

PECO II INC
Form 8-K
June 18, 2008

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): June 16, 2008

PECO II, Inc.

(Exact name of registrant as specified in its charter)

Ohio
(State or other jurisdiction
of incorporation)

000-31283
(Commission File Number)

34-1605456
(I.R.S. Employer
Identification No.)

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1376 State Route 598, Galion, Ohio
(Address of principal executive offices)

44833
(Zip Code)

Registrant's telephone number, including area code: (419) 468-7600

(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))

Item 5.02 Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.

(e) John G. Heindel, the Company's Chairman, President and Chief Executive Officer, proposed that 50% of his base salary to be earned for the period between July 1, 2008 and September 30, 2008, be payable in restricted stock instead of cash. The Compensation/ Nominating Committee approved the proposal and, as a result, the Company and Mr. Heindel agreed on June 16, 2008 that his base salary, which is currently \$260,000 on an annual basis, for the period beginning on July 1, 2008 and ending on September 30, 2008, will be payable as follows:

\$32,500 will be payable in cash in accordance with normal payroll practices; and

\$32,500 divided by the closing price of the Company's common shares on July 1, 2008 (the Restricted Stock) vesting in three equal installments: of which will vest on July 31, 2008, August 31, 2008, and September 30, 2008.

SIGNATURE

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.

PECO II, Inc.

Date: June 18, 2008

By: /s/ JOHN G. HEINDEL

John G. Heindel

Chairman, President, Chief Executive Officer,

Chief Financial Officer and Treasurer