PECO II INC Form 4 February 16, 2007

FORM 4

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

SECURITIES

OMB Number:

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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

1(b).

(Last)

(Print or Type Responses)

See Instruction

1. Name and Address of Reporting Person * MARXE AUSTIN W &

2. Issuer Name and Ticker or Trading Symbol

5. Relationship of Reporting Person(s) to

Issuer

GREENHOUSE DAVID M

PECO II INC [PIII]

(Check all applicable)

C/O SPECIAL SITUATIONS

FUNDS. 527 MADISON AVENUE. SUITE 2600

(Street)

(First)

(Middle)

3. Date of Earliest Transaction

(Month/Day/Year) 12/15/2006

Director X__ 10% Owner _ Other (specify Officer (give title below)

4. If Amendment, Date Original

Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check

Applicable Line)

X Form filed by One Reporting Person Form filed by More than One Reporting

NEW YORK, NY 10022

(City)	(State)	(Zip) Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned										
1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)			4. Securities Acquired (A) oror Disposed of (D) (Instr. 3, 4 and 5) (A) or Amount (D) Price			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)			
Common Stock	12/15/2006		P	76,121	A	\$ 1	2,818,113	I	By Limited Partnerships			
Common Stock	12/15/2006		P	100	A	\$ 1.02	2,818,213	I	By Limited Partnerships			
Common Stock	12/20/2006		P	256,600	A	\$ 1.0115	3,074,813	I	By Limited Partnerships			
Common Stock	12/22/2006		P	16,400	A	\$ 0.95	3,091,213	I	By Limited Partnerships			
Common Stock	12/26/2006		P	6,600	A	\$ 0.95	3,097,813	I	By Limited Partnerhips			

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Common Stock	12/28/2006	P	46,500	A	\$ 0.95	3,144,313	I	By Limited Partnerships
Common Stock	01/09/2007	P	49,300	A	\$ 0.9191	3,193,613	I	By Limited Partnerships
Common Stock	01/11/2007	P	105,500 (1)	A	\$ 0.8911	3,299,113 (1)	I (1)	By Limited Partnerships (1)

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

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9. Nu Deriv Secur Bene Own Follo Repo Trans (Instr

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. Transa Code (Instr.	8)	5. nNumber of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		ate	Secur	int of rlying	8. Price of Derivative Security (Instr. 5)
				Code	v	(A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	

Reporting Owners

Reporting Owner Name / Address	eporting Owner Name / Address								
	Director	10% Owner	Officer	Othe					

MARXE AUSTIN W & GREENHOUSE DAVID M C/O SPECIAL SITUATIONS FUNDS 527 MADISON AVENUE, SUITE 2600 NEW YORK, NY 10022

X

Relationships

Signatures

Austin W.

Marxe 02/16/2007

**Signature of Date

Reporting Person

Reporting Owners 2

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David M.

Greenhouse 02/16/2007

**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).
- This is a joint filing by Austin W. Marxe (Marxe) and David M. Greenhouse (Greenhouse). They share voting and investment control over all securities owned by Special Situations Fund III QP, L.P. (QP) and Special Situations Cayman Fund, L.P. (Cayman), respectively. 2,245,930 shares of Common Stock are held by QP and 1,053,183 shares of Common Stock are held by Cayman. The interest of Marxe and Greenhouse in the shares of Common Stock owned by QP and Cayman is limited to the extent of his pecuniary interest.

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.

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