

INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

OMB APPROVAL	
OMB Number:	3235-0104
Estimated average burden hours per response:	0.5

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

1. Name and Address of Reporting Person* <u>GRACE BROTHERS LTD</u> (Last) (First) (Middle) 1560 SHERMAN AVE SUITE 900 (Street) EVANSTON IL 60201 (City) (State) (Zip)	2. Date of Event Requiring Statement (Month/Day/Year) 09/22/2005	3. Issuer Name and Ticker or Trading Symbol <u>ULTRALIFE BATTERIES INC [ULBI]</u>	
		4. Relationship of Reporting Person(s) to Issuer (Check all applicable) Director <input checked="" type="checkbox"/> 10% Owner Officer (give title below) Other (specify below)	5. If Amendment, Date of Original Filed (Month/Day/Year) 6. Individual or Joint/Group Filing (Check Applicable Line) Form filed by One Reporting Person <input checked="" type="checkbox"/> Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Beneficially Owned

1. Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
Common Stock	1,442,725	D ⁽¹⁾	

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

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)		3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)	4. Conversion or Exercise Price of Derivative Security	5. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	6. Nature of Indirect Beneficial Ownership (Instr. 5)
	Date Exercisable	Expiration Date				

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)

1. Name and Address of Reporting Person*
SPURGEON CORP
 (Last) (First) (Middle)
 290 S COUNTY FARM RD
 THIRD FL
 (Street)
 WHEATON IL 60187
 (City) (State) (Zip)

Explanation of Responses:

1. *Spurgeon Corporation is an indirect beneficial owner as General Partner of Grace Brothers, Ltd.

Bradford T. Whitmore, General Partner of Grace Brothers, Ltd. 09/26/2005

Jerald A. Trannel, Vice President of Spurgeon Corporation 09/26/2005

** 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 5 (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.

