

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

| OMB APPROVAL | |
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| 1. Name and Address of Reporting Person* GRACE BROTHERS LTD (Last) (First) (Middle) 1560 SHERMAN AVE SUITE 900 (Street) EVANSTON IL 60201 (City) (State) (Zip) | 2. Issuer Name and Ticker or Trading Symbol ULTRALIFE BATTERIES INC [ULBI] | 5. Relationship of Reporting Person(s) to Issuer (Check all applicable) Director <input checked="" type="checkbox"/> 10% Owner Officer (give title below) Other (specify below) |
| | 3. Date of Earliest Transaction (Month/Day/Year) 06/06/2006 | |
| | | 6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person Form filed by More than One Reporting Person |

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | | 4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5) | | | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|------------|--------|---|--|---|
| | | | Code | V | Amount | (A) or (D) | Price | | | |
| Common Stock | 06/06/2006 | | P | | 800 | A | \$9.95 | 2,894,128 | D | |
| Common Stock | 06/06/2006 | | P | | 21,589 | A | \$9.96 | 2,915,717 | D | |
| Common Stock | 06/06/2006 | | P | | 6,239 | A | \$9.97 | 2,921,956 | D | |
| Common Stock | 06/06/2006 | | P | | 3,080 | A | \$9.98 | 2,925,036 | D | |
| Common Stock | 06/06/2006 | | P | | 200 | A | \$9.99 | 2,925,236 | D | |
| Common Stock | 06/06/2006 | | P | | 22,682 | A | \$10 | 2,947,918 | D | |
| Common Stock | 06/07/2006 | | P | | 500 | A | \$9.84 | 2,948,418 | D | |
| Common Stock | 06/07/2006 | | P | | 3,202 | A | \$9.85 | 2,951,620 | D | |
| Common Stock | 06/07/2006 | | P | | 200 | A | \$9.87 | 2,951,820 | D | |
| Common Stock | 06/07/2006 | | P | | 1,000 | A | \$9.9 | 2,952,820 | D | |
| Common Stock | 06/07/2006 | | P | | 200 | A | \$9.93 | 2,953,020 | D | |
| Common Stock | 06/07/2006 | | P | | 400 | A | \$9.94 | 2,953,420 | D | |
| Common Stock | 06/07/2006 | | P | | 200 | A | \$9.95 | 2,953,620 | D | |
| Common Stock | 06/07/2006 | | P | | 300 | A | \$9.97 | 2,953,920 | D | |
| Common Stock | 06/07/2006 | | P | | 100 | A | \$9.98 | 2,954,020 | D | |
| Common Stock | 06/07/2006 | | P | | 2,734 | A | \$9.99 | 2,956,754 | D | |
| Common Stock | 06/07/2006 | | P | | 366 | A | \$10 | 2,957,120 | D | |

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | | 6. Date Exercisable and Expiration Date (Month/Day/Year) | | 7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4) | 8. Price of Derivative Security (Instr. 5) | 9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4) | 10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 11. Nature of Indirect Beneficial Ownership (Instr. 4) |
|--|--|--------------------------------------|--|--------------------------------|--|-----|--|-----------------|---|--|--|---|--|
| | | | | | (A) | (D) | Date Exercisable | Expiration Date | | | | | |

Explanation of Responses:

Bradford T. Whitmore, General Partner 06/07/2006

** Signature of Reporting Person Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

