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IEH CORPORATION  
Form 10-K  
July 10, 2009

U.S. SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED MARCH 27, 2009.

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission File Number 0-5278

IEH CORPORATION

(Name of Small Business Issuer in Its Charter)

NEW YORK

(State or Other Jurisdiction of  
In Company)

13-5549348

(I.R.S. Employer Identification No.)

140 58th Street, Suite 8E  
Brooklyn, NY 11220

(Address of Principal Executive Offices)

(718) 492-9673

(Issuer's Telephone Number,  
Including Area Code)

Securities registered under Section 12(b) of the Exchange Act: NONE

Securities registered under Section 12(g) of the Act: Common Stock, \$.01 Par Value Per Share

Indicate by check mark if Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act. Yes  No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (check one):

Large accelerated filer  Accelerated filer

Non-accelerated filer  Smaller reporting company

(do not check if a smaller reporting company)

Indicate by check mark if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form and no disclosure will be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes |\_| No |X|

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the Registrant's most recently completed second fiscal quarter (September 26, 2008): \$3,924,900.60.

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Indicate the number of shares outstanding of each of the Registrant's classes of common stock, as of the latest practicable date: On July 10, 2009, the Registrant had 2,303,468 shares of common stock issued and outstanding.

### DOCUMENTS INCORPORATED BY REFERENCE

List hereunder the following documents if incorporated by reference and the Part of the Form 10-K (e.g., Part I, Part II, etc.) into which the document is incorporated: (1) Any annual report to security holders; (2) Any proxy or information statement; and (3) Any prospectus filed pursuant to Rule 424(b) or (e) under the Securities Act of 1933.

None

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### Forward Looking Statements

This report contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "1934 Act") and Section 27A of the Securities Act of 1933 (the "1933 Act"). Any statements contained in this report that are not statements of historical fact may be forward-looking statements. When we use the words "anticipates," "plans," "expects," "believes," "should," "could," "may," "will" and similar expressions, we are identifying forward-looking statements. Further, all statements that express expectations, estimates, forecasts or projections are forward-looking statements within the meaning of the 1933 Act and 1934 Act, respectively. Forward-looking statements involve risks and uncertainties, which may cause our actual results, performance or achievements to be materially different from those expressed or implied by forward-looking statements. These factors include our limited experience with our business plan; pricing pressures on our product caused by competition; the risk that our products will not gain market acceptance; our ability to obtain additional financing; our ability to protect intellectual property; and our ability to attract and retain key employees.

Except as may be required by applicable law, we do not undertake or intend to update or revise our forward-looking statements, and we assume no obligation to update any forward-looking statements contained in this report as a result of new information or future events or developments. Thus, you should not assume that our silence over time means that actual events are bearing out as expressed or implied in such forward-looking statements. You should carefully review and consider the various disclosures we make in this report and our other reports filed with the Securities and Exchange Commission ("SEC") that attempt to advise interested parties of the risks, uncertainties and other factors that may affect our business.

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### IEH CORPORATION

#### PART I

##### Item 1. Description of Business

IEH Corporation (hereinafter referred to as the "Company") was organized under the laws of the State of New York on March 22, 1943 under the name Industrial Heat Treating Company, Inc. On March 15, 1989, the Company changed its name to its current name. The Company's executive offices and manufacturing facilities are located at 140 58th Street, Suite 8E, Brooklyn, New York 11220. The Company's telephone number is (718)

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492-4448; Fax: 718-492-9898; its email address is ieh@iehcorp.com.

The Company has been approved by the federal government as a "Hub-zone small business Company". This classification is monitored, and while the Company must remain competitive, it is taken into account by large business concerns when awarding specific contracts.

The majority of the Company's customers require that the Company maintain a quality system in strict accordance with ISO 9001. This is an International Standard Organization (ISO) specification for which the Company has been audited and has received certification to ISO 9001:2000. The Company's quality policy is: "Listening to our Customers and meeting their needs, while continuously improving our processes and services."

The Company has developed a web site that reflects the standard catalog items we produce. The web site is an ongoing project and we will continue to add special items and newsworthy information to it. The Company's web site can be viewed by going to: <http://www.iehcorp.com>.

The Company designs, develops and manufactures printed circuit connectors for high performance applications. Our customers consist of OEM's (Original Equipment Manufacturers), and Distributors who sell our products to OEMs. We sell our products directly and through regional representatives located in the United States and Canada.

The customers we service are in the government, aerospace, medical, automotive, test equipment and commercial electronics markets. We appear on the Military Qualified Product Listing "QPL" to MIL-DTL-55302 and supply customer requested modifications to this specification. Sales to the commercial electronic market and military defense market were 30% and 69%, respectively, of the Company's net sales for the year ended March 27, 2009.

In order to remain competitive, the Company has an internal program to upgrade and maintain machinery (to increase production), review material costs and increase labor force productivity.

### New Product Development

The Company is sought after by many of its customers to design and manufacture custom connectors for them. This environment has resulted in the development of many new products and technologies.

The Company has developed a new technology for a high speed connector module for one of its customers. Because it has been so well received, it will be used in five (5) other programs for which such customer has contracts.

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IEH CORPORATION

PART I

### Item 1. Description of Business (continued)

#### New Product Development (continued)

A circular plastic line of connectors has been developed for the medical

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industry. We have received production orders for various sizes. We expect this product line to gain acceptance going forward.

In addition to the many standard products we manufacture, it is in the area of custom connector design and manufacture that the Company faces its biggest challenge. To meet this challenge, we are able to draw upon our dedicated staff of engineers. We work with many designs and will continue to support our customers in all their requirements.

### Commitments

The Company has a collective bargaining multi-employer pension plan ("Multi-Employer Plan") with the United Auto Workers of America, Local 259. Contributions are made in accordance with a negotiated labor contract and are based on the number of covered employees employed per month. With the passage of the Multi-Employer Pension Plan Amendments Act of 1990 (the "1990 Act"), the Company may become subject to liabilities in excess of contributions made under the collective bargaining agreement. Generally, these liabilities are contingent upon the termination, withdrawal, or partial withdrawal from the Multi-Employer Plan. The Company has not taken any action to terminate, withdraw or partially withdraw from the Multi-Employer Plan nor does it intend to do so in the future. Under the 1990 Act, liabilities would be based upon the Company's proportional share of the Multi-Employer Plan's unfunded vested benefits, which is currently not available. The amount of accumulated benefits and net assets of such Plan also is not currently available to the Company. The total contributions charged to operations under such Plan were \$101,695 for the year ended March 27, 2009 and \$80,667 for the year ended March 28, 2008.

On September 15, 2008, the Company was notified by the State of New York Workers' Compensation Board (the "Board") that the Trade Industry Workers' Compensation Trust for Manufacturers (the "Trust") had defaulted. As a member of this self-insured group, the Company was assessed on an estimated basis by the Board for its allocable share necessary to discharge all liabilities of the Trust.

The estimated assessment pertains to the years 2002 through 2006. The Company was advised that there may be an additional assessment for the year 2007 and that the estimated assessments for the year 2002 through 2006 are subject to additional review and adjustment.

The assessed amount for the years 2002 through 2006 was \$101,362. The assessed amount for each year is detailed as follows:

2002	\$ 16,826
2003	24,934
2004	31,785
2005	14,748
2006	13,069
	-----
	\$101,362
	=====

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IEH CORPORATION

PART I

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### Item 1. Description of Business (continued)

#### Commitments (continued)

The Company did have the option of paying this assessment as a lump sum amount or paying off the assessment over a 60 month period. The Company has elected the deferral option, and is making monthly payments of \$1,689 for 59 months, and \$1,711 for the 60th and final month. The Company had recorded this assessment as a charge to Cost of Sales in the quarter ended December 26, 2008. As of March 27, 2009, the current portion of this assessment liability was \$20,268 and the long-term portion was \$67,579.

#### Marketing and Sales

The market for connectors and interconnection devices, domestic and worldwide, is highly fragmented as a result of the manufacture by many companies of a multitude of different types and varieties of connectors. For example, connectors include: printed circuit, rectangular I/O, circular, planar (IOC) RF coax, IC socket and fiber optic. The Company has been servicing a niche in the market by manufacturing HYPERTAC (TM) connectors and innovative Company-designed printed circuit connectors such as the COMTAC connectors. Previously, the Company was one of only three licensed manufacturers of the HYPERTAC (TM) design in the United States. In the fiscal year 1996, the Company learned that the other two licensees had merged. Moreover, the Company, based upon advice of counsel, determined that the HYPERTAC technology was no longer protected by a patent, and therefore was in the public domain. As a result, the Company notified the licensor that it would no longer be bound by the terms of its license agreement and the Company ceased making license payments. The Company has received a brief notice from the licensor that it disputed the Company's interpretations and demanded return of certain equipment. No legal proceedings have been instituted by the licensor and the Company has not received any further notices. The Company does not anticipate manufacturing other types of connectors in the immediate future. The Company is continuously experimenting with innovative connection designs, which may cause it to alter its marketing plans in the future if a market should develop for any of its current or future innovative designs.

The Company's products are marketed to original equipment manufacturers directly and through distributors serving primarily the government, military, aerospace and commercial electronics markets. The Company is also involved in developing new connectors for specific uses, which result from changes in technology. This includes the COMTAC connectors. The Company assists customers in the development and design of connectors for specific customer applications. This service is marketed to customers who require the development of connectors and interconnection devices specially designed to accommodate the customers own products.

The Company is primarily a manufacturer and its products are essentially basic components of larger assemblies of finished goods. Approximately 96% of the Company's net sales for the years ended March 27, 2009 and March 28, 2008, were made directly to manufacturers of finished products with the balance of the Company's products sold to distributors. Distributors often purchase connectors for customers who do not require large quantities of connectors over a short period of time but rather require small allotments of connectors over an extended period of time.

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## IEH CORPORATION

### PART I

#### Item 1. Description of Business (continued)

##### Marketing and Sales (continued)

Three of the Company's customers accounted for 26% of the Company's net sales for the year ended March 27, 2009. Each of those customers accounted for approximately 9% of the Company's sales. Three of the Company's customers accounted for 30% of the Company's net sales for the year ended March 28, 2008. The Company currently employs 15 independent sales representatives to market its products in all regions in the United States.

These independent sales representatives also promote the product lines of other electronics manufacturers; however, they do not promote the product lines of competitors, which compete directly with the Company's products. These sales representatives accounted for approximately 94% of Company sales (with the balance of Company sales being generated via direct customer contact) for the year ended March 27, 2009.

International sales accounted for less than 1% of sales for the years ended March 27, 2009 and March 28, 2008, respectively.

##### Backlog of Orders/Capital Requirements

The backlog of orders for the Company's products amounted to approximately \$4,554,000 at March 27, 2009, as compared to \$3,650,000 at March 28, 2008. A portion of these orders are subject to cancellation or postponement of delivery dates and, therefore, no assurance can be given that actual sales will result from these orders. The Company does not foresee any problems, which would prevent it from fulfilling its orders.

##### Competition

The design, development, manufacture and distribution of electrical connectors and interconnection devices is a highly competitive field. The Company principally competes with companies who produce high performance connectors in printed circuits and wireboards for high technology application. The Company competes with respect to their abilities to adapt certain technologies to meet specific product applications; in producing connectors cost-effectively; and in production capabilities. In addition, there are many companies who offer connectors with designs similar to those utilized by the Company and are direct competitors of the Company.

The primary basis upon which the Company competes is product performance and production capabilities. The Company usually receives job orders after submitting bids pursuant to customer-issued specifications. The Company also offers engineering services to its customers in designing and developing connectors for specialized products and specific customer applications. This enables the Company to receive a competitive advantage over those companies who basically manufacture connectors based solely or primarily on cataloged specifications. Many of the Company's competitors have greater financial resources, market penetration and experience than the Company and no assurances can be given that the Company will be able to compete effectively with these companies in the future.

IEH CORPORATION

PART I

Item 1. Description of Business (continued)

Suppliers of Raw Materials and Component Parts

The Company utilizes a variety of raw materials and manufactured component parts, which it purchases from various suppliers. These materials and components are available from numerous sources and the Company does not believe that it will have a problem obtaining such materials in the future.

However, any delay in the Company's ability to obtain necessary raw materials and component parts may affect its ability to meet customer production needs. In anticipation of such delays, the Company carries an inventory of raw materials and component parts to avoid shortages and to insure continued production.

Research & Development

The Company provides personalized engineering services to its customers by designing connectors for specific customer applications. The employment of electromechanical engineers is the anticipated cornerstone of the Company's future growth. The Company maintains a testing laboratory where its engineers experiment with new connector designs based on changes in technology and in an attempt to create innovative, more efficient connector designs.

The Company expended \$0 and \$15,000 for the years ended March 27, 2009 and March 28, 2008, respectively, on customer sponsored research and development activities relating to the development of new designs, techniques and the improvement of existing designs. The Company was fully reimbursed by its customers for this research.

Employees

The Company presently employs approximately 107 people, two (2) of whom are executive officers; three (3) are engaged in management activities; three (3) provide general and administrative services and approximately 99 are employed in manufacturing and testing activities. The employees engaged in manufacturing and testing activities are covered by a collective bargaining agreement with the United Auto Workers of America, Local 259 (the "Union"), which expired on March 31, 2009 and was renegotiated and extended until March 31, 2012. The Company believes that it has a good relationship with its employees and the Union.

Patents and Licenses

Electrical connectors and interconnection devices are usually the subject of standard designs; therefore, only innovations of standards designs or the discovery of a new form of connector are patentable. The Company is continuously attempting to develop new forms of connectors or adaptations of current connector designs in an attempt to increase performance and decrease per unit costs. The Company has developed and designed the COMTAC connector, which was patented on January 19, 1988,



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at which time the patent was assigned to the Company.

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## IEH CORPORATION

### PART I

#### Item 1. Description of Business (continued)

##### Governmental Regulations

The Company is subject to federal regulations under the Occupational Safety and Health Act ("OSHA") and the Defense Electrical Supply Command ("DESC"). OSHA provides federal guidelines and specifications to companies in order to insure the health and safety of employees. DESC oversees the quality and specifications of products and components manufactured and sold to the government and the defense industry. Although DESC continuously requires suppliers to meet changing specifications, the Company has not encountered any significant problems meeting such specifications and its products have, in the past, been approved. The Company is unaware of any changes in the government's regulations, which are expected to materially affect the Company's business.

#### Item 1A. Risk Factors

We are a "smaller reporting company" as defined by Regulation S-K and as such, are not required to provide the information contained in this item pursuant to Regulation S-K.

#### Item 1B. Unresolved Staff Comments

We are a "smaller reporting company" as defined by Regulation S-K and as such, are not required to provide the information contained in this item pursuant to Regulation S-K.

#### Item 2. Description of Property

The Company is obligated under its lease for its facility through August 23, 2011, at minimum annual rentals as follows:

##### Fiscal year ending March:

2010	\$	168,384
2011		112,256
		-----
	\$	280,640
		=====

The Company leases approximately 20,400 feet of space, of which it estimates; 6,000 square feet are used as executive, sales and administrative offices and 14,400 square feet are used for its manufacturing and plating operations.

The rental expense for the years ended March 27, 2009 and March 28, 2008 was \$145,068, respectively. In addition to the base rent, the Company pays real estate taxes, insurance premiums and utility charges relating to the use of the premises. The Company considers its present facilities

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to be adequate for its present and anticipated future needs.

### Item 3. Legal Proceedings

Except as described below, the Company is not a party to or aware of any pending or threatened legal proceedings which, in the opinion of the Company's management, would result in any material adverse effect on its results of operations or its financial condition.

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IEH CORPORATION

PART I

### Item 3. Legal Proceedings (continued)

In November 2006, three former employees of the Company filed claims with the New York State Division of Human Rights ("SDHR") alleging national origin discrimination. The SDHR acts as an investigative and adjudicative agency. With respect to its adjudicative function, the SDHR resolves complaints by conducting public hearings before administrative law judges. The SDHR does not litigate claims in court on behalf of claimants. On December 27, 2008, the SDHR issued a determination that probable cause existed that the Company may have violated applicable law and directed that a public hearing be held before an administrative law judge with respect to each former employee's claim. The SDHR has not yet scheduled these matters for hearing. The SDHR is authorized to award legal and equitable relief, including, reinstatement, back pay, and compensatory damages. The Company intends to vigorously defend these claims and believes that there are meritorious defenses in each case.

### Item 4. Submission of Matters to Vote of Security Holders

No matters were submitted to shareholders during the fourth quarter for the fiscal year ended March 27, 2009.

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IEH CORPORATION

PART II

### Item 5. Market for Common Equity and Related Stockholder Matters

#### Principal Market

The common stock of the Company (the "common stock") is traded in the Over-The-Counter Market and is quoted on the National Association of Securities Dealers Automated Quotation ("NASDAQ") System Bulletin Board under the symbol "IEHC.OB". On January 11, 1993, the Company's common stock was deleted from listing on the NASDAQ SmallCap Market System because of the Company's failure to maintain the minimum asset and shareholders equity requirements. On January 12, 1993, the Company's common stock was first quoted over the Electronic Bulletin Board (OTCBB).

#### Market Information

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The range of high and low bid prices for the Company's common stock, for the periods indicated as set forth below. For the period to October 29, 1991, the Company was listed on the NASDAQ National Market System. On October 29, 1991, the Company's common stock was delisted from the NASDAQ National Market System and from October 29, 1991 to January 11, 1993, the Company's common stock was listed on the NASDAQ SmallCap Market System. On January 11, 1993, the Company's common stock was delisted from the NASDAQ SmallCap Market System and on January 13, 1993, the Company's common stock was first quoted over the Electronic Bulletin Board (OTCBB). Set forth below is a table indicating the high and low bid prices of the common stock during the periods indicated.

Year	High Bid	Low Bid
Fiscal Year ended March 27, 2009 (*)		
1st Quarter	\$1.98	\$1.65
2nd Quarter	\$4.30	\$1.92
3rd Quarter	\$2.90	\$2.20
4th Quarter	\$2.90	\$2.00
Fiscal Year ended March 28, 2008 (*)		
1st Quarter	\$2.90	\$1.60
2nd Quarter	\$2.75	\$2.15
3rd Quarter	\$2.50	\$1.85
4th Quarter	\$2.10	\$1.30

(\*) As reported by the OTCBB.

The above quotations, as reported, represent prices between dealers and do not include retail mark-ups, mark-downs or commissions. Such quotations do not necessarily represent actual transactions.

On July 7, 2009 the high bid for the common stock was \$3.18 and the low bid was \$3.18

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IEH CORPORATION

PART II

### Item 5. Market for Common Equity and Related Stockholder Matters (continued)

#### Dividends

The Company has not paid any cash dividends on its common stock during the last five (5) fiscal years. At present, the Company does not anticipate issuing any cash dividends on its common stock in the foreseeable future by reason of its contemplated future financial requirements and business plans. The Company will retain earnings, to the extent that there are any, to finance the development of its business.

#### Approximated Number of Equity Security Holders

The number of record holders of the Company's common stock as of July 8, 2009 was approximately 534. Such number of record owners was determined

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from the Company's stockholder records, and does not include the beneficial owners of the Company's common stock whose shares are held in the names of various security holders, dealers and clearing agencies.

### Transfer Agent

The transfer agent for our common stock is Registrar & Transfer Company located in Cranford, NJ.

### Item 6. Selected Financial Data

We are a "smaller reporting company" as defined by Regulation S-K and as such, are not required to provide the information contained in this item pursuant to Regulation S-K.

### Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Statements contained in this report, which are not historical facts, may be considered forward looking information with respect to plans, projections, or future performance of the Company as defined under the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially from those projected. The words "anticipate," "believe", "estimate", "expect," "objective," and "think" or similar expressions used herein are intended to identify forward-looking statements. The forward-looking statements are based on the Company's current views and assumptions and involve risks and uncertainties that include, among other things, the effects of the Company's business, actions of competitors, changes in laws and regulations, including accounting standards, employee relations, customer demand, prices of purchased raw material and parts, domestic economic conditions, including housing starts and changes in consumer disposable income, and foreign economic conditions, including currency rate fluctuations. Some or all of the facts are beyond the Company's control.

The following discussion and analysis should be read in conjunction with our audited financial statements and related footnotes included elsewhere in this report, which provide additional information concerning the Company's financial activities and condition.

#### Critical Accounting Policies

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which require the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and revenues and expenses during the periods reported. Actual results could differ from those estimates. The Company believes the following are the critical accounting policies, which could

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IEH CORPORATION

PART II

### Item 7. Management's Discussion and Analysis of Financial Condition and Results

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of Operations (continued)

have the most significant effect on the Company's reported results and require the most difficult, subjective or complex judgments by management.

- o **Impairment of Long-Lived Assets:**  
The Company reviews its long-lived assets for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. If the sum of the expected cash flows, undiscounted and without interest, is less than the carrying amount of the asset, an impairment loss is recognized as the amount by which the carrying amount of the asset exceeds its fair value. The Company makes estimates of its future cash flows related to assets subject to impairment review.
- o **Inventory Valuation:**  
Raw materials and supplies are valued at the lower of first-in, first-out cost or market. Finished goods and work in process are valued at the lower of actual cost, determined on a specific identification basis, or market. The Company estimates which materials may be obsolete and which products in work in process or finished goods may be sold at less than cost, and adjusts their inventory value accordingly. Future periods could include either income or expense items if estimates change and for differences between the estimated and actual amount realized from the sale of inventory.
- o **Income Taxes:**  
The Company records a liability for potential tax assessments based on its estimate of the potential exposure. Due to the subjectivity and complex nature of the underlying issues, actual payments or assessments may differ from estimates. Income tax expense in future periods could be adjusted for the difference between actual payments and the Company's recorded liability based on its assessments and estimates.
- o **Revenue Recognition:**  
Revenues are recognized at the shipping date of the Company's products. The Company has historically adopted the shipping terms that title merchandise passes to the customer at the shipping point (FOB Shipping Point). At this juncture, title has passed, the Company has recognized the sale, inventory has been relieved, and the customer has been invoiced. The Company does not offer any discounts, credits or other sales incentives.

The Company's policy with respect to customer returns and allowances as well as product warranty is as follows:

The Company will accept a return of defective product within one year from shipment for repair or replacement at the Company's option. If the product is repairable, the Company at its own cost will repair and return it to the customer. If unrepairable, the Company will either offer an allowance against payment or will reimburse the customer for the total cost of the product.

Most of the Company's products are custom ordered by customers for a specific use. The Company provides engineering services as part of the relationship with its customers in developing the custom product. The Company is not obligated to provide such engineering service to its customers. The Company does not charge separately for these services.

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## IEH CORPORATION

### PART II

#### Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

o **Research & Development:**

The Company provides personalized engineering services to its customers by designing connectors for specific customer applications. The employment of electromechanical engineers is the anticipated cornerstone of the Company's future growth. The Company maintains a testing laboratory where its engineers experiment with new connector designs based on changes in technology and in an attempt to create innovative, more efficient connector designs.

The Company expended \$0 and \$15,000 for the years ended March 27, 2009 and March 28, 2008, respectively, on customer sponsored research and development activities relating to the development of new designs, techniques and the improvement of existing designs. The Company was fully reimbursed by its customers for this research.

#### Results of Operations

The following table sets forth for the periods indicated, percentages for certain items reflected in the financial data as such items bear to the revenues of the Company:

#### Relationship to Total Revenues

	March 27, 2009	March 28, 2008
	-----	-----
Operating Revenues (in thousands)	\$ 10,718	\$ 7,805
	-----	-----
Operating Expenses:		
(as a percentage of Operating Revenues)		
Costs of Products Sold	69.3%	70.8%
Selling, General and Administrative	15.3%	16.4%
Interest Expense	.6%	2.3%
Depreciation and amortization	1.6%	2.5%
	-----	-----
TOTAL COSTS AND EXPENSES	86.8%	92.0%
	-----	-----
Operating Income (loss)	13.2%	8.0%
Other Income	--	--
	-----	-----
Income (loss) before Income Taxes	13.2%	8.0%
Income Taxes	(6.0%)	(.3%)

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Net Income (loss)	7.2%	7.7%
	=====	=====

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IEH CORPORATION

PART II

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

Results of Operations (continued)

Year End Results: March 27, 2009 vs. March 28, 2008

Operating revenues for the year ended March 27, 2009 amounted to \$10,717,543 reflecting a 37.3% increase versus the year ended March 28, 2008 revenues of \$7,805,443. The increase in revenues is a direct result of an increase in defense and commercial sales.

The Company is primarily a manufacturer and its products are essentially basic components of larger assemblies of finished goods. Approximately 96% of the Company's net sales for the fiscal years ended March 27, 2009 and March 28, 2008, respectively, were made directly to manufacturers of finished products with the balance of the Company's products sold to distributors.

Distributors often purchase connectors for customers who do not require large quantities of connectors over a short period of time but rather require small allotments of connectors over an extended period of time.

For the fiscal year ended March 27, 2009, three of the Company's customers accounted for approximately 26% of total sales. Each of those customer accounted for approximately 9% of sales.

The Company currently employs 15 independent sales representatives to market its products in all regions of the United States. These sales representatives accounted for approximately 94% of the Company's sales, with the balance of sales being generated by direct customer contact.

For the fiscal year ended March 27, 2009, the Company's principal customers included manufacturers of commercial electronic products, military defense contractors and distributors who service these markets. Sales to the commercial electronic and government markets comprised 30% and 69%, respectively, of the Company's net sales for the year ended March 27, 2009 and 28% and 71% for the year ended March 28, 2008 respectively. Approximately 1% of net sales were made to international customers.

Cost of products sold amounted to \$7,425,771 for the fiscal year ended March 27, 2009, or 69.3% of operating revenues. This reflected a \$1,899,296 or 34.4% increase in the cost of products sold from \$5,526,475 or 70.8% of operating revenues for the fiscal year ended March 28, 2008. This increase is due primarily to the increased cost of production associated with the increase in defense and commercial sales.

Selling, general and administrative expenses were \$1,643,083 and \$1,277,924 or 15.3% and 16.4% of operating revenues for the fiscal years

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ended March 27, 2009 and March 28, 2008, respectively. This category of expense increased by \$365,159 or 28.6% from the prior year. The increase can be attributed to an increase in salaries, commissions and travel. Additionally a workers compensation assessment of \$101,362 was recorded during the current fiscal year.

Interest expense was \$66,681 for the fiscal year ended March 27, 2009 or .6% of operating revenues. For the fiscal year ended March 28, 2008, interest expense was \$177,675 or 2.3% of operating revenues. The decrease of \$110,994 or 62.5% reflects the interest payments made during the year ended March 28, 2008, as part of the settlement with the UAW Local 259 pension fund which amounted to \$85,052.

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### IEH CORPORATION

#### PART II

#### Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

##### Results of Operations (continued)

Year End Results: March 27, 2009 vs. March 28, 2008 (continued)

Depreciation and amortization of \$172,658 or 1.6% of operating revenues was reported for the fiscal year ended March 27, 2009. This reflects a decrease of \$25,242 or 12.8% from the prior year ended March 28, 2008 of \$197,900 or 2.5% of operating revenues. The decrease is due primarily to capital assets being fully depreciated over the current fiscal year.

The Company reported net income of \$768,003 for the year ended March 27, 2009 representing basic earnings of \$.33 per share as compared to net income of \$603,865 or \$.26 per share for the year ended March 28, 2008. The increase in net income for the current year can be attributed primarily to the reported increase in defense and commercial sales.

##### Liquidity and Capital Resources

The Company reported working capital of \$3,115,072 as of March 27, 2009 compared to a working capital of \$1,890,722 as of March 28, 2008. The increase in working capital of \$1,224,350 was attributable to the following items:

Net income	\$ 768,003
Depreciation and amortization	172,658
Capital expenditures	(184,539)
Other transactions	468,228
	-----
	\$1,224,350
	=====

As a result of the above, the current ratio (current assets to current liabilities) was 3.69 to 1 at March 27, 2009 as compared to 2.42 to 1.0 at March 28, 2008. Current liabilities at March 27, 2009 were \$1,158,972 compared to \$1,329,138 at March 28, 2008.

The Company reported \$184,539 in capital expenditures for the year ended March 27, 2009 and reported depreciation of \$172,658 for the year ended



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March 27, 2009.

The net income of \$768,003 for the year ended March 27, 2009 resulted in an increase in stockholders' equity to \$3,855,888 as compared to stockholders' equity of \$3,087,885 at March 28, 2008.

The Company has an accounts receivable financing agreement with a factor, which bears interest at 2.5% above prime with a minimum of 12% per annum. At March 27, 2009 the amount outstanding with the factor was \$454,723 as compared to \$513,378 at March 28, 2008. The loan is secured by the Company's accounts receivables and inventories. The factor provides discounted funds based upon the Company's accounts receivables, these funds provide the primary source of working capital for operations.

In the past two fiscal years, management has been reviewing its collection practices and policies for outstanding receivables and has revised its collection procedures to a more aggressive collection policy. As a consequence of this new policy the Company's experience is that its customers have been remitting payments on a more consistent and timely basis. The Company reviews the collectability of all

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IEH CORPORATION

PART II

### Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

#### Liquidity and Capital Resources (continued)

accounts receivable on a monthly basis. The reserve is less than 2% of average gross accounts receivable and is considered to be conservatively adequate.

One of the Company's officers has periodically loaned the Company money on a non-interest bearing basis in order to finance working capital requirements. As of March 28, 2008, the amount due this officer was \$17,000.

During the year ended March 27, 2009 the Company had repaid the remaining balance due to this officer.

The Company has a collective bargaining multi-employer plan ("Multi-Employer Plan") with the United Auto Workers of America, Local 259. Contributions are made in accordance with a negotiated labor contract and are based on the number of covered employees employed per month.

With the passage of the 1990 Act the Company may become subject to liabilities in excess of contributions made under the collective bargaining agreement. Generally, these liabilities are contingent upon the termination, withdrawal, or partial withdrawal from the Multi-Employer Plan. The Company has not taken any action to terminate, withdraw or partially withdraw from the Multi-Employer Plan nor does it intend to do so in the future. Under the 1990 Act, liabilities would be based upon the Company's proportional share of such Plan's unfunded vested benefits, which is currently not available. The amount of

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accumulated benefits and net assets of such Plan also is not currently available to the Company. The total contributions charged to operations under such Plan were \$101,695 for the year ended March 27, 2009 and \$80,667 for the year ended March 28, 2008.

On September 15, 2008, the Company was notified by the State of New York Workers' Compensation Board (the "Board") that the Trade Industry Workers' Compensation Trust for Manufacturers (the "Trust") had defaulted. As a member of this self-insured group, the Company was assessed on an estimated basis by the Board for its allocable share necessary to discharge all liabilities of the Trust.

The assessed amount for the years 2002 through 2006 was \$101,362. The assessed amount for each year is detailed as follows:

2002	\$ 16,826
2003	24,934
2004	31,785
2005	14,748
2006	13,069
----	-----
	\$101,362
	=====

The Company did have the option of paying this assessment as a lump sum amount or paying off the assessment over a 60 month period. The Company has elected the deferral option, and is making monthly payments of \$1,689 for 59 months, and \$1,711 for the 60th and final month. The Company has recorded this assessment as a charge to Cost of Sales in the quarter ended December 26, 2008. As of March 27, 2009, the current portion of this assessment liability was \$20,268 and the long-term portion was \$67,579.

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IEH CORPORATION

PART II

### Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

#### Liquidity and Capital Resources (continued)

The estimated assessment pertains to the years 2002 through 2006. The Company was advised that there may be an additional assessment for the year 2007 and that the estimated assessments for the year 2002 through 2006 are subject to additional review and adjustment.

On September 21, 2001 the Company's shareholders approved the adoption of the Company's 2002 Employees Stock Option Plan to provide for the grant of options to purchase up to 750,000 shares of the Company's common stock to all employees, including senior management. No options have been granted under the Employee Option Plan to date.

Options granted to employees under this plan may be designated as options which qualify for incentive stock option treatment under Section 422A of the Internal Revenue Code, or option which do not so qualify. Under this plan, the exercise price of an option designated as an Incentive Stock Option shall not be less than the fair market value of

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the Company's common stock on the day the option is granted.

In the event an option designated as an incentive stock option is granted to a ten percent (10%) share holder, such exercise price shall be at least 110 Percent (110%) of the fair market value or the Company's common stock and the option must not be exercisable after the expiration of five years from the day of the grant. Exercise prices of non-incentive stock options may be less than the fair market value of the Company's common stock. The aggregate fair market value of shares subject to options granted to its participants, which are designated as incentive stock options, and which become exercisable in any calendar year, shall not exceed \$100,000. As of March 27, 2009, no options had been granted under the Employee Option Plan.

In 1987, the Company adopted a cash bonus plan ("Cash Bonus Plan") for Executive Officers. Contributions to the Cash Bonus Plan are made by the Company only after pre-tax operating profits exceed \$150,000 for a fiscal year, and then to the extent of 10% of the excess of the greater of \$150,000 or 25% of pre-tax operating profits. For the year ended March 27, 2009, the contribution was \$121,000. For the year ended March 28, 2008, the contribution was \$59,500.

### Effects of Inflation

The Company does not view the effects of inflation to have a material effect upon its business. Increases in costs of raw materials and labor costs have been offset by increases in the price of the Company's products, as well as reductions in costs of production, reflecting management's efforts in this area. While the Company has in the past increased its prices to customers, it has maintained its relatively competitive price position. However, significant decreases in government and military subcontractor spending, has provided excess production capacity in the industry, which in turn has tightened pricing margins.

### Off Balance Sheet Arrangements

The Company does not have any off balance sheet arrangements within the meaning of Item 303 of Regulation S-B.

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IEH CORPORATION

### PART II

#### Item 7A. Quantitative and Qualitative Disclosure About Market Risk

We are a "smaller reporting company" as defined by Regulation S-K and as such, are not required to provide the information contained in this item pursuant to Regulation S-K.

#### Item 8. Financial Statements

See Index to Financial Statements attached hereto appearing at pages 29 to 47.

#### Item 9. Changes In and Disagreements With Accountants on Accounting and Financial Disclosure

None.

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### Item 9A. Controls and Procedures

#### Evaluations of Disclosure Controls and Procedures

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) within 90 days of the filing of this report. Based upon that evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that as of the end of the period covered by this report the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the reports that we file and submit under the 1934 Act is (i) recorded, processed, summarized and reported as and when required and (ii) accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely discussions regarding disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an assessment of the effectiveness of our internal control over financial reporting based upon the framework in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based upon assessment, our management concluded that our internal control over financial reporting is effective as of March 27, 2009.

#### Management's Report on Internal Control over Financial Reporting

Our management, under the supervision of our Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the 1934 Act). Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The company's internal control over financial reporting includes those policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

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IEH CORPORATION

PART II

Item 9A. Controls and Procedures (continued)

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### Management's Report on Internal Control over Financial Reporting (continued)

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Management, including our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of our internal control over financial reporting as of March 27, 2009. In making this evaluation, management used the framework in Internal Control--Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on our evaluation under the framework in Internal Control--Integrated Framework, our management has concluded that our internal control over financial reporting was effective as of March 27, 2009.

This report does not include an attestation report of our independent registered public accounting firm regarding our internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to temporary rules of the SEC that permit us to provide only management's report in this annual report.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Changes in Internal Control over Financial Reporting

There was no change in our system of internal control over financial reporting (as defined in Rule 13a-15(f) under the 1934 Act) during our fiscal year ended March 27, 2009 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

#### Inherent Limitations on Effectiveness of Controls

We do not expect that internal controls over financial reporting will prevent all errors or all instances of fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within its company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override

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of the controls. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and any design may not succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures. Because of the inherent limitation of a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

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### IEH CORPORATION

#### PART II

##### Item 9A. Controls and Procedures (continued)

Management's Report on Internal over Financial Controls (continued)

Other Information Related to Internal Controls Historically, the Company has relied upon the entire Board of Directors in appointing the Company's independent auditors and reviewing the financial condition and statements of the Company. Given the relatively small size of the Company's operations and revenues, the Board has not believed that appointing an independent committee was a necessity.

Additionally, in response to the passage of the Sarbanes-Oxley Act of 2002, our Board of Directors and management have adopted a Code of Ethics and have instituted a periodic review by members of our management team to assist and guide the disclosure process. The Board has also determined to periodically review and develop policies and procedures to enhance our disclosure controls and procedures as well as with reviewing our periodic reports and other public disclosures.

##### Item 9B. Other Information

None.

#### PART III

##### Item 10. Directors, Executive Officers and Corporate Governace

The executive officers and directors of the Company are as follows:

Name	Age	Office
Michael Offerman	68	Chairman of the Board of Directors, President and Chief Executive Officer
Robert Knoth	67	Chief Financial Officer, Controller, Secretary and Treasurer
Murray Sennet	86	Director
Allen Gottlieb	68	Director
Gerald E. Chafetz	66	Director

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IEH's Certificate of Incorporation provides that the directors of the Company are to be elected in two (2) classes; each class to be elected to a staggered two (2) year term and until their successors are duly elected and qualified. Prior to May 26, 2009, the Board of Directors consisted of three (3) members divided into two classes with two Class I Members (Messrs. Offerman and Sennet) and one Class II Member (Mr. Gottlieb). On May 26, 2009, the Board of Directors unanimously voted to increase the number of directors from three to four directors and elected Gerald E. Chafetz as a Class II Member. The Class II Members of the Board of Directors are scheduled to be elected at the Company's 2009 Annual Meeting. Mr. Chafetz will serve on the Board of Directors for the balance of the term of Class II Members or until his successor is elected and qualified. All officers serve at the discretion of the Board of Directors.

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### IEH CORPORATION

#### PART III

#### Item 10. Directors, Executive Officers and Corporate Governance (continued)

##### Executive Officers and Directors

Michael Offerman. Michael Offerman has been a member of the Board of Directors since 1973. In May 1987, Mr. Offerman was elected President and Chief Executive Officer of the Company and has held that position since that date. Prior to his becoming President, Mr. Offerman served as Executive Vice-President of the Company.

Robert Knoth. Robert Knoth joined the Company as Controller in January 1990 and was elected Treasurer of the Company in March 1990. Mr. Knoth was elected as Secretary of the Company in September 1992 and Mr. Knoth has held these positions since said dates. From 1986 to January 1990, Mr. Knoth was employed as controller by G&R Preuss, Inc., a company engaged in the business of manufacturing truck bodies and accessories.

Murray Sennet. Murray Sennet has been a member of the Company's Board of Directors since 1970. Mr. Sennet was the Secretary and the Treasurer of the Company at the time of his retirement in April 1986.

Allen Gottlieb. Allen Gottlieb has been a member of the Company's Board of Directors since 1992. Mr. Gottlieb has been an attorney in private practice for over five (5) years.

Gerald Chafetz. Mr. Chafetz, 66, has been the President of Capitol City Companies since 1989. Capitol City Companies is a property management and home improvement business headquartered in Hartford, Connecticut. Prior to founding Capitol City Companies, he had an extended 22-year executive career in the textile industry with several knitwear and high fashion manufacturers, including Arista Knitwear, Berwick Fashion Knitwear and Bege-d-or Knitwear. Mr. Chafetz graduated from the University of Hartford in 1965 with a Bachelor of Science degree in business.

##### Significant Employees

Joan Prideaux joined the Company in April 1994, as Director of Sales and Marketing. Joan has been in the connector business over 30 years

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and brings this experience to IEH. Prior to joining us, she was employed by Automatic Connector as Director of Sales.

Mark Iskin is the Director of Purchasing, a position he has held since September 2000. Prior to joining the Company, Mark worked as a materials and purchasing specialist, in manufacturing and distribution companies. In his last position with an industrial distributor, he was responsible for purchasing and managing vendors for the cutting tool section of the catalog. In addition he participated in setting up and developing the company's forecasting/planning software related to that department procedures.

David Offerman joined IEH in September 2004 as the National Sales Manager. Prior to joining IEH, David worked as an account executive and sales manager in the telecommunication industry. David is the son of Michael Offerman, President and Chief Executive Officer of the Company.

Robert Romeo serves as Vice President of Engineering for IEH; a post he has held since October 2005. Robert has corporate responsibility for engineering products and driving product enhancements to satisfy the demanding application requirements of IEH customers. In addition, Robert is tasked with engineering new product developments in the IEH connector offerings to broaden the market base of potential customers. These new connectors will introduce the traditional IEH quality and value to joining IEH, Robert worked for more than twenty years in

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IEH CORPORATION

PART III

### Item 10. Directors, Executive Officers and Corporate Governance (continued)

#### Significant Employees (continued)

positions of increasing responsibility for major national manufacturers of electrical and electronic goods for residential, industrial, government and OEM markets.

Paul Tzetzos joined IEH in November, 2005 as a Quality Assurance Director. Paul has over 20 years of experience in the field of Quality Assurance; with the last 15 years as Director/Manager. A degreed Engineer; with diversified knowledge in developing, implementing, maintaining, and improving Quality Systems, such as, ISO 9001:2000, EECS, MIL-Q-9858A, ETC. A certified Lead and Internal Auditor, Paul has a great deal of knowledge concerning military and industry specifications and standards.

#### Compliance with Section 16(a) of 1934 Act

Section 16(a) of the 1934 Act requires the Company's directors and officers and persons who own, directly or indirectly, more than 10% of a registered class of the Company's common stock, to file with the SEC initial reports of ownership and reports of changes in ownership of our common stock.

Officers, directors and greater than 10% shareholders are required to furnish the Company with copies of all Section 16(a) reports that they file. Based solely on review of the copies of such reports received by the Company, the Company believes that filing requirements applicable



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to officers, directors and 10% shareholders were complied with during the 2008 fiscal year.

Director Independence; Meetings of Directors; Committees of the Board

Our Board of Directors currently consists of four individuals. Three of our directors (other than Michael Offerman) are "independent" as defined in the Marketplace Rules of The NASDAQ Stock Market. During the fiscal year ended March 27, 2009, our Board of Directors held one meeting and acted by unanimous written consent on two occasions.

Since the Board of Directors has historically and will in the immediate future consist of only a small number of directors, we have not formed any Board committees. All matters relating to audit, compensation, nominations and corporate governance are considered and acted only by the entire Board of Directors.

The Board did not adopt any modifications to the procedures by which security holders may recommend nominees to its Board of Directors.

### Item 11. Executive Compensation

The following table sets forth below the summary compensation paid or accrued by the Company during the fiscal years ended March 27, 2009, March 28, 2008, and March 30, 2007 for the Company's Chief Executive Officer and Chief Financial Officer:

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### IEH CORPORATION

#### PART III

### Item 11. Executive Compensation (continued)

Name and Principal Position	Year	Salary	Bonus	Other Annual Compensation	T
Michael Offerman, Chief Executive Officer, President (1)	March 27, 2009	\$158,500	\$35,000	0	\$19
	March 28, 2008	105,000	18,500	0	12
Robert Knoth, Chief Financial Officer	March 27, 2009	\$119,601	\$25,000	0	14
	March 28, 2008	84,002	14,600	0	9

(1) During the fiscal years ended March 27, 2009, March 28, 2008 and March 30, 2007, the Company provided automobile allowances to Mr. Offerman. This does not include the aggregate incremental cost to the Company of such automobile allowance.

(2) There are no employment agreements between the Company and members of its senior management, including the President and Chief Executive Officer, Michael Offerman.

Pension/Benefit Incentive Plan

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In 1964, the Company's shareholders and Board of Directors adopted the Salaried Pension Plan, a contributory pension plan effective April 1, 1964, for salaried employees of the Company. The Salaried Pension Plan as revised on April 1, 1987, provides for retirement benefits for qualified employees upon or prior to retirement.

For early retirement, employees are eligible to receive a portion of their retirement benefits, starting 10 years prior to the employees anticipated normal retirement age (age 65), if the employee has completed 15 years of service to the Company. The employee is eligible to receive reduced retirement benefits based on an actuarial table for a period not exceeding ten (10) years of his lifetime. In no event would benefits exceed \$12,000 per year.

For normal retirement at the age of sixty-five (65) the employee is entitled to receive full retirement benefits for a period not exceeding ten (10) years of his lifetime. If the employee should die prior to the ten-year period, his beneficiaries will continue to receive the full benefit for the remainder of the ten-year term. In no event will benefits exceed \$12,000 per year.

If payment is made on the "joint and survivor basis" as elected by the employee, benefits will be provided to both the employee and spouse on a reduced basis over the life of both the employee and his spouse. If the employee should die prior to the guaranteed ten year period, the spouse will receive the employee benefit for the remainder of the term, after which, the spouse will received the reduced spousal benefit for the life of the spouse. In no event will the benefits pursuant to the joint and survivor basis exceed \$12,000 per year.

### Cash Bonus Plan

In 1987, the Company adopted the Cash Bonus Plan for executive officers. Contributions to the Cash Bonus Plan are made by the Company only after pre-tax operating profits exceed \$150,000 for a fiscal year, and then to the extent of 10% of the excess of the greater of \$150,000 of 25% of pre-tax operating profits. For the fiscal year ended March 27, 2009 the contribution was \$121,000. The contribution for the fiscal year ended March 28, 2008 was \$59,500.

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IEH CORPORATION

PART III

### Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table sets forth certain information as of June 30, 2009 with respect to (i) the persons (including any "group" as that term is used in Section 13(d)(3) of the Securities Exchange Act of 1934), known by the Company to be the beneficial owner of more than five percent (5%) of any class of the Company's voting securities; (ii) each Executive Officer and Director who owns common stock in the Company; and (iii) all Executive Officers and Directors as a group. As of June 30, 2009 there were 2,303,468 shares of common stock issued and outstanding.

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Title of Class	Name and Address of Beneficial Owner	Amount of and Nature of Beneficial Ownership	Percentage
Common Stock \$.01 Par Value	Michael Offerman c/o IEH Corporation 140 58th Street Brooklyn, NY 11220	923,784 (1)	40%
	Murray Sennet c/o IEH Corporation 140 58th Street Brooklyn, NY 11220	24,500	1.1%
	Allen Gottlieb c/o IEH Corporation 140 58th Street Brooklyn, NY 11220	0	0
	Robert Knoth c/o IEH Corporation 140 58th Street Brooklyn, NY 11220	1,770	*
	Gerald E. Chafetz c/o IEH Corporation 140 58th Street Brooklyn, NY 11220	0	0
	All Officers & Directors as a Group (5 in number)		950,054

\* Less than 1%.

(1) 43,600 shares of common stock are jointly owned by Mr. Offerman and his wife, Gail Offerman.

All shares set forth above are owned directly by the named individual unless otherwise stated.

Item 13. Certain Relationships and Related Transactions

Other than the employment terms for its executive officers as described elsewhere in this Form 10-K, and as described below, there have been no related transactions between the Company, officers,

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IEH CORPORATION

PART III

Item 13. Certain Relationships and Related Transactions (continued)

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directors or shareholders holding in excess of 5% of its securities within the last three years.

One of the Company's officers has periodically loaned the Company money on a non-interest bearing basis in order to finance working capital requirements. As of March 28, 2008, the amount due this officer was \$17,000. During the year ended March 27, 2009, the Company had repaid the balance of this loan.

### Item 14. Principal Accountant Fees and Services

The Board of Directors of IEH has selected Jerome Rosenberg, CPA P.C. as the independent auditor of IEH for the fiscal year ending March 27, 2009. Shareholders are not asked to approve such selection because such approval is not required. The audit services provided by Jerome Rosenberg, CPA P.C. consist of examination of financial statements, services relative to filings with the SEC, and consultation in regard to various accounting matters. A member of Jerome Rosenberg, CPA P.C. is expected to be present at the next meeting of shareholders, will have the opportunity to make a statement if he so desires, and will be available to respond to appropriate questions.

**Audit Fees.** During the fiscal year ended March 27, 2009 and March 28, 2008, IEH paid an aggregate of \$36,600 and \$31,250, respectively, to Jerome Rosenberg, CPA P.C. for fees related to the audit of its financial statements.

**Audit Related Fees.** During the fiscal years ended March 27, 2009 and March 28, 2008, no fees were paid to Jerome Rosenberg, CPA P.C. with respect to financial systems design or implementation.

**Tax Fees.** During the fiscal years ended March 27, 2009 and March 28, 2008, the Company paid to Jerome Rosenberg CPA P.C. the sums of \$3,000 and \$3,000 for tax compliance, tax advice and tax planning services.

**All Other Fees.** During the fiscal year ended March 27, 2009, IEH did not pay any other fees for services to its independent auditor.

The Board of Directors has determined that the services provided by Jerome Rosenberg, CPA P.C. and the fees paid to it for such services during the fiscal year ended March 27, 2009 has not compromised the independence of Jerome Rosenberg, CPA P.C.

The Board of Directors of the Company is comprised of four persons. Due to the limited size and scope of the Company's operations which are limited to one office and the level of revenue and income, the Board of Directors has not established an Audit Committee. Further, as the Company's securities are not traded on any exchange or on Nasdaq, but solely are listed for quotations on the Over the Counter Bulletin Board, there is no requirement that an Audit Committee be established. The Board, as an entirety, approves that appointment of its independent auditor and the related work performed by the auditor for services which are not audit related. In its deliberations regarding approval of the independent auditor for auditing and other services, the Board reviews the auditor's history of representing the Company, the fees to be paid and paid historically, the level of performance provided by the auditor and the ability of the Company, given its lack of profits to obtain similar services for similar costs.

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IEH CORPORATION

PART III

Item 14. Principal Accountant Fees and Services (continued)

Consistent with SEC policies regarding auditor independence, the Board of Directors has responsibility for appointing, setting compensation and overseeing the work of the independent auditor. In recognition of this responsibility, the Board has established a policy to pre-approve all audit and permissible non-audit services provided by the independent auditor. Prior to engagement of the independent auditor for the next year's audit, management advises the Board of the audit and permissible non-audit services expected to be rendered during that year for each of the categories of services which may be provided by the independent auditor to the Board for approval. The primary categories of services expected to be provided by the independent auditor are as described in the fee table set forth above. In addition, management will also provide to the Board for its approval a fee proposal for the services proposed to be rendered by the independent auditor. Prior to the engagement of the independent auditor, the Board will approve both the description of audit and permissible non-audit services proposed to be rendered by the independent auditor and the budget for all such services. The fees are budgeted and the Board requires the independent auditor and management to report actual fees versus the budget periodically throughout the year by category of service.

During the year, circumstances may arise when it may become necessary to engage the independent auditor for additional services not contemplated in the original pre-approval. In those instances, the Board requires separate pre-approval before engaging the independent auditor.

PART IV

Item 15. Exhibits

Exhibits filed with Form 10-K:

31.1 Certifications of Chief Executive Officer pursuant to Section 17 CFR 240.13a-14(a) or 17 CFR 240.15d-14(a) pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certifications of Chief Accounting Officer pursuant to Section 17 CFR 240.13a-14(a) or 17 CFR 240.15d-14(a) pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certifications by Chief Executive Officer and Chief Financial Officer, pursuant to 17 CFR 240.13a-14(b) or 17 CFR 240.15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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IEH CORPORATION

March 27, 2009 and March 28, 2008

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### Report of Independent Registered Public Accounting Firm

-----

Board of Directors  
IEH Corporation

We have audited the accompanying balance sheets of IEH Corporation as of March 27, 2009 and March 28, 2008 and the related statements of operations, stockholders' equity, and cash flows for each of the two years in the periods ended March 27, 2009 and March 28, 2008. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based upon our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of IEH Corporation as of March 27, 2009 and March 28, 2008 and the results of its operations and its cash flows for

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each of the two years ended March 27, 2009 and March 28, 2008 in conformity with U.S. generally accepted accounting principles.

/s/Jerome Rosenberg CPA, P.C.  
Jerome Rosenberg CPA, P.C.  
Melville, New York  
June 9, 2009

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### IEH CORPORATION

#### BALANCE SHEETS

As of March 27, 2009 and March 28, 2008

	March 27, 2009	March 28, 2008
	-----	-----
ASSETS		
CURRENT ASSETS:		
Cash	\$ 169,316	\$ 29,136
Accounts receivable, less allowances for doubtful accounts of \$11,562 at March 27, 2009 and March 28, 2008	1,830,668	1,180,220
Inventories (Note 2)	2,248,140	1,986,367
Prepaid expenses and other current assets (Note 3)	25,920	24,137
	-----	-----
Total Current Assets	4,274,044	3,219,860
	-----	-----
PROPERTY, PLANT AND EQUIPMENT, less accumulated depreciation and amortization of \$6,927,669 at March 27, 2009 and \$6,756,178 at March 28, 2008 (Note 4)	1,183,427	1,172,379
	-----	-----
	1,183,427	1,172,379
	-----	-----
OTHER ASSETS:		
Other assets	24,968	24,784
	-----	-----
	24,968	24,784
	-----	-----
Total Assets	\$5,482,439	\$4,417,023
	=====	=====

The accompanying notes and independent auditors' report should be read in conjunction with the financial statements.

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IEH CORPORATION

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## BALANCE SHEETS

As of March 27, 2009 and March 28, 2008

	March 27, 2009	March 28, 2008
	-----	-----
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts receivable financing (Note 5)	\$ 454,723	\$ 513,37
Loans payable- officers (Note 7)	--	17,00
Accrued corporate income taxes	257,294	22,10
Accounts payable	548,948	584,93
Workers compensation insurance assessments- current portion (Note 9)	20,268	-
Other current liabilities (Note 6)	277,739	191,71
	-----	-----
Total Current Liabilities	1,558,972	1,329,13
	-----	-----
<b>LONG-TERM LIABILITIES:</b>		
Workers compensation insurance assessments- net of current portion (Note 9)	67,579	-
	-----	-----
Total Long-Term Liabilities	67,579	-
	-----	-----
Total Liabilities	1,626,551	1,329,13
	-----	-----
<b>STOCKHOLDERS' EQUITY:</b>		
Common Stock, \$.01 par value; 10,000,000 shares authorized; 2,303,468 shares issued and outstanding at March 27, 2009 and March 28, 2008	23,035	23,03
Capital in excess of par value	2,744,573	2,744,57
Retained earnings (Deficit)	1,088,280	320,27
	-----	-----
Total Stockholders' Equity	3,855,888	3,087,88
	-----	-----
Total Liabilities and Stockholders' Equity	\$5,482,439	\$4,417,02
	=====	=====

The accompanying notes and independent auditors' report should be read in conjunction with the financial statements.

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IEH CORPORATION

STATEMENT OF OPERATIONS

For the Years Ended March 27, 2009 and March 28, 2008



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	Years Ended	
	March 27, 2009	March 28, 2008
REVENUE, net sales (Note 14)	\$ 10,717,543	\$ 7,805,443
COSTS AND EXPENSES:		
Cost of products sold	7,425,771	5,526,475
Selling, general and administrative	1,643,083	1,277,924
Interest expense	66,681	177,675
Depreciation and amortization	172,658	197,900
	9,308,193	7,179,974
OPERATING INCOME	1,409,350	625,469
OTHER INCOME	753	475
INCOME BEFORE INCOME TAXES	1,410,103	625,944
PROVISION FOR INCOME TAXES	(642,100)	(22,079)
NET INCOME	\$ 768,003	\$ 603,865
BASIC AND DILUTED EARNINGS PER COMMON SHARE (Note 1)	\$ .33	\$ .26
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING (IN THOUSANDS)	2,303	2,303

The accompanying notes and independent auditors' report should be read in conjunction with the financial statements.

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IEH CORPORATION

STATEMENT OF STOCKHOLDERS' EQUITY

For the Years Ended March 27, 2009 and March 28, 2008

Common Stock		Capital in Excess of Par Value	Retained Earnings (Deficit)	Total
Shares	Amount			
-----	-----	-----	-----	-----

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Balances, March 31, 2007	2,303,468	\$ 23,035	\$ 2,744,573	\$ (283,588)	\$ 2,484,020
Net income: year ended March 28, 2008	--	--	--	603,865	603,865
Balances, March 28, 2008	2,303,468	\$ 23,035	\$ 2,744,573	\$ 320,277	\$ 3,087,885
Net income: year ended March 27, 2009	--	--	--	768,003	768,003
Balances, March 27, 2009	2,303,468	\$ 23,035	\$ 2,744,573	\$ 1,088,280	\$ 3,855,888

The accompanying notes and independent auditors' report should be read in conjunction with the financial statements.

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IEH CORPORATION

STATEMENT OF CASH FLOWS  
Increase (Decrease) in Cash

For the Years Ended March 27, 2009 and March 28, 2008

	Years Ended	
	March 27, 2009	March 28, 2008
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 768,003	\$ 603,865
	-----	-----
Adjustments to reconcile net income to net cash provided (used) by operating activities		
Depreciation and amortization	172,658	197,900
Changes in assets and liabilities:		
(Increase) in accounts receivable	(650,448)	(198,649)
(Increase) in inventories	(261,773)	(412,735)
(Increase) in prepaid expenses and other current assets	(1,783)	(12,757)
(Increase) decrease in other assets	(184)	314
(Decrease) in accounts payable	(35,157)	(3,866)
Increase in other current liabilities	86,020	43,544
Increase in accrued corporate income taxes	235,191	16,303
(Decrease) in pension plan payable	--	(20,000)
Increase in workers compensation insurance assessment	87,847	--
	-----	-----
Total adjustments	(367,629)	(389,946)
	-----	-----

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NET CASH PROVIDED BY OPERATING ACTIVITIES	400,374	213,919
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property, plant and equipment	(184,539)	(178,023)
	-----	-----
NET CASH (USED) BY INVESTING ACTIVITIES	\$ (184,539)	\$ (178,023)
	-----	-----

The accompanying notes and independent auditors' report should be read in conjunction with the financial statements.

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IEH CORPORATION

STATEMENT OF CASH FLOWS  
Increase (Decrease) in Cash

For the Years Ended March 27, 2009 and March 28, 2008

	March 27, 2009	March 28, 2008
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on notes payable, equipment	\$ --	\$ (3,659)
Proceeds (repayment) from accounts receivable financing	(58,655)	35,991
(Repayment) of loans payable - officers	(17,000)	(74,000)
	-----	-----
NET CASH (USED) BY FINANCING ACTIVITIES	(75,655)	(41,668)
	-----	-----
INCREASE (DECREASE) IN CASH	140,180	(5,772)
CASH, beginning of period	29,136	34,908
	-----	-----
CASH, end of period	\$ 169,316	\$ 29,136
	=====	=====
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest	\$ 62,015	\$ 169,814
	=====	=====
Income Taxes	\$ 407,209	\$ 6,966
	=====	=====

The accompanying notes and independent auditors' report should be read in conjunction with the financial statements.

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IEH CORPORATION

## NOTES TO FINANCIAL STATEMENTS

### Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

#### Description of Business:

The Company is engaged in the design, development, manufacture and distribution of high performance electronic printed circuit connectors and specialized interconnection devices. Electronic connectors and interconnection devices are used in providing electrical connections between electronic component assemblies. The Company develops and manufactures connectors, which are designed for a variety of high technology and high performance applications, and are primarily utilized by those users who require highly efficient and dense (the space between connection pins with the connector) electrical connections.

The Company is continuously redesigning and adapting its connectors to meet and keep pace with developments in the electronics industry and has, for example, developed connectors for use with flex-circuits now being used in aerospace programs, computers, air-borne communications systems, testing systems and other areas. The Company also services its connectors to meet specified product requirements.

#### Accounting Period:

The Company maintains an accounting period based upon a 52-53 week year, which ends on the nearest Friday in business days to March 31st. The years ended March 27, 2009 and March 28, 2008 were comprised of 52 weeks.

#### Revenue Recognition:

Revenues are recognized at the shipping date of the Company's products. The Company has historically adopted the shipping terms that title merchandise passes to the customer at the shipping point (FOB Shipping Point). At this juncture, title has passed, the Company has recognized the sale, inventory has been relieved, and the customer has been invoiced. The Company does not offer any discounts, credits or other sales incentives.

The Company's policy with respect to customer returns and allowances as well as product warranty is as follows:

The Company will accept a return of defective product within one year from shipment for repair or replacement at the Company's option. If the product is repairable, the Company at its own cost will repair and return to the customer. If unrepairable, the Company will either offer an allowance against payment or will reimburse the customer for the total cost of product.

Most of the Company's products are custom ordered by customers for a specific use. The Company provides engineering services as part of the relationship with its customers in developing the custom product. The Company is not obligated to provide such engineering service to its customers. The Company does not charge separately for these services.

IEH CORPORATION

NOTES TO FINANCIAL STATEMENTS

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Inventories:

Inventories are stated at cost, on a first-in, first-out basis, which does not exceed market value.

The Company manufactures products pursuant to specific technical and contractual requirements. The Company historically purchases material in excess of its requirements to avail itself of favorable pricing as well as the possibility of receiving additional orders from customers. This excess may result in material not being used in subsequent periods, which may result in this material being deemed obsolete.

The Company annually reviews its purchase and usage activity of its inventory of parts as well as work in process and finished goods to determine which items of inventory have become obsolete within the framework of current and anticipated orders. The Company based upon historical experience has determined that if a part has not been used and purchased or an item of finished goods has not been sold in three years, it is deemed to be obsolete. The Company estimates which materials may be obsolete and which products in work in process or finished goods may be sold at less than cost. A periodic adjustment, based upon historical experience is made to inventory in recognition of this impairment.

Concentration of Credit Risk:

Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable.

Under the provisions of the Emergency Stabilization Act of 2008, the Federal Deposit Insurance Corporation (FDIC) will insure interest bearing accounts at participating financial institutions up to \$250,000 in the aggregate. This insurance coverage limit was recently extended through December 31, 2013.

An additional provision of the Act provided for the FDIC to establish the Transaction Account Guarantee Program ("TAGP"). Under TAGP all non-interest bearing transaction accounts are fully guaranteed by the FDIC for the entire amount in the account. Coverage under TAGP is in addition to and separate from the coverage available under the FDIC's general deposit insurance rules. This insurance coverage is scheduled to end on December 31, 2009, whereupon, coverage will be limited to \$250,000 in the aggregate.

As of March 27, 2009, the Company had funds on deposit in the amount of \$169,316 in one participating financial institution comprised of the following:

Non-interest bearing accounts	\$ 23,640
Interest bearing account	145,676

-----  
\$169,316  
=====

The Company has not experienced any losses in such accounts and believes its cash balances are not exposed to any significant risk.

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IEH CORPORATION

NOTES TO FINANCIAL STATEMENTS

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Property, Plant and Equipment:

Property, plant and equipment is stated at cost less accumulated depreciation and amortization. The Company provides for depreciation and amortization using the Double Declining Balance method over the estimated useful lives (5-7 years) of the related assets.

Maintenance and repair expenditures are charged to operations, and renewals and betterments are capitalized. Items of property, plant and equipment, which are sold, retired or otherwise disposed of, are removed from the asset and accumulated depreciation or amortization account. Any gain or loss thereon is either credited or charged to operations.

Income Taxes:

The Company follows the policy of treating investment tax credits as a reduction in the provision for federal income tax in the year in which the credit arises or may be utilized. Deferred income taxes arise from temporary differences resulting from different depreciation methods used for financial and income tax purposes. The Company has adopted Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes".

Net Income Per Share:

The Company has adopted the provisions of SFAS No. 128, "Earnings Per Share", which requires the disclosure of "basic" and "diluted" earnings (loss) per share. Basic earnings per share is computed by dividing net income by the weighted average number of common shares outstanding during each period. Diluted earnings per share is similar to basic earnings per share except that the weighted average number of common shares outstanding is increased to reflect the dilutive effect of potential common shares, such as those issuable upon the exercise of stock or warrants, as if they had been issued. For the years ended March 27, 2009 and March 28, 2008, there were no items of potential dilution that would impact on the computation of diluted earnings or loss per share.

Fair Value of Financial Instruments:

The carrying value of the Company's financial instruments, consisting of accounts receivable, accounts payable, and borrowings, approximate their fair value due to the relatively short maturity

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(three months) of these instruments.

### Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and disclosure of contingent assets and liabilities at the date of the financial statements. Actual amounts could differ from those estimates.

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## IEH CORPORATION

### NOTES TO FINANCIAL STATEMENTS

#### Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

##### Impairment of Long-Lived Assets:

SFAS No. 144, "Accounting For The Impairment of Long-Lived Assets And Long-Lived Assets To Be Disposed Of", requires that long-lived assets and certain identifiable intangibles to be held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company has adopted SFAS No. 144. There were no long-lived asset impairments recognized by the Company for the years ended March 27, 2009 and March 28, 2008.

##### Reporting Comprehensive Income:

The Company has adopted the provisions of SFAS No. 130, "Reporting Comprehensive Income". This statement established standards for reporting and display of comprehensive income and its components (revenues, expenses, gains and losses) in an entity's financial statements. This Statement requires an entity to classify items of other comprehensive income by their nature in a financial statement and display the accumulated balance of other comprehensive income separately from retained earnings and additional paid-in capital in the equity section of a statement of financial position. There were no material items of comprehensive income to report for the years ended March 27, 2009 and March 28, 2008.

##### Segment Information:

The Company has adopted the provisions of SFAS No. 131, "Disclosures About Segment of An Enterprise and Related Information." This Statement requires public enterprises to report financial and descriptive information about its reportable operating segments and establishes standards for related disclosures about product and services, geographic areas, and major customers. The adoption of SFAS No. 131 did not affect the Company's presentation of its results of operations or financial position.

##### Research and Development:

The Company provides personalized engineering services to its customers by designing connectors for specific customer applications. The employment of electromechanical engineers is the

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anticipated cornerstone of the Company's future growth. The Company maintains a testing laboratory where its engineers experiment with new connector designs based on changes in technology and in an attempt to create innovative, more efficient connector designs.

The Company expended \$0 and \$15,000 for the years ended March 27, 2009 and March 28, 2008, respectively, on customer sponsored research and development activities relating to the development of new designs, techniques and the improvement of existing designs. The Company was fully reimbursed by its customers for this research.

### Effect of New Accounting Pronouncements:

Effective April 1, 2007, the Company adopted the provisions of Financial Accounting Standards Board Interpretation No.48 ("FIN 48"), "Accounting for Uncertainty in Income Taxes- an interpretation of FASB Statement No. 109", which clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements in accordance with FASB Statement No.109, "Accounting for Income Taxes". FIN 48 prescribes a recognition threshold and

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### IEH CORPORATION

#### NOTES TO FINANCIAL STATEMENTS

#### Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

measurement attribute for the financial statement disclosures of tax positions taken or expected to be taken in an income tax filing. The evaluation of a tax position is a two step process. The first step requires an entity to determine whether it is more likely than not that a tax position will be sustained upon examination based upon the technical merits of the position. The second step requires an entity to recognize in the financial statements each tax position that meets the more likely than not criteria, measured at the largest amount of benefit that has a greater than fifty percent likelihood of being recognized. FIN 48 also provides guidance on de-recognition, classification, interest and penalties, accounting for interim periods, disclosure and transition.

The Company believes that with its adoption of FIN 48, that the income tax positions taken by it did not have a material effect on the financial statements for the year ended March 27, 2009.

In December 2006, the FASB issued SFAS No. 157, "Fair Value Measurements", which enhances existing guidance for measuring assets and liabilities using fair value. This Standard provides a single definition of fair value, together with a framework for measuring it, and requires additional disclosure about the use of fair value to measure assets and liabilities. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The Company does not believe that SFAS No. 157 will have a material impact on its financial statements.

In February 2007, the FASB issued SFAS No. 159 ("SFAS 159") "The Fair Value Option for Financial Assets and Financial Liabilities", providing companies with an option to report selected financial



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assets and liabilities at fair value. The Standard's objective is to reduce both complexity in accounting for financial instruments and the volatility in earnings caused by measuring related assets and liabilities differently. It also requires entities to display the fair value of those assets and liabilities for which the Company has chosen to use fair value on the face of the balance sheet. SFAS 159 is effective for fiscal years beginning after November 15, 2007. The Company does not believe that SFAS No. 159 will have a material impact on its financial statements.

### Note 2 - INVENTORIES:

Inventories are stated at cost, on a first-in, first-out basis, which does not exceed market value.

The Company manufactures products pursuant to specific technical and contractual requirements. The Company historically purchases material in excess of its requirements to avail itself of favorable pricing as well as the possibility of receiving additional orders from customers. This excess may result in material not being used in subsequent periods, which may result in this material being deemed obsolete.

The Company annually reviews its purchase and usage activity of its inventory of parts as well as work in process and finished goods to determine which items of inventory have become obsolete within the framework of current and anticipated orders. The Company based upon historical experience has determined that if a part has not been used and purchased or an item of finished goods has not been sold in three years, it is deemed to be obsolete. The Company estimates which materials may be obsolete and which products in work in process or finished goods may be sold at less than cost. A periodic adjustment, based upon historical experience is made to inventory in recognition of this impairment.

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### IEH CORPORATION

#### NOTES TO FINANCIAL STATEMENTS

### Note 2 - INVENTORIES: (continued)

Inventories are comprised of the following:

	March 27, 2009	March 28, 2008
	-----	-----
Raw materials	\$ 1,049,537	\$ 927,774
Work in progress	533,226	788,519
Finished goods	665,377	270,074
	-----	-----
	\$ 2,248,140	\$ 1,986,367
	=====	=====

### Note 3 - PREPAID EXPENSES AND OTHER CURRENT ASSETS:

Prepaid expenses and other current assets are comprised of the

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following:

	March 27, 2009	March 28, 2008
	-----	-----
Prepaid insurance	\$ 13,649	\$ 16,348
Prepaid corporate taxes	7,681	7,681
Other current assets	4,590	108
	-----	-----
	\$ 25,920	\$ 24,137
	=====	=====

Note 4 - PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment are as follows:

	March 27, 2009	March 28, 2008
	-----	-----
Computers	\$ 229,676	\$ 212,321
Leasehold improvements	585,831	585,831
Machinery and equipment	4,992,114	4,903,733
Tools and dies	2,139,990	2,063,187
Furniture and fixture	155,935	155,935
Website development cost	7,550	7,550
	-----	-----
	8,111,096	7,928,557
Less: accumulated depreciation and amortization	(6,927,669)	(6,756,178)
	-----	-----
	\$ 1,183,427	\$ 1,172,379
	=====	=====

Note 5 - ACCOUNTS RECEIVABLE FINANCING:

The Company entered into an accounts receivable financing agreement whereby it can borrow up to eighty percent of its eligible receivables (as defined in the agreement) at an interest rate of 2 1/2 % above JP Morgan Chase's publicly announced rate of 3.25% at March 27, 2009, with a minimum of 12% per annum. The agreement has an initial term of one year and will automatically renew for successive one-year terms, unless terminated by the Company or its

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IEH CORPORATION

NOTES TO FINANCIAL STATEMENTS

Note 5 - ACCOUNTS RECEIVABLE FINANCING: (continued)

lender upon receiving 60 days prior notice. The loan is secured by the Company's accounts receivable and inventories. The balance due under this agreement as of March 27, 2009 was \$454,723. The balance due as of March 28, 2008 was \$513,378.

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Note 6 - OTHER CURRENT LIABILITIES:

Other current liabilities are comprised of the following:

	March 27 2009	March 28, 2008
	-----	-----
Payroll and vacation accruals	\$ 242,188	\$ 172,215
Sales commissions	30,543	16,504
Other	5,008	3,000
	-----	-----
	\$ 277,739	\$ 191,719
	=====	=====

Note 7 - RELATED PARTIES TRANSACTIONS:

One of the Company's officers has periodically loaned the Company money on a non-interest bearing basis in order to finance working capital requirements. As of March 28, 2008, the amount due this officer was \$17,000.

During the year ended March 27, 2009 the Company had repaid the balance of this loan.

Note 8 - INCOME TAXES:

The Company accounts for income taxes under the provisions of SFAS No. 109 ("SFAS 109"). Under SFAS 109, deferred income tax assets or liabilities are computed based upon the temporary differences between the financial statement and income tax bases of assets and liabilities using the currently enacted marginal income tax rates. Deferred income tax expenses or credits are based on the changes in the deferred income tax assets or liabilities from period to period.

The provision for income taxes consists of the following:

	March 27, 2009
	-----
Current:	
Federal	\$ 342,000
State and local	124,000
	-----
Total current tax provision	466,000
	-----
Deferred:	
Federal	132,238
State and local	43,862
	-----
Total deferred tax benefit	176,100
	-----
Total provision (benefit)	\$ 642,100
	=====

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## IEH CORPORATION

### NOTES TO FINANCIAL STATEMENTS

Note 8 - INCOME TAXES: (continued)

The components of the Company's deferred taxes at March 27, 2009 are as follows:

Deferred tax assets:	
Accounts receivable reserves	\$ 11,562
State tax credit	5,534
Accrued expenses	445,172
Prepaid expenses	(25,920)
	-----
	436,348
Deferred tax liabilities:	
Depreciation	(47,414)
	-----
Net deferred tax assets before valuation allowance	388,934
Valuation allowance	(388,934)
	-----
Net deferred tax assets	\$ 0
	=====

The Company has fully utilized its net operating loss carryovers in prior years.

The foregoing amounts are management's estimates and the actual results could differ from those estimates. Future profitability in this competitive industry depends on continually obtaining and fulfilling net profitable contracts or the failure of the Company's engineering development efforts could reduce estimates of future profitability, which could affect the Company's ability to realize the deferred tax assets.

A reconciliation of the income tax benefit at the statutory Federal tax rate of 34 % to the income tax benefit recognized in the financial statements are as follows:

	March 27, 2009
	-----
Income tax expense (benefit) - statutory rate	34.0%
Income tax expenses - state and local, net of federal benefit	12.0%
	-----
Income tax expense (benefit)	46.0%
	=====

Note 9 - WORKERS COMPENSATION INSURANCE ASSESSMENT:

On September 15, 2008, the Company was notified by the State of New York Workers' Compensation Board (the "Board") that the Trade Industry Workers' Compensation Trust for Manufacturers (the "Trust")

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had defaulted. As a member of the Trust, which is a self-insured group, the Company was assessed on an estimated basis by the Board for its allocable share necessary to discharge all liabilities of the Trust.

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### IEH CORPORATION

#### NOTES TO FINANCIAL STATEMENTS

##### Note 9 - WORKERS COMPENSATION INSURANCE ASSESSMENT: (continued)

The estimated assessment pertains to the years 2002 through 2006. The Company was advised that there may be an additional assessment for the year 2007 and that the estimated assessments for the year 2002 through 2006 are subject to additional review and adjustment.

The total assessed amount for the years 2002 through 2006 was \$101,362. The assessed amount for each year is detailed as follows:

2002	\$ 16,826
2003	24,934
2004	31,785
2005	14,748
2006	13,069
	-----
	\$101,362
	=====

The Company did have the option of paying this assessment as a lump sum amount or paying off the assessment over a 60 month period. The Company has elected the deferral option, and is making monthly payments of \$1,689 for 59 months, and \$1,711 for the 60th and final month. The Company has recorded this assessment as a charge to Cost of Sales in the quarter ended December 26, 2008. As of March 27, 2009, the current portion of this assessment liability was \$20,268 and the long-term portion was \$67,579.

##### Note 10 - CHANGES IN STOCKHOLDERS' EQUITY:

The accumulated retained earnings increased by \$768,003, which represents the net income for the fiscal year ended March 27, 2009. As a result, the Company reported retained earnings of \$1,088,280.

##### Note 11- 2001 EMPLOYEE STOCK OPTION PLAN:

On September 21, 2001 the Company's shareholders approved the adoption of the Company's 2002 Employees Stock Option Plan ("2002 Plan") to provide for the grant of options to purchase up to 750,000 shares of the Company's common stock to all employees, including senior management.

Options granted to employees under the 2002 Plan may be designated as options which qualify for incentive stock option treatment under Section 422A of the Internal Revenue Code, or options which do not so qualify.

Under the 2002 Plan, the exercise price of an option designated as an Incentive Stock Option shall not be less than the fair market

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value of the Company's common stock on the day the option is granted. In the event an option designated as an incentive stock option is granted to a ten percent (10%) shareholder, such exercise price shall be at least 110 Percent (110%) of the fair market value or the Company's common stock and the option must not be exercisable after the expiration of five years from the day of the grant.

Exercise prices of non-incentive stock options may be less than the fair market value of the Company's common stock.

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### IEH CORPORATION

#### NOTES TO FINANCIAL STATEMENTS

##### Note 11- 2001 EMPLOYEE STOCK OPTION PLAN: (continued)

The aggregate fair market value of shares subject to options granted to a participant(s), which are designated as incentive stock options, and which become exercisable in any calendar year, shall not exceed \$100,000. As of March 27, 2009 no options had been granted under the 2002 Plan.

##### Note 12 - CASH BONUS PLAN:

In 1987, the Company adopted a cash bonus plan ("Cash Bonus Plan") for Executive Officers. Contributions to the Bonus Plan are made by the Company only after pre-tax operating profits exceed \$150,000 for a fiscal year, and then to the extent of 10% of the excess of the greater of \$150,000 or 25% of pre-tax operating profits. For the year ended March 27, 2009, the Company's contribution was \$121,000. For the year ended March 28, 2008 the contribution was \$59,500.

##### Note 13 - COMMITMENTS:

The Company is obligated under its lease for its facility through August 23, 2011, at minimum annual rentals as follows:

Fiscal year ending March:

2010	\$ 168,384
2011	112,256
	-----
	\$ 280,640
	=====

The rental expense for the years ended March 27, 2009 and March 28, 2008, respectively, was \$145,068.

The Company has a collective bargaining multi-employer pension plan ("Multi-Employer Plan") with the United Auto Workers of America, Local 259. Contributions are made in accordance with a negotiated labor contract and are based on the number of covered employees employed per month. With the passage of the Multi-Employer Pension Plan Amendments Act of 1990 (the "1990 Act"), the Company may become subject to liabilities in excess of contributions made under the collective bargaining agreement. Generally, these liabilities are contingent upon the termination, withdrawal, or partial withdrawal from the Multi-Employer Plan.

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The Company has not taken any action to terminate, withdraw or partially withdraw from the Multi-Employer Plan nor does it intend to do so in the future. Under the 1990 Act, liabilities would be based upon the Company's proportional share of the Multi-Employer Plan's unfunded vested benefits, which is currently not available. The amount of accumulated benefits and net assets of such Plan also is not currently available to the Company. The total contributions charged to operations under this pension plan were \$101,695 for the year ended March 27, 2009 and \$80,667 for the year ended March 28, 2008.

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### IEH CORPORATION

#### NOTES TO FINANCIAL STATEMENTS

##### Note 13 - COMMITMENTS: (continued)

In November 2006, three former employees of the Company filed claims with the New York State Division of Human Rights ("SDHR") alleging national origin discrimination. The SDHR acts as an investigative and adjudicative agency. With respect to its adjudicative function, the SDHR resolves complaints by conducting public hearings before administrative law judges. The SDHR does not litigate claims in court on behalf of claimants. On December 27, 2008, the SDHR issued a determination that probable cause existed that the Company may have violated applicable law and directed that a public hearing be held before an administrative law judge with respect to each former employee's claim. The SDHR has not yet scheduled these matters for hearing. The SDHR is authorized to award legal and equitable relief, including, reinstatement, back pay, and compensatory damages. The Company intends to vigorously defend these claims and believes that there are meritorious defenses in each case.

##### Note 14 - REVENUES FROM MAJOR CUSTOMERS:

In the fiscal year ended March 27, 2009 three customers accounted for approximately 26% of revenues. During the year ended March 28, 2008 approximately 30% of the Company's total revenues were earned from three customers. Total sales to these customers were approximately \$2,800,000 and \$2,340,000, respectively. No other customer accounted for over 10% of the Company's sales. Accounts receivable as of March 27, 2009 included receivables from three customers, which amounted to 32% of the total accounts receivable.

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### IEH CORPORATION

#### SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

IEH CORPORATION

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By: /s/ Michael Offerman

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Michael Offerman  
President and Chief Executive Officer

Dated: July 10, 2009

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

/s/ Michael Offerman July 10, 2009

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Michael Offerman, Chairman of the  
Board, Chief Executive Officer and President

/s/ Robert Knoth July 10, 2009

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Robert Knoth, Secretary and  
Treasurer; Chief Financial Officer,  
Controller and Principal Accounting Officer

/s/ Murray Sennet July 10, 2009

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Murray Sennet, Director

/s/ Alan Gottlieb July 10, 2009

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Alan Gottlieb, Director

/s/ Gerald E. Chafetz July 10, 2009

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Gerald E. Chafetz