

PECO II INC
Form 4
March 15, 2006

FORM 4

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

OMB APPROVAL

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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
X Officer (give title below) ___ Other (specify below)
CFO & Secretary & Treasurer

6. Individual or Joint/Group Filing(Check Applicable Line)
X 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) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
| | | | Code | V | Amount or 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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(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) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|
| | | | | Code | V (A) (D) | Date Exercisable Expiration Date | Title 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 1376 STATE ROUTE 598 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.

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