

VIRCO MFG CORPORATION

Form 8-K

January 20, 2006

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 8-K
CURRENT REPORT**

Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 13, 2006

VIRCO MFG. CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-8777
(Commission File Number)

95-1613718
(IRS Employer
Identification No.)

2027 Harpers Way
Torrance, California
(Address of principal executive offices)

90501
(Zip Code)

Registrant's telephone number, including area code: **(310) 533-0474**

Not Applicable

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement.

On January 13, 2006, the Compensation Committee of the Board of Directors of Virco Mfg. Corporation (the Company), unanimously approved (i) the cancellation of all existing options for Company common stock previously granted by the Company for services as a director and held by the Company's non-employee directors (as reflected below) and (ii) the grant of restricted stock units to such non-employee directors (as reflected below). The restricted stock units vest on July 5, 2006, on which date each vested restricted stock unit may be converted into one share of common stock of the Company.

| Non-Employee Director | Number of Shares Underlying Cancelled Options | Number of Restricted Stock Units Granted |
|------------------------------|--|---|
| Donald S. Friesz | 14,220 | 14,220 |
| Evan M. Gruber | 8,200 | 8,200 |
| Robert K. Montgomery | 11,951 | 11,951 |
| Albert J. Moyer | 4,000 | 4,000 |
| Glen D. Parish | 2,000 | 2,000 |
| Donald A. Patrick | 16,755 | 16,755 |
| James R. Wilburn | 16,755 | 16,755 |

A summary of the material terms set forth above is attached hereto as Exhibit 10.1 and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

Exhibit 10.1 Summary of Option Cancellations and Restricted Stock Unit Awards.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

VIRCO MFG. CORPORATION

(Registrant)

Date: January 20, 2006

/s/ Robert A. Virtue

(Signature)

Name: Robert A. Virtue

Title: Chief Executive Officer and Chairman
of the Board of Directors

EXHIBIT INDEX

| Exhibit No. | Description |
|--------------------|---|
| 10.1 | Summary of Option Cancellations and Restricted Stock Unit Awards. |