

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) 06/20/2006 | |
| | | 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 | 06/20/2006 | | P | | 3,800 | A | \$8.32 | 3,148,838 | D | |
| Common Stock | 06/20/2006 | | P | | 6,631 | A | \$8.33 | 3,155,469 | D | |
| Common Stock | 06/20/2006 | | P | | 10,567 | A | \$8.34 | 3,166,036 | D | |
| Common Stock | 06/20/2006 | | P | | 1,800 | A | \$8.35 | 3,167,836 | D | |
| Common Stock | 06/20/2006 | | P | | 300 | A | \$8.36 | 3,168,136 | D | |
| Common Stock | 06/20/2006 | | P | | 2,800 | A | \$8.37 | 3,170,936 | D | |
| Common Stock | 06/20/2006 | | P | | 300 | A | \$8.39 | 3,171,236 | D | |
| Common Stock | 06/20/2006 | | P | | 1,545 | A | \$8.6 | 3,172,781 | D | |
| Common Stock | 06/20/2006 | | P | | 2,200 | A | \$8.615 | 3,174,981 | D | |
| Common Stock | 06/20/2006 | | P | | 1,700 | A | \$8.6476 | 3,176,681 | D | |
| Common Stock | 06/20/2006 | | P | | 500 | A | \$8.648 | 3,177,181 | D | |
| Common Stock | 06/20/2006 | | P | | 1,100 | A | \$8.65 | 3,178,281 | D | |
| Common Stock | 06/20/2006 | | P | | 600 | A | \$8.66 | 3,178,881 | D | |
| Common Stock | 06/20/2006 | | P | | 3,500 | A | \$8.68 | 3,182,381 | D | |
| Common Stock | 06/20/2006 | | P | | 1,200 | A | \$8.74 | 3,183,581 | D | |
| Common Stock | 06/20/2006 | | P | | 1,326 | A | \$8.744 | 3,184,907 | D | |
| Common Stock | 06/20/2006 | | P | | 1,000 | A | \$8.75 | 3,185,907 | D | |
| Common Stock | 06/20/2006 | | P | | 200 | A | \$8.76 | 3,186,107 | D | |
| Common Stock | 06/20/2006 | | P | | 400 | A | \$8.7675 | 3,186,507 | D | |
| Common Stock | 06/20/2006 | | P | | 300 | A | \$8.77 | 3,186,807 | D | |
| Common Stock | 06/20/2006 | | P | | 800 | A | \$8.78 | 3,187,607 | D | |
| Common Stock | 06/20/2006 | | P | | 592 | A | \$8.8 | 3,188,199 | D | |
| Common Stock | 06/20/2006 | | P | | 2,200 | A | \$8.8054 | 3,190,399 | D | |
| Common Stock | 06/20/2006 | | P | | 900 | A | \$8.81 | 3,191,299 | D | |
| Common Stock | 06/20/2006 | | P | | 900 | A | \$8.8178 | 3,192,199 | D | |
| Common Stock | 06/20/2006 | | P | | 500 | A | \$8.82 | 3,192,699 | D | |
| Common Stock | 06/20/2006 | | P | | 2,300 | A | \$8.83 | 3,194,999 | D | |
| Common Stock | 06/20/2006 | | P | | 300 | A | \$8.84 | 3,195,299 | D | |
| Common Stock | 06/20/2006 | | P | | 1,800 | A | \$8.85 | 3,197,099 | D | |
| Common Stock ⁽¹⁾ | 06/20/2006 | | P | | 300 | A | \$8.86 | 3,197,399 | 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) |
|--|--|--------------------------------------|--|--------------------------------|---|--|-----|--|-----------------|---|--|--|---|--|
| | | | | Code | V | (A) | (D) | Date Exercisable | Expiration Date | | | | | |

Explanation of Responses:

1. A continuing Form 4 will be filed to reflect the remaining transactions.

Bradford T. Whitmore, General Partner 06/22/2006

** 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.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.