

ULTRALIFE BATTERIES INC  
Form SC 13G/A  
January 20, 2004

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

SCHEDULE 13G/A

UNDER THE SECURITIES EXCHANGE ACT OF 1934  
(Amendment No. 1)  
Ultralife Batteries, Inc.

-----  
(Name of Issuer)  
Common Stock, \$.10 par value

-----  
(Title of Class Securities)  
903899102

-----  
(CUSIP Number)

December 31, 2003

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(Date of Event which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

/X/ Rule 13d-1(b)  
/ / Rule 13d-1(c)  
/ / Rule 13d-1(d)

\*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

SCHEDULE 13G/A  
CUSIP NO. 903899102 PAGE 2 OF 5 PAGES

1 NAME OF REPORTING PERSON  
S.S. OR I.R.S. IDENTIFICATION NOs. OF ABOVE PERSONS  
(ENTITIES ONLY).  
Grace Brothers, Ltd.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)  
(a) / /  
(b) / /

3 SEC USE ONLY

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4 CITIZENSHIP OR PLACE OF ORGANIZATION  
Illinois Limited Partnership

NUMBER OF SHARES	5 SOLE VOTING POWER	983,418 SHARES
BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	6 SHARED VOTING POWER	0
	7 SOLE DISPOSITIVE POWER	983,418 SHARES
	8 SHARED DISPOSITIVE POWER	0

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
983,418 SHARES

10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES / /

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  
7.3%

12 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)  
BD,PN

Page 3 of 5 Pages  
Item 1.

(a) Name of Issuer  
Ultralife Batteries, Inc.

(b) Address of Issuer's Principal Executive Offices  
2000 Technology Parkway, Newark, New Jersey 14513

Item 2.

(a) Name of Person Filing  
Grace Brothers, Ltd.

(b) Address of Principal Business Office or, if none, Residence  
1560 Sherman Avenue, Suite 900, Evanston, IL 60201

(c) Citizenship  
Illinois Limited Partnership

(d) Title of Class of Securities  
Common Stock, \$.10 par value

(e) CUSIP Number  
903899102

Item 3. If this statement is filed pursuant to Sections 240.13d-1(b) or 240.13d-2(b) or (c), check whether the person filing is a:

(a)  Broker or dealer registered under section 15 of the Act (15 U.S.C. 78o);

(b)  Bank as defined in section 3(a)(6) of the Act (15 U.S.C. 78c);

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(c) ( ) Insurance company as defined in section 3 (a) (19) of the Act (15 U.S.C. 78c);

(d) ( ) Investment company registered under section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8);

(e) ( ) An investment adviser in accordance with Section 240.13d-1(b) (1) (ii) (E);

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(f) ( ) An employee benefit plan or endowment fund in accordance with Section 240.13d-1(b) (1) (ii) (F);

(g) ( ) A parent holding company or control person in accordance with Section 240.13d-1(b) (1) (ii) (G);

(h) ( ) A savings association as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813);

(i) ( ) A church plan that is excluded from the definition of an investment company under section 3(c) (14) of the Investment Company Act of 1940 (15 U.S.C. 80a-3);

(j) ( ) Group, in accordance with Section 240.13d-1(b) (1) (ii) (J).

Item 4. Ownership

(a) Amount beneficially owned

(b) Percent of class  
7.3%

(c) Number of shares as to which the person has:

(i) Sole power to vote or to direct the vote  
983,418

(ii) Shared power to vote or to direct the vote

(iii) Sole power to dispose or to direct the disposition of  
983,418

(iv) Shared power to dispose or to direct the disposition of

Item 5. Ownership of Five Percent or Less of a Class  
Not applicable

Item 6. Ownership of More than Five Percent on Behalf of Another Person

No other person is known to have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, such securities.

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Item 7. Identification and Classification of the

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Subsidiary Which Acquired the Security Being Reported on  
By the Parent Holding Company

Reporting person is not a parent holding company.

Item 8. Identification and Classification of Members of  
the Group

Reporting person is not a member of a group.

Item 9. Notice of Dissolution of Group

Reporting person is not filing notice of dissolution of  
a group.

Item 10. Certification

By signing below Grace Brothers, Ltd. certifies that, to  
the best of my knowledge and belief, the securities  
referred to above were acquired and are held in the  
ordinary course of business and were not acquired and are  
not held for the purpose of or with the effect of changing  
or influencing the control of the issuer of the securities  
and were not acquired and are not held in connection with  
or as a participant in any transaction having that purpose  
or effect.

SIGNATURE

After reasonable inquiry and to the best of my knowledge  
and Belief, I certify that the information set forth in  
this Statement is true, complete and correct.

January 19, 2004

-----  
Date

Grace Brothers, Ltd.

by: /s/ Bradford T. Whitmore

-----  
Signature

General Partner

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Title