

IEC ELECTRONICS CORP  
Form DEFC14A  
December 16, 2014

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

SCHEDULE 14A

(RULE 14a-101)  
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No. \_\_\_\_\_)

Filed by the Registrant   
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

IEC Electronics Corp.  
(Name of Registrant as Specified in Its Charter)

W. Barry Gilbert  
Florence D. Hudson  
John Carlton Johnson  
Edward W. Kay, Jr.  
Eben S. Moulton  
James C. Rowe  
Jerold L. Zimmerman  
Brett E. Mancini  
Michael T. Williams  
(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

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- No fee required
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(2) Aggregate number of securities to which transaction applies:  
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(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

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- .. Fee paid previously with preliminary materials.  
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- (1) Amount previously paid:
  - (2) Form, Schedule or Registration Statement No.
  - (3) Filing party:
  - (4) Date filed:
-

IEC ELECTRONICS CORP.  
105 NORTON STREET  
NEWARK, NEW YORK 14513  
(315) 331-7742

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held On  
January 28, 2015

Dear Stockholder:

You are cordially invited to attend the annual meeting of stockholders of IEC Electronics Corp. The meeting will be held on Wednesday, January 28, 2015 at 9:00 a.m. (local time) at our offices, 105 Norton Street, Newark, New York, for the following purposes:

1. To elect seven (7) directors to serve until the 2016 Annual Meeting of Stockholders and until their successors are duly elected and qualified.
2. To ratify the selection of Crowe Horwath LLP as the independent registered public accounting firm of the Company for the fiscal year ending September 30, 2015.
3. To approve, on a non-binding advisory basis, the compensation paid to our named executive officers.
4. To transact such other business as may properly come before the meeting or any adjournment thereof.

The record date for the annual meeting is December 1, 2014. Only stockholders of record at the close of business on that date may vote at the meeting or any adjournment thereof. Our transfer books will not be closed.

Your board of directors is pleased to unanimously nominate for election as directors the nominees named in Proposal 1 in the attached proxy statement, and recommends you vote "FOR" these seven nominees on the enclosed WHITE proxy card. In selecting director nominees, the board of directors has focused on selecting a diverse group of experienced board candidates with strong credentials and relevant expertise who will work together constructively to execute the Company's strategic plan for delivering long-term growth and stockholder value.

We have received notice from one of our stockholders, Vintage Opportunity Partners, LP ("Vintage") stating that it intends to nominate its own slate of seven director nominees at the annual meeting in opposition to, and to replace all of the members of, the slate nominated by the board of directors. You may receive solicitation materials from Vintage, including opposition proxy statements and a colored proxy card. We are not responsible for the accuracy of any information provided by or relating to Vintage or its nominees contained in solicitation materials filed or disseminated by or on behalf of Vintage or any other statements Vintage may make.

The board of directors believes that Vintage's actions are not in the best interests of the Company or its stockholders, and URGES YOU TO DISCARD ANY PROXY CARD SENT TO YOU BY VINTAGE. Note that voting to "Withhold" votes on an alternate proxy card is not the same as voting for our director nominees, because it will revoke any prior WHITE proxy card you have previously submitted. Even if you have already signed a proxy card sent to you on behalf of Vintage, you have the right to change your vote by completing and returning the enclosed WHITE proxy card or following the telephone or Internet voting instructions on it. Only the latest proxy you submit will be counted.

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Whether or not you expect to attend the meeting, please complete, date, sign and return the enclosed WHITE proxy card as promptly as possible in order to ensure your representation at the meeting. Your vote is particularly important this year, no matter how many shares you owned on the record date. A return envelope is enclosed for your convenience and needs no postage if mailed in the United States. You may also vote by telephone or Internet by following the instructions on the WHITE proxy card. Even if you have voted by WHITE proxy card, telephone or Internet, you may still vote in person if you attend the meeting. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the meeting, you must obtain a proxy issued in your name from that record holder.

Dated: December 16, 2014  
Newark, New York

By Order of the Board of Directors  
Beth Ela Wilkens, Corporate Secretary

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**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING TO BE HELD ON JANUARY 28, 2015.**

Our proxy statement and Annual Report to Stockholders, which are enclosed with this mailing, are also available online, at <https://materials.proxyvote.com/44949L>.

If you have any questions, require assistance with voting, or need additional copies of the proxy materials, please contact:

INVESTORCOM, INC.

at

65 Locust Avenue, Suite 302, New Canaan, CT 06840

or

[info@investor-com.com](mailto:info@investor-com.com)

or

Stockholders can call toll free at (877) 972-0090

Banks and Brokers may call collect at (203) 972-9300

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IEC ELECTRONICS CORP.  
105 NORTON STREET  
NEWARK, NEW YORK 14513  
(315) 331-7742

PROXY STATEMENT  
FOR 2015 ANNUAL MEETING OF STOCKHOLDERS

QUESTIONS AND ANSWERS ABOUT THIS PROXY MATERIAL AND VOTING

Why am I receiving these materials?

We are sending you this proxy statement and the enclosed WHITE proxy card because the board of directors of IEC Electronics Corp. (“IEC”, the “Company”, “we”, “our”, “us”) is soliciting your proxy to vote at the 2015 Annual Meeting of Stockholders and any adjournment or postponement thereof. We invite you to attend the annual meeting and request that you vote on the proposals described in this proxy statement. The meeting will be held on Wednesday, January 28, 2015 at 9:00 a.m. (local time) at our office, 105 Norton Street, Newark, New York. To obtain directions to be able to attend the Annual Meeting and vote in person, please contact our Corporate Secretary, Beth Ela Wilkens, at (585) 419-8645. However, you do not need to attend the meeting to vote your shares. Instead, you may simply complete, date, sign and return the enclosed WHITE proxy card, or vote by telephone or Internet following the simple instructions on the card.

We are mailing this proxy statement, the accompanying WHITE proxy card, and our Annual Report to Stockholders for the fiscal year ending Tuesday, September 30, 2014 (“Fiscal 2014”) on or about December 16, 2014 to all stockholders of record entitled to vote at the annual meeting.

What am I voting on?

There are three matters scheduled for a vote, and the board of directors recommends that you vote “FOR” each of the Proposals:

- Proposal 1: the election of seven directors to serve until the 2016 Annual Meeting of Stockholders,
- Proposal 2: the ratification of the selection of Crowe Horwath LLP as our independent registered public accounting firm for the fiscal year ending September 30, 2015, and
- Proposal 3: an advisory vote to approve the compensation paid to our named executive officers (“say-on-pay”).

With respect to Proposal 1 (election of directors), Vintage Opportunity Partners, LP (“Vintage”) has announced its intention to propose seven alternative director nominees. As a result, if such nominees are in fact proposed for election at the annual meeting, the election of directors will be a contested election (there are more nominees than available positions). Directors will be elected on a plurality basis, meaning the seven directors who received the greatest number of votes “for” at the annual meeting will be elected. Background regarding the nomination by Vintage is provided on page 6 below. **THE BOARD OF DIRECTORS URGES YOU NOT TO RETURN ANY PROXY CARD SENT TO YOU ON BEHALF OF VINTAGE, AND TO USE THE ENCLOSED WHITE PROXY CARD TO VOTE “FOR” THE ELECTION OF THE DIRECTORS DESCRIBED IN PROPOSAL 1.**

Our board of directors does not intend to bring any other matters before the meeting and is not aware of anyone else who will submit any other matters to be voted on. However, if any other matters properly come before the meeting, the people named on the WHITE proxy card, or their substitutes, will be authorized to vote on those matters in their

own judgment.

Who can vote at the annual meeting?

Only stockholders of record at the close of business on December 1, 2014, the record date for the meeting, will be entitled to vote at the annual meeting. As of the record date, there were 10,135,129 shares of common stock outstanding and entitled to vote.

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Stockholder of Record: Shares Registered in Your Name

If on December 1, 2014, your shares of IEC common stock were registered directly in your name with our transfer agent, Registrar and Transfer Company (now Computershare, Inc.), then you are a stockholder of record. As a stockholder of record, you may vote in person at the meeting or vote by proxy. **WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, TO ENSURE YOUR VOTE IS COUNTED WE URGE YOU TO FILL OUT AND RETURN THE ENCLOSED WHITE PROXY CARD OR TO VOTE BY TELEPHONE OR INTERNET AS PROVIDED ON THE WHITE CARD.**

Beneficial Owner: Shares Registered in the Name of a Broker or Bank

If on December 1, 2014, your shares of IEC common stock were held in an account at a brokerage firm, bank, dealer or other similar organization, then you are the beneficial owner of shares held in "street name" and these proxy materials are being forwarded to you by that organization. The organization holding your account is considered the stockholder of record for purposes of voting at the annual meeting. As a beneficial owner, you have the right to direct your broker or other agent on how to vote the shares in your account. You are also invited to attend the annual meeting. However, since you are not the stockholder of record, you may not vote your shares in person at the meeting unless you request and obtain a signed letter or other valid proxy from your broker or other agent.

How many votes do I have?

On each matter to be voted upon, you have one vote for each share of common stock you owned as of December 1, 2014, the record date for the annual meeting.

How do I vote?

The procedures for voting are set forth below:

Stockholder of Record: Shares Registered in Your Name

If you are a stockholder of record, you may vote in person at the annual meeting or vote by proxy using the enclosed WHITE proxy card. Whether or not you plan to attend the meeting, we urge you to vote by submitting the WHITE proxy card, or following the telephone or Internet voting instructions on it to ensure your vote is counted. You may still attend the meeting and vote in person if you have already voted by proxy.

- To vote in person, come to the annual meeting and we will give you a ballot when you arrive.

To vote using the proxy card, simply complete, date and sign the enclosed WHITE proxy card and return it promptly in the envelope provided. If you return your signed proxy card to us before the annual meeting, we will vote your shares as you direct.

To vote by telephone or Internet, follow the instructions on the WHITE proxy card and we will vote your shares as you direct. You will need your unique control number printed on the WHITE proxy card. You may vote 24 hours a day, seven days a week at (866) 287-9714, or at <https://www.proxyvotenow.com/iec>.

Although we do not know for certain whether Vintage will in fact solicit proxies or nominate persons for election of directors at the annual meeting, you may receive a proxy statement and proxy card, and letters or other solicitation materials from Vintage or persons affiliated with Vintage. The Vintage nominees are not endorsed by our board of

directors, and the board URGES YOU NOT TO SIGN OR RETURN ANY PROXY CARD SENT TO YOU BY VINTAGE. Voting on a proxy card provided by Vintage will revoke any prior WHITE proxy card you have submitted, even if you indicate "Withhold" votes for Vintage nominees. If you have signed a proxy card sent to you on behalf of Vintage, you have the right to change your vote by completing and returning the enclosed WHITE proxy card or following the telephone or Internet voting instructions on it. You also may contact InvestorCom for assistance at [info@investor-com.com](mailto:info@investor-com.com) (stockholders can call toll free at (877) 972-0090 and banks and brokers may call collect at (203) 972-9300).

Only the latest proxy you submit will be counted.

#### Beneficial Owner: Shares Registered in the Name of Broker or Bank

If you hold your shares in “street name” and thus are a beneficial owner of shares registered in the name of your broker, bank or other agent (“broker”), you must vote your shares in the manner prescribed by your broker. Your broker has enclosed or otherwise provided a voting instruction card for you to use in directing the broker how to vote your shares. Check the voting form used by that organization to see if it offers Internet or telephone voting. To vote in person at the annual meeting, you must obtain a valid proxy from your broker. Follow the instructions from your broker included with these proxy materials, or contact your broker to request a proxy form.

#### What is the quorum requirement?

A quorum of stockholders is necessary to hold a valid meeting. A quorum will be present if at least a majority of the outstanding shares entitled to vote are present at the meeting. Your shares are counted as present at the meeting if:

• You are present and vote in person at the meeting; or

• You have properly submitted a proxy card; or

If your shares are held in street name, a proxy card is submitted by your broker on your instructions, or voted by your broker on a discretionary item.

Additionally, abstentions and broker non-votes on discretionary items will be counted towards the quorum requirement. If there is no quorum, a majority of the shares present at the meeting and entitled to vote may adjourn the meeting to another date.

#### How are votes counted?

You may either vote “FOR” or “WITHHOLD” authority to vote for our nominees for the board of directors in Proposal 1, or you may withhold authority to vote for a particular nominee by voting “FOR ALL EXCEPT” and writing the name of one or more nominees in the designated space on the proxy card. You may vote “FOR”, “AGAINST” or “ABSTAIN” on Proposals 2 (ratification of the selection of our independent public accounting firm) and 3 (advisory vote to approve the compensation paid to our named executive officers).

If you submit your proxy but abstain from voting or withhold authority to vote on one or more matters, your shares will be counted as present at the meeting for the purpose of determining a quorum. Your shares also will be counted as present at the meeting for the purpose of calculating the required vote on the particular matter with respect to which you abstained from voting or withheld authority to vote.

If a broker receives proxy materials from both the Company and Vintage there will be a “contested election”. If you hold your shares in street name and do not provide voting instructions to your broker, under the rules of The New York Stock Exchange (“NYSE”):

If the election is not contested, your broker will still be able to vote your shares with respect to certain “discretionary” (or routine) items, but it will not be allowed to vote your shares with respect to certain “non-discretionary” items. In the case of non-discretionary items for which no instructions are received, the shares will be treated as “broker non-votes”. If the election is not contested, only Proposal 2 (ratification of the selection of our independent accounting firm) will be considered discretionary and your broker will not be able to vote on Proposals 1 (election of directors) and 3 (say-on-pay). Shares that constitute broker non-votes will be counted as present at the meeting for the purpose of determining a quorum, but will not be considered entitled to vote on the proposal in question.

If the election is contested, each of Proposals 1, 2 and 3 will be considered nondiscretionary and the broker will not have authority to vote on any of them.

We encourage you to provide instructions to your broker to vote your shares on all of the Proposals described in this proxy statement.

An inspector of election appointed by the Company will tabulate votes at the annual meeting.

How many votes are needed to approve each Proposal?

Proposal 1 - Election of directors

The outcome of this vote will be determined by a plurality of the votes cast. This means that the seven director nominees with the most affirmative votes will be elected. Withheld votes and broker non-votes will have no effect on the outcome of this matter.

Proposal 2 – Ratification of the selection of Crowe Horwath LLP as the independent registered public accounting firm of the Company for the fiscal year ending September 30, 2015  
and

Proposal 3 – Advisory vote on the compensation paid to our named executive officers

Approval for each of Proposals 2 and 3 requires the affirmative vote of a majority of the shares present in person or by proxy at the meeting and entitled to vote. Abstentions are counted and have the effect of a vote against the proposal, because abstentions are deemed to be present and entitled to vote but are not counted toward the affirmative vote required to approve such proposal. Broker non-votes will not be considered as present and entitled to vote on the proposal. Therefore, under applicable Delaware law, broker non-votes will have no effect on the number of affirmative votes required to adopt such proposal.

What if I return a proxy card but do not make specific choices? What are the recommendations of our board of directors?

If you return a signed and dated WHITE proxy card without marking any voting selections, the persons named as proxy holders on the proxy card will vote in accordance with the recommendations of the board of directors. The board's recommendation is set forth together with the description of each proposal in this proxy statement. In summary, the board recommends a vote:

FOR election of all of the nominated directors (see Proposal 1);

- FOR ratification of Crowe Horwath LLP as the Company's independent registered public accounting firm for the fiscal year ending September 30, 2015 (see Proposal 2); and

FOR approval of the compensation paid to our named executive officers (see Proposal 3).

If you return a signed and dated WHITE proxy card, with respect to any other matter that properly comes before the meeting, the proxy holders will vote as recommended by the board of directors or, if no recommendation is given, in their own discretion.

Can I change my vote after submitting my proxy?

Yes. You can revoke your proxy at any time before the final vote at the meeting. If you are a stockholder of record, you may revoke your proxy in any one of three ways:

• You may submit another properly completed proxy card, or vote by telephone or Internet, with a later date.

• You may send a written notice that you are revoking your proxy to: Corporate Secretary, IEC Electronics Corp., 105 Norton Street, Newark, NY 14513.

You may attend the annual meeting and vote in person. Simply attending the meeting will not, by itself, revoke your proxy.

If you hold your shares in street name, contact your broker or other nominee regarding how to revoke your proxy and change your vote.

If you have returned a proxy provided by Vintage, your board of directors urges you to submit another properly completed WHITE proxy card with a later date, send a written notice revoking the proxy as provided above, or for assistance contact InvestorCom at [info@investor-com.com](mailto:info@investor-com.com) (stockholders can call toll free at (877) 972-0090 and banks and brokers may call collect at (203) 972-9300).

How can I find out the results of the voting at the annual meeting?

Preliminary voting results will be announced at the annual meeting. Final voting results will be published in a Current Report on Form 8-K to be filed with the Securities and Exchange Commission (“SEC”) within four business days after the annual meeting.

What does it mean if I receive more than one WHITE proxy card?

If you receive more than one WHITE proxy card, your shares are registered in more than one name or are registered in different accounts. Please complete, date, sign and return each WHITE proxy card to ensure that all of your shares are voted.

Who is paying for this proxy solicitation?

IEC will pay for the entire cost of soliciting proxies. In addition to these mailed proxy materials, our directors and nominees, and our officers and employees also may solicit proxies in person, by telephone, or by other means of communication such as mail, facsimile, telegraph, Internet or advertisements. Information regarding these possible participants (“Participants”) in our solicitation of proxies from our stockholders is set forth in Appendix A. We will not pay our directors, officers and employees any additional compensation for soliciting proxies. In addition, we have retained the firm of InvestorCom, Inc., a professional solicitation firm, to assist us in the distribution and solicitation of proxies. It is anticipated that InvestorCom will employ approximately 30 persons to solicit stockholders for the Annual Meeting. InvestorCom, Inc. will be reimbursed for its expenses, and will be paid up to \$60,000 depending on the services it provides during the course of, and the outcome of, the solicitation. It also will be indemnified against certain liabilities and expenses. IEC has requested banks, brokerage houses and other custodians, nominees and fiduciaries to forward all solicitation materials to the beneficial owners of the shares they hold of record. IEC will reimburse these record holders for their reasonable out-of-pocket expenses in so doing.

When are stockholder proposals and director nominations due for next year’s annual meeting?

At our annual meeting each year, our board of directors submits to stockholders its nominees for election as directors. In addition, the board of directors may submit other matters to the stockholders for action at the annual meeting.

Our stockholders also may submit proposals for inclusion in the proxy materials. These proposals must be made by stockholders satisfying eligibility requirements of the SEC, and the proposal also must meet SEC requirements. To be considered for inclusion in next year’s proxy materials, you must submit your proposal in writing by August 21, 2015 to our Corporate Secretary, IEC Electronics Corp., 105 Norton Street, Newark, New York 14513.

In addition, our by-laws provide that a stockholder may present from the floor a proposal that is not included in the proxy statement if the stockholder delivers written notice to our Corporate Secretary not less than 90 days before the date of the meeting. The notice must set forth your name, address and number of shares of stock you hold, a representation that you intend to appear in person or by proxy at the meeting to make the proposal, a description of the business to be brought before the meeting, the reasons for conducting such business at the annual meeting, any material interest you have in the proposal, and such other information regarding the proposal as would be required to be included in a proxy statement. We have received no such notice for the 2015 annual meeting. For the 2016 annual meeting of stockholders, written notice must be delivered to our Corporate Secretary at our principal office, 105 Norton Street, Newark, New York 14513, no later than October 29, 2015.

Our by-laws also provide that if a stockholder intends to nominate a candidate for election as a director, the stockholder must deliver written notice of such intent to our Corporate Secretary. The notice must be delivered not

less than 90 days before the date of a meeting of stockholders. The notice must set forth your name and address and number of shares of stock you own, the name and address of the person to be nominated, a representation that you intend to appear in person or by proxy at the meeting to nominate the person specified in the notice, a description of all arrangements or understandings between such stockholder and each nominee and any other person (naming such person) pursuant to which the nomination is to be made by such stockholder, the nominee's business address and experience during the past five years, any other directorships held by the nominee, the nominee's involvement in certain legal proceedings during the past ten years and such other information concerning the nominee as would be required to be included in a proxy statement soliciting proxies for the election of the nominee. In addition, the notice must include the consent of the nominee to serve as a director if elected. We received a notice for the 2015 annual meeting from Vintage indicating that it intends to nominate Keith M. Butler, Charles P. Hadeed, Lynn J. Hartrick, Andrew M. Laurence, Jeremy R. Nowak, Jeffrey T. Schlarbaum and Eric Singer for election as directors. For the 2016 annual meeting of stockholders, written notice must be delivered to our Corporate Secretary at our principal office, 105 Norton Street, Newark, New York 14513 no later than October 29, 2015.



Background of the solicitation for this year's meeting:

On February 13, 2014 Vintage Capital Management, LLC, Kahn Capital Management, LLC, and Brian R. Kahn (together with Vintage, the "Vintage Holders") filed a Schedule 13D with the SEC reporting beneficial ownership of 564,828 shares (5.6%) of the Company's outstanding stock. Among others, the Schedule 13D indicated the beneficial holders reserved the right to acquire additional stock of the Company.

On April 22, 2014, W. Barry Gilbert, the Chairman and CEO of the Company, traveled to Florida and met with Mr. Kahn. The meeting was held at the request of Mr. Gilbert, who wanted to meet with representatives of Vintage so that he could better understand Vintage's goals with respect to its investment in IEC. In addition to Mr. Kahn, Jeremy Nowak also attended the meeting. There was no formal agenda for the meeting. Mr. Kahn asked Mr. Gilbert questions about IEC's strategy and plans for growth. Mr. Gilbert responded that he could not comment on such matters beyond what IEC had already said in its public disclosures. Mr. Kahn expressed frustration at this position and indicated that he was seeking information that would help him decide whether to increase or reduce his investment in IEC. Mr. Gilbert indicated that Vintage had made its initial decision to invest in IEC based on publicly available information and that it would have to continue to make its decisions based on the information available to all IEC stockholders. At one point during this meeting, Mr. Kahn asked Mr. Gilbert if he would be willing to nominate one of Vintage's representatives to the IEC Board of Directors. Mr. Gilbert pointed out that the existing Directors of IEC have a broad range of skills and expertise, discussed the qualifications of the three members recently added to the Board and asked what additional expertise Vintage's representatives would bring to the IEC Board. The conversation about nominating a Vintage representative to the Board ended without further substantive discussion.

On May 28, 2014, the Vintage Holders filed a Schedule 13D/A with the SEC reporting an increase in their beneficial ownership to 640,173 shares (6.3%) of the Company's outstanding stock.

On July 31, 2014, the board of directors approved a Tax Benefit Preservation Plan Rights Agreement (the "Rights Agreement") between the Company and Registrar and Transfer Company (now Computershare, Inc.), and declared a dividend distribution of one right for each outstanding share of the Company's common stock to stockholders of record at the close of business on August 15, 2014, all as described in detail in the Company's Current Report on Form 8-K filed on with the SEC the same day. The board of directors adopted the Rights Agreement in an effort to protect stockholder value by attempting to protect against a possible limitation on the Company's ability to use its net operating loss carryforwards (the "NOLs") to reduce potential future federal income tax obligations by virtue of an "ownership change," as defined in Section 382 of the Internal Revenue Code of 1986, as amended (the "Code"). The Company has experienced substantial operating losses, and under the Code, and rules promulgated by the Internal Revenue Service, the Company may "carry forward" these losses in certain circumstances to offset any current and future earnings and thus reduce the Company's federal income tax liability, subject to certain requirements and restrictions. To the extent that the NOLs do not otherwise become limited, the Company believes that it will be able to carry forward a significant amount of NOLs, and therefore these NOLs could be a substantial asset to the Company. However, if the Company experiences an "ownership change," its ability to use the NOLs will be substantially limited, and the timing of the usage of the NOLs could be substantially delayed, which could therefore significantly impair the value of that asset.

On August 14, 2014, the Vintage Holders filed a Schedule 13D/A with the SEC attaching a letter to the board of directors requesting that the Rights Agreement be rescinded immediately.

On October 2, 2014, Mr. Gilbert traveled to Florida and met with Mr. Kahn. Mr. Gilbert requested the October 2, 2014 meeting because he wanted to keep lines of communication open with Mr. Kahn. There was no specific agenda for this meeting and no one other than Mr. Kahn and Mr. Gilbert were present. During the discussions on October 2, 2014, Mr. Kahn asked questions about IEC's strategy and the formal investigation by the staff of the SEC relating to

the restatement of the Company's financial statements and other matters. After some discussion about the implications of Vintage receiving information, Mr. Gilbert told Mr. Kahn that he would consider providing Vintage with non-public information about IEC if Vintage were willing to sign a confidentiality and standstill agreement agreeing to keep such information confidential and not to trade in IEC's stock while in possession of the information. Following the meeting, counsel for IEC and counsel for Vintage began to negotiate the terms of a confidentiality and standstill agreement. During these negotiations, Mr. Gilbert reached the conclusion that it would not be appropriate to provide non-public information to Vintage, even pursuant to a confidentiality and standstill agreement. Mr. Gilbert's decision was based in part on the terms of the confidentiality and standstill agreement requested by Vintage which would have permitted Vintage to make disclosure of the information after a specified period of time if it had not previously been disclosed by IEC, and in part by his decision that it was not appropriate to provide Vintage with non-public information regarding IEC when he was not sure of how Vintage would use that information even if Vintage agreed to keep the information confidential.

By letter to the Company dated October 27, 2014, Vintage submitted notice (the “Vintage Nomination”) of its nomination of seven candidates for election to the board of directors at the annual meeting, including Keith M. Butler, Charles P. Hadeed, Lynn J. Hartrick, Andrew M. Laurence, Jeremy R. Nowak, Jeffrey T. Schlarbaum, and Eric Singer. In the Vintage Nomination, Vintage represented that it directly owns 1,000 shares of Company stock, and is the beneficial owner of an additional 709,960 shares by virtue of its affiliation with Vintage Capital Management, LLC. Vintage disclosed the Vintage Nomination in a Schedule 13D/A filed by the Vintage Holders with the SEC on October 27, 2014.

On November 3, 2014, the Company sent a letter to Vintage indicating that the Nominating and Governance Committee would consider Vintage’s nominees in connection with its regular review of potential nominees for the board of directors. The letter indicated that as part of its normal review, the Committee typically asks nominees to meet with one or more members of the Committee and to provide information in the form of the Company’s standard directors and officers questionnaire. In the letter the Company requested that Vintage provide contact information for the Vintage nominees so that the Nominating and Governance Committee could contact each of them. A copy of the letter was filed with the SEC in the Company’s Current Report on Form 8-K on November 3, 2014.

On November 7, 2014, Vintage Capital Management, LLC sent a letter to the Company indicating that it did not believe the Nominating and Governance Committee interview process would be productive and Vintage did not provide contact information for interviews by the Nominating and Governance Committee. Vintage filed a copy of the letter with the SEC as an Exhibit to Schedule 13D/A on November 7, 2014.

On November 14, 2014 the Nominating and Governance Committee met and considered the qualifications of not only the incumbent directors, but also each of the Vintage nominees based upon the limited information provided in the Vintage Nomination. The Committee also considered Vintage’s assertion of self-entrenchment of the board of directors. The committee determined to recommend re-nomination of each of the incumbent directors based upon (i) its inability to interview the Vintage nominees to obtain sufficient information to fully assess their qualifications, (ii) its determination, based upon the limited information available in the Vintage Nomination, that none of the Vintage nominees offer qualifications or skills not already provided by one or more of the incumbent directors, as well as the Committee’s belief that one or more of the incumbent directors have qualifications not possessed by any of the Vintage nominees, (iii) its concern that certain of the Vintage nominees have relationships with a competitor of the Company that could create conflicts of interest for such nominees, and put such nominees in a position where they could not act solely in the best interests of the Company and its stockholders, (iv) the board’s experience with Jeffrey T. Schlarbaum while he was employed by the Company, resulting in the committee’s belief that Mr. Schlarbaum would not be an appropriate addition to the board, and (v) the fact that three of the seven incumbent directors have joined the board since 2012, bringing with them fresh perspectives.

With respect to relationships with a competitor of the Company that could create conflicts of interest by certain Vintage nominees, Andrew M. Laurence and Jeremy Richard Nowak are partners in Vintage and Keith M. Butler serves as a member of Vintage’s Strategic Advisory Board. Vintage owns approximately 40% of the outstanding common stock of API Technologies Corp. (“API”), a contract manufacturing company that makes various electronic components, and is a competitor of IEC. Additionally, Mr. Butler has provided consulting services for API on a short term basis. None of IEC’s nominees for director have relationships with competitors of IEC.

With respect to Mr. Schlarbaum, the Board lost confidence in him as time progressed during the approximately two-year period in which he served as President of the Company. The Board concluded that Mr. Schlarbaum did not have the skills or the ability to lead IEC’s future success, and therefore determined to make a change. There was no single causal event for the Board’s determination. It believed Mr. Schlarbaum failed to exercise the judgment necessary to execute the operating plans for which he had responsibility. Important contributing factors were the decline in backlog, and that Mr. Schlarbaum was failing to establish satisfactory numbers of new customer

relationships and a centralized sales force that supported all of the company's businesses. The Board also believed he failed to proactively cooperate with the integration into the Company of Southern California Braiding ("SCB") management and take advantage of expanded customer opportunities arising from the SCB acquisition. Among others, these factors led to his departure, and are the basis of the Board's belief that Mr. Schlarbaum would not be an appropriate addition to the Board.

On November 19, 2014, the board of directors adopted the recommendation of the Nominating and Governance Committee to re-nominate the incumbent directors.

Some of the Company's compensation arrangements are affected by a "Change in Control," including certain changes in the make-up of the Board of Directors, as follows:

The Company's stockholder approved 2001 Stock Option and Incentive Plan ("2001 Plan") and 2010 Omnibus Incentive Compensation Plan ("2010 Plan") each contain provisions related to a "Change in Control" of the

Company. As defined in the 2001 Plan and 2010 Plan, among others a Change in Control occurs if the election of at least two-thirds of the directors was not approved by a majority of the incumbent directors (or in the case of the 2010 Plan, was approved as a result of an actual or threatened proxy contest with respect to election of directors). Thus, if two or more members of the Vintage slate are elected, a Change in Control will be deemed to occur. The participant restricted stock award agreements under the 2001 Plan and the 2010 Plan include provisions for immediate lapse of all restrictions on shares of restricted stock upon the occurrence of a Change in Control. As of December 1, 2014, there were 302,248 unvested shares of restricted stock, with an aggregate value of \$1,644,229.12 based upon the \$5.44 closing price of the Company's shares on that date. The participant stock option award agreements under the 2001 Plan provide that options may, in the Compensation Committee's discretion, be vested and exercisable, or terminated subject to an equitable payment. The participant stock option award agreements under the 2010 Plan provide for vesting of unvested stock options, possible immediate exercise or termination subject to an equitable payment. On December 1, 2014 there were 99,500 unvested stock options, of which 55,000 had an exercise price below \$5.44. The aggregate intrinsic value (difference between the exercise price of the unvested stock options and \$5.44) of such 55,000 options is \$68,190.

The Company has a Deferred Compensation Plan pursuant to which executive employees may elect to defer salary or bonus earned in a particular year to be paid out on later date specified by the employee. As defined in the Deferred Compensation Plan, among others a Change in Control occurs if the election of a majority of the directors was not approved by two-thirds of the incumbent directors. Thus, if four or more members of the Vintage slate are elected, a Change in Control will be deemed to occur. Upon a Change in Control, payment obligations to the participants are accelerated and the entire deferred compensation account of participants are paid to them within ten days in a lump sum. W. Barry Gilbert is currently the only participant in the Deferred Compensation Plan. If a Change in Control had occurred on December 1, 2014, Mr. Gilbert would have been entitled to a payment of approximately \$682,000.

The Company has an employment agreement with W. Barry Gilbert more fully described below under "Employment Agreements and Change in Control Agreements - Employment Agreement - W. Barry Gilbert". The agreement provides that a Change in Control is defined as provided in Section 409A of the Code (including if the election of a majority of the directors was not approved by a majority of the incumbent directors). Thus, if four or more members of the Vintage slate are elected, a Change in Control will be deemed to occur. If Mr. Gilbert is no longer Chief Executive Officer of the Company at the time of such Change in Control, Mr. Gilbert's Transition Term payments are payable in a lump sum, as described below under "Employment Agreements and Change in Control Agreements - Employment Agreement - W. Barry Gilbert".

The Company has an employment agreement with Michael T. Williams more fully described below under "Employment Agreements and Change in Control Agreements - Employment Agreement - Michael T. Williams". The agreement provides, among others, that a Change in Control occurs if the election of at least two-thirds of the directors was not approved by a majority of the incumbent directors. Thus, if two or more members of the Vintage slate are elected, a Change in Control will be deemed to occur. After a Change in Control, if Mr. Williams is terminated by the Company without cause, or Mr. Williams terminates his employment for any reason, he is entitled to receive twelve months of salary continuation. His salary effective January 1, 2015 will be \$205,000 per year.

- The Company has Salary and Non-Competition Agreements with Brett E. Mancini more fully described below under "Employment Agreements and Change in Control Agreements - Employment Agreement - Brett E. Mancini," and with two other employees. The agreements provide, among others, that a Change in Control occurs if the election of at least two-thirds of the directors was not approved by a majority of the incumbent directors. Thus, if two or more members of the Vintage slate are elected, a Change in Control will be deemed to occur. Within the twelve months after a Change in Control, if the applicable employee is terminated by the Company without cause or the employee terminates his or her employment for any reason, the employee is entitled to receive salary continuation for a period between six and twelve months, varying by employee.

The aggregate of all potential salary continuation payments at salary rates effective January 1, 2015 is approximately \$393,000.

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table indicates the amount of IEC's common stock beneficially owned as of December 1, 2014 by (i) each person who is known by us to beneficially own more than 5% of our common stock, (ii) each of our directors, (iii) each of our named executive officers identified in the Summary Compensation Table, below, and (iv) all of our directors and executive officers as a group. The information as to each person has been furnished by such person, and, except as noted, each person named in the table has sole voting and investment power with respect to the shares of common stock indicated as beneficially owned, and none of such shares have been pledged as security.

Name of Beneficial Owner	Shares Beneficially Owned <sup>(1)</sup>		Percent of Shares Beneficially Owned <sup>(1)</sup>	
<b>5% Beneficial Owners</b>				
Vintage Capital Management, LLC 4705 S. Apopka Vineland Road Suite 210 Orlando, FL 32819	710,960	(2)	7.01	%
Tocqueville Asset Management L.P. 40 West 57th Street 19th Floor New York, NY 10019	603,920	(3)	5.96	%
Directors				