

PECO II INC  
Form 4  
March 15, 2006

**FORM 4**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

OMB APPROVAL

OMB Number: 3235-0287  
Expires: January 31, 2005  
Estimated average burden hours per response... 0.5

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

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
FRANKHOUSE SANDRA A

(Last) (First) (Middle)  
1376 STATE ROUTE 598  
(Street)

GALION, OH 44833

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
PECO II INC [(PIII)]

3. Date of Earliest Transaction (Month/Day/Year)  
03/13/2006

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

\_\_\_ Director \_\_\_ 10% Owner  
 Officer (give title below) \_\_\_ Other (specify below)  
CFO & Secretary & Treasurer

6. Individual or Joint/Group Filing(Check Applicable Line)  
 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 Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
|                                 |                                      |  |                                | (A) or (D)  | Price   |  |                                   |
| Common shares without par value | 03/13/2006                           |  | M                              | 6,273   | A \$ 0.81   | 156,778  | D                                 |
| Common shares without par value | 03/13/2006                           |  | S                              | 3,700   | D \$ 2.0622   | 153,078  | D                                 |
| Common shares without par value | 03/15/2006                           |  | M                              | 17,644  | A \$ 0.81   | 170,722  | D                                 |

|                                 |            |   |       |   |           |         |   |
|---------------------------------|------------|---|-------|---|-----------|---------|---|
| Common shares without par value | 03/15/2006 | S | 8,000 | D | \$ 2.07   | 162,722 | D |
| Common shares without par value | 03/15/2006 | S | 2,400 | D | \$ 2.0517 | 160,322 | D |

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

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SEC 1474  
(9-02)

**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 Underlying Security (Instr. 3 and 4) | Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|----------------------------|
| Non-Qualified Stock Option (right to buy)  | \$ 0.81  | 03/13/2006                           |  | M                              | 6,273   | <u>(1)</u> 11/01/2009                                    | Common Shares without par value                             | 6,273                      |
| Non-Qualified Stock Option (right to buy)  | \$ 0.81  | 03/15/2006                           |  | M                              | 17,644  | <u>(1)</u> 11/01/2009                                    | Common shares without par value                             | 17,644                     |

## Reporting Owners

| Reporting Owner Name / Address                                  | Relationships |           |                             |       |
|---|---------------|-----------|-----------------------------|-------|
|   | Director      | 10% Owner | Officer                     | Other |
| FRANKHOUSE SANDRA A<br>1376 STATE ROUTE 598<br>GALION, OH 44833 |               |           | CFO & Secretary & Treasurer |       |

## Signatures

Lisa A. Green For Sandra A.  
Frankhouse

03/15/2006

\_\_Signature of Reporting Person

Date

## Explanation of Responses:

- \* 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).

(1) Non-qualified stock options vest at 40% on November 1, 2005, 30% on November 1, 2006 and 30% on November 1, 2007.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.