its formation and President and Chief Executive Officer since 1984.
Richard Hansen	58	Mr. Hansen has been a director since July 1993. Mr. Hansen has been President and Chief Executive Officer of Pennsylvania Merchant Group Ltd, an investment banking and venture capital firm, since 1987 and is a director of Computone Corporation.

The Board of Directors has unanimously approved the above-named nominees for directors. The Board of Directors recommends a vote FOR all of these nominees.

BOARD OF DIRECTORS

The Board of Directors has met eight (8) times during the fiscal year ended June 30, 1998. Messrs. Abeles, Barrella, Jagid, and Rosner attended all eight meetings, Mr. Rosansky missed one meeting, Mr. Lieberman missed three meetings, and Mr. Hansen missed four meetings. Mr. Shikiar attended all three meetings held while he was a director.

Each board member receives a \$750 monthly retainer as well as \$750 for each board meeting attended. In addition, each director receives an option, at the end of each calendar quarter to purchase 1,500 shares of Common Stock. This option is granted to each director on the last day of the calendar quarter; it vests immediately with a term of five years from the date of grant and is granted at an exercise price equal to the closing price of the Common Stock on the date of grant.

On June 25, 1998, the Board of Directors approved a resolution pursuant to which the options granted to directors as of the last day of the eight quarters from June 30, 1993 through May 31 1994 at exercise prices ranging from \$11.75 to \$17.50 per share were replaced with an option for an equal number of shares at the closing price of the shares on June 25, 1998 (\$8.25). The replacement option is immediately vested and expires on June 30, 2003. The replacement option was for 12,000 shares, except in the case of Joseph Abeles who had previously exercised options for 3,000 shares and whose replacement option was therefore for 9,000 shares, and Richard Hansen, who was not a director on June 30, 1993 and whose replacement option was therefore for 10,500 shares.

COMMITTEES OF THE BOARD

The Board has established three standing committees to assist it in carrying out its responsibilities: the Compensation and Stock Option Committee, the Audit Committee and the Executive Committee.

The members of the Compensation and Stock Option Committee are Joseph C. Abeles, Carl H. Rosner and Richard Hansen. The Compensation and Stock Option Committee has general responsibility for recommending to the Board remuneration for the Chairman and Vice Chairman and determining the remuneration of other officers elected by the Board; granting stock options and otherwise administering the Company's stock option plans; and approval and administration of any other compensation plans or agreements. This committee held no formal meetings, but acted by unanimous consent on several occasions and had informal discussions from time to time during the fiscal year ended June 30, 1998.

The members of the Audit Committee are Joseph C. Abeles, Carl H. Rosner and Richard Hansen. This committee has oversight responsibility for reviewing the scope and results of the independent auditors' annual examination of the Company's financial statements; meeting with the Company's financial management and the independent auditors to review matters relating to internal accounting controls, the Company's accounting practices and procedures and other matters relating to the financial condition of the Company; and recommending to the Board of Directors the appointment of the independent auditors. This committee held one formal meeting as part of a regular board meeting and had informal discussions from time to time during the fiscal year ended June 30, 1998.

The members of the Executive Committee are Joseph Abeles, Arthur Lieberman, Martin Rosansky and Bruce Jagid. This committee is responsible for overseeing such matters as the Board of Directors determines from time to time. This committee held no formal meetings, but had informal discussions from time to time during the fiscal year ended June 30, 1998.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The table below sets forth certain information regarding the beneficial ownership of shares of the Company's Common Stock as of September 30, 1998 by (i) each person known by the Company to beneficially own more than five percent of the outstanding shares of Common Stock, (ii) each director of the Company, and (iii) all directors and officers of the Company as a group. Except as otherwise indicated, the persons named in this table have sole voting power with respect to all shares of Common Stock owned based upon information provided to the Company by the directors, officers and principal stockholders and their addresses are the address of the Company.

Name -----	Number of Shares Beneficially Owned -----	Percent Beneficially Owned -----
Intermagnetics General Corporation (1)	1,009,586	9.60%
Joseph Abeles (2)	272,500	2.59%
Joseph Barrella (3)	327,000	3.08%
Bruce Jagid (4)	658,400	6.02%
Richard Hansen (5)	38,500	0.37%
Arthur Lieberman (6)	134,500	1.28%
Martin Rosansky (7)	180,500	1.71%
Carl Rosner (8)	1,009,586	9.60%
All directors and officers as a group (13 persons) (9)	2,742,486	24.04%

1. With an address at 450 Old Niskayuna Rd., Latham, NY 12210-0461. Includes 833 shares and options to purchase 33,000 shares which may be exercised within 60 days beneficially owned by Mr. Carl H. Rosner. Mr. Rosner is the Chairman and Chief Executive Officer of Intermagnetics General Corporation ("IGC"). Therefore, IGC may be deemed to share voting and investment power with respect to the shares and shares issuable upon the exercise of options held by Mr. Rosner. IGC disclaims beneficial ownership of the shares and shares issuable upon the exercise of options owned by Mr. Rosner.
2. Includes 30,000 shares subject to options which may be exercised within 60 days, 12,000 shares owned by Abeles Associates Inc. and 25,000 shares held by Mr. Abeles' spouse, as to which Mr. Abeles disclaims beneficial ownership. Excludes 1,009,586 shares beneficially owned by IGC. Mr. Abeles is a director of IGC and therefore may be deemed to share voting and investment power with respect to the shares held by IGC. Mr. Abeles disclaims beneficial ownership of the shares owned by IGC.
3. Includes 138,000 shares subject to options which may be exercised within 60 days.
4. Includes 448,000 shares subject to options which may be exercised within 60 days. Includes 5,000 shares held in trust for Mr. Jagid's children of which he disclaims beneficial ownership.
5. Includes 31,500 shares subject to options which may be exercised within 60 days. Includes 2,000 shares owned by minor children of Mr. Hansen which he disclaims beneficial ownership. Does not include shares held by Pennsylvania Merchant Group Ltd as a market-maker. Mr. Hansen is President and Chief Executive Officer of Pennsylvania Merchant Group Ltd and therefore may be deemed to share voting and investment power.
6. Includes 53,000 shares subject to options which may be exercised within 60 days and 52,500 shares held by the Arthur M. Lieberman P.C. profit sharing plan.
7. Includes 88,000 shares subject to options which may be exercised within 60 days.
8. Includes 33,000 options to purchase shares which may be exercised within 60 days and 975,753 shares owned by IGC. Mr. Rosner is the Chairman and Chief Executive Officer of IGC and therefore may be deemed to share voting and investment power with respect to the shares held by IGC. Mr. Rosner disclaims beneficial ownership of the shares owned by IGC.
9. Includes 920,900 shares subject to options which may be exercised within 60 days.

Section 16(a) Reporting

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's directors and executive officers, and persons who own more than ten percent of the Company's Common Stock, to file with the Securities and Exchange Commission (the "SEC") initial reports of ownership and reports of changes in ownership of Common Stock and other equity securities of the Company. Officers, directors and greater than ten-percent stockholders are required by SEC regulation to furnish the Company with copies of all Section 16(a) reports they file. To the Company's knowledge, based solely on review of the copies of such reports furnished to the Company during the fiscal year ended June 30, 1998, all Section 16(a) filing requirements applicable to its officers, directors and greater than ten percent beneficial owners were complied with, except as follows: (1) all of the Directors were late reporting their quarterly grant of an option for 1,500 shares on June 30, 1998 and a transaction on June 25, 1998 whereby certain options were cancelled and replaced by an option for the same number of shares at the June 25, 1998 closing price; (2) each of Joseph Barrella, Frederick Drulard, Bruce Jagid, Stanley Lewin, Martin Rosansky, Daniel Schoenly, James Sullivan and John Welsh were late in reporting the grant of an option on June 25, 1998; and (3) Uri Soudak was late reporting the exercise of an option and the sale of the shares received in December, 1997.

EXECUTIVE COMPENSATION

The names of, and certain information with respect to the Company's executive officers who are not also directors, are presented on the following pages.

Name	Age	Present Principal Occupation and Employment History
Roger O'Brian	50	Mr. O'Brien became Chief Operating Officer of the Company on July 7, 1998. He was an independent managerial consultant based in the Rochester, New York area from 1997 to 1998 where he provided advisory and implementation services addressing marketing and sales, strategic planning and organizational development. From 1991 to 1996, Mr. O'Brien was President, Chief Executive Officer and a major shareholder of Holotek, LTD, a high technology laser system design and manufacturing company based in Rochester, New York. From 1988 to 1990, he was Vice President of Sun Microsystems, Inc., where he directed the budgeting, financial analysis and reporting, corporate tax and accounting and SEC reporting functions. Mr. O'Brien has also held executive positions with Tenneco, Bell and Howell/Columbia Partners, Exxon Corporation and Xerox Corporation.
Frederick F. Drulard	58	Mr. Drulard joined the Company in July 1996 and became Director of Corporate Planning and Administration in October of 1996. He became Vice President of Finance and Chief Financial Officer in October 1997. From January 1994 through July 1996 he was an independent consultant and a Senior Associate for Greenbush & Associates, a financial consulting company. Prior thereto starting in 1986 he worked for IGC, most recently as Vice-President Corporate Planning and Administration.
Stanley Lewin	66	Mr. Lewin has been a Vice President of the Company since October 1991. Mr. Lewin has over 13 years experience in the lithium battery business. Prior to joining the Company, Mr. Lewin served in various engineering and managerial positions at Power Conversion Inc. ("PCI") from 1977 to September 1991. At PCI he was responsible for overall plant operations including manufacturing and production. While at PCI, Mr. Lewin was directly responsible for the establishment of battery manufacturing facilities in New Jersey, Puerto Rico and in the People's Republic of China.
James Sullivan	61	Mr. Sullivan has been the Company's Vice President-Sales, since July 1996. From March 1995 through July 1996 he was President of C.C. Communications, Inc., an advertising agency in New Jersey, and in charge of market development for Holt Lloyd International, a car care products company in the UK. Prior to that, from November 1976 through November 1994, Mr. Sullivan was Vice-President in charge of sales with additional responsibilities for engineering and product development, for PCI, a manufacturer of lithium batteries.
John Welsh	62	Mr. Welsh has been the Company's Vice President of European Operations and Managing Director of Ultralife Batteries (UK) Ltd since November 1995. Mr. Welsh has over 20 years experience of managing companies in the UK, USA and Germany. From August 1988 until January 1995 he was Marketing and then Divisional Manager for Hoppecke Batteries in Germany which developed and manufactured high rate lithium manganese dioxide batteries, and from February 1995 to October 1995 he was Marketing Manager for industrial nickel cadmium batteries at FRIWO Silberkraft, also in Germany. Prior to joining Hoppecke Mr. Welsh worked for 15 years for Semikron, a German manufacturer of power semi conductors. He was Managing Director of Semikron UK from February 1972 until December 1980 and President of Semikron Inc. Hudson NH until July 1987.
John Fischer	46	Mr. Fischer was appointed Vice President of Primary Manufacturing on August 31, 1998. Prior to joining the Company, he was with Forbes Products, Inc., a manufacturer of imprinted vinyl business products where he held several positions including Vice President of Manufacturing. From 1987 to 1988 he was Materials Manager for CVC Products and was with General Railway Signal from 1979 to 1987 where he held several managerial positions in production.

The individuals named in the following tables include, as of June 30, 1998, the Company's Chief Executive Officer and the four other most highly compensated executive officers of the Company ("Named Executive Officers").

The following table sets forth information concerning the annual and long-term compensation of the Named Executive Officers for all services in all capacities to the Company and its subsidiary during the Company's fiscal years ended June 30, 1998, 1997 and 1996.

Summary Compensation Table

Name and Principal Position	Year	Annual Compensation			Long Term Compensation			
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$) (1)	Restricted Stock Awards (\$)	Securities Underlying Options/SARs (#)	LTIP Payouts (\$)	All Other Compensation (\$)
Bruce Jagid Chief Executive Officer	1998	\$307,692	\$150,000	\$35,373	\$0	93,000	0	\$0
	1997	275,000	0	36,542	0	56,000	0	0
	1996	273,654	0	33,278	0	6,000	0	0
Joseph Barrella President and Chief Technology Officer	1998	164,769	15,000	33,670	0	68,000	0	0
	1997	155,000	0	36,288	0	6,000	0	0
	1996	149,808	0	30,649	0	6,000	0	0
Stanley Lewin Vice President of Technology	1998	116,838	10,000	14,084	0	10,000	0	0
	1997	110,000	--	13,537	0	0	0	0
	1996	110,000	--	11,692	0	0	0	0
James Sullivan Vice President Sales (2)	1998	113,578	15,000	14,018	0	10,000		
	1997	99,846	--	11,508		35,000		
Uri Soudak COO (3)	1998	157,115	--	14,186	0	20,000		
	1997	95,769	--	8,604	0	100,000		

(1) The amounts reported in this column are categorized in the following table.

(2) Mr. Sullivan joined the Company on July 26, 1996.

(3) Mr. Soudak joined the Company on November 1, 1996 and his employment terminated on July 7, 1998.

	Bruce Jagid	Joseph Barrella	Stanley Lewin	James Sullivan(1)	Uri Soudak (2)
Insurance 1998	\$8,018	\$8,018	\$8,018	\$8,018	\$8,018
Insurance 1997	7,513	7,513	7,513	7,008	5,008
Insurance 1996	6,499	6,499	6,499	(1)	(2)
Automobile 1998	11,029	8,068	4,146	6,000	8,169
Automobile 1997	11,029	8,500	4,374	4,500	3,596
Automobile 1996	11,029	8,400	5,193	(1)	(2)
Directors Fees 1998	14,250	14,250	0	0	0
Directors Fees 1997	15,750	15,750	0	0	0
Directors Fees 1996	15,750	15,750	0	(1)	(2)
401 K Plan 1998(3)	2,076	3,334	1,920	0(1)	3,975
401-K Plan 1997	2,250	2,250	1,650	0(1)	0(2)

(1) Mr. Sullivan joined the Company on July 26, 1996.

(2) Mr. Soudak joined the Company on November 1, 1996 and his employment terminated on July 7, 1998.

(3) Represents the Company's matching grants to the employees' 401-K Plan accounts for fiscal years ended June 30, 1998 and 1997. There were no matching 401K grants by the Company to any of the above prior to fiscal year ended June 30, 1997.

The following table sets forth information concerning options granted to the Named Executive Officers during the Company's fiscal year ended June 30, 1998

OPTION/SAR GRANTS IN LAST FISCAL YEAR

	INDIVIDUAL GRANTS				POTENTIAL REALIZABLE VALUE AT ASSUMED ANNUAL RATES OF STOCK PRICE APPRECIATION FOR OPTION TERM (1)				
	Shares	% (22)	Price	Exp Date	0% Stock Price (23)	5% Stock Price	5% Dollar Gain (24)	10% Stock Price	10% Dollar Gain (24)
Bruce Jagid	1,500 (2)	0.2%	17.88	9/30/02	17.88	22.81	\$ 7,409	29.12	\$16,863
Chief	1,500 (3)	0.2%	17.00	12/31/02	17.00	21.70	7,046	27.69	16,037
Executive Officer	1,500 (4)	0.2%	14.88	3/31/98	14.88	18.98	6,158	24.23	14,033
	1,500 (5)	0.2%	8.50	6/30/98	8.50	10.85	3,525	13.85	8,025
	15,000 (6)	2.1%	8.25	6/25/98	8.25	10.53	34,200	13.44	77,850
	15,000 (7)	2.1%	8.25	6/25/98	8.25	10.53	34,200	13.44	77,850
	15,000 (8)	2.1%	8.25	6/25/98	8.25	10.53	34,200	13.44	77,850
	15,000 (9)	2.1%	8.25	6/25/98	8.25	10.53	34,200	13.44	77,850
	15,000 (10)	2.1%	8.25	6/25/98	8.25	10.53	34,200	13.44	77,850
	12,000 (16)	1.6%	8.25	6/25/98	8.25	10.53	27,360	13.44	62,280
					-		-		-
Joe Barrella	1,500 (2)	0.2%	17.88	9/30/02	17.88	22.81	7,409	29.12	16,863
President & Chief	1,500 (3)	0.2%	17.00	12/31/02	17.00	21.70	7,046	27.69	16,037
Technology Officer	1,500 (4)	0.2%	14.88	3/31/98	14.88	18.98	6,158	24.23	14,033
	1,500 (5)	0.2%	8.50	6/30/98	8.50	10.85	3,525	13.85	8,025
	5,000 (11)	0.7%	11.00	7/1/97	11.00	14.04	15,200	17.92	34,600
	5,000 (12)	0.7%	11.00	7/1/97	11.00	14.04	15,200	17.92	34,600
	5,000 (13)	0.7%	11.00	7/1/97	11.00	14.04	15,200	17.92	34,600
	5,000 (14)	0.7%	11.00	7/1/98	11.00	14.04	15,200	17.92	34,600
	5,000 (15)	0.7%	11.00	7/1/97	11.00	14.04	15,200	17.92	34,600
	5,000 (6)	0.7%	8.25	6/25/98	8.25	10.53	11,400	13.44	25,950
	5,000 (7)	0.7%	8.25	6/25/98	8.25	10.53	11,400	13.44	25,950
	5,000 (8)	0.7%	8.25	6/25/98	8.25	10.53	11,400	13.44	25,950
	5,000 (9)	0.7%	8.25	6/25/98	8.25	10.53	11,400	13.44	25,950
	5,000 (10)	0.7%	8.25	6/25/98	8.25	10.53	11,400	13.44	25,950
	12,000 (16)	1.6%	8.25	6/25/98	8.25	10.53	27,360	13.44	62,280
Stan Lewin	2,000 (11)	0.3%	11.00	7/1/97	11.00	14.04	6,080	17.92	13,840
Vice President	2,000 (12)	0.3%	11.00	7/1/97	11.00	14.04	6,080	17.92	13,840
Technology	2,000 (13)	0.3%	11.00	7/1/97	11.00	14.04	6,080	17.92	13,840
	2,000 (14)	0.3%	11.00	7/1/97	11.00	14.04	6,080	17.92	13,840
	2,000 (15)	0.3%	11.00	7/1/98	11.00	14.04	6,080	17.92	13,840
	2,000 (6)	0.3%	8.25	6/25/98	8.25	10.53	4,560	13.44	10,380
	2,000 (7)	0.3%	8.25	6/25/98	8.25	10.53	4,560	13.44	10,380
	2,000 (8)	0.3%	8.25	6/25/98	8.25	10.53	4,560	13.44	10,380
	2,000 (9)	0.3%	8.25	6/25/98	8.25	10.53	4,560	13.44	10,380
	2,000 (10)	0.3%	8.25	6/25/98	8.25	10.53	4,560	13.44	10,380
Jim Sullivan	2,000 (6)	0.3%	8.25	6/25/98	8.25	10.53	4,560	13.44	10,380
Vice President	2,000 (7)	0.3%	8.25	6/25/98	8.25	10.53	4,560	13.44	10,380
Sales	2,000 (8)	0.3%	8.25	6/25/98	8.25	10.53	4,560	13.44	10,380
	2,000 (9)	0.3%	8.25	6/25/98	8.25	10.53	4,560	13.44	10,380
	2,000 (10)	0.3%	8.25	6/25/98	8.25	10.53	4,560	13.44	10,380
Uri Soudak	4,000 (17)	0.6%	16.81	10/6/97	16.81	21.45	18,560	27.38	42,280
Chief	4,000 (18)	0.6%	16.81	10/6/97	16.81	21.45	18,560	27.38	42,280
Operating Officer	4,000 (19)	0.6%	16.81	10/6/97	16.81	21.45	18,560	27.38	42,280
	4,000 (20)	0.6%	16.81	10/6/97	16.81	21.45	18,560	27.38	42,280
	4,000 (21)	0.6%	16.81	10/6/97	16.81	21.45	18,560	27.38	42,280

1. There is no assurance that the value realized by an employee will be at or near the amount estimated using this model. These amounts rely on assumed future stock price movements that cannot be predicted accurately.
2. Vested on the date of grant, September 30, 1997.
3. Vested on the date of grant, December 31, 1997.
4. Vested on the date of grant, March 31, 1998.
5. Vested on the date of grant, June 30, 1998.
6. Granted June 25, 1998, vests June 25, 1999.
7. Granted June 25, 1998, vests June 25, 2000.
8. Granted June 25, 1998, vests June 25, 2001.
9. Granted June 25, 1998, vests June 25, 2002.
10. Granted June 25, 1998, vests June 25, 2003.
11. Granted July 1, 1997, vests July 1, 1998
12. Granted July 1, 1997, vests July 1, 1999
13. Granted July 1, 1997, vests July 1, 2000
14. Granted July 1, 1997, vests July 1, 2001
15. Granted July 1, 1997, vests July 1, 2002
16. Vested on date of grant, June 25, 1998; granted to replace options to purchase 12,000 shares granted to directors quarterly from June 30, 1993 through May 31, 1994 at prices ranging from \$11.77 to \$17.50 per share.
17. Granted 10/6/97, vests October 6, 1998, set to expire 10/6/04, but expired upon termination of employment 07/7/98
18. Granted 10/6/97, vests October 6, 1999, set to expire 10/6/04, but expired upon termination of employment 07/7/98
19. Granted 10/6/97, vests October 6, 2000, set to expire 10/6/04, but expired upon termination of employment 07/7/98
20. Granted 10/6/97, vests October 6, 2001, set to expire 10/6/04, but expired upon termination of employment 07/7/98
21. Granted 10/6/97, vests October 6, 2002, set to expire 10/6/04, but expired upon termination of employment 07/7/98
22. Options to purchase a total of 731,200 shares were granted to employees.
23. Fair market value at date of grant.
24. Fair market value of stock at end of actual option term, assuming annual compounding at the stated rate, less the option price.

The following table sets forth certain information concerning the number of shares of Common Stock acquired upon the exercise of stock options during the Company's fiscal year ended June 30, 1998 and the number and value at June 30, 1998 of unsecured stock options to purchase shares of Common Stock held by the Named Executive Officers.

Aggregated Option/SAR Exercises in Last Fiscal Year
and FY-End Option/SAR Values

Name	Shares Acquired on Exercise (#)	Value Realized (\$)	Number of Unexercised Options/SARs at FY-End (#) Exercisable/Unexercisable	Value of Unexercised in the Money Options/SARs at FY-End (\$) Exercisable/Unexercisable (1)
Bruce Jagid	0	\$0	446,500/185,000	\$0/\$0
Joseph Barrella	0	\$0	131,000/50,000	\$0/\$0
Stanley Lewin	0	\$0	35,000/35,000	\$0/\$0
James Sullivan	0	\$0	7,000/38,000	\$0/\$0
Uri Soudak	10,000	\$85,560	10,000/100,000	\$0/\$0

- (1) Market value of Company's common stock at exercise or year-end, minus the exercise price.
- (2) All of Mr. Soudak's unexercisable shares expired shortly after he left the Company's employ on July 7, 1998.

The Company has no long-term incentive plan. Consequently, there have been no qualifying awards during the fiscal year ended June 30, 1998. Also, the Company has no employee pension plans to which it makes contributions, except as described below under "401(k) Plan".

Employment Arrangements

Effective March 1, 1994, the Company and Mr. Bruce Jagid entered into an employment agreement ("1994 Agreement"). Under the terms of the 1994 Agreement, Mr. Jagid's base salary was \$200,000 per year. By an amendment to the 1994 Agreement, effective August 24, 1995 ("1995 Amendment"), Mr. Jagid's base salary was increased to \$250,000 per year, effective retroactively to March 1, 1995. In accordance with the terms of the 1994 Agreement, the Company paid Mr. Jagid a bonus in the amount of \$111,200 during the year ended June 30, 1995. Effective March 1, 1996, Mr. Jagid's salary was increased to \$275,000 per year. Effective March 1, 1997 Mr. Jagid's salary was increased to

\$300,000 and the Company agreed that Mr. Jagid will receive one-year's salary as severance should his employment terminate after a change in control of the Company.

Pursuant to the 1994 Agreement, the Company granted to Mr. Jagid an option to purchase 150,000 shares of Common Stock at a price of \$11.00 per share. This option expires on March 1, 2000 and vests with respect to 30,000 shares on March 1, 1995, 1996, 1997, 1998 and 1999. Pursuant to the 1994 Agreement such options will vest on each of such dates even if Mr. Jagid is no longer an employee of the Company, since, Mr. Jagid remained employed by the Company through March 1, 1997. Such option was ratified by the stockholders of the Company at the 1996 Annual Meeting of Stockholders.

As of March 1, 1995, the Company agreed, contingent on shareholder approval, to grant Mr. Bruce Jagid an additional option to purchase 100,000 shares of Ultralife common stock at \$14.25 per share. This option vests in 20,000 share increments on March 1, 1996, 1997, 1998, 1999 and 2000 respectively and will expire on March 1, 2001. Such options, once vested, will remain exercisable until expiration, notwithstanding the subsequent termination of Mr. Jagid's employment. Such option was ratified at the Company's December 7, 1995 annual stockholders' meeting.

The original term of Mr. Jagid's 1994 Agreement was three years expiring on February 28, 1997. The 1995 Amendment extended the term by three years, so as to terminate on February 28, 2000. Unless terminated for cause, upon expiration of the agreement, Mr. Jagid will receive severance at the rate of one month's salary for each year of employment with the Company, not to exceed three months, prorated for partial years worked.

On February 28, 1997, Mr. Jagid was granted an option under the Company's 1992 Stock Option Plan to purchase 50,000 shares at \$8 7/8 per share, the closing price on such date. Such Option expires on February 27, 2007, and will vest with respect to 10,000 shares on February 28, of each of 1998, 1999, 2000, 2001 and 2002. On June 25, 1998, Mr. Jagid was granted an option under the Company's 1992 Stock Option Plan to purchase 75,000 shares at \$8.25 per share, the closing price on such date. Such Option expires on June 25, 2004, and will vest with respect to 15,000 shares on June 25, of each of 1999, 2000, 2001, 2002 and 2003

The Company entered into an employment agreement dated January 18, 1991 with Mr. Joseph N. Barrella (the "Agreement"). The Agreement was amended as of December 21, 1992 (the "Amendment"). The Agreement and the Amendment provide that Mr. Barrella will serve as President, at an annual salary of \$110,000 for 1991 and 1992, \$125,000 for 1993, \$135,000 for 1994, \$145,000 for 1995 and \$155,000 for 1996. Subsequent to January 20, 1994, Mr. Barrella became an "at-will" employee. The Agreement and Amendment provide that the Company will provide to Mr. Barrella in addition to his compensation, (i) reimbursement for an apartment in the Rochester, New York area to a maximum of \$6,000 per year, (ii) a leased automobile with a cost not to exceed \$700 per month, and (iii) granted Mr. Barrella an "incentive" Option to acquire 100,000 shares of Common Stock of the Company under the Company's 1992 Stock Option Plan (discussed below). The Company and Mr. Barrella have agreed that after December, 1996, Mr. Barrella will no longer be reimbursed for an apartment in the Rochester, New York area. Effective July 1, 1997 Mr. Barrella's salary was increased to \$165,000 per annum. On June 25, 1998, Mr. Barrella was granted an option under the Company's 1992 Stock Option Plan to purchase 25,000 shares at \$8.25 per share, the closing price on such date. Such Option expires on June 25, 2004, and will vest with respect to 5,000 shares on June 25, of each of 1999, 2000, 2001, 2002 and 2003.

In addition to the above compensation, each board member receives a \$750.00 monthly retainer as well as \$750.00 for each board meeting attended. In addition, commencing June 30, 1993, each director receives an option, at the end of each calendar quarter to purchase 1,500 shares of the Company's common stock. This option is granted to each director on the last day of the calendar quarter; it vests immediately with a term of five years from the date of grant and is granted at a purchase price equal to the closing price of the Common Stock on the date of grant.

401(K) PLAN

The Company established a profit sharing plan under Sections 401(a) and 401(k) of the Code (the "401(k) Plan"), effective as of June 1, 1992 which was amended effective as of January 1, 1994. All employees in active service which have completed 1,000 hours of service or were participating in the 401(k) Plan as of January 1, 1994, not otherwise covered by a collective bargaining agreement (unless such agreement expressly provides that those employees are to be included in the 401(k) Plan), are eligible to participate in the 401(k) Plan. Eligible employees may direct that a portion of their compensation, up to a maximum of 17% (in accordance with all IRS limitations in effect on January 1, 1998) be withheld by the Company and

contributed to their account under the 401(k) Plan.

In April, 1996 the Board of Directors authorized a Company matching contribution up to a maximum of 1 1/2% of an employee's annual salary for the calendar year ended December 31, 1996 and 3% for subsequent calendar years. The Company made a contribution of \$30,742 for calendar year 1996 and \$89,422 for calendar year 1997.

All 401(k) contributions are placed in a trust fund to be invested at the trustee's discretion, except that the Company may designate that the funds be placed and held in specific investment accounts managed by an investment manager other than the trustee. Amounts contributed to employee accounts by the Company or as compensation reduction payments, and any earnings or interest accrued on employee accounts, are not subject to federal income tax until distributed to the employee, and may not be withdrawn (absent financial hardship) until death, retirement or termination of employment.

REPORT OF COMPENSATION AND STOCK OPTION COMMITTEE CONCERNING EXECUTIVE COMPENSATION

OVERVIEW

Compensation determinations are made by the Company's Compensation and Stock Option Committee. The Company seeks to provide executive compensation that will support the achievement of the Company's financial goals while attracting and retaining talented executives and rewarding superior performance.

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

In general, the Company compensates its executive officers through a combination of salary and stock option awards. Additionally, the Company's executives are eligible to participate in or receive benefits under an employee benefit plan made available by the Company to its executives and/or employees.

SALARY

Of the primary elements of executive compensation set forth above, salary is the least affected by the Company's performance; although it is very much dependent on individual performance. The Company believes that salaries paid to its executives are competitive with industry norms. The salary levels and annual increases of all executive officers of the Company must be approved by the Compensation and Stock Option Committee. Salary levels for executives are determined by progress made in the operational and functional areas for which they are responsible as well as the overall profitability of the Company.

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

STOCK OPTIONS

Stock options are designed to provide long-term incentives and rewards, tied to the price of the Company's Common Stock. Given the vagaries of the stock market, stock price performance and financial performance are not always consistent. The Compensation and Stock Option Committee believes that stock options, which provide value to the participants only when the Company's stockholders benefit from stock price appreciation, are an appropriate complement to the Company's overall compensation policies. Plan as well as non-plan awards are made to executive officers of the Company. The decision to award stock options to an executive is based upon such considerations as the executive's position with the Company and is designed to be competitive for individuals at that level. The Compensation and Stock Option Committee administers the Company's stock option plans and non-plan stock options to executives of the Company.

EMPLOYEE BENEFIT PLANS

Executives of the Company are each entitled to participate in or receive benefits under any pension plan, profit-sharing plan, life insurance plan, health insurance plan or other employee benefit plan made available by the Company to its executives and employees. Currently, the Company provides medical insurance for its executive officers and has established the 401(k) Plan. All executive officers and employees are eligible to participate in the 401(k) Plan.

CHIEF EXECUTIVE OFFICER

In reviewing the performance of the Chief Executive Officer, the Compensation and Stock Option Committee considers the scope and complexity of his job during the past year, progress made in planning for the future development and growth and return on assets of the Company. Upon review of such criteria and upon the favorable recommendation of the Compensation and Stock Option Committee, Mr. Jagid was granted a \$150,000 bonus for Fiscal Year ended June 30, 1998 and stock options to purchase 75,000 shares .

Compensation and Stock Option Committee

Joseph C. Abeles
Carl H. Rosner
Richard Hansen

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The members of the Company's Compensation and Stock Option Committee, consisting of Messrs. Abeles, Rosner and Hansen, deliberate on issues concerning executive compensation. Mr. Abeles acts as the Company's Treasurer. Mr. Abeles is a director of IGC and a member of IGC's Compensation Committee. Mr. Rosner is the Chairman and Chief Executive Officer of IGC and is a member of the Company's Compensation and Stock Option Committee. Mr. Hansen is President and Chief Executive Officer of Pennsylvania Merchants Group Ltd.

PERFORMANCE GRAPH

The following graph compares the cumulative return to holders of the Company's Common Stock for the period commencing December 23, 1992 (the date of the Company's initial public offering) through the fiscal year ended June 30, 1998 with the NASDAQ National Market Index and the NASDAQ Electrical Components Index for the same period. The comparison assumes \$100 was invested on December 23, 1992 in the Company's Common Stock and in each of the comparison groups, and assumes reinvestment of dividends. The Company paid no dividends during the comparison period.

[The following information was depicted as a line graph in the printed material]

	ULBI	US NASDAQ	Elect. Components
	-----	-----	-----
12/23/92	100	100	100
6/30/93	117	91	95
12/31/93	136	98	110
6/30/94	155	122	197
12/30/94	204	138	183
6/30/95	121	157	208
12/29/95	73	170	316
6/28/96	99	190	341
12/31/96	145	209	332
6/30/97	72	251	340

OTHER MATTERS

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

In order to be eligible for inclusion in the Company's proxy materials for the next year's annual meeting of stockholders, any stockholder proposal (other than the submission of nominees for directors) must be received by the Company at its principal offices not later than the close of business on July 18, 1999.

A representative of Arthur Andersen LLP, the Company's principal accountant, plans to be present at the Meeting, will have the opportunity to make a statement, and is expected to be available to respond to questions.

Copies of the Company's Annual Report and form 10-K for the year ended June 30, 1998, as filed with the SEC, will be furnished without charge to beneficial stockholders or stockholders of record on October 23, 1998, upon request. Please contact: Corporate Secretary, Ultralife Batteries, Inc., 1350 Route 88 South, Post Office Box 622, Newark, New York, 14513, Telephone (315) 332-7100.

October 26, 1998

By Order of the Board of Directors

Bruce Jagid
Chairman of the Board of Directors
and Chief Executive Officer

PROXY
ULTRALIFE BATTERIES, INC
Annual Meeting of Shareholders o December 8, 1998
Proxy Solicited on Behalf of the Board of Directors

The undersigned hereby appoints each of Bruce Jagid and Joseph Barrella as the undersigned's proxy, with full power of substitution, to vote all the undersigned's shares of common stock in Ultralife Batteries, Inc. (the "Company") at the Annual Meeting of Stockholders of the Company to be held on December 8, 1998 at 10:30 A.M. local time, at the offices of the Chase Manhattan Bank, 410 Park Avenue, New York, New York, or at any adjournment, on the matters described in the Notice of Annual Meeting and Proxy Statement and upon such other business as may properly come before such meeting or any adjournments thereof, hereby revoking any proxies heretofore given.

PROPOSAL 1. ELECTION OF DIRECTORS:

FOR all nominees listed below WITHHOLD AUTHORITY to vote for
all or the following nominees:

(Nominees: Bruce Jagid, Joseph Abeles, Joseph Barrella, Richard Hansen,
Arthur Lieberman, Martin Rosansky, Carl H. Rosner)

(continued and to be signed on reverse side)

Each properly executed proxy will be voted in accordance with specifications made on the reverse side hereof. If no specifications are made, the shares represented by this proxy will be voted FOR the listed nominees.

DATED: _____ 1998

Signature

Signature if Held Jointly

Sign exactly as set forth herein. If signed as executor, administrator, trustee or guardian, indicate the capacity in which you are acting. Proxies by corporations should be signed by a duly authorized officer and bear corporate seal.

Please Sign and Return the Proxy Card Promptly in Enclosed Envelope