ANNUAL REPORT 2014
PROXY STATEMENT 2015

IntriCon
The Body-Worn Device Company

IntriCon designs, develops and manufactures body-worn devices. These advanced products help medical, healthcare and professional audio communications companies meet the rising demand for smaller, more intelligent and better connected devices.

As part of an industry-wide effort to reduce the cost of healthcare, our body-worn medical devices help shift the point of care from more expensive settings, like hospitals and clinics, to less expensive ones, such as the home. We accomplish this by putting more intelligence into our devices, connecting patients and caregivers in non-traditional ways. This shift is enabled by advanced technologies, such as our ultra-low-power (ULP) wireless and digital signal processing (DSP), allowing intervention to be administered by boarder range of professionals and technicians.

Today we are focused on two significant healthcare opportunities: the value hearing health market—where we will work to bring additional low-cost and effective devices to consumers; and, the medical biotelemetry market—connecting people with caregivers through technology.

IntriCon is headquartered in Arden Hills, Minn., a suburb of Minneapolis/St. Paul, and employs more than 550 people at facilities in the United States, Europe and Asia. IntriCon common stock is traded on the NASDAQ Global Market under the symbol “IIN.”

To Our Shareholders:

I am pleased to report that fiscal 2014 was a record year for IntriCon. We delivered our strongest year from a net sales, gross margin and profitability perspective since the Selas restructuring nearly a decade ago. Furthermore, our competitive position, technology portfolio, global operations and balance sheet are all stronger today than a year ago.

For 2014, IntriCon reported net sales of $68.3 million and a net income of $2.2 million, or $0.37 per diluted share. This compares to 2013 annual net sales of $53.0 million and a net loss of $(6.2) million, or $(1.08) per diluted share. Net income from continuing operations for 2014 was $2.5 million, or $0.42 per diluted share, with a discontinued operations net loss of $(270,000), or $(0.04) per diluted share. The 2013 annual results included a loss from continuing operations of $(2.3) million, or $(0.40) per diluted share, and a discontinued operations net loss of $(3.9) million, or $(0.68) per diluted share.

Key Highlights

As a company we achieved a number of milestones that position us for a successful 2015 and beyond. During the year we:

- Grew revenue 29 percent with all markets posting double-digit gains, gross margins increased 400 basis points from prior year and EPS was the strongest in over a decade;
- Reduced bank debt by $2.0 million from 2013;
- Successfully completed our global restructuring program with the sale of Tibbetts which allowed us to consolidate operations, right size our global manufacturing footprint, lower costs and provide greater focus on our strategic plan;
- Secured CE Mark approval giving us the opportunity to directly pursue significant value hearing health business throughout Europe; and,
- Furthered our foothold in the value hearing health space through our distribution agreement with the United Kingdom’s PC Werth Ltd which allows IntriCon to be a main supplier to the National Health Service (NHS) Supply Chain’s National Framework

Growth Opportunities: Value Hearing Health and Medical Biotelemetry

As a percentage of 2014 sales, healthcare-related revenue (hearing health and medical combined) totaled 85 percent of our business, and we are committed to growth. The next phase of our long-term strategy is to leverage IntriCon’s technology, product platforms and manufacturing capabilities into two large healthcare opportunities: the value hearing health (VHH) market—where we will work to bring additional low-cost and effective devices to consumers; and, the biotelemetry market—connecting people with caregivers through technology.

The VHH market is attractive due to several key factors, and we believe it offers significant growth potential for IntriCon. Driving this opportunity are:

- An aging population in a market with low penetration rate—primarily due to the high costs of hearing devices;
- Inconveniences and inefficiencies in the conventional hearing health distribution channel;
- Retail consolidation;
- Market share growth from big box retailer, such as Costco and the entrance of U.S. insurance providers such as hi HealthInnovations (a UnitedHealth Group company); and
- The emergence of key core technologies, which enable lower-cost and highly effective devices.

These factors have created the opportunity for alternative care models, such as the value hearing aid (VHA) channel and personal sound amplifier product (PSAP) channel. The VHA channel is outcome based and requires the best value-added device and software technology, to provide the most efficient, lowest cost solution to the consumer. We have positioned ourselves as a leader in the VHA and PSAP channels through significant, on-going investments in sales, marketing and research and development.

We are in the fourth year of our partnership with hi HealthInnovations and they continue to expand their program offering, which now includes all health insurers, including employer-sponsored, individual and Medicare plans. In the fourth quarter, we announced our exclusive distribution agreement with PC Werth in the United Kingdom. PC Werth, through its partnership with IntriCon, has been appointed one of the main suppliers to the National Health Service (NHS) Supply Chain's National Framework. The NHS, which offers free hearing health care to UK citizens, is the world's largest purchaser of hearing aids, supplying an estimated 1.2 million devices annually. We believe both these large insurance models offer sizable potential.

Over the past few years the PSAP channel, which includes ear worn devices that provide cost effective sound amplification, has begun to emerge. These sound amplification devices, which are not FDA regulated, can be purchased "off-the-shelf" and are not fitted or prescribed to meet a specific individual's needs rather; these products amplify sound and tend to be used in noisy or challenging environments. They have a significantly lower retail price to the consumer than traditional hearing aids.

In addition to our current partnerships and customers, we are aggressively pursuing prospective partnerships and customers who can benefit from our value proposition and the VHA and PSAP channels. Our steadfast commitment to VHH is focused on long-term value creation. This commitment does not come without a price. Today we are making annual investments in excess of $5 million to the support VHH infrastructure, technology and solutions. Despite minimal VHH revenue generation to date, we believe these investments will be the drivers of long-term shareholder value.

Within the medical biotelemetry space, our technology connects patients and caregivers in non-traditional ways. Our advanced, smaller lightweight devices have helped shift the point of care from traditional settings such as hospitals, to non-traditional settings like homes. The company currently has a strong presence in both the diabetes and cardiac diagnostic monitoring biotelemetry markets. For diabetes, IntriCon has partnered with Medtronic to manufacture their wireless continuous glucose monitors, sensors, and related accessories that measure glucose levels and deliver real-time blood glucose trend information. During the 2013 third quarter, Medtronic received Food and Drug Administration (FDA) approval for their MiniMed 530G insulin pump system, which accounted for a significant portion of the growth in our medical business in 2014. In addition to the MiniMed 530G system, the products we manufacture also support Medtronic's international insulin pump system offerings, such as the recently unveiled MiniMed 640G system. Through our strong partnership with Medtronic we anticipate this business to provide continuous long-term growth.

In the cardiac diagnostic monitoring market, we provide solutions for ambulatory cardiac monitoring. Our Sirona platform, which incorporates the PhysioLink technology, is essentially two products in one design: it can be used as an event recorder, a holter monitor or both. This platform is very small, rechargeable, and water spray proof. We are receiving positive feedback from customers about the treatment flexibility and economic benefits of remote patient monitoring.

In both medical biotelemetry and VHH, IntriCon has the core technology and product offering to expand our existing customer relationships, as well as move into new markets. IntriCon is allocating more capital and resources in sales and marketing and research and development to expand its reach to other large medical device and health care companies.

Looking ahead

Overall we are very encouraged by our progress in 2014. Our business has strong momentum that we will build off of as we aggressively pursue significant revenue opportunities in rapidly growing markets. As we look to the future we anticipate the need for targeted on-going sales, marketing and research and development investments to execute our strategic plan and drive shareholder value. Looking ahead to 2015 specifically, we are focused on:

- **Expanding VHH Channels.** The VHH market is rapidly emerging. Our top strategic priority is to aggressively expand our VHH reach, by establishing the required infrastructure and securing additional channel partners.

- **Core Technology Development.** Core technology development is critical to our long-term success. In 2015 we will define and validate ULP wireless technology test platforms aimed at increasing access to and efficiencies in the emerging VHH distribution channel and medical biotelemetry markets.

From a financial perspective, our goals are simple: to increase revenue, improve margins, grow our bottom line and reduce bank debt.

On behalf of board of directors and executive team, I want to thank you for your continued support, as we follow a promising course to long-term growth and consistent value creation.

Sincerely,

Mark Gorder
President and Chief Executive Officer
IntriCon Corporation
March 6, 2015

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

(Mark one) **FORM 10-K**

☒ ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2014
or
☐ 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 1-5005

INTRICON CORPORATION

(Exact name of registrant as specified in its charter)

Pennsylvania	23-1069060
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1260 Red Fox Road Arden Hills, Minnesota	55112
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (651) 636-9770

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Shares, $1 par value per share	The NASDAQ Global Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the 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 Section 15(d) of the 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 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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 229.405 of this chapter) is not contained herein, and will not 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. ☒

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 the 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 ☐ (Do not check if a smaller reporting company) Smaller reporting company ☒

Indicate by check mark whether the registrant is a shell company (as defined by rule 12b-2 of the Act). Yes ☐ No☒

The aggregate market value of the voting common shares held by non-affiliates of the registrant on June 30, 2014 was $43,317,476. Common shares held by each officer and director and by each person who owns 10% or more of the outstanding common shares have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

The number of outstanding shares of the registrant's common shares on February 19, 2015 was 5,848,286.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company's definitive proxy statement for the 2015 annual meeting of shareholders are incorporated by reference into Part III of this report; provided, however, that the Audit Committee Report and any other information in such Proxy Statement that is not required to be included in this Annual Report on Form 10-K, shall not be deemed to be incorporated herein or filed for the purposes of the Securities Act of 1933, as amended or the Securities Exchange Act of 1934, as amended.

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PART I

ITEM 1. Business

Company Overview

IntriCon Corporation (together with its subsidiaries referred herein as the “Company”, or “IntriCon”, “we”, “us” or “our”) is an international company engaged in designing, developing, engineering and manufacturing body-worn devices. The Company serves the body-worn device market by designing, developing, engineering and manufacturing micro-miniature products, microelectronics, micro-mechanical assemblies, complete assemblies and software solutions, primarily for medical bio-telemetry devices, value hearing health devices and professional audio communication devices. The Company, headquartered in Arden Hills, Minnesota, has facilities in Minnesota, California, Singapore, Indonesia and Germany, and operates through subsidiaries. The Company is a Pennsylvania corporation formed in 1930. The Company has gone through several transformations since its formation. The Company’s core business of body-worn devices was established in 1993 through the acquisition of Resistance Technologies Inc., now known as IntriCon, Inc. The majority of IntriCon's current management came to the Company with the Resistance Technologies Inc. acquisition, including IntriCon’s President and CEO, who was a co-founder of Resistance Technologies Inc.

Currently, the Company operates in one operating segment, the body-worn device segment. On June 13, 2013, the Company announced a global restructuring plan to accelerate future growth and reduce costs by approximately $3.0 million annually. As part of the restructuring, the Company sold its security and certain microphone and receiver operations on January 27, 2014 to Sierra Peaks Corporation. For all periods presented, the Company classified these businesses as discontinued operations, and, accordingly, has reclassified historical financial data presented herein.

Information contained in this Annual Report on Form 10-K and expressed in U.S. dollars or number of shares are presented in thousands (000s), except for per share data and as otherwise noted.

Business Highlights

Major Events in 2014

The Company reported its strongest financial results in over a decade, including its strongest revenue, margin and earnings.

On December 4, 2014 the Company announced an exclusive distribution agreement with PC Werth in the United Kingdom. PC Werth, through its partnership with IntriCon, has been appointed as one of the main suppliers to the National Health Service (NHS) Supply Chain’s National Framework. The NHS is the largest purchaser of hearing aids in the world, supplying an estimated 1.2 million hearing aids annually.

On February 14, 2014, the Company and its domestic subsidiaries entered into a Sixth Amendment to the Loan and Security Agreement and Waiver with The PrivateBank and Trust Company, which among other things extended the maturity date of the term loan and revolving credit facility to February 28, 2018 (refer to Note 7).

On January 27, 2014, the Company sold its remaining security and certain microphone and receiver operations;, which marked the final milestone in the global strategic restructuring plan announced in 2013.

Major Events in 2013

On June 13, 2013, the Company announced a global strategic restructuring plan designed to accelerate the Company’s future growth by focusing resources on the highest potential growth areas and reduce costs by approximately $3.0 million annually. As part of this plan, the Company reduced investment in certain non-core professional audio communications product lines; transferred specific product lines from Singapore to the Company’s lower-cost manufacturing facility in Batam, Indonesia; reduced its global administrative and support workforce; transferred the medical coil operations from the Company's Maine facility to Minnesota to better leverage existing manufacturing capacity, added experienced professionals in value hearing health; and focused more resources in medical biotelemetry. During the 2013 third quarter, the Company’s customer, Medtronic, received Food and Drug Administration (FDA) approval for their MiniMed 530G insulin pump. Medical market sales strengthened in the 2013 fourth quarter as Medtronic ramped for its launch of the MiniMed 530G.

Major Events in 2012

In August 2012, the Company sold its 50% interest in its Global Coils joint venture, to joint venture partner Audemars SA. Global Coils is in the business of marketing, designing, manufacturing, and selling audio coils to the hearing health industry. Audemars paid $426 in cash at closing and will make future recurring royalty payments as specified in the purchase agreement. Audemars also transferred certain hearing health inventory to IntriCon. The Company recorded a gain on the sale of $822, or $.14 per diluted share, in the gain on sale of investment in partnership line of the accompanying statement of operations.

Market Overview:

IntriCon serves the body-worn device market by designing, developing, engineering and manufacturing micro-miniature products, microelectronics, micro-mechanical assemblies, complete assemblies and software solutions, primarily for medical bio-telemetry devices, value hearing health devices and professional audio communication devices. Revenue from the medical bio-telemetry and value hearing health markets is reported on the respective medical and hearing health lines in the discussion of our results of operations in “Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Note 18 “Revenue by Market” to the Company’s consolidated condensed financial statements included herein.

Value Hearing Health Market

The Company believes the value hearing health (VHH) market offers significant growth opportunities. In the United States alone, there are approximately 48 million adults that report some degree of hearing loss. In adults the most common cause of hearing loss is aging and noise. In fact, by the age of 65 year old, one out of three people have hearing loss. The hearing impaired population is expected to grow significantly over the next decade due to an aging population and more frequent exposure to loud sounds that can cause noise-induced hearing loss. It is estimated that hearing aids can help more than 90 percent of people with hearing loss, however the current market penetration into the U.S. hearing impaired population is approximately 20 percent, a percentage that has remained essentially unchanged for the last four decades. We believe the U.S. market penetration is low primarily due to the high costs to purchase a hearing aid, consolidation at the retail level and inconveniences in the distribution channel. These factors have created the opportunity for alternative care models, such as the value hearing aid (VHA) channel and personal sound amplifier (PSAP) channel. The VHA channel is outcome based focused and requires the best device and software technology, to provide the most efficient, lowest cost solution to the consumer. IntriCon has positioned itself as a leader in these channels through significant, on-going investments in sales and marketing and its research and development. The Company is aggressively pursuing prospective partnerships and customers who can benefit from our value proposition and the VHA and PSAP channels.

In the VHA channel, the Company entered into a manufacturing agreement with hi HealthInnovations, a UnitedHealth Group company, to become their supplier of hearing aids. At the beginning of 2012, hi HealthInnovations launched a suite of high-tech, lower-cost hearing devices for their Medicare and Part D participants and later in the year announced they were increasing this offering to the over 26 million people enrolled in their employer-sponsored and individual health benefit plans. Recently they have expanded their offering to include a hearing aid discount program for health plans. This program is available nationwide to all health insurers, including employer-sponsored, individual and Medicare plans. The insurance model has been successfully demonstrated internationally, where several countries providing a full insurance program are serving 40 to 70 percent of the hearing impaired population. Further, research in the U.S. has shown a fully insured model will encourage an individual to seek treatment at an earlier stage of hearing loss, greatly increasing the market size and penetration. The Company also has various international VHA initiatives. In 2014 the Company entered into an exclusive distribution agreement with PC Werth in the United Kingdom. PC Werth, through its partnership with IntriCon, has been appointed as one of the main suppliers to the National Health Service (NHS) Supply Chain’s National Framework. The NHS, which offers free hearing health care to UK citizens, is the largest purchaser of hearing aids in the world, supplying an estimated 1.2 million hearing aids annually.

We also believe there are niches in the conventional hearing health channel that will embrace our VHA proposition. High costs of conventional devices and retail consolidation, have constrained the growth potential of the independent audiologist and dispenser. We believe our software and product offering can provide the independent audiologist and dispensers the ability to compete with larger retailers, such as Costco and manufacturer owned retail distributors.

In the past few years the PSAP channel, which includes ear worn devices that provide cost effective sound amplification, has begun to emerge. These sound amplification devices are not regulated by the FDA, as they are hearing aids and make no claims of compensating for hearing loss. They can be purchased “off-the-shelf” and are not fit or prescribed to meet a specific individual’s needs rather, these devices amplify sound and tend to be used in noisy or challenging environments. They have a significantly lower retail price to the consumer than traditional hearing aids. Additionally, the Company believes there is great potential to market its situational listening devices (SLD’s). Similar to the PSAP devices, the Company’s SLD’s are intended to help people hear in noisy environments, like restaurants and automobiles, and listen to television, music, and direct broadcast by wireless connection. Such devices are intended to be supplements to conventional hearing aids, which do not handle those situations well. The product line consists of an earpiece, TV transmitter, companion microphone, iPod/iPhone transmitter, and USB transmitter.

We believe IntriCon is very well positioned to serve these VHH market channels. Over the past several years the Company has invested heavily in core technologies, product platforms and its global manufacturing capabilities geared to provide high-tech, lower-cost hearing devices and can help drive efficiencies in the delivery model. Our DSP devices provide better clarity and an improved ability to filter out background noise at attractive pricing points. We believe product platform introductions such as the Audion Amplifiers, APT™ and Lumen™ devices will drive market share gains into all channels of the emerging VHH market.

Medical Bio-Telemetry

In the medical bio-telemetry market, the Company is focused on sales of bio-telemetry devices for life-critical diagnostic monitoring. Using our nanoDSP and BodyNet™ technology platforms, the Company manufactures microelectronics, micro-mechanical assemblies, high-precision injection-molded plastic components and complete bio-telemetry devices for emerging and leading medical device manufacturers. The medical industry is faced with pressures to reduce the cost of healthcare. Driven by core technologies, such as the IntriCon Physiolink™ that wirelessly connects patients and care givers in non-traditional ways, IntriCon helps shift the point of care from expensive traditional settings, such as hospitals, to less expensive non-traditional settings like the home. IntriCon currently serves this market by offering medical manufacturers the capabilities to design, develop and manufacture medical devices that are easier to use, are more miniature, use less power, and are lighter. Increasingly, the medical industry is looking for wireless, low-power capabilities in their devices. We have a strategic relationship with Advanced Medical Electronics Corp. (AME) that allows us to develop new bio-telemetry devices that better connect patients and care givers, providing critical information and feedback. Through the further development of our ULP BodyNet family, we believe the bio-telemetry markets offer significant opportunity.

IntriCon currently has a strong presence in both the diabetes and cardiac diagnostic monitoring bio-telemetry markets. For diabetes, IntriCon has partnered with Medtronic to manufacture their wireless continuous glucose monitors, sensors, and related accessories that measure glucose levels and deliver real-time blood glucose trend information. During the 2013 third quarter, Medtronic received Food and Drug Administration (FDA) approval for their MiniMed 530G insulin pump system. To support their MiniMed 530G system launch in the United States, IntriCon built and sold significant inventory from the fourth quarter of 2013 through the first half of 2014. In addition to the MiniMed 530G system, the products we manufacture also support Medtronic's international insulin pump system offerings, such as the recently unveiled MiniMed 640G system. Further, we believe there are opportunities to expand our diabetes product offering with Medtronic as well as move into new markets outside of the diabetes market.

In the cardiac diagnostic monitoring market, we provide solutions for ambulatory cardiac monitoring. Our first two product platforms, Sirona and Centauri, received FDA 510(k) approval in late 2011. The Sirona platform, which incorporates the PhysioLink technology, is essentially two products in one design: it can be used as an event recorder, a holter monitor or both. This platform is very small, rechargeable, and water spray proof. IntriCon is receiving feedback from its customers about the treatment flexibility and economic benefits of remote patient monitoring. The Company has contracts in place with lead customers for the Sirona platform and anticipates expanding that customer base during the first quarter of 2015.

IntriCon has a suite of medical coils and micro coils that it offers to various original equipment manufacturing (OEM) customers. These products are currently used in pacemaker programming and interventional catheter positioning applications. As part of the global restructuring initiative, the Company is increasing its investment of resources and capital to help expand our customer base and market share.

IntriCon manufactures bubble sensors and flow restrictors that monitor and control the flow of fluid in an intravenous infusion system as well as a family of safety needle products for an OEM customer that utilizes IntriCon's insert and straight molding capabilities. These products are assembled using full automation, including built-in quality checks within the production lines.

Lastly, IntriCon is targeting other emerging biotelemetry and home care markets, such as sleep apnea, that could benefit from its capabilities to develop devices that are more technologically advanced, smaller and lightweight. To do so, IntriCon is focusing more capital and resources in sales and marketing and research and development to expand its reach to other large medical device and health care companies.

Professional Audio Communications

IntriCon entered the high-quality audio communication device market in 2001, and now has a line of miniature, professional audio headset products used by customers focusing on emergency response needs. The line includes several communication devices that are extremely portable and perform well in noisy or hazardous environments. These products are well suited for applications in the fire, law enforcement, safety, aviation and military markets. In addition, the Company has a line of miniature ear- and head-worn devices used by performers and support staff in the music and stage performance markets. We believe performance in difficult listening environments and wireless operations will continue to improve as these products increasingly include our proprietary nanoDSP, wireless nanoLink and PhysioLink technologies.

For information concerning our net sales, net income and assets, see the consolidated financial statements in Item 8 of this Annual Report on Form 10-K.

Core Technologies Overview:
Our core technologies expertise is focused on three main markets: medical bio-telemetry, value hearing health and professional audio communications. Over the past several years, the Company has increased investments in the continued development of four critical core technologies: Ultra-Low-Power (ULP) Digital Signal Processing (DSP), ULP Wireless, Microminiaturization, and Miniature Transducers. These four core technologies serve as the foundation of current and future product platform development, designed to meet the rising demand for smaller, portable more advanced devices and the need for greater efficiencies in the delivery models. The continued advancements in this area have allowed the Company to further enhance the mobility and effectiveness of miniature body-worn devices.

ULP DSP
DSP converts real-world analog signals into a digital format. Through our nanoDSP™ technology, IntriCon offers an extensive range of ULP DSP amplifiers for hearing, medical and professional audio applications. Our proprietary nanoDSP incorporates advanced ultra-miniature hardware with sophisticated signal processing algorithms to produce devices that are smaller and more effective.

The Company further expanded its DSP portfolio including improvements to its Reliant CLEAR™ feedback canceller, offering increased added stable gain and faster reaction time. Additionally, newly developed DSP technologies are utilized in our recently unveiled Audion8™, our new eight-channel hearing aid amplifier. The Audion8 is a feature-rich amplifier designed to fit a wide array of applications. In addition to multiple compression channels, the amplifier has a complete set of proven adaptive features which greatly improve the user experience.

ULP Wireless
Wireless connectivity is fast becoming a required technology, and wireless capabilities are especially critical in new body-worn devices. IntriCon's BodyNet™ ULP technology, including the nanoLink™ and PhysioLink™ wireless systems, offers solutions for transmitting the body's activities to caregivers, and wireless audio links for professional communications and surveillance products. Potential BodyNet applications include electrocardiogram (ECG) diagnostics and monitoring, diabetes monitoring, sleep apnea studies and audio streaming for hearing devices.

IntriCon is in the final stages of commercializing its PhysioLink wireless technology, which will be incorporated into product platforms serving the medical, hearing health and professional audio communication markets. This system is based on 2.4GHz proprietary digital radio protocol in the industrial-scientific-medical (ISM) frequency band and enables audio and data streaming to ear-worn and body-worn applications over distances of up to five meters.

Microminiaturization
IntriCon excels at miniaturizing body-worn devices. We began honing our microminiaturization skills over 30 years ago, supplying components to the hearing health industry. Our core miniaturization technology allows us to make devices for our markets that are one cubic inch and smaller. We also are specialists in devices that run on very low power, as evidenced by our ULP wireless and DSP. Less power means a smaller battery, which enables us to reduce size even further, and develop devices that fit into the palm of one's hand.

Miniature Transducers
IntriCon's advanced transducer technology has been pushing the limits of size and performance for over a decade. Included in our transducer line are our miniature medical coils and micro coils used in pacemaker programming and interventional catheter positioning applications. We believe with the increase of greater interventional care that our coil technology harbors significant value.

Marketing and Competition:
IntriCon intends to focus more capital and resources in marketing and sales to expand its reach into large medical device and healthcare companies in the medical bio-telemetry and value hearing health markets outlined above. The Company believes this will allow us to advance our technology portfolio, advance new product platforms, strengthen customer relationships and expand our market knowledge.

Currently, IntriCon sells its hearing instrument components directly to domestic hearing instrument manufacturers and distributors through an internal sales force. Sales of medical and professional audio communications products are also made primarily through an internal sales force. In recent years, a small number of companies have accounted for a substantial portion of the Company's sales.

In 2014, one customer accounted for approximately 37 percent of the Company's net sales. During 2014, the top five customers accounted for approximately $38,690, or 57% percent, of the Company's net sales. See note 4 to the consolidated financial statements for a discussion of net sales and long-lived assets by geographic area.

Internationally, sales representatives employed by IntriCon GmbH ("GmbH"), a wholly owned German subsidiary, solicit sales from European hearing instrument, medical device and professional audio communications manufacturers and suppliers.

IntriCon believes that it is the largest supplier worldwide of micro-miniature electromechanical components to hearing instrument manufacturers and that its full product line, automated manufacturing process and low cost manufacturing capabilities in Asia, allow it to compete effectively with other manufacturers within this market. In the market of hybrid amplifiers and molded plastic faceplates, hearing instrument manufacturers produce a substantial portion of their internal needs for these components.

IntriCon markets its high performance microphone products to the radio communication and professional audio industries and has several larger competitors who have greater financial resources. IntriCon holds a small market share in the global market for microphone capsules and other related products.

Employees. As of December 31, 2014, the Company had a total of 561 full time equivalent employees, of whom 36 are executive and administrative personnel, 17 are sales personnel, 26 are engineering personnel and 482 are operations personnel. The Company considers its relations with its employees to be satisfactory. None of the Company's employees are represented by a union.

As a supplier of consumer and medical products and parts, IntriCon is subject to claims for personal injuries allegedly caused by its products. The Company maintains what it believes to be adequate insurance coverage.

Research and Development. IntriCon conducts research and development activities primarily to improve its existing products and proprietary technology. The Company is committed to increasing its investment in the research and development of proprietary technologies, such as the ULP nanoDSP and ULP wireless technologies. The Company believes the continued development of key proprietary technologies will be the catalyst for long-term revenues and margin growth. Research and development expenditures were $4,832, $4,181, and $4,481 in 2014, 2013 and 2012, respectively. These amounts are net of customer and grant reimbursed research and development. In 2013, the Company filed for a Minnesota research and development tax credit of $567, which lowered the research and development expenditure for the year.

IntriCon owns a number of United States patents which cover a number of product designs and processes. Although the Company believes that these patents collectively add value to the Company, the costs associated with the submission of patent applications are expensed as incurred given the uncertainty of the patents providing future economic benefit to the Company.

Regulation. A large portion of our business operates in a marketplace subject to extensive and rigorous regulation by the FDA and by comparable agencies in foreign countries. In the United States, the FDA regulates the design control, development, manufacturing, labeling, record keeping, and surveillance procedures for medical devices.

United States Food and Drug Administration

FDA regulations classify medical devices based on perceived risk to public health as either Class I, II or III devices. Class I devices are subject to general controls, Class II devices are subject to special controls and Class III devices are subject to pre-market approval ("PMA") requirements. While most Class I devices are exempt from pre-market submission, it is necessary for most Class II devices to be cleared by a 510(k) pre-market notification prior to marketing. 510(k) establishes that the device is "substantially equivalent" to a legally marketed predicate device which was legally marketed prior to May 28, 1976 or which itself has been found to be substantially equivalent, through the 510(k) process, after May 28, 1976. It is "substantially equivalent" if it has the same intended use and the same technological characteristics as the predicate. The 510(k) pre-market notification must be supported by data establishing the claim of substantial equivalence to the satisfaction of the FDA. The process of obtaining a 510(k) clearance typically can take several months to a year or longer. If the product is notably new or different and substantial equivalence cannot be established, the FDA will require the manufacturer to submit a PMA application for a Class III device that must be reviewed and approved by the FDA prior to sale and marketing of the device in the United States. The process of obtaining PMA approval can be expensive, uncertain, lengthy and frequently requires anywhere from one to several years from the date of FDA submission, if approval is obtained at all. The FDA controls the indicated uses for which a product may be marketed and strictly prohibits the marketing of medical devices for unapproved uses. The FDA can withdraw products from the market for failure to comply with laws or the occurrence of safety risks.

All of our current hearing aid devices are air conduction devices and, as such, are Class I medical devices, exempt from the 510(k) submission process. They are typically marketed to FDA approved manufacturers with IntriCon assisting in the design, development and production. Our ECG recorder devices are classified as Class II medical devices and have received 510(k) clearance from the FDA. Our manufacturing operations are subject to periodic inspections by the FDA, whose primary purpose is to audit the Company's compliance with the Quality System Regulations published by the FDA and other applicable government standards. Strict regulatory action may be initiated in response to audit deficiencies or to product performance problems. We believe that our manufacturing and quality control procedures are in compliance with the requirements of the FDA regulations and this has been substantiated with no findings cited during our most recent FDA audit in December of 2013.

International Regulation
International regulatory bodies have established varying regulations governing product standards, packaging and labeling requirements, import restrictions, tariff regulations, duties and tax. Many of these regulations are similar to those of the FDA. We believe we are in compliance with the regulatory requirements in the foreign countries in which our medical devices are marketed.

The registration system for our medical devices in the EU requires that our quality system conform to international quality standards and that our medical devices conform to “essential requirements” set forth by the Medical Device Directive (“MDD”). Manufacturing facilities and processes under which our ECG recorder devices are produced are inspected and audited by our International Organization for Standardization (“ISO”) registrar British Standards Institute (“BSI”). Our authorized representative, CE Partner 4U, maintains our technical file and registers our products with competent authorities in all EU member states. Manufacturing facilities and processes under which all of our other medical devices are produced are inspected and audited annually by the BSI. These audits verify our compliance with the essential requirements of the MDD. These certifying bodies verify that our quality system conforms to the international quality standard ISO 13485:2003 and that our products conform to the “essential requirements” and “supplementary requirements” set forth by the MDD for the class of medical devices we produce. These certifying bodies also certify our conformity with both the quality standards and the MDD requirements, entitling us to place the “CE” mark on all of our ECG recorder devices. Our hearing aid devices typically bear the CE mark of our customers who assume regulatory responsibilities for those devices. In 2014, IntriCon obtained "CE" certification for our own hearing aid devices and we are prepared to supply these devices into the European market.

Third Party Reimbursement
The availability and level of reimbursement from third-party payers for procedures utilizing our products is significant to our business. Our products are purchased primarily by OEM customers who sell into clinics, hospitals and other end-users, who in turn bill various third party payers for the services provided to the patients. These payers, which include Medicare, Medicaid, private health insurance plans and managed care organizations, reimburse all or part of the costs and fees associated with the procedures utilizing our products.

In response to the national focus on rising health care costs, a number of changes to reduce costs have been proposed or have begun to emerge. There have been, and may continue to be, proposals by legislators, regulators and third party payers to curb these costs. The development or increased use of more cost effective treatments for diseases could cause such payers to decrease or deny reimbursement for surgeries or devices to favor alternatives that do not utilize our products. A significant number of Americans enroll in some form of managed care plan. Higher managed care utilization typically drives down the payments for health care procedures, which in turn places pressure on medical supply prices. This causes hospitals to implement tighter vendor selection and certification processes, by reducing the number of vendors used, purchasing more products from fewer vendors and trading discounts on price for guaranteed higher volumes to vendors. Hospitals have also sought to control and reduce costs over the last decade by joining group purchasing organizations or purchasing alliances. We cannot predict what continuing or future impact these practices, the existing or proposed legislation, or such third-party payer measures within a constantly changing healthcare landscape may have on our future business, financial condition or results of operations.

Forward-Looking Statements

Certain statements included or incorporated by reference in this Annual Report on Form 10-K or the Company’s other public filings and releases, which are not historical facts, or that include forward-looking terminology such as “may”, “will”, “believe”, “anticipate”, “expect”, “should”, “optimistic” or “continue”, “estimate”, “intend”, “plan”, “would”, “could”, “guidance”, “potential”, “opportunity”, “project”, “forecast”, “confident”, “projections”, “schedule”, “designed”, “future”, “discussion”, “if” or the negative thereof or other variations thereof, are forward-looking statements (as such term is defined in Section 21E of the Securities Exchange Act of 1934 and Section 27A of the Securities Act of 1933, and the regulations thereunder), which are intended to be covered by the safe harbors created thereby. These statements may include, but are not limited to statements in “Business,” “Legal Proceedings, “Risk Factors,” Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Notes to the Consolidated Financial Statements, such as the Company’s ability to compete, statements concerning the hi HealthInnovations program, the divestiture of its security and certain receiver and microphone business and its Global Coils joint venture interest, expected expenses and cost savings from the global restructuring, strategic alliances and their benefits, the adequacy of insurance coverage, government regulation, potential increases in demand for the Company’s products, net operating loss carryforwards, the ability to meet cash requirements for operating needs, the ability to meet liquidity needs, assumptions used to calculate future levels of funding of employee benefit plans, the adequacy of insurance coverage, the impact of new accounting pronouncements and litigation.

Forward-looking statements also include, without limitation, statements as to the Company's expected future results of operations and growth, the Company’s ability to meet working capital requirements, the Company's business strategy, the expected increases in operating efficiencies, anticipated trends in the Company's body-worn device markets, the effect of compliance with environmental protection laws and other government regulations, estimates of goodwill impairments and amortization expense of other intangible assets, estimates of asset impairment, the effects of changes in accounting pronouncements, the effects of litigation and the amount of insurance coverage, and statements as to trends or the Company's or management's beliefs, expectations and opinions. Forward-looking statements are subject to risks and uncertainties and may be affected by various risks, uncertainties and other factors that can cause actual results and developments to be materially different from those expressed or implied by such forward-looking statements, including, without limitation, the risk factors discussed in Item 1A of this Annual Report on Form 10-K.

The Company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the Company.

Available Information

The Company files or furnishes its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements and other information with the SEC. You may read and copy any reports, statements and other information that the Company files with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549, on official business days during the hours of 10:00 a.m. to 3:00 p.m. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The Company's reports, proxy and information statements and other SEC filings are also available on the SEC's Internet site as part of the EDGAR database (http://www.sec.gov).

The Company maintains an internet web site at www.IntriCon.com. The Company maintains a link to the SEC's website by which you may review its annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended.

The information on the website listed above, is not and should not be considered part of this annual report on Form 10-K and is not incorporated by reference in this document. This website is and is only intended to be an inactive textual reference.

In addition, we will provide, at no cost (other than for exhibits), paper or electronic copies of our reports and other filings made with the SEC. Requests should be directed to:

Corporate Secretary
IntriCon Corporation
1260 Red Fox Road
Arden Hills, MN 55112

ITEM 1A. Risk Factors

You should carefully consider the risks described below. If any of the risks events actually occur, our business, financial condition or results of future operations could be materially adversely affected. This Annual Report on Form 10-K contains forward-looking statements that involve risk and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of many factors, including the risks faced by us described below and elsewhere in this Annual Report on Form 10-K.

We have experienced and expect to continue to experience fluctuations in our results of operations, which could adversely affect us.

Factors that affect our results of operations include, but are not limited to, the volume and timing of orders received, changes in the global economy and financial markets, changes in the mix of products sold, market acceptance of our products and our customer's products, competitive pricing pressures, global currency valuations, the availability of electronic components that we purchase from suppliers, our ability to meet demand, our ability to introduce new products on a timely basis, the timing of new product announcements and introductions by us or our competitors, changing customer requirements, delays in new product qualifications, and the timing and extent of research and development expenses. These factors have caused and may continue to cause us to experience fluctuations in operating results on a quarterly and/or annual basis. These fluctuations could materially adversely affect our business, financial condition and results of operations, which in turn, could adversely affect the price of our common stock.

The loss of one or more of our major customers could adversely affect our results of operations.

We are dependent on a small number of customers for a large portion of our revenues. In fiscal year 2014, our largest customer accounted for approximately 37 percent of our net sales and our five largest customers accounted for approximately 57 percent of our net sales. A significant decrease in the sales to or loss of any of our major customers could have a material adverse effect on our business and results of operations. Our revenues are largely dependent upon the ability of customers to develop and sell products that incorporate our products. No assurance can be given that our major customers will not experience financial, technical or other difficulties that could adversely affect their operations and, in turn, our results of operations.

We may not be able to collect outstanding accounts receivable from our customers.

Some of our customers purchase our products on credit, which may cause a concentration of accounts receivable among some of our customers. As of December 31, 2014, we had accounts receivable, less allowance for doubtful accounts, of $7,673, which represented approximately 48 percent of our shareholders' equity as of that date. As of that date, two customers accounted for a combined total of 28 percent of our accounts receivable. Our financial condition and profitability may be harmed if one or more of our customers are unable or unwilling to pay these accounts receivable when due.

Despite signs of improvement in economic conditions, downturns in the domestic economic environment could cause a severe disruption in our operations.

Our business has been negatively impacted by the domestic economic environment in recent years. If the economy does not continue to improve or worsens, there could be several severely negative implications to our business that may exacerbate many of the risk factors we identified including, but not limited to, the following:

Liquidity:

- The domestic economic environment and the associated credit crisis could worsen and reduce liquidity and this could have a negative impact on financial institutions and the country's financial system, which could, in turn, have a negative impact on our business.
- We may not be able to borrow additional funds under our existing credit facility and may not be able to expand our existing facility if our lender becomes insolvent or its liquidity is limited or impaired or if we fail to meet covenant levels going forward. In addition, we may not be able to renew our existing credit facility at the conclusion of its current term in February 2018 or renew it on terms that are favorable to us.
- During the last few years the Federal Reserve Board's involvement in the purchase of U.S. government debt securities, commonly known as "quantitative easing," has caused interest rates to be lower than they would have been without such involvement. As a result of the end of quantitative easing in October 2014, interest rates could begin to rise, which could disrupt domestic and world markets and could adversely affect our liquidity and results of operations.

Demand:

- Any deterioration in the economy or a return to recession could result in lower sales to our customers. Additionally, our customers may not have access to sufficient cash or short-term credit to obtain our products or services.

Prices:

- Certain markets could experience deflation, which would negatively impact our average prices and reduce our margins.

Health care policy changes, including U.S. health care reform legislation signed in 2010, may have a material adverse effect on us.

In March 2010, President Obama signed into law the Patient Protection and Affordable Care Act and the Health Care and Education Affordability Reconciliation Act of 2010. The legislation imposes significant new taxes on medical device makers in the form of a 2.3% excise tax on all U.S. medical device sales beginning in January 2013. Under the legislation, the total cost to the medical device industry is expected to be approximately $30 billion over ten years. This significant increase in the tax burden on our industry could have a material, negative impact on our results of operations and our cash flows either directly, through taxes on us, or indirectly through others in our value chain being subject to the tax. Although the direct impact of the excise tax is expected to be immaterial on us, if facts or circumstances change in our business relationships, we could be subject to customer pricing pressures or required to pay additional taxes under the rules. Other elements of this legislation, such as comparative effectiveness research, an independent payment advisory board, payment system reforms, including shared savings pilots, and other provisions, could meaningfully change the way health care is developed and delivered, and may materially impact numerous aspects of our business.

If we are unable to continue to develop new products that are inexpensive to manufacture, our results of operations could be adversely affected.

We may not be able to continue to achieve our historical profit margins due to advancements in technology. The ability to continue our profit margins is dependent upon our ability to stay competitive by developing products that are technologically advanced and inexpensive to manufacture.

Our need for continued investment in research and development may increase expenses and reduce our profitability.

Our industry is characterized by the need for continued investment in research and development. If we fail to invest sufficiently in research and development, our products could become less attractive to potential customers and our business and financial condition could be materially and adversely affected. As a result of the need to maintain or increase spending levels in this area and the difficulty in reducing costs associated with research and development, our operating results could be materially harmed if our research and development efforts fail to result in new products or if revenues fall below expectations. In addition, as a result of our commitment to invest in research and development, management believes that research and development expenses as a percentage of revenues could increase in the future.

We operate in a highly competitive business and if we are unable to be competitive, our financial condition could be adversely affected.

Several of our competitors have been able to offer more standardized and less technologically advanced hearing and professional audio communication products at lower prices. Price competition has had an adverse effect on our sales and margins. Many of our competitors are larger than us and have greater research and development resources, marketing and financial resources, manufacturing capability and customer support organizations than we have. There can be no assurance that we will be able to maintain or enhance our technical capabilities or compete successfully with our existing and future competitors.

Merger and acquisition activity in our hearing health market has resulted in a smaller customer base. Reliance on fewer customers may have an adverse effect on us.

Several of our customers in the hearing health market have undergone mergers or acquisitions, resulting in a smaller customer base with larger customers. If we are unable to maintain satisfactory relationships with the reduced customer base, it may adversely affect our operating profits and revenue.

Unfavorable legislation in the hearing health market may decrease the demand for our products, and may negatively impact our financial condition.

In some of our foreign markets, government subsidies cover a portion of the cost of hearing aids. A change in legislation that would reduce or eliminate these subsidies could decrease the demand for our hearing health products. This could result in an adverse effect on our operating results. We are unable to predict the likelihood of any such legislation.

Our failure, or the failure of our customers, to obtain required governmental approvals and maintain regulatory compliance for regulated products would adversely affect our ability to generate revenue from those products.

The markets in which our business operates are subject to extensive and rigorous regulation by the FDA and by comparable agencies in foreign countries. In the United States, the FDA regulates the design control, development, manufacturing, labeling, record keeping, and surveillance procedures for our medical devices and those of our customers

The process of obtaining marketing clearance or approvals from the FDA for new products and new applications for existing products can be time-consuming and expensive, and there is no assurance that such clearance/approvals will be granted, or that the FDA review will not involve delays that would adversely affect our ability to commercialize additional products or additional applications for existing products. Some of our products in the research and development stage may be subject to a lengthy and expensive pre-market approval process with the FDA. The FDA has the authority to control the indicated uses of a device. Products can also be withdrawn from the market due to failure to comply with regulatory standards or the occurrence of unforeseen problems. The FDA regulations depend heavily on administrative interpretation, and there can be no assurance that future interpretations made by the FDA or other regulatory bodies, with possible retroactive effect, will not adversely affect us.

The registration system for our medical devices in the EU requires that our quality system conform to international quality standards. Manufacturing facilities and processes under which our ECG recorder devices and hearing aid devices are produced, are inspected and audited by various certifying bodies. These audits verify our compliance with applicable requirements and standards. Further, the FDA, various state agencies and foreign regulatory agencies inspect our facilities to determine whether we are in compliance with various regulations relating to quality systems, such as manufacturing practices, validation, testing, quality control, product labeling and product surveillance. A determination that we are in violation of such regulations could lead to imposition of civil penalties, including fines, product recalls or product seizures, suspensions or shutdown of production and, in extreme cases, criminal sanctions, depending on the nature of the violation.

Further, to the extent that any of our customers to whom we supply products become subject to regulatory actions or delays, our sales to those customers could be reduced, delayed or suspended, which could have a material adverse effect on our sales and earnings.

Implementation of our growth strategy may not be successful, which could affect our ability to increase revenues.

Our growth strategy includes developing new products and entering new markets, as well as identifying and integrating acquisitions. Our ability to compete in new markets will depend upon a number of factors including, among others:

- our ability to create demand for products in new markets;
- our ability to manage growth effectively;
- our ability to strengthen our sales and marketing presence;
- our ability to successfully identify, complete and integrate acquisitions;
- our ability to respond to changes in our customers' businesses by updating existing products and introducing, in a timely fashion, new products which meet the needs of our customers;
- the quality of our new products; and
- our ability to respond rapidly to technological change.

The failure to do any of the foregoing could have a material adverse effect on our business, financial condition and results of operations. In addition, we may face competition in these new markets from various companies that may have substantially greater research and development resources, marketing and financial resources, manufacturing capability and customer support organizations.

We have foreign operations in Singapore, Indonesia and Germany, and various factors relating to our international operations could affect our results of operations.

In 2014, we operated in Singapore, Indonesia and Germany. Approximately 18 percent of our revenues were derived from our facilities in these countries in 2014. As of December 31, 2014 approximately 22 percent of our long-lived assets are located in these countries. Political or economic instability in these countries could have an adverse impact on our results of operations due to diminished revenues in these countries. Our future revenues, costs of operations and profit results could be affected by a number of factors related to our international operations, including changes in foreign currency exchange rates, changes in economic conditions from country to country, changes in a country's political condition, trade protection measures, licensing and other legal requirements and local tax issues. Unanticipated currency fluctuations in the euro, Singapore dollar and other currencies could lead to lower reported consolidated revenues due to the translation of this currency into U.S. dollars when we consolidate our revenues and results from operations.

The recent recessions in Europe and the debt crisis in certain countries in the European Union could negatively affect our ability to conduct business in those geographies.

The recent debt crisis in certain European countries could cause the value of the euro to deteriorate, reducing the purchasing power of our European customers. Financial difficulties experienced by our suppliers and customers, including distributors, could result in product delays and inventory issues; risks to accounts receivable could also include delays in collection and greater bad debt expense. Also, the effect of the debt crisis in certain European countries could have an adverse effect on the capital markets generally, specifically impacting our ability and the ability of our customers to finance our and their respective businesses on acceptable terms, if at all, the availability of materials and supplies and demand for our products.

We may explore acquisitions that complement or expand our business. We may not be able to complete these transactions and these transactions, if executed, pose significant risks and may materially adversely affect our business, financial condition and operating results.

We may explore opportunities to buy other businesses or technologies that could complement, enhance or expand our current business or product lines or that might otherwise offer us growth opportunities. We may have difficulty finding these opportunities or, if we do identify these opportunities, we may not be able to complete the transactions for various reasons, including a failure to secure financing. Any transactions that we are able to identify and complete may involve a number of risks, including: the diversion of our management's attention from our existing business to integrate the operations and personnel of the acquired or combined business or joint venture; possible adverse effects on our operating results during the integration process; unanticipated liabilities; and our possible inability to achieve the intended objectives of the transaction. In addition, we may not be able to successfully or profitably integrate, operate, maintain and manage our newly acquired operations or employees. In addition, future acquisitions may result in dilutive issuances of equity securities or the incurrence of additional debt.

We may experience difficulty in paying our debt when it comes due, which could limit our ability to obtain financing.

As of December 31, 2014, we had bank indebtedness of $6,513. Our ability to pay the principal and interest on our indebtedness as it comes due will depend upon our current and future performance. Our performance is affected by general economic conditions and by financial, competitive, political, business and other factors. Many of these factors are beyond our control. We believe that availability under our existing credit facility combined with funds expected to be generated from operations and control of capital spending will be sufficient to meet our anticipated cash requirements for operating needs for at least the next 12 months. If, however, we are unable to renew these facilities or obtain waivers (see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources") in the future or do not generate sufficient cash or complete such financings on a timely basis, we may be required to seek additional financing or sell equity on terms which may not be as favorable as we could have otherwise obtained. No assurance can be given that any refinancing, additional borrowing or sale of equity will be possible when needed or that we will be able to negotiate acceptable terms. In addition, our access to capital is affected by prevailing conditions in the financial and equity capital markets, as well as our own financial condition and performance.

If we fail to meet our financial and other covenants under our loan agreements with our lenders, absent a waiver, we will be in default of the loan agreements and our lenders can take actions that would adversely affect our business.

There can be no assurances that we will be able to maintain compliance with the financial and other covenants in our loan agreements. In the event we are unable to comply with these covenants during future periods, it is uncertain whether our lenders will grant waivers for our non-compliance. If there is an event of default by us under our loan agreements, our lenders have the option to, among other things, accelerate any and all of our obligations under the loan agreements which would have a material adverse effect on our business, financial condition and results of operations.

Our success depends on our senior management team and if we are not able to retain them, it could have a materially adverse effect on us.

We are highly dependent upon the continued services and experience of our senior management team, including Mark S. Gorder, our President, Chief Executive Officer and director. We depend on the services of Mr. Gorder and the other members of our senior management team to, among other things, continue the development and implementation of our business strategies and maintain and develop our client relationships. We do not maintain key-man life insurance for any members of our senior management team.

Cybersecurity incidents could disrupt business operations, result in the loss of critical and confidential information, and adversely impact our reputation and results of operations.

Global cybersecurity threats can range from uncoordinated individual attempts to gain unauthorized access to our information technology (IT) systems to sophisticated and targeted measures known as advanced persistent threats. While we employ comprehensive measures to prevent, detect, address and mitigate these threats (including access controls, vulnerability assessments, continuous monitoring of our IT networks and systems and maintenance of backup and protective systems), cybersecurity incidents, depending on their nature and scope, could potentially result in the misappropriation, destruction, corruption or unavailability of critical data and confidential or proprietary information (our own or that of third parties) and the disruption of business operations. The potential consequences of a material cybersecurity incident include reputational damage, litigation with third parties, diminution in the value of our investment in research, development and engineering, and increased cybersecurity protection and remediation costs, which in turn could adversely affect our competitiveness and results of operations.

Our future success depends in part on the continued service of our engineering and technical personnel and our ability to identify, hire and retain additional personnel.

There is intense competition for qualified personnel in our markets. We may not be able to continue to attract and retain engineers or other qualified personnel necessary for the development and growth of our business or to replace engineers or other qualified personnel who may leave our employ in the future. The failure to retain and recruit key technical personnel could cause additional expense, potentially reduce the efficiency of our operations and could harm our business.

We and/or our customers may be unable to protect our and their proprietary technology and intellectual property rights or keep up with that of competitors.

Our ability to compete effectively against other companies in our markets depends, in part, on our ability and the ability of our customers to protect our and their current and future proprietary technology under patent, copyright, trademark, trade secret and unfair competition laws. We cannot assure that our means of protecting our proprietary rights in the United States or abroad will be adequate, or that others will not develop technologies similar or superior to our technology or design around the proprietary rights we own or license. In addition, we may incur substantial costs in attempting to protect our proprietary rights.

Also, despite the steps taken by us to protect our proprietary rights, it may be possible for unauthorized third parties to copy or reverse-engineer aspects of our and our customers' products, develop similar technology independently or otherwise obtain and use information that we or our customers regard as proprietary. We and our customers may be unable to successfully identify or prosecute unauthorized uses of our or our customers' technology.

If we become subject to material intellectual property infringement claims, we could incur significant expenses and could be prevented from selling specific products.

We may become subject to material claims that we infringe the intellectual property rights of others in the future. We cannot assure that, if made, these claims will not be successful. Any claim of infringement could cause us to incur substantial costs defending against the claim even if the claim is invalid, and could distract management from other business. Any judgment against us could require substantial payment in damages and could also include an injunction or other court order that could prevent us from offering certain products.

Environmental liability and compliance obligations may affect our operations and results.

Our manufacturing operations are subject to a variety of environmental laws and regulations as well as internal programs and policies governing:

- air emissions;
- wastewater discharges;
- the storage, use, handling, disposal and remediation of hazardous substances, wastes and chemicals; and
- employee health and safety.

If violations of environmental laws occur, we could be held liable for damages, penalties, fines and remedial actions. Our operations and results could be adversely affected by any material obligations arising from existing laws, as well as any required material modifications arising from new regulations that may be enacted in the future. We may also be held liable for past disposal of hazardous substances generated by our business or former businesses or businesses we acquire. In addition, it is possible that we may be held liable for contamination discovered at our present or former facilities.

We are subject to numerous asbestos-related lawsuits, which could adversely affect our financial position, results of operations or liquidity.

We are a defendant along with a number of other parties in lawsuits alleging that plaintiffs have or may have contracted asbestos-related diseases as a result of exposure to asbestos products or equipment containing asbestos sold by one or more named defendants. These lawsuits relate to the discontinued heat technologies segment which we sold in March 2005. Due to the non-informative nature of the complaints, we do not know whether any of the complaints state valid claims against us. Certain insurance carriers have informed us that the primary policies for the period August 1, 1970-1978 have been exhausted and that the carriers will no longer provide defense and insurance coverage under those policies. However, we have other primary and excess insurance policies that we believe afford coverage for later years. Some of these other primary insurers have accepted defense and insurance coverage for these suits, and some of them have either ignored our tender of defense of these cases, or have denied coverage, or have accepted the tenders but asserted a reservation of rights and/or advised us that they need to investigate further. Because settlement payments are applied to all years a litigant was deemed to have been exposed to asbestos, we believe we will have funds available for defense and insurance coverage under the non-exhausted primary and excess insurance policies. However, unlike the older policies, the more recent policies have deductible amounts for defense and settlements costs that we will be required to pay; accordingly, we expect that our litigation costs will increase in the future as the older policies are exhausted. Further, many of the policies covering later years (approximately 1984 and thereafter) have exclusions for any asbestos products or operations, and thus do not provide insurance coverage for asbestos-related lawsuits. If our insurance policies do not cover the costs and any awards for the asbestos-related lawsuits, we will have to use our cash or obtain additional financing to pay the asbestos-related obligations and settlement costs. There is no assurance that we will have the cash or be able to obtain additional financings on favorable terms to pay asbestos related obligations or settlements should they occur. The ultimate outcome of any legal matter cannot be predicted with certainty. In light of the significant uncertainty associated with asbestos lawsuits, there is no guarantee that these lawsuits will not materially adversely affect our financial position, results of operations or liquidity.

The market price of our common stock has been and is likely to continue to be volatile and there has been limited trading volume in our stock, which may make it difficult for shareholders to resell common stock when they want to and at prices they find attractive.

The market price of our common stock has been and is likely to be highly volatile, and there has been limited trading volume in our common stock. The common stock market price could be subject to wide fluctuations in response to a variety of factors, including the following:

- announcements of fluctuations in our or our competitors' operating results;
- the timing and announcement of sales or acquisitions of assets by us or our competitors;
- changes in estimates or recommendations by securities analysts;
- adverse or unfavorable publicity about our products, technologies or us;
- the commencement of material litigation, or an unfavorable verdict, against us;
- terrorist attacks, war and threats of attacks and war;
- additions or departures of key personnel; and
- sales of common stock.

In addition, the stock market in recent years has experienced significant price and volume fluctuations. Such volatility has affected many companies irrespective of, or disproportionately to, the operating performance of these companies. These broad fluctuations and limited trading volume may materially adversely affect the market price of our common stock, and your ability to sell our common stock.

Most of our outstanding shares are available for resale in the public market without restriction. The sale of a large number of these shares could adversely affect the share price and could impair our ability to raise capital through the sale of equity securities or make acquisitions for common stock.

"Anti-takeover" provisions may make it more difficult for a third party to acquire control of us, even if the change in control would be beneficial to shareholders.

We are a Pennsylvania corporation. Anti-takeover provisions in Pennsylvania law and our charter and bylaws could make it more difficult for a third party to acquire control of us. These provisions could adversely affect the market price of the common stock and could reduce the amount that shareholders might receive if we are sold. For example, our charter provides that the board of directors may issue preferred stock without shareholder approval. In addition, our bylaws provide for a classified board, with each board member serving a staggered three-year term. Directors may be removed by shareholders only with the approval of the holders of at least two-thirds of all of the shares outstanding and entitled to vote.

Further, under an agreement that we entered into with hi HealthInnovations, a UnitedHealth Group company, in connection with our manufacturing agreement, we are required to, among other things, offer to United Healthcare Services, Inc. the right to complete the acquisition of our company by a health insurer on the same terms and conditions and the right to participate in certain other sales of our company, all of which may have an anti-takeover effect. For more information, see our Current Report on Form 8-K filed with the SEC on November 14, 2011.

If we fail to maintain an effective system of internal controls, we may not be able to accurately report our financial results or prevent fraud. As a result, current and potential shareholders and customers could lose confidence in our financial reporting, which could harm our business, the trading price of our stock and our ability to retain our current customers or obtain new customers.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, referred to as Section 404, we are required to include in our Annual Reports on Form 10-K, our management's report on internal control over financial reporting. Currently, we are not required to include a report of our independent registered public accounting firm on our internal controls because we are a "smaller reporting company" under SEC rules; therefore, shareholders do not have the benefit of an independent review of our internal controls. While we have reported no "material weaknesses" in the Form 10-K for the fiscal year ended December 31, 2014, we cannot guarantee that we will not have material weaknesses in the future. Compliance with the requirements of Section 404 is expensive and time-consuming. If in the future we fail to complete this evaluation in a timely manner, or if we determine that we have a material weakness, we could be subject to regulatory scrutiny and a loss of public confidence in our internal control over financial reporting. In addition, any failure to establish an effective system of disclosure controls and procedures could cause our current and potential investors and customers to lose confidence in our financial reporting and disclosure required under the Securities Exchange Act of 1934, which could adversely affect our business and the market price of our common stock.

ITEM 1B. Unresolved Staff Comments

None

ITEM 2. Properties

The Company leases six facilities, three domestically and three internationally, as follows:

- a 47,000 sq. ft. manufacturing facility in Arden Hills, Minnesota, which also serves as the Company's headquarters, from a partnership consisting of two former officers of IntriCon Inc. and Mark S. Gorder who serves as the chairman of the board, president and CEO of the Company. At this facility, the Company manufactures body-worn devices, other than plastic component parts. Annual base rent expense, including real estate taxes and other charges, is approximately $486. The Company believes the terms of the lease agreement are comparable to those which could be obtained from unaffiliated third parties. As amended, this lease expires in November 2016.
- a 46,000 sq. ft. building in Vadnais Heights, Minnesota at which IntriCon produces plastic component parts for body-worn devices. Annual base rent expense, including real estate taxes and other charges, is approximately $428. This lease expires in June 2016.
- a 4,000 square foot building in Escondido, California, which houses assembly operations and administrative offices relating to our cardiac monitoring business. Annual base rent expense, including real estate taxes and other charges, is approximately $35. This lease expires in April 2016.
- a 28,000 square foot building in Singapore which houses production facilities and administrative offices. Annual base rent expense, including real estate taxes and other charges, of the 24,000 square foot portion of the building we use is approximately $290. This lease expires in October 2015.
- a 15,000 square foot facility in Indonesia which houses production facilities. Annual base rent expense, including real estate taxes and other charges is approximately $97. This lease expires in July 2016.
- a 2,000 square foot facility in Germany which houses sales and administrative offices. Annual base rent expense, including real estate taxes and other charges, is approximately $34. This lease expires in June 2017.

See Notes 14 and 15 to the Company's consolidated financial statements in Item 8 of the Annual Report on Form 10-K.

ITEM 3. Legal Proceedings

The Company is a defendant along with a number of other parties in lawsuits alleging that plaintiffs have or may have contracted asbestos-related diseases as a result of exposure to asbestos products or equipment containing asbestos sold by one or more named defendants. These lawsuits relate to the discontinued heat technologies segment which was sold in March 2005. Due to the non-informative nature of the complaints, the Company does not know whether any of the complaints state valid claims against the Company. Certain insurance carriers have informed the Company that the primary policies for the period August 1, 1970-1978 have been exhausted and that the carriers will no longer provide defense and insurance coverage under those policies. However, the Company has other primary and excess insurance policies that the Company believes afford coverage for later years. Some of these other primary insurers have accepted defense and insurance coverage for these suits, and some of them have either ignored the Company's tender of defense of these cases, or have denied coverage, or have accepted the tenders but asserted a reservation of rights and/or advised the Company that they need to investigate further. Because settlement payments are applied to all years a litigant was deemed to have been exposed to asbestos, the Company believes that it will have funds available for defense and insurance coverage under the non-exhausted primary and excess insurance policies. However, unlike the older policies, the more recent policies have deductible amounts for defense and settlements costs that the Company will be required to pay; accordingly, the Company expects that its litigation costs will increase in the future. Further, many of the policies covering later years (approximately 1984 and thereafter) have exclusions for any asbestos products or operations, and thus do not provide insurance coverage for asbestos-related lawsuits. The Company does not believe that the asserted exhaustion of some of the primary insurance coverage for the 1970-1978 period will have a material adverse effect on its financial condition, liquidity, or results of operations. Management believes that the number of insurance carriers involved in the defense of the suits, and the significant number of policy years and policy limits under which these insurance carriers are insuring the Company, make the ultimate disposition of these lawsuits not material to the Company's consolidated financial position or results of operations.

The Company's former wholly owned French subsidiary, Selas SAS, filed for insolvency in France. The Company may be subject to additional litigation or liabilities as a result of the French insolvency proceeding.

The Company is also involved in other lawsuits arising in the normal course of business, as further described in Note 14 to the consolidated financial statements in Item 8. While it is not possible to predict with certainty the outcome of these matters, management is of the opinion that the disposition of these lawsuits and claims will not materially affect the Company's consolidated financial position, liquidity, or results of operations.

ITEM 4. Mine Safety Disclosures

Not applicable.

ITEM 4A. Executive Officers of the Registrant

The names, ages and offices (as of February 19, 2015) of the Company's executive officers were as follows:

Name	Age	Position
Mark S. Gorder	68	President, Chief Executive Officer and Director of the Company
Scott Longval	38	Chief Financial Officer and Treasurer of the Company
Michael P. Geraci	56	Vice President, Sales and Marketing
Dennis L. Gonsior	56	Vice President, Global Operations
Greg Gruenhagen	61	Vice President, Corporate Quality and Regulatory Affairs

Mr. Gorder joined the Company in October 1993 when Resistance Technology, Inc. (RTI) (now known as IntriCon, Inc.) was acquired by the Company. Mr. Gorder received a Bachelor of Arts degree in Mathematics from the St. Olaf College, a Bachelor of Science degree in Electrical Engineering from the University of Minnesota and a Master of Business Administration from the University of Minnesota. Prior to the acquisition, Mr. Gorder was President and one of the founders of RTI, which began operations in 1977. Mr. Gorder was promoted to Vice President of the Company and elected to the Board of Directors in April 1996. In December 2000, he was elected President and Chief Operating Officer and in April 2001, Mr. Gorder assumed the role of Chief Executive Officer.

Mr. Longval has served as the Company's Chief Financial Officer since July 2006. Mr. Longval received a Bachelor of Science degree in Accounting from the University of St. Thomas. Prior to being appointed as CFO, Mr. Longval served as the Company's Corporate Controller since September 2005. Prior to joining the Company, Mr. Longval was Principal Project Analyst at ADC Telecommunications, Inc., a provider of innovative network infrastructure products and services, from March 2005 until September 2005. From May 2002 until March 2005 he was employed by Accellent, Inc., formerly MedSource Technologies, a provider of outsourcing solutions to the medical device industry, most recently as Manager of Financial Planning and Analysis. From September 1998 until April 2002, he was employed by Arthur Andersen, most recently as experienced audit senior.

Mr. Geraci joined the Company in October 1983. Mr. Geraci received a Bachelor of Science degree in Electrical Engineering from Bradley University and a Master of Business Administration from the University of Minnesota – Carlson School of Business. He has served as the Company's Vice President of Sales and Marketing since January 1995.

Mr. Gonsior joined the Company in February 1982. Mr. Gonsior received a Bachelor of Science degree from Saint Cloud State University. He has served as the Company's Vice President of Operations since January 1996.

Mr. Gruenhagen joined the Company in November 1984. Mr. Gruenhagen received a Bachelor of Science degree from Iowa State University. He has served as the Company's Vice President of Corporate Quality and Regulatory Affairs since December 2007. Prior to that, Mr. Gruenhagen served as Director of Corporate Quality since 2004 and Director of Project Management since 2000.

PART II

ITEM 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

The Company's common shares are listed on the NASDAQ Global Market under the ticker symbol "IIN".

Market and Dividend Information

The high and low sale prices of the Company's common stock during each quarterly period during the past two years were as follows:

	2014 Market Price Range		2013 Market Price Range	
Quarter	High	Low	High	Low
First	$ 5.11	3.78	$ 5.45	4.00
Second	8.90	4.42	5.14	3.26
Third	8.88	5.74	4.70	2.75
Fourth	6.95	5.55	4.60	3.42

The closing sale price of the Company's common stock on February 19, 2015, was $8.09 per share.

At February 19, 2015 the Company had 271 shareholders of record of common stock. Such number does not reflect shareholders who beneficially own common stock in nominee or street name.

The Company currently intends to retain any future earnings to support operations and to finance the growth and development of its business and does not intend to pay cash dividends on its common stock for the foreseeable future. Any payment of future dividends will be at the discretion of the Board of Directors and will depend upon, among other things, the Company's earnings, financial condition, capital requirements, level of indebtedness, contractual restrictions with respect to the payment of dividends, and other factors that the Board of Directors deems relevant. Terms of the Company's banking agreements prohibit the payment of cash dividends without prior bank approval.

See "Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters — Equity Compensation Plans" of this Annual Report on Form 10-K for disclosure regarding our equity compensation plans.

In 2014, the Company did not sell any unregistered securities and did not repurchase any of its securities.

ITEM 6. Selected Financial Data

Year Ended December 31	2014	2013	2012	2011	2010
Sales, net	$ 68,303	$ 52,961	$ 59,955	$ 52,095	$ 58,697
Gross profit	18,484	12,169	15,299	12,650	15,013
Operating expenses	15,076	13,507	13,231	12,709	13,419
Interest Expense	(461)	(600)	(755)	(609)	(655)
Equity in income (loss) of partnerships	(228)	(262)	(116)	174	(135)
Gain on sale of investment in partnership	-	-	822	-	-
Other income (expense), net	227	127	(96)	52	(4)
Income (loss) from continuing operations before income taxes and discontinued operations	2,946	(2,073)	1,923	(442)	800
Income tax (expense) benefit	(428)	(217)	(164)	160	(145)
Income (loss) from continuing operations before discontinued operations	2,518	(2,290)	1,759	(282)	655
Gain (Loss) on sale of discontinued operations, net of income taxes	(120)	-	-	-	35
Loss from discontinued operations, net of income taxes	(150)	(3,872)	(1,050)	(1,143)	(329)
Net income (loss)	$ 2,248	$ (6,162)	$ 709	$ (1,425)	$ 361
Basic income (loss) per share:					
Continuing operations	$ 0.43	$ (0.40)	$ 0.31	$ (0.05)	$ 0.12
Discontinued operations	(0.05)	(0.68)	(0.19)	(0.20)	(0.05)
Net income (loss)	$ 0.39	$ (1.08)	$ 0.13	$ (0.25)	$ 0.07
Diluted income (loss) per share:					
Continuing operations	$ 0.42	$ (0.40)	$ 0.30	$ (0.05)	$ 0.12
Discontinued operations	(0.04)	(0.68)	(0.18)	(0.20)	(0.05)
Net income (loss)	$ 0.37	$ (1.08)	$ 0.12	$ (0.25)	$ 0.07
Weighted average number of shares outstanding during year:					
Basic	5,791	5,699	5,669	5,599	5,484
Diluted	6,038	5,699	5,888	5,599	5,535

Other Financial Highlights

Year Ended December 31	2014	2013 (b)	2012 (b)	2011 (b)	2010
Working capital (a)	7,804	5,978	8,893	8,207	8,615
Total assets	33,961	32,720	39,132	40,730	36,267
Long-term debt	4,627	6,271	7,222	8,217	6,465
Shareholders' equity	16,107	13,308	18,722	17,446	18,571
Depreciation and amortization	2,182	2,402	1,983	2,083	2,601

(a) Working capital is equal to current assets less current liabilities.

(b) In 2013, the Company classified its security and certain microphone, and receiver operations as discontinued operations. The Company revised its financial statements for 2011 and 2012 to reflect the discontinued operations.

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

Company Overview

IntriCon Corporation, (the “Company” or “IntriCon”, “we”, “us” or “our”) is an international company engaged in the designing, developing, engineering and manufacturing of body-worn devices. The Company serves the body-worn device market by designing, developing, engineering and manufacturing micro-miniature products, microelectronics, micro-mechanical assemblies and complete assemblies, primarily for bio-telemetry devices, hearing instruments and professional audio communication devices.

As discussed below, the Company has one operating segment - its body-worn device segment. Our expertise in this segment is focused on three main markets: medical, hearing health and professional audio communications. Within these chosen markets, we combine ultra-miniature mechanical and electronics capabilities with proprietary technology – including ultra low power (ULP) wireless and digital signal processing (DSP) capabilities – that enhances the performance of body-worn devices.

Business Highlights

The Company reported its strongest financial results in over a decade, including its strongest revenue, margin and earnings.

On December 4, 2014 the Company announced an exclusive distribution agreement with PC Werth in the United Kingdom. PC Werth, through its partnership with IntriCon, has been appointed as one of the main suppliers to the National Health Service (NHS) Supply Chain’s National Framework. The NHS is the largest purchaser of hearing aids in the world, supplying an estimated 1.2 million hearing aids annually.

On February 14, 2014, the Company and its domestic subsidiaries entered into a Sixth Amendment to the Loan and Security Agreement and Waiver with The PrivateBank and Trust Company, which among other things extended the maturity date of the term loan and revolving credit facility to February 28, 2018 (refer to Note 7).

On January 27, 2014, the Company sold its remaining security and certain microphone and receiver operations; which marked the final milestone in the global strategic restructuring plan announced in 2013.

Forward–Looking Statements

The following discussion and analysis of our financial condition and results of operations should be read together with our financial statements and the related notes appearing in Item 8 of this report. This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, including but not limited to those under the heading “Risk Factors” in Item 1A of this Annual Report on Form 10-K. See also Item 1. “Business—Forward-Looking Statements” for more information.

Results of Operations: 2014 Compared with 2013

Consolidated Net Sales

Our net sales are comprised of three main markets: medical, hearing health, and professional audio - collectively our body-worn device segment. Below is a recap of our sales by main markets for the years ended December 31, 2014 and 2013:

	2014	2013	Change Dollars	Change Percent
Medical	$ 35,109	$ 25,978	$ 9,131	35.1%
Hearing Health	22,959	19,739	3,220	16.3%
Professional Audio Communications	10,235	7,244	2,991	41.3%
Consolidated Net Sales	$ 68,303	$ 52,961	$ 15,342	29.0%

In 2014, we experienced a 35.1 percent increase in medical sales primarily driven by higher sales to Medtronic and other key medical customers. In September 2013, Medtronic received Food and Drug Administration (FDA) approval for their MiniMed 530G insulin pump system. To support their MiniMed 530G system launch, we built and sold significant inventory from the fourth quarter of 2013 through the first half of 2014, which is the primary reason sales have increased significantly from the prior period. While the company has satisfied the initial launch volume requirements, IntriCon anticipates sequential Medtronic revenue growth in 2015. Management believes that the industry-wide trend to shift the point of care from expensive traditional settings, such as hospitals, to less expensive non-traditional settings like the home, will result in growth of the medical bio-telemetry industry. IntriCon currently serves this market by offering medical manufacturers the capabilities to design, develop and manufacture medical devices that are easier to use, are more miniature, use less power, and are lighter. IntriCon has a strong presence in both the diabetes market, with its Medtronic partnership, and cardiac diagnostic monitoring bio-telemetry market. The Company believes there are growth opportunities in these markets as well other emerging biotelemetry and home care markets, such as sleep apnea, that could benefit from its capabilities to develop devices that are more technologically advanced, smaller and lightweight.

Net sales in our hearing health business for the year ended December 31, 2014 increased 16.3 percent over the same period in 2013. The increase was primarily due to strong device sales to hi HealthInnovations and to the conventional hearing health channel. Market dynamics, such as low penetration rates, an aging population, and the need for reduced cost and convenience, have resulted in the emergence of alternative care models, such the insurance channel and PSAP channel. IntriCon believes it is very well positioned to serve these value hearing health market channels. The Company will be aggressively pursuing larger customers who can benefit from our value proposition. Over the past several years, the Company has invested heavily in core technologies, product platforms and its global manufacturing capabilities geared to provide high-tech, lower-cost hearing devices.

Net sales to the professional audio device sector increased 41.3 percent in 2014 compared to the same period in 2013. During 2014, the Company delivered on a contract with the Singapore government to provide technically advanced headsets worn in military applications, which makes up a large portion of the period over period increase. IntriCon will continue to leverage its core technology in professional audio to support existing customers, as well as pursue related hearing health and medical product opportunities.

Gross Profit

Gross profit, both in dollars and as a percent of sales, for 2014 and 2013, were as follows:

	2014		2013		Change	
	Dollars	Percent of Sales	Dollars	Percent of Sales	Dollars	Percent
Gross Profit	$ 18,484	27.1%	$ 12,169	23.0%	$ 6,315	51.9%

The 2014 gross profit increase over the comparable prior year period was primarily due to higher overall sales volumes and cost reductions from global restructuring initiatives, partially offset by a less favorable sales mix.

Sales and Marketing, General and Administrative and Research and Development Expenses

Sales and marketing, general and administrative and research and development expenses for the years ended December 31, 2014 and 2013 were:

	2014		2013		Change	
	Dollars	Percent of Sales	Dollars	Percent of Sales	Dollars	Percent
Sales and Marketing	$ 3,699	5.4%	$ 3,308	6.2%	$ 391	11.8%
General and Administrative	6,462	9.5%	5,789	10.9%	673	11.6%
Research and Development	4,832	7.1%	4,181	7.9%	651	15.6%

Sales and marketing expenses increased due to the addition of experienced professionals and greater commission expenses based on the revenue growth. General and administrative expenses are greater than the prior year period primarily due to increased support costs. Also, sales and marketing and general and administrative expenses increased due to support for VHH opportunities. Research and development increased over the prior year periods primarily due to a research and development tax credit accrued in the third quarter of 2013 of $567 and increased expenses in 2014 to support the Company's VHH initiative.

Restructuring charges

On June 13, 2013 the Company announced a global strategic restructuring plan designed to accelerate the Company's future growth by focusing resources on the highest potential growth areas and to reduce costs. The plan was approved by the Company's Board of Directors on June 12, 2013. As part of this plan, the Company: reduced investment in certain non-core professional audio communications product lines; transferred specific product lines from Singapore to the Company's lower-cost manufacturing facility in Batam, Indonesia; reduced global administrative and support workforce; transferred the medical coil operations from the Company's Maine facility to Minnesota to better leverage existing manufacturing capacity; sold its remaining security, microphone and receiver operations; added experienced professionals in value hearing health; and focused more resources in medical biotelemetry. During 2014, the Company incurred restructuring charges of $83 and during 2013 the Company incurred restructuring charges of $229. These charges are primarily related to employee termination benefits from the restructuring of its continuing operations. In the future, the Company does not expect to incur any additional cash charges related to this restructuring.

Interest Expense

Interest expense for 2014 was $461, a decrease of $139 from $600 in 2013. The decrease in interest expense was primarily due to lower average debt balances compared to the prior year.

Equity in Loss of Partnerships

The equity in loss of partnerships for 2014 was $228 compared to $262 in 2013.

The Company recorded a $182 decrease in the carrying amount of its investment in the Hearing Instrument Manufacturers Patent Partnership ("HIMPP") for 2014, reflecting amortization of the patents and other intangibles and the Company's portion of the partnership's operating results for the year ended December 31, 2013, compared to a $204 decrease in the carrying amount of the investment in 2013 for the amortization of the patents and other intangibles and the Company's portion of the partnership's operating results for the year ended December 31, 2013. Also, in 2014 the Company paid $46 in operating expenses for HIMPP compared to $58 in 2013.

Other Income (Expense), net

In 2014, other income (expense), net was $227 compared to $127 in 2013 primarily due to a royalty payment received in 2014.

***Income Tax* Expense**

Income taxes were as follows:

	2014	2013
Income tax expense	$ 428	$ 217
Percentage of income tax expense of income from continuing operations before income taxes and discontinued operations	14.5%	10.5%

The expense in 2014 and 2013 was primarily due to foreign taxes on German and Singapore operations. The Company is in a net operating loss position ("NOL") for US federal and state income tax purposes and, consequently, incurs minimal income tax expense from the current period domestic operations. Our deferred tax asset related to the NOL carry forwards has been offset by a full valuation allowance. We have approximately $22,861 of NOL carry forwards available to offset future U.S. federal income taxes that begin to expire in 2022.

Loss from Discontinued Operations

Loss from discontinued operations, net of income taxes, for the year ended December 31, 2014 was $270 compared to a loss of $3,872 for the year ended December 31, 2013. Included in the net loss for the year ended December 31, 2013 was $1,700 in impairment charges.

Results of Operations: 2013 Compared with 2012

Consolidated Net Sales

Below is a recap of our sales by main markets for the years ended December 31, 2013 and 2012:

			Change	
Year Ended December 31	**2013**	**2012**	Dollars	Percent
Medical	$ 25,978	$ 24,463	$ 1,515	6.2%
Hearing Health	19,739	23,806	(4,067)	-17.1%
Professional Audio Communications	7,244	11,686	(4,442)	-38.0%
Consolidated Net Sales	$ 52,961	$ 59,955	$ (6,994)	-11.7%

In 2013, we experienced a 6.2 percent increase in medical sales primarily driven by higher sales to Medtronic and other key medical customers. In September 2013, Medtronic obtained FDA approval for the 530G insulin pump system. As such, medical market sales strengthened in the 2013 fourth quarter as Medtronic ramped for its launch of the MiniMed 530G.

Net sales in our hearing health business for the year ended December 31, 2013 decreased 17.1 percent over the same period in 2012 primarily due to the reduced purchases by hi HealthInnovations and the continued softness in the conventional channel consistent with industry trends.

Net sales to the professional audio device sector decreased 38.0 percent in 2013 compared to the same period in 2012. The decline was primarily due to the end of a Singapore government contract that was completed in 2012, the strategic decision to rationalize select non-core professional audio communications product lines, and the U.S. government sequestration and disruption associated with the federal government shutdown.

Gross Profit

Gross profit, both in dollars and as a percent of sales, for 2013 and 2012, were as follows:

	2013		2012		Change	
Year Ended December 31	Dollars	Percent of Sales	Dollars	Percent of Sales	Dollars	Percent
Gross Profit	$ 12,169	23.0%	$ 15,299	25.5%	$ (3,130)	-20.5%

The 2013 gross profit decrease over the comparable prior year periods was primarily due to lower overall sales volumes partially offset by cost reductions from the global restructuring.

Sales and Marketing, General and Administrative and Research and Development Expenses

Sales and marketing, general and administrative and research and development expenses for the years ended December 31, 2013 and 2012 were:

	2013		2012		Change	
Year Ended December 31	Dollars	Percent of Sales	Dollars	Percent of Sales	Dollars	Percent
Sales and Marketing	$ 3,308	6.2%	$ 3,324	5.5%	$ (16)	-0.5%
General and Administrative	5,789	10.9%	5,426	9.1%	363	6.7%
Research and Development	4,181	7.9%	4,481	7.5%	(300)	-6.7%

Sales and marketing decreased slightly over the prior year due to reduced sales and related selling commissions. During the third quarter of 2013, the Company contracted with an experienced hearing health veteran to lead the Value Hearing Health strategic initiative. General and administrative expenses increased over the prior year period primarily driven by increased stock based compensation and increased administrative bank fees compared to 2012. Research and development decreased over the prior year primarily due to research and development tax credit refunds accrued of $567 and the global restructure plan, partially offset by higher outside service costs.

Restructuring charges

During 2013, the Company incurred charges of $229, primarily related to employee termination severance costs, from the restructuring of its continuing operations. On June 13, 2013, the Company announced a global strategic restructuring plan designed to accelerate the Company's future growth by focusing resources on the highest potential growth areas and reduce costs by approximately $3.0 million annually.

Interest Expense

Interest expense for 2013 was $600, a decrease of $155 from $755 in 2012. The decrease in interest expense was primarily due to lower average debt balances compared to the prior year.

Equity in Income (Loss) of Partnerships

The equity in loss of partnerships for 2013 was $262 compared to $116 in 2012.

The Company recorded a $204 decrease in the carrying amount of its investment in the Hearing Instrument Manufacturers Patent Partnership ("HIMPP") for 2013, reflecting amortization of the patents and other intangibles and the Company's portion of the partnership's operating results for the year ended December 31, 2013, compared to a $166 decrease in the carrying amount of the investment in 2012 for the amortization of the patents and other intangibles and the Company's portion of the partnership's operating results for the year ended December 31, 2012. Also, in 2013 the Company paid $58 in operating expenses for HIMPP compared to $50 in 2012.

Prior to the sale of the Global Coils joint venture interest in 2012, the Company recorded a $50 increase in the carrying amount of IntriCon's investment in this joint venture, reflecting the Company's portion of the joint venture's operating results for year ended December 31, 2012, respectively.

Gain on Sale of Investment in Partnership

In August 2012, the Company sold its 50% interest in its Global Coils joint venture, to its joint venture partner Audemars SA. The Global Coils joint venture is in the business of marketing, designing, manufacturing, and selling audio coils to the hearing health industry. Audemars paid $426 in cash at closing and will make future payments, both one time and recurring, as specified in the purchase agreement. Audemars also transferred certain hearing health inventory to IntriCon. The Company recorded a gain on the sale of $822 in the gain on sale of investment in partnership line of the accompanying statement of operations.

The net gain was computed as follows:

Cash proceeds	$ 426
Receivables	721
Inventory	186
Net assets disposed	(486)
Transaction costs	(25)
Gain on sale	$ 822

Other Income (Expense), net

In 2013, other income (expense), net was $127 compared to $ (96) in 2012 primarily related to the gain (loss) on foreign currency exchange.

Income Tax (Expense) Benefit

Income taxes were as follows:

	2013	2012
Income tax (expense) benefit	$ (217)	$ (164)
Percentage of income tax (expense) benefit of income from continuing operations before income taxes and discontinued operations	10.5%	-8.5%

The expense in 2013 and 2012 was primarily due to foreign taxes on German and Singapore operations. The Company is in a net operating loss position ("NOL") for US federal and state income tax purposes and, consequently, minimal income tax expense from the current period domestic operations was recognized. Our deferred tax asset related to the NOL carryforward has been effected by a full valuation allowance.

Loss from Discontinued Operations

Loss from discontinued operations, net of income taxes, for the year ended December 31, 2013 was $3,872 compared to a loss of $1,050 for the year ended December 31, 2012. The increase in the loss was driven by decreased sales to the U.S. government due to the sequestration and disruption associated with the federal government shutdown. Also, included in the net loss for the year ended December 31, 2013 was $1,700 in impairment charges.

Liquidity and Capital Resources

Our primary sources of cash have been cash flows from operations, bank borrowings, and other financing transactions. For the last three years, cash has been used for repayments of bank borrowings, purchases of equipment, establishment of an additional Asian manufacturing facility and working capital to support research and development.

As of December 31, 2014, we had approximately $328 of cash on hand. Sources and uses of our cash for the year ended December 31, 2014 have been from our operations, as described below.

Consolidated net working capital increased to $7,804 at December 31, 2014 from $5,978 at December 31, 2013. Our cash flows from operating, investing and financing activities, as reflected in the statement of cash flows for the years ended December 31, are summarized as follows:

	December 31, 2014	December 31, 2013	December 31, 2012
Cash provided by (used in):			
Operating activities	$ 2,921	$ 2,674	$ 2,006
Investing activities	(958)	(930)	(1,109)
Financing activities	(1,698)	(1,763)	(799)
Effect of exchange rate changes on cash	(154)	11	8
Increase (decrease) in cash	$ 111	$ (8)	$ 106

Operating Activities. The most significant items that contributed to the $2,921 of cash provided from operating activities was net income of $2,248, add backs for non-cash depreciation and stock compensation, partially offset by increases in accounts receivable and inventory. Days sales in inventory decreased from 76 at December 31, 2013 to 75 at December 31, 2014. Days payables outstanding remained stable at 50 days for both December 31, 2013 and December 31, 2014. Day sales outstanding increased from 33 days at December 31, 2013 to 41 days at December 31, 2014.

Investing Activities. Net cash used in investing activities of $958 consisted of $1,524 of purchases of property, plant and equipment partially offset by proceeds of $500 from the sale of the Company's discontinued securities and certain microphone and receiver businesses.

Financing Activities. Net cash used by financing activities of $1,698 was comprised primarily of repayments of borrowings under our credit facilities, partially offset by proceeds of new borrowings.

Cash generated from operations may be affected by a number of factors. See "Forward Looking Statements" and "Item 1A Risk Factors" contained in this Form 10-K for a discussion of some of the factors that can negatively impact the amount of cash we generate from our operations.

We had the following bank arrangements at December 31:

	December 31, 2014	December 31, 2013
Total borrowing capacity under existing facilities	$ 10,925	$ 11,051
Facility Borrowings:		
Domestic revolving credit facility	3,843	4,450
Domestic term loan	1,750	2,750
Foreign overdraft and letter of credit facility	920	1,281
Total borrowings and commitments	6,513	8,481
Remaining availability under existing facilities	$ 4,412	$ 2,570

Domestic Credit Facilities

The Company and its domestic subsidiaries are parties to a credit facility with The PrivateBank and Trust Company. The credit facility, as amended, provides for:

- an $8,000 revolving credit facility, with a $200 sub facility for letters of credit. Under the revolving credit facility, the availability of funds depends on a borrowing base composed of stated percentages of the Company's eligible trade receivables and eligible inventory, and eligible equipment less a reserve; and

- a term loan in the original amount of $4,000.

In February 2014, the Company and its domestic subsidiaries entered into a Sixth Amendment to the Loan and Security Agreement and Waiver with The PrivateBank and Trust Company. The amendment, among other things:

- extended the term loan and revolving loan maturity date to February 28, 2018, keeping the existing term loan amortization schedule in place;

- increased the eligible accounts receivable borrowing percentage from eighty percent to eight-five percent for all eligible accounts other than two specific customers which will be ninety percent. Under the revolving credit facility as amended, the availability of funds depends on a borrowing base composed of stated percentages of the Company's eligible trade receivables and inventory, less a reserve;

- amended the applicable base rate margin, applicable LIBOR rate margin, applicable LOC fee and applicable non-use fee based on the then applicable leverage ratio;

- amended the funded debt to EBITDA and fixed charge coverage covenants;

- revised the definition of net income.

- approved the application of net proceeds from the sale of discontinued operations in 2014 against amounts outstanding under the revolving credit facility; and

- waived certain financial covenant defaults as of December 31, 2013.

Due to the Sixth Amendment as described above, the term loan and the revolving loan maturity date has been extended to February 28, 2018. As a result, all of the borrowings under this agreement have been characterized as either a current or long-term liability on our balance sheet in accordance with the repayment terms described more fully below.

Loans under the credit facility are secured by a security interest in substantially all of the assets of the Company and its domestic subsidiaries including a pledge of the stock of its domestic subsidiaries. Loans under the credit facility bear interest at varying rates based on the Company's leverage ratio of funded debt / EBITDA, at the option of the Company, at:

- the London InterBank Offered Rate ("LIBOR") plus 2.75% - 4.00%, or

- the base rate, which is the higher of (a) the rate publicly announced from time to time by the lender as its "prime rate" and (b) the Federal Funds Rate plus 0.5%, plus 0.00% - 1.25% ; in each case, depending on the Company's leverage ratio.

Interest is payable monthly in arrears, except that interest on LIBOR based loans is payable at the end of the one, two or three month interest periods applicable to LIBOR based loans. IntriCon is also required to pay a non-use fee equal to 0.25% per year of the unused portion of the revolving line of credit facility, payable quarterly in arrears.

Weighted average interest on our domestic credit facilities was 4.51%, 4.30%, and 4.52% for 2014, 2013, and 2012, respectively.

The outstanding balance of the revolving credit facility was $3,843 and $4,450 at December 31, 2014 and 2013, respectively. The total remaining availability on the revolving credit facility was approximately $3,456 and $1,682 at December 31, 2014 and 2013, respectively.

The outstanding principal balance of the term loan, as amended, is payable in quarterly installments of $250. Any remaining principal and accrued interest is payable on February 28, 2018. IntriCon is also required to use 100% of the net cash proceeds of certain asset sales (excluding inventory and certain other dispositions), sale of capital securities or issuance of debt to pay down the term loan.

The borrowers are subject to various covenants under the credit facility, including a maximum funded debt to EBITDA, a minimum fixed charge coverage ratio and maximum capital expenditure financial covenants. Under the credit facility, except as otherwise permitted, the borrowers may not, among other things: incur or permit to exist any indebtedness; grant or permit to exist any liens or security interests on their assets or pledge the stock of any subsidiary; make investments; be a party to any merger or consolidation, or purchase of all or substantially all of the assets or equity of any other entity; sell, transfer, convey or lease all or any substantial part of its assets or capital securities; sell or assign, with or without recourse, any receivables; issue any capital securities; make any distribution or dividend (other than stock dividends), whether in cash or otherwise, to any of its equity holders; purchase or redeem any of its equity interests or any warrants, options or other rights to equity; enter into any transaction with any of its affiliates or with any director, officer or employee of any borrower; be a party to any unconditional purchase obligations; cancel any claim or debt owing to it; make payment on or changes to any subordinated debt; enter into any agreement inconsistent with the provisions of the credit facility or other agreements and documents entered into in connection with the credit facility; engage in any line of business other than the businesses engaged in on the date of the credit facility and businesses reasonably related thereto; or permit its charter, bylaws or other organizational documents to be amended or modified in any way which could reasonably be expected to materially adversely affect the interests of the lender. The Company was in compliance with the fixed charge, leverage and capital expenditure covenants under the credit facility as of December 31, 2014.

Upon the occurrence and during the continuance of an event of default (as defined in the credit facility), the lender may, among other things: terminate its commitments to the borrowers (including terminating or suspending its obligation to make loans and advances); declare all outstanding loans, interest and fees to be immediately due and payable; take possession of and sell any pledged assets and other collateral; and exercise any and all rights and remedies available to it under the Uniform Commercial Code or other applicable law. In the event of the insolvency or bankruptcy of any borrower, all commitments of the lender will automatically terminate and all outstanding loans, interest and fees will be immediately due and payable. Events of default include, among other things, failure to pay any amounts when due; material misrepresentation; default in the performance of any covenant, condition or agreement to be performed that is not cured within 20 days after notice from the lender; default in the performance of obligations under certain subordinated debt, default in the payment of other indebtedness or other obligation with an outstanding principal balance of more than $50, or of any other term, condition or covenant contained in the agreement under which such obligation is created, the effect of which is to allow the other party to accelerate such payment or to terminate the agreements; a breach by a borrower under certain material agreements, the result of which breach is the suspension of the counterparty’s performance thereunder, delivery of a notice of acceleration or termination of such agreement; the insolvency or bankruptcy of any borrower; the entrance of any judgment against any borrower in excess of $50, which is not fully covered by insurance; any divestiture of assets or stock of a subsidiary constituting a substantial portion of borrowers’ assets; the occurrence of a change in control (as defined in the credit facility); certain collateral impairments; a contribution failure with respect to any employee benefit plan that gives rise to a lien under ERISA; and the occurrence of any event which lender determines could be reasonably expected to have a material adverse effect (as defined in the credit facility).

During 2014, the Company entered into interest rate swaps with The PrivateBank which are accounted for as effective cash flow hedges. The interest rate swaps had a combined initial notional amount of $3,750, with a portion of the swap amortizing on a basis consistent with the $250 quarterly installments required under the term loan. The interest rate swaps fix the Company's one month LIBOR interest rate on the notional amounts at rates ranging from 0.80% - 1.45%. We hold a right to cancel the interest rate swaps starting August 31, 2016. Interest rate swaps, which are considered derivative instruments, of $19 and $22 are reported in the consolidated balance sheets at fair value in other current liabilities at December 31, 2014 and 2013.

Foreign Credit Facility

In addition to its domestic credit facilities, the Company’s wholly-owned subsidiary, IntriCon, PTE LTD., entered into an international senior secured credit agreement with Oversea-Chinese Banking Corporation Ltd. that provides for a $1,876 line of credit as of December 31, 2014 based on applicable exchange rates. Borrowings bear interest at a rate of .75% to 2.5% over the lender’s prevailing prime lending rate. Weighted average interest on the international credit facilities was 4.50% and 3.95% for the years ended December 31, 2014 and 2013. The outstanding balance was $920 and $1,281 at December 31, 2014 and 2013, respectively. The total remaining availability on the international senior secured credit agreement was approximately $956 and $888 at December 31, 2014 and 2013, respectively.

We believe that funds expected to be generated from operations and the available borrowing capacity through our revolving credit loan facilities will be sufficient to meet our anticipated cash requirements for operating needs for at least the next 12 months. If, however, we do not generate sufficient cash from operations, or if we incur additional unanticipated liabilities, we may be required to seek additional financing or sell equity or debt on terms which may not be as favorable as we could have otherwise obtained. No assurance can be given that any refinancing, additional borrowing or sale of equity or debt will be possible when needed or that we will be able to negotiate acceptable terms. In addition, our access to capital is affected by prevailing conditions in the financial and equity capital markets, as well as our own financial condition. While management believes that we will be able to meet our liquidity needs for at least the next 12 months, no assurance can be given that we will be able to do so.

Contractual Obligations

The following table represents our contractual obligations and commercial commitments, excluding interest expense, as of December 31, 2014.

Contractual Obligations	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Domestic credit facility	$ 3,843	$ -	$ -	$ 3,843	$ -
Domestic term loan	1,750	1,000	750	-	-
Foreign overdraft and letter of credit facility	920	886	34	-	-
Pension and other postretirement benefit obligations	1,424	220	395	338	471
Operating leases	2,058	1,307	751		-
Other	175	175	-	-	-
Total contractual obligations	$ 10,170	$ 3,588	$ 1,930	$ 4,181	$ 471

There are certain provisions in the underlying contracts that could accelerate our contractual obligations as noted above.

Foreign Currency Fluctuation

Generally, the effect of changes in foreign currencies on our results of operations is partially or wholly offset by our ability to make corresponding price changes in the local currency. From time to time, the impact of fluctuations in foreign currencies may have a material effect on the financial results of the Company. Foreign currency transaction amounts included in the statements of operation include losses of $51, $42 and $177 in 2014, 2013 and 2012, respectively. See Note 11 to the Company's consolidated financial statements included herein.

Off-Balance Sheet Obligations

We had no material off-balance sheet obligations as of December 31, 2014 other than the operating leases disclosed above.

Related Party Transactions

For a discussion of related party transactions, see Note 15 to the Company's consolidated financial statements included herein.

Litigation

For a discussion of litigation, see "Item 3. Legal Proceedings" and Note 14 to the Company's consolidated financial statements included herein.

New Accounting Pronouncements

See "New Accounting Pronouncements" set forth in Note 1 of the Notes to the Consolidated Financial Statements under Item 8 of this Annual Report on Form 10-K, for information pertaining to recently adopted accounting standards or accounting standards to be adopted in the future.

Critical Accounting Policies and Estimates

The significant accounting policies of the Company are described in Note 1 to the consolidated financial statements and have been reviewed with the audit committee of our Board of Directors. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period.

Certain accounting estimates and assumptions are particularly sensitive because of their importance to the consolidated financial statements and possibility that future events affecting them may differ markedly. The accounting policies of the Company with significant estimates and assumptions are described below.

Revenue Recognition

The Company recognizes revenue when the customer takes ownership, primarily upon product shipment, and assumes risk of loss, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and the sales price is fixed or determinable.

Customers have 30 days to notify the Company if the product is damaged or defective. Beyond that, there are no significant obligations that remain after shipment other than warranty obligations. Contracts with customers do not include product return rights, however, the Company may elect in certain circumstances to accept returns of products. The Company records revenue for product sales net of returns. Sales and use tax are reported on a net basis. The Company defers recognition of revenue on discounts to customers if discounts are considered significant.

In general, the Company warrants its products to be free from defects in material and workmanship and will fully conform to and perform to specifications for a period of one year. The Company develops a warranty reserve based on historical experience. While the Company's warranty costs have historically been within its expectations, the Company cannot guarantee that it will continue to experience the same warranty return rates or repair costs that it has experienced in the past.

Accounts Receivable Reserves

This reserve is an estimate of the amount of accounts receivable that are uncollectible. The reserve is based on a combination of specific customer knowledge, general economic conditions and historical trends. Management believes the results could be materially different if economic conditions change for our customers.

Inventory Valuation

Inventory is recorded at the lower of our cost or market value. Market value is an estimate of the future net realizable value of our inventory. It is based on historical trends, product life cycles, forecasts of future inventory needs and on-hand inventory levels. Management believes reserve levels could be materially affected by changes in technology, our customer base, customer needs, general economic conditions and the success of certain Company sales programs.

Goodwill and Intangible Assets

Goodwill is reviewed for impairment annually on November 30th of each year or more frequently if changes in circumstances or the occurrence of events suggest impairment exists. Consistent with prior years, in 2014 the Company utilized the two-step impairment analysis and elected not to use the qualitative assessment or "step zero" approach. In the two-step impairment analysis, in step one, the fair value of each reporting unit is compared to its carrying value, including goodwill. If the fair value exceeds the carrying value, no further analysis is required and no impairment loss is recognized. If the carrying value exceeds the fair value, the goodwill of the reporting unit is potentially impaired and the Company would then complete step two in order to measure the impairment loss. In step two, the Company would calculate the implied fair value of goodwill by deducting the fair value of all tangible and intangible net assets (including unrecognized intangible assets) of the reporting unit from the fair value of the reporting unit. If the implied fair value of goodwill is less than the carrying value of goodwill, the Company would recognize an impairment loss, in the period identified, equal to the difference. The Company concluded that no impairment of goodwill or intangible assets existed as of November 30, 2014.

Long-lived Assets

The carrying value of long-lived assets is periodically assessed to insure their carrying value does not exceed the undiscounted cash flows expected to be generated from their expected use and eventual disposition. This assessment includes certain assumptions related to future needs for the asset to help generate future cash flow. Changes in those assessments, future economic conditions or technological changes could have a material adverse impact on the carrying value of these assets.

Deferred Taxes

The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities and projected future taxable income in making this assessment. Actual future operating results, as well as changes in our future performance, could have a material impact on the valuation allowance.

Employee Benefit Obligations

We provide retirement and health care insurance for certain domestic and retirees and former Selas employees. We measure the costs of our obligation based on our best estimate. The net periodic costs are recognized as employees render the services necessary to earn the post-retirement benefit. Several assumptions and statistical variables are used in the models to calculate the expense and liability related to the plans. We determine assumptions about the discount rate, the expected rate of return on plan assets and the future rate of compensation increases. The actuarial models also use assumptions on demographic factors such as retirement, mortality and turnover. Changes in actuarial assumptions could vary materially from actual results due to economic events and different rates of retirement, mortality and withdrawal.

ITEM 7A. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

ITEM 8. Financial Statements and Supplementary Data

Management's Report on Internal Control over Financial Reporting

Management of IntriCon Corporation and its subsidiaries ("the Company") is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) of the Securities Exchange Act of 1934. The Company's 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 (1) pertain to maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the 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 (3) 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.

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

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2014, using criteria set forth in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework). Based on this assessment, the Company's management believes that, as of December 31, 2014, the Company's internal control over financial reporting was effective based on those criteria.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to a provision of the Dodd Frank Act, which eliminated such requirement for "smaller reporting companies," as defined in SEC regulations, such as IntriCon.

There were no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the most recent fiscal quarter covered by this report that would have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders, Audit Committee and Board of Directors
IntriCon Corporation and Subsidiaries
Arden Hills, Minnesota

We have audited the accompanying consolidated balance sheets of IntriCon Corporation and Subsidiaries (the Company) as of December 31, 2014 and 2013, and the related consolidated statements of operations, comprehensive income (loss), shareholders' equity and cash flows for the years ended December 31, 2014, 2013 and 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits 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 consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of its 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of IntriCon Corporation and Subsidiaries as of December 31, 2014 and 2013 and the results of their operations and cash flows for the years ended December 31, 2014, 2013 and 2012, in conformity with accounting principles generally accepted in the United States of America.

/s/ Baker Tilly Virchow Krause, LLP

Minneapolis, Minnesota
March 6, 2015

INTRICON CORPORATION

Consolidated Statements of Operations

(In Thousands, Except Per Share Amounts)

Year Ended December 31	**2014**	**2013**	**2012**
Sales, net	$ 68,303	$ 52,961	$ 59,955
Cost of sales	49,819	40,792	44,656
Gross profit	18,484	12,169	15,299
Operating expenses:			
Sales and marketing	3,699	3,308	3,324
General and administrative	6,462	5,789	5,426
Research and development	4,832	4,181	4,481
Restructuring charges (Note 3)	83	229	-
Total operating expenses	15,076	13,507	13,231
Operating income (loss)	3,408	(1,338)	2,068
Interest expense	(461)	(600)	(755)
Equity in income (loss) of partnerships	(228)	(262)	(116)
Gain on sale of investment in partnership	-	-	822
Other income (expense), net	227	127	(96)
Income (loss) from continuing operations before income taxes and discontinued operations	2,946	(2,073)	1,923
Income tax expense	428	217	164
Income (loss) before discontinued operations	2,518	(2,290)	1,759
Loss on sale of discontinued operations (Note 2)	(120)	-	-
Loss from discontinued operations, net of income taxes (Note 2)	(150)	(3,872)	(1,050)
Net income (loss)	$ 2,248	$ (6,162)	$ 709
Basic income (loss) per share:			
Continuing operations	$ 0.43	$ (0.40)	$ 0.31
Discontinued operations	(0.05)	(0.68)	(0.19)
Net income (loss) per share:	$ 0.39	$ (1.08)	$ 0.13
Diluted income (loss) per share:			
Continuing operations	$ 0.42	$ (0.40)	$ 0.30
Discontinued operations	(0.04)	(0.68)	(0.18)
Net income (loss) per share:	$ 0.37	$ (1.08)	$ 0.12
Average shares outstanding:			
Basic	5,791	5,699	5,669
Diluted	6,038	5,699	5,888

(See accompanying notes to the consolidated financial statements)

INTRICON CORPORATION

Consolidated Statements of Comprehensive Income (Loss)

(In Thousands)

	Year Ended December 31		
	2014	**2013**	**2012**
Net income (loss)	$ 2,248	$ (6,162)	$ 709
Change in fair value of interest rate swap	3	69	1
Gain (loss) on foreign currency translation adjustment	(74)	2	(13)
Comprehensive income (loss)	$ 2,177	$ (6,091)	$ 697

(See accompanying notes to the consolidated financial statements)

INTRICON CORPORATION
Consolidated Balance Sheets
(In Thousands, Except Per Share Amounts)

At December 31,	**December 31, 2014**	**December 31, 2013**
Current assets:		
Cash	$ 328	$ 217
Restricted cash	640	568
Accounts receivable, less allowance for doubtful accounts of $120 at December 31, 2014 and $124 at December 31, 2013	7,673	5,433
Inventories	9,983	9,400
Other current assets	1,013	1,337
Current assets of discontinued operations	-	382
Total current assets	19,637	17,337
Property, plant, and equipment	35,104	33,971
Less: Accumulated depreciation	30,859	29,232
Net machinery and equipment	4,245	4,739
Goodwill	9,194	9,194
Investment in partnerships	387	569
Other assets, net	498	749
Other assets of discontinued operations	-	132
Total assets	$ 33,961	$ 32,720
Current liabilities:		
Checks written in excess of cash	$ 516	$ 279
Current maturities of long-term debt	1,886	2,210
Accounts payable	5,438	5,037
Accrued salaries, wages and commissions	2,519	1,676
Deferred gain	110	110
Other accrued liabilities	1,364	1,893
Liabilities of discontinued operations	-	154
Total current liabilities	11,833	11,359
Long-term debt, less current maturities	4,627	6,271
Other postretirement benefit obligations	485	531
Accrued pension liabilities	741	839
Deferred gain	55	165
Other long-term liabilities	113	247
Total liabilities	17,854	19,412
Commitments and contingencies (Note 14)		
Shareholders' equity:		
Common stock, $1.00 par value per share; 20,000 shares authorized; 5,844 and 5,727 shares issued and outstanding at December 31, 2014 and December 31, 2013, respectively	5,844	5,727
Additional paid-in capital	16,939	16,434
Accumulated deficit	(6,274)	(8,522)
Accumulated other comprehensive loss	(402)	(331)
Total shareholders' equity	16,107	13,308
Total liabilities and shareholders' equity	$ 33,961	$ 32,720

(See accompanying notes to the consolidated financial statements)

INTRICON CORPORATION

Consolidated Statements of Cash Flows

(In Thousands)

	2014	2013	2012
Cash flows from operating activities:			
Net income (loss)	$ 2,248	$ (6,162)	$ 709
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	2,182	2,450	2,150
Stock-based compensation	457	532	414
Loss on impairment of long-lived assets and goodwill of discontinued operations	-	1,700	-
Loss on disposition of property	-	4	36
Change in deferred gain	(110)	(110)	(110)
Change in allowance for doubtful accounts	(4)	(30)	(69)
Equity in loss of partnerships	228	262	116
Gain on sale of investment in partnership	-	-	(822)
Loss on sale of discontinued operations	120		
Deferred income taxes	-	-	(7)
Changes in operating assets and liabilities:			
Accounts receivable	(2,183)	1,327	1,555
Inventories	(677)	1,221	789
Other assets	301	500	(972)
Accounts payable	389	1,066	(2,252)
Accrued expenses	(347)	(26)	240
Other liabilities	317	(60)	229
Net cash provided by operating activities	2,921	2,674	2,006
Cash flows from investing activities:			
Proceeds from sale of property, plant and equipment	66	39	-
Proceeds of sale of discontinued operations	500	-	-
Proceeds from sale of investment in partnership	-	-	626
Purchases of property, plant and equipment	(1,524)	(969)	(1,735)
Net cash used in investing activities	(958)	(930)	(1,109)
Cash flows from financing activities:			
Proceeds from long-term borrowings	13,153	15,332	17,269
Repayments of long-term borrowings	(15,221)	(16,863)	(18,211)
Proceeds from employee stock purchases and exercise of stock options	165	145	159
Payments of partnership payable	-	-	(240)
Change in restricted cash	(32)	(18)	(17)
Change in checks written in excess of cash	237	(359)	241
Net cash used in financing activities	(1,698)	(1,763)	(799)
Effect of exchange rate changes on cash	(154)	11	8
Net (decrease) increase in cash	111	(8)	106
Cash, beginning of period	217	225	119
Cash, end of period	$ 328	$ 217	$ 225

(See accompanying notes to the consolidated financial statements)

INTRICON CORPORATION

Consolidated Statements of Shareholders' Equity

(In Thousands)

	Common Stock Number of Shares	Common Stock Amount	Additional Paid-in Capital	Retained Deficit	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance December 31, 2011	5,646	$ 5,646	$ 15,259	$ (3,069)	$ (390)	$ 17,446
Exercise of stock options	20	20	30			50
Shares issued under the ESPP	20	20	89			109
Shares issued in lieu of cash for services	1	1	5			6
Stock option expense			414			414
Net Income (loss)				709		709
Comprehensive income (loss)					(12)	(12)
Balance December 31, 2012	5,687	$ 5,687	$ 15,797	$ (2,360)	$ (402)	$ 18,722
Exercise of stock options	14	14	28			42
Shares issued under the ESPP	26	26	77			103
Stock option expense			532			532
Net Income (loss)				(6,162)		(6,162)
Comprehensive income (loss)					71	71
Balance December 31, 2013	5,727	$ 5,727	$ 16,434	$ (8,522)	$ (331)	$ 13,308
Exercise of stock options	100	100	(43)			57
Shares issued under the ESPP	16	16	84			100
Shares issued in lieu of cash for services	1	1	7			
Stock option expense			457			457
Net Income (loss)				2,248		2,248
Comprehensive income (loss)					(71)	(71)
Balance December 31, 2014	5,844	$ 5,844	$ 16,939	$ (6,274)	$ (402)	$ 16,107

(See accompanying notes to the consolidated financial statements)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Headquartered in Arden Hills, Minnesota, IntriCon Corporation (formerly Selas Corporation of America) (referred to as the Company, we, us or our) is an international company engaged in designing, developing, engineering and manufacturing body-worn devices. The Company designs, develops, engineers and manufactures micro-miniature products, microelectronics, micro-mechanical assemblies, complete assemblies and software solutions, primarily for medical bio-telemetry devices, value hearing health devices and professional audio communication devices. In addition to its operations in Minnesota, the Company has facilities in California, Singapore, Indonesia and Germany.

Basis of Presentation – On June 13, 2013, the Company announced a global restructuring plan to accelerate future growth and reduce costs. As part of the restructuring, the Company disposed of the assets relating to its security and certain microphone and receiver operations. For all periods presented, the Company classified these businesses as discontinued operations, and, accordingly, has reclassified historical financial data presented herein. See further information in Notes 2 and 3.

Consolidation – The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All material intercompany transactions and balances have been eliminated in consolidation.

Segment Disclosures – A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments. The Company's segments have similar economic characteristics and are similar in the nature of the products sold, type of customers, methods used to distribute the Company's products and regulatory environment. Management believes that the Company meets the criteria for aggregating the components of its only operating segment of continuing operations into a single reporting segment.

Use of Estimates – The Company makes estimates and assumptions relating to the reporting of assets and liabilities, the recording of reported amounts of revenues and expenses and the disclosure of contingent assets and liabilities to prepare these consolidated financial statements. Actual results could differ from those estimates. Considerable management judgment is necessary in estimating future cash flows and other factors affecting the valuation of goodwill, intangible assets, and employee benefit obligations including the operating and macroeconomic factors that may affect them. The Company uses historical financial information, internal plans and projections and industry information in making such estimates.

Revenue Recognition – The Company recognizes revenue when the customer takes ownership, primarily upon product shipment, and assumes risk of loss, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and the sales price is fixed or determinable.

Customers have 30 days to notify the Company if the product is damaged or defective. Beyond that, there are no significant obligations that remain after shipment other than warranty obligations. Contracts with customers do not include product return rights, however, the Company may elect in certain circumstances to accept returns of products. The Company records revenue for product sales net of returns. Sales and use tax are reported on a net basis. The Company defers recognition of revenue on discounts to customers if discounts are considered significant.

In general, the Company warrants its products to be free from defects in material and workmanship and will fully conform to and perform to specifications for a period of one year. The Company develops a warranty reserve based on historical experience.

Shipping and Handling Costs –The Company includes shipping and handling revenues in sales and shipping and handling costs in cost of sales.

Fair Value of Financial Instruments – The carrying value of cash, accounts receivable, notes payable, and trade accounts payables, approximate fair value because of the short maturity of those instruments. The fair values of the Company's long-term debt obligations approximate their carrying values based upon current market rates of interest.

Concentration of Cash – The Company deposits its cash in what management believes are high credit quality financial institutions. The balance, at times, may exceed federally insured limits.

Restricted Cash – Restricted cash consists of deposits required to secure a credit facility at our Singapore location and deposits required to fund retirement related benefits for certain employees.

Accounts Receivable – The Company reviews customers' credit history before extending unsecured credit and establishes an allowance for uncollectible accounts based upon factors surrounding the credit risk of specific customers and other information.

Invoices are generally due 30 days after presentation. Accounts receivable over 30 days are considered past due. The Company does not accrue interest on past due accounts receivables. Receivables are written off once all collection attempts have failed and are based on individual credit evaluation and specific circumstances of the customer. The allowance for doubtful accounts balance was $120 and $124 as of December 31, 2014 and 2013, respectively.

Inventories – Inventories are stated at the lower of cost or market. The cost of the inventories was determined by the first-in, first-out method.

Property, Plant and Equipment – Property, plant and equipment are carried at cost. Depreciation is computed on a straight-line basis using estimated useful lives of 5 to 40 years for buildings and improvements and 3 to 12 years for machinery and equipment. Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the asset. Improvements are capitalized and expenditures for maintenance, repairs and minor renewals are charged to expense when incurred. At the time assets are retired or sold, the costs and accumulated depreciation are eliminated and the resulting gain or loss, if any, is reflected in the consolidated statement of operations. Depreciation expense was $1,955, $2,214, and $1,759 for the years ended December 31, 2014, 2013, and 2012, respectively.

Impairment of Long-lived Assets and Long-lived Assets to be Disposed of – The Company reviews its long-lived assets, certain identifiable intangibles, and goodwill for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset group to future net undiscounted cash flows expected to be generated by the asset group. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. As of December 31, 2014, the Company has determined that no impairment of long-lived assets from continuing operations exists.

Goodwill is reviewed for impairment annually or more frequently if changes in circumstances or the occurrence of events suggest impairment exists. The Company utilizes the two-step impairment analysis and elected not to use the qualitative assessment or “step zero” approach. In the two-step impairment analysis, in step one, the fair value of each reporting unit is compared to its carrying value, including goodwill. If the fair value exceeds the carrying value, no impairment loss is recognized. If the carrying value exceeds the fair value, the goodwill of the reporting unit is potentially impaired and the Company completes step two in order to measure the impairment loss. In step two, the Company calculates the implied fair value of goodwill by deducting the fair value of all tangible and intangible net assets (including unrecognized intangible assets) of the reporting unit from the fair value of the reporting unit. If the implied fair value of goodwill is less than the carrying value of goodwill, the Company recognizes an impairment loss, in the period identified, equal to the difference. The Company has concluded that no impairment of goodwill or intangible assets occurred during the year ended December 31, 2014. Refer to Note 2 for loss on impairment of long lived assets during 2013.

Other assets, net – The principal amounts included in other assets, net are technology fees and debt issuance costs. The debt issuance costs are being amortized over the related term utilizing the effective interest method and are included in interest expense, and the other assets are being amortized over their estimated useful life on a straight-line basis. Debt issuance cost included in interest expense was $56, $35, and $136 for the years ended December 31, 2014, 2013, and 2012, respectively. Amortization expense was $227, $204 and $229 for the years ended December 31, 2014, 2013, and 2012, respectively.

Investments in Partnerships – Certain of the Company’s investments in equity securities are long-term, strategic investments in companies. The Company accounts for these investments under the equity method of accounting. Under the equity method the Company records the investment at the amount the Company paid and adjusts for the Company’s share of the investee’s income or loss and dividends paid. The investments are reviewed quarterly for changes in circumstances or the occurrence of events that suggest the Company’s investment may not be recoverable. To date there have been no impairment losses recognized.

Income Taxes – Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, operating losses and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Valuation allowances are established to the extent the future benefit from the deferred tax assets realization is more likely than not unable to be realized. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The deferred tax asset valuation allowance was $10,105 and $10,046 as of December 31, 2014 and 2013, respectively. The Company recognizes accrued interest and penalties related to uncertain tax positions in income tax expense. At December 31, 2014, the Company had no accrual for the payment of tax related interest and there was no tax interest or penalties recognized in the consolidated statements of operations. The Company’s federal tax returns are potentially open to examinations for fiscal years 2010-2014 and state tax returns are potentially open to examination for the fiscal years 2009-2014.

Employee Benefit Obligations – The Company provides pension and health care insurance for certain domestic retirees and employees of its operations discontinued in 2005. These obligations have been included in continuing operations as the Company retained these obligations. The Company also provides retirement related benefits for certain foreign employees. The Company measures the costs of its obligation based on actuarial determinations. The net periodic costs are recognized as employees render the services necessary to earn the post-retirement benefit and the obligation is recorded on the consolidated balance sheet as accrued pension liabilities.

Assumptions about the discount rate, the expected rate of return on plan assets and the future rate of compensation increases are determined by the Company. The Company believes the assumptions are within accepted guidelines and ranges. However, these actuarial assumptions could vary materially from actual results due to economic events and different rates of retirement, mortality and withdrawal.

Stock Option and Equity Plans – Under the various Company stock-based compensation plans, executives, employees and outside directors receive awards of options to purchase common stock. Under all awards, the terms are fixed at the grant date. Generally, the exercise price equals the market price of the Company's stock on the date of the grant. Options under the plans generally vest over three years, and have a maximum term of 10 years. One of the plans also permits the granting of stock awards, stock appreciation rights, restricted stock units and other equity based awards. The Company expenses grant-date fair values of stock options and awards ratably over the vesting period of the related share-based award. See Note 12 for additional information.

Product Warranty – The Company offers a warranty on various products and services. The Company estimates the costs that may be incurred under its warranties and records a liability in the amount of such costs at the time the product is sold. Factors that affect the Company's warranty liability include the number of units sold, historical and anticipated rates of warranty claims and cost per claim. The Company periodically assesses the adequacy of its recorded warranty liabilities and adjusts the amounts as necessary. The amount of the reserve recorded is equal to the costs to repair or otherwise satisfy the claim. The following table presents changes in the Company's warranty liability for the years ended December 31, 2014, 2013 and 2012.

	2014		2013		2012	
Beginning balance	$	72	$	73	$	82
Warranty expense		122		123		42
Closed warranty claims		(94)		(124)		(51)
Ending balance	$	100	$	72	$	73

Patent Costs – Costs associated with the submission of a patent application are expensed as incurred given the uncertainty of the patents providing future economic benefit to the Company.

Advertising Costs – Advertising costs are charged to expense as incurred.

Research and Development Costs – Research and development costs, net of customer funding, amounted to $4,832, $4,181, and $4,481 in 2014, 2013 and 2012, respectively, and are charged to expense when incurred, net of customer funding. The Company accrues proceeds received under governmental grants when earned and estimable as a reduction to research and development expense. During the year ended December 31, 2013, the Company accrued $567 in research and development tax credit refunds received with the state of Minnesota as a reduction to research and development expense.

Customer Funded Tooling Costs – The Company designs and develops molds and tools for reimbursement on behalf of several customers. Costs associated with the design and development of the molds and tools are charged to expense, net of the customer reimbursement amount. Net customer funded tooling resulted in income of $140, $352 and $336 for the years ended December 31, 2014, 2013 and 2012, respectively, and is included in cost of goods sold in the consolidated statements of operations.

Income (loss) Per Share – Basic income (loss) per share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the year. Diluted income (loss) per common share reflects the potential dilution of securities that could share in the earnings. The Company uses the treasury stock method for calculating the dilutive effect of stock options.

Comprehensive Income (Loss) – Comprehensive income (loss) consists of net income (loss), change in fair value of derivative instruments and foreign currency translation adjustments and is presented in the consolidated statements of comprehensive income (loss).

Foreign Currency Translation - The Company's German subsidiary accounts for its transactions in its functional currency, the Euro. Foreign assets and liabilities are translated into United States dollars using the year-end exchange rates. Equity is translated at average historical exchange rates. Results of operations are translated using the average exchange rates throughout the year. Translation gains or losses are accumulated as a separate component of shareholders' equity.

Derivative Financial Instruments — When deemed appropriate, the Company enters into derivative instruments. The Company does not use derivative financial instruments for speculative or trading purposes. All derivative transactions are linked to an existing balance sheet item or firm commitment, and the notional amount does not exceed the value of the exposure being hedged.

We recognize all derivative financial instruments in the consolidated financial statements at fair value regardless of the purpose or intent for holding the instrument. Generally, changes in fair values of derivatives accounted for as cash flow hedges, to the extent they are effective as hedges, are recorded in accumulated other comprehensive income (loss), net of tax or, if ineffective, on the consolidated statements of operations.

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board issued new accounting guidance related to revenue recognition. This new standard will replace all current U.S. GAAP guidance on this topic and eliminate all industry-specific guidance. The new revenue recognition standard provides a unified model to determine when and how revenue is recognized. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration for which the entity expects to be entitled in exchange for those goods or services. This guidance will be effective for the Company beginning January 1, 2017 and can be applied either retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. We are currently assessing the impact on the Company's consolidated financial statements.

2. DISCONTINUED OPERATIONS

On June 13, 2013, the Company announced a global strategic restructuring plan designed to accelerate the Company's future growth and reduce costs. See Note 3 for additional information. As part of the global strategic restructuring plan, the Company decided to exit the security and certain microphone and receiver operations. On January 27, 2014, the Company completed the sale of the security business and certain microphone and receiver operations of IntriCon Tibbetts Corporation, IntriCon's wholly owned subsidiary based in Camden, Maine, to Sierra Peaks Corporation, pursuant to an Asset Purchase Agreement entered into on January 27, 2014 between Sierra Peaks Corporation, as the buyer, and IntriCon Tibbetts Corporation as the seller. Sierra Peaks Corporation paid $500 cash at closing for the assets and assumed certain operating liabilities of the businesses.

The Company recorded a loss on the sale of $120. The net loss was computed as follows:

Accounts receivable, net	$	384
Inventory, net		128
Property, plant and equipment, net		127
Other assets		1
Accounts payable		(69)
Net assets sold	$	571
Cash proceeds received from Sierra Peaks		500
Net assets sold		(571)
Transaction costs		(49)
Loss on sale of discontinued operations, net of income taxes	$	(120)

The following table shows the assets and liabilities of the Company's discontinued operations.

	December 31, 2013
Cash	$ 4
Accounts receivable, net	350
Inventory, net	26
Other current assets	2
Current assets of discontinued operations	$ 382
Property and equipment, net	131
Other assets	1
Other assets of discontinued operations	$ 132
Accounts payable	70
Accrued compensation and other liabilities	84
Current liabilities of discontinued operations	$ 154

The following table shows the results of the Company's discontinued operations:

	Year Ended		
	December 31, 2014	December 31, 2013	December 31, 2012
Sales, net	$ 207	$ 2,480	$ 4,242
Operating costs and expenses	(357)	(4,693)	(5,310)
Loss on impairment	-	(1,700)	-
Operating loss	(150)	(3,913)	(1,068)
Other income (expenses), net	-	41	18
Net loss from discontinued operations	$ (150)	$ (3,872)	$ (1,050)

Management considered the global strategic restructuring plan a triggering event and therefore, in June 2013, the Company evaluated the related assets for impairment and recorded non-cash impairment charges of $983 to the Company's results from discontinued operations. Throughout the remainder of 2013, the Company continued to evaluate the remaining assets for further impairment indicators and, with the continued decline in U.S. Government revenues due to the government sequestration and government shut-down, the Company concluded that an additional non-cash impairment charge of $717 was required for accounts receivable, inventory, fixed assets, and other assets. These charges were recorded in the Company's results from discontinued operations for the year ended December 31, 2013. See further information below.

In determining the nonrecurring fair value measurements of impairment of goodwill and other short and long-term assets, the Company utilized the market value approach, considering the fair value of security, microphone and receiver net assets held for sale or disposition. Based on the market value assessment, the Company determined fair values for the identified assets and incurred impairment charges for the remaining book value of the assets during the year ended December 31, 2013 as set forth in the table below. These charges were reflected in the Company's discontinued operations in 2013 and had no impact for 2014.

	Fair value as of measurement date	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Impairment Charge
Long-lived assets of discontinued operations	$ 131	$ -	$ -	$ 131	$ 604
Goodwill of discontinued operations	-	-	-	-	515
Accounts Receivable	350	-	-	350	73
Inventory	26	-	-	26	468
Other Assets	3	-	-	3	40

3. RESTRUCTURING CHARGES

On June 13, 2013 the Company announced a global strategic restructuring plan designed to accelerate the Company's future growth by focusing resources on the highest potential growth areas and to reduce costs. The plan was approved by the Company's Board of Directors on June 12, 2013. As part of this plan, the Company: reduced investment in certain non-core professional audio communications product lines; transferred specific product lines from Singapore to the Company's lower-cost manufacturing facility in Batam, Indonesia; reduced global administrative and support workforce; transferred the medical coil operations from the Company's Maine facility to Minnesota to better leverage existing manufacturing capacity; sold its remaining security and certain microphone and receiver operations; added experienced professionals in value hearing health; and focused more resources in medical biotelemetry. During 2014, the Company incurred restructuring charges of $83 and during 2013 the Company incurred restructuring charges of $229. These charges are primarily related to employee termination benefits from the restructuring of its continuing operations. In the future, the Company does not expect to incur any additional cash charges related to this restructuring.

4. GEOGRAPHIC INFORMATION

The geographical distribution of long-lived assets and net sales to geographical areas as of and for the years ended December 31 is set forth below:

Long-lived Assets

	December 31, 2014	December 31, 2013
United States	$ 3,307	$ 3,402
Other – primarily Singapore and Indonesia	938	1,337
Consolidated	$ 4,245	$ 4,739

Long-lived assets consist of property and equipment and certain other assets as they are difficult to move and relatively illiquid. Excluded from long-lived assets are investments in partnerships, patents, license agreements and goodwill. The Company capitalizes long-lived assets pertaining to the production of specialized parts. These assets are periodically reviewed to assure the net realizable value from the estimated future production based on forecasted cash flows exceeds the carrying value of the assets.

Net Sales to Geographical Areas

	Year Ended December 31		
Net Sales to Geographical Areas	**2014**	**2013**	**2012**
United States	$ 49,978	$ 36,902	$ 41,038
Germany	2,072	1,234	1,986
China	2,854	3,268	2,790
Switzerland	1,316	1,259	1,127
Singapore	2,905	406	3,326
France	1,786	1,734	1,480
Japan	1,355	1,442	1,190
United Kingdom	1,195	1,487	2,203
Turkey	639	322	692
Hong Kong	730	682	510
Vietnam	1,495	1,325	1,219
All other countries	1,978	2,900	2,394
Consolidated	$ 68,303	$ 52,961	$ 59,955

Geographic net sales are allocated based on the location of the customer. All other countries include net sales primarily to various countries in Europe and in the Asian Pacific.

One customer accounted for 37 percent, 30 percent and 21 percent of the Company's consolidated net sales in 2014, 2013 and 2012, respectively. During 2014, 2013 and 2012, the top five customers accounted for approximately $39,000, $28,000 and $29,000 or 57 percent, 53 percent and 46 percent of the Company's consolidated net sales, respectively.

At December 31, 2014, two customers accounted for a combined 28 percent of the Company's consolidated accounts receivable. Two customers accounted for a combined 34 percent of the Company's consolidated accounts receivable at December 31, 2013.

5. GOODWILL

The Company performed its annual goodwill impairment test as of November 30th for each of the years ended December 31, 2014, 2013 and 2012. The Company completed or obtained an analysis to assess the fair value of its reporting units to determine whether goodwill was impaired and the extent of such impairment, if any for the years ended December 31, 2014, 2013 and 2012. Based upon this analysis, the Company has concluded that no impairment of goodwill or intangible assets occurred during the year ended December 31, 2014. However, due to the restructuring plan that took effect in June of 2013, goodwill of $515 was determined to be impaired during the year ended December 31, 2013 and is included in the loss from discontinued operations in the consolidated statement of operations.

The changes in the carrying amount of goodwill for the years presented are as follows:

Carrying amount at December 31, 2011	$	9,709
Changes to the carrying amount		-
Carrying amount at December 31, 2012		9,709
Impairment of goodwill of discontinued operations		(515)
Carrying amount at December 31, 2013	$	9,194
Changes to the carrying amount		-
Carrying amount at December 31, 2014	$	9,194

6. INVENTORIES

Inventories consisted of the following:

	Raw materials	Work-in process	Finished products and components	Total
December 31, 2014				
Domestic	$ 3,993	$ 1,300	$ 1,838	$ 7,131
Foreign	1,894	720	238	2,852
Total	$ 5,887	$ 2,020	$ 2,076	$ 9,983
December 31, 2013				
Domestic	$ 3,548	$ 1,173	$ 1,604	$ 6,325
Foreign	2,114	842	119	3,075
Total	$ 5,662	$ 2,015	$ 1,723	$ 9,400

7. SHORT AND LONG-TERM DEBT

Short and long-term debt at December 31 was as follows:

	2014	2013
Domestic Asset-Based Revolving Credit Facility	$ 3,843	$ 4,450
Foreign Overdraft and Letter of Credit Facility	920	1,281
Domestic Term-Loan	1,750	2,750
Total Debt	6,513	8,481
Less: Current maturities	(1,886)	(2,210)
Total Long-Term Debt	$ 4,627	$ 6,271

	Payments Due by Period					
	2015	2016	2017	2018	Thereafter	Total
Domestic credit facility	$ -	$ -	$ -	$ 3,843	$ -	$ 3,843
Domestic term loan	1,000	750	-	-	-	1,750
Foreign overdraft and letter of credit facility	886	30	4	-	-	920
Total Debt	$ 1,886	$ 780	$ 4	$ 3,843	$ -	$ 6,513

Domestic Credit Facilities

The Company and its domestic subsidiaries are parties to a credit facility with The PrivateBank and Trust Company. The credit facility, as amended, provides for:

- an $8,000 revolving credit facility, with a $200 sub facility for letters of credit. Under the revolving credit facility, the availability of funds depends on a borrowing base composed of stated percentages of the Company's eligible trade receivables and eligible inventory, and eligible equipment less a reserve; and
- a term loan in the original amount of $4,000.

In February 2014, the Company and its domestic subsidiaries entered into a Sixth Amendment to the Loan and Security Agreement and Waiver with The PrivateBank and Trust Company. The amendment, among other things:

- extended the term loan and revolving loan maturity date to February 28, 2018, keeping the existing term loan amortization schedule in place;
- increased the eligible accounts receivable borrowing percentage from eighty percent to eight-five percent for all eligible accounts other than two specific customers which will be ninety percent. Under the revolving credit facility as amended, the availability of funds depends on a borrowing base composed of stated percentages of the Company's eligible trade receivables and inventory, less a reserve;
- amended the applicable base rate margin, applicable LIBOR rate margin, applicable LOC fee and applicable non-use fee based on the then applicable leverage ratio;
- amended the funded debt to EBITDA and fixed charge coverage covenants;
- revised the definition of net income.
- approved the application of net proceeds from the sale of discontinued operations in 2014 against amounts outstanding under the revolving credit facility; and
- waived certain financial covenant defaults as of December 31, 2013.

Due to the Sixth Amendment as described above, the term loan and the revolving loan maturity date has been extended to February 28, 2018. As a result, all of the borrowings under this agreement have been characterized as either a current or long-term liability on our balance sheet in accordance with the repayment terms described more fully below.

Loans under the credit facility are secured by a security interest in substantially all of the assets of the Company and its domestic subsidiaries including a pledge of the stock of its domestic subsidiaries. Loans under the credit facility bear interest at varying rates based on the Company's leverage ratio of funded debt / EBITDA, at the option of the Company, at:

- the London InterBank Offered Rate ("LIBOR") plus 2.75% - 4.00%, or
- the base rate, which is the higher of (a) the rate publicly announced from time to time by the lender as its "prime rate" and (b) the Federal Funds Rate plus 0.5%, plus 0.00% - 1.25% ; in each case, depending on the Company's leverage ratio.

Interest is payable monthly in arrears, except that interest on LIBOR based loans is payable at the end of the one, two or three month interest periods applicable to LIBOR based loans. IntriCon is also required to pay a non-use fee equal to 0.25% per year of the unused portion of the revolving line of credit facility, payable quarterly in arrears.

Weighted average interest on our domestic credit facilities was 4.51%, 4.30%, and 4.52% for 2014, 2013, and 2012, respectively.

The outstanding balance of the revolving credit facility was $3,843 and $4,450 at December 31, 2014 and 2013, respectively. The total remaining availability on the revolving credit facility was approximately $3,456 and $1,682 at December 31, 2014 and 2013, respectively.

The outstanding principal balance of the term loan, as amended, is payable in quarterly installments of $250. Any remaining principal and accrued interest is payable on February 28, 2018. IntriCon is also required to use 100% of the net cash proceeds of certain asset sales (excluding inventory and certain other dispositions), sale of capital securities or issuance of debt to pay down the term loan.

The borrowers are subject to various covenants under the credit facility, including a maximum funded debt to EBITDA, a minimum fixed charge coverage ratio and maximum capital expenditure financial covenants. Under the credit facility, except as otherwise permitted, the borrowers may not, among other things: incur or permit to exist any indebtedness; grant or permit to exist any liens or security interests on their assets or pledge the stock of any subsidiary; make investments; be a party to any merger or consolidation, or purchase of all or substantially all of the assets or equity of any other entity; sell, transfer, convey or lease all or any substantial part of its assets or capital securities; sell or assign, with or without recourse, any receivables; issue any capital securities; make any distribution or dividend (other than stock dividends), whether in cash or otherwise, to any of its equity holders; purchase or redeem any of its equity interests or any warrants, options or other rights to equity; enter into any transaction with any of its affiliates or with any director, officer or employee of any borrower; be a party to any unconditional purchase obligations; cancel any claim or debt owing to it; make payment on or changes to any subordinated debt; enter into any agreement inconsistent with the provisions of the credit facility or other agreements and documents entered into in connection with the credit facility; engage in any line of business other than the businesses engaged in on the date of the credit facility and businesses reasonably related thereto; or permit its charter, bylaws or other organizational documents to be amended or modified in any way which could reasonably be expected to materially adversely affect the interests of the lender. The Company was in compliance with the fixed charge, leverage, and capital expenditure covenants under the credit facility as of December 31, 2014.

Upon the occurrence and during the continuance of an event of default (as defined in the credit facility), the lender may, among other things: terminate its commitments to the borrowers (including terminating or suspending its obligation to make loans and advances); declare all outstanding loans, interest and fees to be immediately due and payable; take possession of and sell any pledged assets and other collateral; and exercise any and all rights and remedies available to it under the Uniform Commercial Code or other applicable law. In the event of the insolvency or bankruptcy of any borrower, all commitments of the lender will automatically terminate and all outstanding loans, interest and fees will be immediately due and payable. Events of default include, among other things, failure to pay any amounts when due; material misrepresentation; default in the performance of any covenant, condition or agreement to be performed that is not cured within 20 days after notice from the lender; default in the performance of obligations under certain subordinated debt, default in the payment of other indebtedness or other obligation with an outstanding principal balance of more than $50, or of any other term, condition or covenant contained in the agreement under which such obligation is created, the effect of which is to allow the other party to accelerate such payment or to terminate the agreements; a breach by a borrower under certain material agreements, the result of which breach is the suspension of the counterparty's performance thereunder, delivery of a notice of acceleration or termination of such agreement; the insolvency or bankruptcy of any borrower; the entrance of any judgment against any borrower in excess of $50, which is not fully covered by insurance; any divestiture of assets or stock of a subsidiary constituting a substantial portion of borrowers' assets; the occurrence of a change in control (as defined in the credit facility); certain collateral impairments; a contribution failure with respect to any employee benefit plan that gives rise to a lien under ERISA; and the occurrence of any event which lender determines could be reasonably expected to have a material adverse effect (as defined in the credit facility).

During 2014, the Company entered into interest rate swaps with The PrivateBank which are accounted for as effective cash flow hedges. The interest rate swaps had a combined initial notional amount of $3,750, with a portion of the swap amortizing on a basis consistent with the $250 quarterly installments required under the term loan. The interest rate swaps fix the Company's one month LIBOR interest rate on the notional amounts at rates ranging from 0.80% - 1.45%. The Company holds a right to cancel the interest rate swaps starting August 31, 2016. Interest rate swaps, which are considered derivative instruments, of $19 and $22 are reported in the consolidated balance sheets at fair value in other current liabilities at December 31, 2014 and 2013.

Foreign Credit Facility

In addition to its domestic credit facilities, the Company's wholly-owned subsidiary, IntriCon, PTE LTD., entered into an international senior secured credit agreement with Oversea-Chinese Banking Corporation Ltd. that provides for a $1,876 line of credit as of December 31, 2014 based on applicable exchange rates. Borrowings bear interest at a rate of .75% to 2.5% over the lender's prevailing prime lending rate. Weighted average interest on the international credit facilities was 4.50% and 3.95% for the years ended December 31, 2014 and 2013. The outstanding balance was $920 and $1,281 at December 31, 2014 and 2013, respectively. The total remaining availability on the international senior secured credit agreement was approximately $956 and $888 at December 31, 2014 and 2013, respectively.

8. OTHER ACCRUED LIABILITIES

Other accrued liabilities at December 31:

	2014	2013
Taxes, including payroll withholdings and excluding income taxes	$ 286	$ 8
Accrued professional fees	143	211
Pension	93	93
Postretirement benefit obligation	103	103
Other	739	1,478
	$ 1,364	$ 1,893

9. DOMESTIC AND FOREIGN INCOME TAXES

Domestic and foreign income taxes (benefits) were comprised as follows:

	Year Ended December 31		
	2014	2013	2012
Current			
Federal	$ -	$ -	$ -
State	-	28	9
Foreign	428	189	162
Total Current	$ 428	$ 217	$ 171
Deferred			
Federal	-	-	-
State	-	-	-
Foreign	-	-	(7)
Income Tax Expense	$ 428	$ 217	$ 164
Income (loss) from continuing operations before income taxes and discontinued operations			
Foreign	2,402	(139)	1,023
Domestic	544	(1,934)	900
	$ 2,946	$ (2,073)	$ 1,923

The following is a reconciliation of the statutory federal income tax rate to the effective tax rate based on income (loss) from continuing operations:

	Year Ended December 31		
	2014	2013	2012
Tax provision at statutory rate	34.00 %	(34.00)%	34.00 %
Change in valuation allowance	(1.25)	(5.12)	(34.20)
Impact of permanent items, including stock based compensation expense	16.40	24.15	6.08
Effect of foreign tax rates	(18.04)	6.35	(6.35)
State taxes net of federal benefit	(3.86)	(1.43)	0.78
Effect of dividend of foreign subsidiary in prior year	3.94	17.16	-
Prior year provision to return true-up	(10.27)	(5.10)	9.59
Other	(6.40)	8.45	(1.37)
Domestic and foreign income tax rate	14.52 %	10.46 %	8.53 %

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 2014, and 2013 are presented below:

	Year Ended December 31	
	2014	2013
Deferred tax assets:		
Net operating loss carry forwards and credits	$ 8,125	$ 8,053
Depreciation and amortization	284	114
Inventory	436	552
Compensation accruals	1,111	1,148
Accruals and reserves	88	120
Credits	225	225
Other	190	186
Total Deferred tax assets	10,459	10,398
Less: valuation allowance	(10,105)	(10,046)
Deferred tax assets net of valuation allowance	$ 354	$ 352
Deferred tax liabilities		
Undistributed Earnings of Foreign Subsidiary	(354)	(352)
Total deferred tax liabilities	(354)	(352)
Net deferred tax	$ -	$ -

The valuation allowance is maintained against deferred tax assets which the Company has determined are more likely than not to be unrealized. The change in valuation allowance was $59, $(637) and $(264) for the years ended December 31, 2014, 2013 and 2012, respectively. For tax reporting purposes, the Company has actual federal and state net operating loss carryforwards of $22,861 and $7,651, respectively. These net operating loss carryforwards begin to expire in 2022 for federal tax purposes and 2017 for state tax purposes. Subsequently recognized tax benefits, if any, related to the valuation allowance for deferred tax assets or realization of net operating loss carryforwards will be reported in the consolidated statements of operations. If substantial changes in the Company's ownership occur, there could be an annual limitation on the amount of the carryforwards that are available to be utilized.

Excluded from the Company's net operating loss carryforwards is $413 resulting from the exercise of non-qualified stock options. Because the Company is currently in an NOL position, the windfall is not recorded through additional paid-in capital until the tax benefit is recognized through a reduction in actual tax payments.

During 2013, the company changed its indefinite reinvestment assertion and recognized a deferred tax liability relating to cumulative undistributed earnings of controlled foreign subsidiaries in Germany. The Company has not recognized a deferred tax liability relating to cumulative undistributed earnings of controlled foreign subsidiaries in Singapore and Indonesia that are essentially permanent in duration. If some or all of the undistributed earnings of the controlled foreign subsidiaries are remitted to the Company in the future, income taxes, if any, after the application of foreign tax credits will be accrued at that time. Determination of the amount of unrecognized tax liability related to undistributed earnings in foreign subsidiaries is not currently practical.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Company regularly assesses the likelihood that the deferred tax assets will be recovered from future taxable income. The Company considers projected future taxable income and ongoing tax planning strategies, then records a valuation allowance to reduce the carrying value of the net deferred taxes to an amount that is more likely than not unable to be realized. Based upon the Company's assessment of all available evidence, including the previous three years of United States based taxable income and loss after permanent items, estimates of future profitability, and the Company's overall prospects of future business, the Company determined that it is more likely than not that the Company will not be able to realize a portion of the deferred tax assets in the future. The Company will continue to assess the potential realization of deferred tax assets on an annual basis, or an interim basis if circumstances warrant. If the Company's actual results and updated projections vary significantly from the projections used as a basis for this determination, the Company may need to change the valuation allowance against the gross deferred tax assets.

The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant taxing authority. The Company has analyzed all tax positions for which the statute of limitations remains open. As a result of the assessment, the Company has not recorded any liabilities for unrecognized income tax benefits or retained earnings. The Company does not have any unrecognized tax benefits as of December 31, 2014, 2013 and 2012.

The Company is subject to income taxes in the U.S. federal jurisdiction, and various states and foreign jurisdictions. Tax regulations within each jurisdiction are subject to the interpretation of the related tax laws and regulations and require significant judgment to apply. The Company is still subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for the years 2003 to 2005 and for the years 2009 and after. There are no other on-going or pending IRS, state, or foreign examinations.

The Company recognizes penalties and interest accrued related to liability on unrecognized tax benefits in income tax expense for all periods presented. As of December 31, 2014 and 2013 the Company has no amounts accrued for the payment of interest and penalties.

10. EMPLOYEE BENEFIT PLANS

The Company has defined contribution plans for most of its domestic employees. Under these plans, eligible employees may contribute amounts through payroll deductions supplemented by employer contributions for investment in various investments specified in the plans. In the second quarter of 2009, the Company elected to suspend employer contributions into the defined contribution plans. The Company restored employer matching contributions to the defined contribution plans effective as of January 1, 2013. The Company contributions to these plans were $271 for 2014 and $152 for 2013.

The Company provides post-retirement medical benefits to certain former domestic employees who met minimum age and service requirements. In 1999, a plan amendment was instituted which limits the liability for post-retirement benefits beginning January 1, 2000 for certain employees who retire after that date. This plan amendment resulted in a $1,100 unrecognized prior service cost reduction which will be recognized as employees render the services necessary to earn the post-retirement benefit. The Company's policy is to pay the cost of these post-retirement benefits when required on a cash basis. The Company also has provided certain foreign employees with retirement related benefits.

The following table presents the amounts recognized in the Company's consolidated balance sheets at December 31, 2014 and 2013 for post-retirement medical benefits:

	2014	2013
Change in Projected Benefit Obligation		
Projected benefit obligation at January 1	$ 633	$ 702
Interest cost	26	29
Actuarial loss	36	25
Participant contributions	27	32
Benefits paid	(134)	(155)
Projected benefit obligation at December 31	588	633
Change in fair value of plan assets		
Employer contributions	107	114
Participant contributions	27	32
Benefits paid	(134)	(146)
Funded status	(588)	(633)
Current liabilities	103	102
Noncurrent liabilities	485	531
Net amount recognized	588	633
Amount recognized in other comprehensive income	-	-
Unrecognized net actuarial gain	-	-
Total	$ -	$ -

Accrued post-retirement medical benefit costs are classified as other post-retirement benefit obligations as of December 31, 2014 and 2013.

Net periodic post-retirement medical benefit costs for 2014, 2013, and 2012 included the following components:

For measurement purposes, a 7.0% annual rate of increase in the per capita cost of covered benefits (i.e., health care cost trend rate) was assumed for 2015; the rate was assumed to decrease gradually to 3.5% by the year 2019 and remain at that level thereafter. The difference in the health care cost trend rate assumption may have a significant effect on the amounts reported. Employer contributions for 2015 are expected to be approximately $103.

The assumptions used for the years ended December 31 were as follows:

	2014	2013	2012
Annual increase in cost of benefits	7.0 %	7.0 %	8.0 %
Discount rate used to determine year-end obligations	4.5 %	4.0 %	4.5 %
Discount rate used to determine year-end expense	4.5 %	4.5 %	5.5 %

The following employer benefit payments (medical and pension), which reflect expected future service, are expected to be paid:

2015	$ 220
2016	205
2017	190
2018	175
2019	163
Years 2020-2024	471

In addition to the post-retirement medical benefits the Company provides retirement related benefits to certain former executive employees and to certain employees of foreign subsidiaries. The liabilities established for these benefits at December 31, 2014 and 2013 are illustrated below.

	2014		2013	
Current portion	$	93	$	129
Long-term portion		741		803
Total liability at December 31	$	834	$	932

The Company calculated the fair values of the pension plans above utilizing a discounted cash flow, using standard life expectancy tables, annual pension payments, and a discount rate of 4.5%.

11. CURRENCY TRANSLATION AND TRANSACTION ADJUSTMENTS

All assets and liabilities of foreign operations in which the functional currency is not the U.S. dollar are translated into U.S. dollars at prevailing rates of exchange in effect at the balance sheet date. Revenues and expenses are translated using average rates of exchange for the year. Adjustments resulting from the process of translating the financial statements of foreign subsidiaries into U.S. dollars are reported as a separate component of shareholders' equity, net of tax, where appropriate.

Foreign currency transaction amounts included in the consolidated statements of operations include a loss of $51, $42, and $177 in 2014, 2013 and 2012, respectively.

12. COMMON STOCK AND STOCK OPTIONS

The Company has a 2001 stock option plan, a non-employee directors' stock option plan and a 2006 equity incentive plan. New grants may not be made under the 2001 and the non-employee directors' stock option plans; however certain option grants under these plans remain exercisable as of December 31, 2014. The aggregate number of shares of common stock for which awards could be granted under the 2006 equity incentive plan as of the date of adoption was 699 shares. The 2006 equity incentive plan was amended in 2010 and 2012 to authorize an additional 250 and 300 shares, respectively, for issuance under the plan. Additionally, as outstanding options under the 2001 stock option plan and non-employee directors' stock option plan expire, the shares of the Company's common stock subject to the expired options will become available for issuance under the 2006 equity incentive plan.

Under the various plans, executives, employees and outside directors receive awards of options to purchase common stock. Under the 2006 equity incentive plan, the Company may also grant stock awards, stock appreciation rights, restricted stock units and other equity-based awards, although no such awards, other than awards under the director program and management purchase program described below, had been granted as of December 31, 2014. Under all awards, the terms are fixed on the grant date. Generally, the exercise price of stock options equals the market price of the Company's stock on the date of the grant. Options under the plans generally vest over three years, and have a maximum term of 10 years.

Additionally, the board has established the non-employee directors' stock fee election program, referred to as the director program, as an award under the 2006 equity incentive plan. The director program gives each non-employee director the right under the 2006 equity incentive plan to elect to have some or all of his quarterly director fees paid in common shares rather than cash. There were 0, 0 and 1 shares issued in lieu of cash for director fees under the director program for each of the years ended December 31, 2014, 2013 and 2012, respectively.

On July 23, 2008, the Compensation Committee of the Board of Directors approved the non-employee director and executive officer stock purchase program, referred to as the management purchase program, as an award under the 2006 Plan. The purpose of the management purchase program is to permit the Company's non-employee directors and executive officers to purchase shares of the Company's Common Stock directly from the Company. Pursuant to the management purchase program, as amended, participants may elect to purchase shares of Common Stock from the Company not exceeding an aggregate of $100 during any fiscal year. Participants may make such election one time during each twenty business day period following the public release of the Company's earnings announcement, referred to as a window period, and only if such participant is not in possession of material, non-public information concerning the Company and subject to the discretion of the Board to prohibit any transactions in Common Stock by directors and executive officers during a window period. There was 1 share purchased under the management purchase program during the year ended December 31, 2014 and no shares purchased under the program during the years ended December 31, 2013 and 2012, respectively.

Stock option activity during the periods indicated is as follows:

	Number of Shares	Weighted-average Exercise Price	Aggregate Intrinsic Value
Outstanding at December 31, 2011	1,085	$ 5.84	
Options forfeited or cancelled	(3)	6.76	
Options granted	182	6.42	
Options exercised	(20)	2.54	
Outstanding at December 31, 2012	1,244	5.97	
Options forfeited or cancelled	(15)	5.21	
Options granted	192	4.06	
Options exercised	(14)	2.86	
Outstanding at December 31, 2013	1,407	5.75	
Options forfeited or cancelled	(63)	7.87	
Options granted	174	4.99	
Options exercised	(205)	3.74	
Outstanding at December 31, 2014	1,313	$ 5.86	$ 2,467
Exercisable at December 31, 2013	1,043	$ 6.05	$ 348
Exercisable at December 31, 2014	984	$ 6.17	$ 1,830
Available for future grant at December 31, 2014	175		

The number of shares available for future grant at December 31, 2014, does not include a total of up to 151 shares subject to options outstanding under the 2001 stock option plan and non-employee directors' stock option plan which will become available for grant under the 2006 equity incentive plan in the event of the expiration of said options.

The weighted-average remaining contractual term of options exercisable and outstanding at December 31, 2014, were 3.95 and 5.10 years, respectively. The total intrinsic value of options exercised during fiscal 2014, 2013, and 2012, was $635, $12, and $84, respectively.

The weighted-average per share grant date fair value of options granted was $3.28, $4.06, and $3.84, in 2014, 2013, and 2012, respectively, using the Black-Scholes option-pricing model.

For disclosure purposes, the fair value of each stock option granted is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2014		**2013**		**2012**	
Dividend yield	0.0	%	0.0	%	0.0	%
Expected volatility	75.03 - 75.59	%	70.84 - 72.19	%	68.94 - 72.71	%
Risk-free interest rate	2.00-2.07	%	.91-1.07	%	.83 - 1.10	%
Expected life (years)	6.0		6.0		5.0 - 6.0	

The Black-Scholes option-pricing model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, option-pricing models require the input of subjective assumptions, including the expected stock price volatility. Because the Company's options have characteristics different from those of traded options, in the opinion of management, the existing models do not necessarily provide a reliable single measure of the fair value of its options.

The Company calculates expected volatility for stock options and awards using the Company's historical volatility.

The expected term for stock options and awards is calculated based on the Company's estimate of future exercise at the time of grant.

The Company currently estimates a five percent forfeiture rate for stock options and regularly reviews this estimate.

The risk-free rates for the expected terms of the stock options and awards and the employee stock purchase plan is based on the U.S. Treasury yield curve in effect at the time of grant.

The Company recorded $457, $532, and $414 of non-cash stock option expense for the years ended December 31, 2014, 2013 and 2012, respectively. There were 187 stock options that were exercised using a cashless method of exercise for the year ended December 31, 2014. As of December 31, 2014, there was $534 of total unrecognized compensation costs related to non-vested awards that is expected to be recognized over a weighted-average period of 1.98 years.

The Company also has an Employee Stock Purchase Plan (the "Purchase Plan"). The Purchase Plan initially provided that a maximum of 100 shares may be sold under the Purchase Plan as of the date of adoption. On April 27, 2011, the Company's shareholders approved an amendment to the Purchase Plan to increase the number of shares which may be purchased under the plan by an additional 100 shares. There were 16, 26, and 20 shares purchased under the plan during the years ended December 31, 2014, 2013 and 2012, respectively.

The Company issues new shares of stock upon the exercise of stock options.

13. INCOME (LOSS) PER SHARE

The following table sets forth the computation of basic and diluted income (loss) per share:

	Year Ended December 31		
	2014	2013	2012
Numerator:			
Income (loss) before discontinued operations	$ 2,518	$ (2,290)	$ 1,759
Loss from discontinued operations, net of income taxes	(270)	(3,872)	(1,050)
Net income (loss)	$ 2,248	$ (6,162)	$ 709
Denominator:			
Basic – weighted shares outstanding	5,791	5,699	5,669
Weighted shares assumed upon exercise of stock options	247	-	219
Diluted – weighted shares outstanding	6,038	5,699	5,888
Basic income (loss) per share:			
Continuing operations	$ 0.43	$ (0.40)	$ 0.31
Discontinued operations	(0.05)	(0.68)	(0.19)
Net income (loss) per share:	$ 0.39	$ (1.08)	$ 0.13
Diluted income (loss) per share:			
Continuing operations	$ 0.42	$ (0.40)	$ 0.30
Discontinued operations	(0.04)	(0.68)	(0.18)
Net income (loss) per share:	$ 0.37	$ (1.08)	$ 0.12

The Company excluded stock options of 21, 1,407, and 411, in 2014, 2013, and 2012, respectively, from the computation of the diluted income per share as their effect would be anti-dilutive. For additional disclosures regarding the stock options, see Note 12.

14. CONTINGENCIES AND COMMITMENTS

The Company is a defendant along with a number of other parties in lawsuits alleging that plaintiffs have or may have contracted asbestos-related diseases as a result of exposure to asbestos products or equipment containing asbestos sold by one or more named defendants. These lawsuits relate to the discontinued heat technologies segment which was sold in March 2005. Due to the non-informative nature of the complaints, the Company does not know whether any of the complaints state valid claims against the Company. Certain insurance carriers have informed the Company that the primary policies for the period August 1, 1970-1978 have been exhausted and that the carriers will no longer provide defense and insurance coverage under those policies. However, the Company has other primary and excess insurance policies that the Company believes afford coverage for later years. Some of these other primary insurers have accepted defense and insurance coverage for these suits, and some of them have either ignored the Company's tender of defense of these cases, or have denied coverage, or have accepted the tenders but asserted a reservation of rights and/or advised the Company that they need to investigate further. Because settlement payments are applied to all years a litigant was deemed to have been exposed to asbestos, the Company believes that it will have funds available for defense and insurance coverage under the non-exhausted primary and excess insurance policies. However, unlike the older policies, the more recent policies have deductible amounts for defense and settlements costs that the Company will be required to pay; accordingly, the Company expects that its litigation costs will increase in the future. Further, many of the policies covering later years (approximately 1984 and thereafter) have exclusions for any asbestos products or operations, and thus do not provide insurance coverage for asbestos-related lawsuits. The Company does not believe that the asserted exhaustion of some of the primary insurance coverage for the 1970-1978 period will have a material adverse effect on its financial condition, liquidity, or results of operations. Management believes that the number of insurance carriers involved in the defense of the suits, and the significant number of policy years and policy limits under which these insurance carriers are insuring the Company, make the ultimate disposition of these lawsuits not material to the Company's consolidated financial position or results of operations.

The Company's former wholly owned French subsidiary, Selas SAS, filed for insolvency in France. The Company may be subject to additional litigation or liabilities as a result of the French insolvency proceeding.

The Company is also involved in other lawsuits arising in the normal course of business. While it is not possible to predict with certainty the outcome of these matters, management is of the opinion that the disposition of these lawsuits and claims will not materially affect our consolidated financial position, liquidity or results of operations.

Total expense for 2014, 2013 and 2012 under leases pertaining primarily to engineering, manufacturing, sales and administrative facilities, with an initial term of one year or more, aggregated $1,071, $1,304, and $1,356, respectively. Remaining payments under such leases are as follows: 2015- $1,307; 2016- $683; 2017 - $68, which includes two leased facilities in Minnesota that expire in 2016, one leased facility in California that expires in 2016, one leased facility in Singapore that expires in 2015, one leased facility in Indonesia that expires in 2016 and one leased facility in Germany that expires in 2017. Certain leases contain renewal options as defined in the lease agreements.

On October 5, 2007, the Company entered into employment agreements with its executive officers. The agreements call for payments ranging from seven months to two years base salary and unpaid bonus, if any, to the executives should there be a change of control as defined in the agreement and the executives are not retained for a period of at least one year following such change of control. Under the agreements, all stock options granted to the executives would vest immediately and be exercisable in accordance with the terms of such stock options. The Company also agreed that if it enters into an agreement to sell substantially all of its assets, it will obligate the buyer to fulfill its obligations pursuant to the agreements. The agreements terminate, except to the extent that any obligation remains unpaid, upon the earlier of termination of the executive's employment prior to a change of control or asset sale for any reason or the termination of the executive after a change of control for any reason other than by involuntary termination as defined in the agreements.

15. RELATED-PARTY TRANSACTIONS

One of the Company's subsidiaries leases office and factory space from a partnership consisting of three present or former officers of the subsidiary, including Mark Gorder, a member of the Company's Board of Directors and the President and Chief Executive Officer of the Company. The subsidiary is required to pay all real estate taxes and operating expenses. The total base rent expense, real estate taxes and other charges incurred under the lease was approximately $486, $486 and $490 for the years ended December 31, 2014, 2013 and 2012, respectively.

The Company uses the law firm of Blank Rome LLP for legal services. A partner of that firm is the son-in-law of the Chairman of our Board of Directors. The Company paid approximately $156, $228, and $174 to Blank Rome LLP for legal services and costs in 2014, 2013 and 2012, respectively. The Chairman of our Board of Directors is considered independent under applicable NASDAQ and SEC rules because (i) no payments were made to the Chairman or the partner directly in exchange for the services provided by the law firm and (ii) the amounts paid to the law firm did not exceed the thresholds contained in the NASDAQ standards. Furthermore, the aforementioned partner does not provide any legal services to the Company and is not involved in billing matters.

16. STATEMENTS OF CASH FLOWS

Supplemental disclosures of cash flow information:

	Year Ended December 31		
	2014	2013	2012
Interest received	$ 1	$ 1	$ 1
Interest paid	432	512	594
Income taxes paid	132	27	5
Shares issued for director services in lieu of fees	1	-	1

17. INVESTMENT IN PARTNERSHIPS

In December 2006, the Company joined the Hearing Instrument Manufacturers Patent Partnership (K/S HIMPP). Members of the partnership include the largest six hearing aid manufacturers as well as several other smaller manufacturers. The purchase price of $1,800 included a 9% equity interest in K/S HIMPP as well as a license agreement that grants the Company access to over 45 US registered patents. The Company accounted for the K/S HIMPP investment using the equity method of accounting for common stock, as the equity interest is deemed to be "more than minor". The company paid the final principal installment under the purchase agreement of $240 in 2012. The investment in the partnership exceeded underlying net assets by approximately $1,475 at the time of the agreement. Based on the final assessment of the partnership, the Company determined that approximately $345 of the excess of the investment over the underlying partnership net assets relates to underlying patents (amortized on a straight-line basis over ten years). The remaining $1,130 of the excess of the investment over the underlying partnership net assets was assigned to the non-exclusive patent license agreement (amortized on a straight-line basis over ten years). The Company recorded a $182, $204 and $166 decrease in the carrying amount of the investment, reflecting amortization of the patents, patent license agreement and the Company's portion of the partnership's operating results for the years ended December 31, 2014, 2013 and 2012, respectively. Also, the Company recorded operating expenses directly related to HIMPP of $46, $58, and $50 during 2014, 2013, and 2012.The carrying amount of the K/S HIMPP partnership is $387 and $569 at December 31, 2014 and 2013, respectively. As of December 31, 2014, amortization remaining for each of the years ending December 31, 2015 through 2016 is $195.

In August 2012, the Company sold its 50% interest in its Global Coils joint venture to its joint venture partner Audemars SA. The Global Coils joint venture is in the business of marketing, designing, manufacturing, and selling audio coils to the hearing health industry. Audemars paid $426 in cash at closing and will make future payments, both one time and recurring, as specified in the purchase agreement. Audemars also transferred certain hearing health inventory to IntriCon. The Company recorded a gain on the sale of $822 in the gain on sale of investment in partnership line of the accompanying statement of operations.

The net gain was computed as follows:

Cash proceeds	$ 426
Receivables	721
Inventory	186
Net assets disposed	(486)
Transaction costs	(25)
Gain on sale	$ 822

The receivables are made up of installment payments and estimated royalties and are included in other current assets and other assets on the balance sheet based on payment terms. The Company measured the fair value of the estimated royalties based on level 3 inputs which are considered unobservable inputs that are not corroborated by market data. The Company used future estimated cash flows discounted to their present value to calculate fair value. The discount rate used was the value-weighted average of the Company's estimated cost of capital derived using both known and estimated customary market metrics. Actual royalty payments may differ from the Company's estimate which could adversely affect the Company's results of operations.

Prior to the sale of the Company's Global Coils joint venture, the Company recorded a $50 increase in the carrying amount of the investment, reflecting the Company's portion of the joint venture's operating results for the year ended December 31, 2012.

18. REVENUE BY MARKET

The following table sets forth, for the periods indicated, net revenue by market:

	Year Ended December 31		
	2014	2013	2012
Medical	$ 35,109	$ 25,978	$ 24,463
Hearing Health	22,959	19,739	23,806
Professional Audio Communications	10,235	7,244	11,686
Total Net Sales	$ 68,303	$ 52,961	$ 59,955

19. SUBSEQUENT EVENTS

The Company has reviewed events subsequent to the date these consolidated financial statements were issued and noted no matters requiring adjustment to or disclosure in these consolidated financial statements.

ITEM 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure
None.

ITEM 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures. As of the end of the period covered by this report (the "Evaluation Date"), the Company carried out an evaluation, under the supervision and with the participation of management, including the Chief Executive Officer (principal executive officer) and the Chief Financial Officer (principal financial officer), of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) of the Exchange Act). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of the Evaluation Date, our disclosure controls and procedures were effective to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in applicable rules and forms, and (ii) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control Over Financial Reporting. The report of management required under this Item 9A is contained in Item 8 of this Annual Report on Form 10-K under the caption "Management's Report on Internal Control Over Financial Reporting."

Changes in Internal Controls over Financial Reporting. There were no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the most recent fiscal quarter covered by this report that would have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are 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 the Company have been detected. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

ITEM 9B. Other Information

On February 3, 2015, the Board of Directors of the Company approved Amendment No. 2 to Equity Plans, which amended each of the following equity plans of the Company (i) the Amended and Restated Non-Employee Directors Stock Option Plan, (ii) the 2001 Stock Option Plan, as amended and (iii) the 2006 Equity Incentive Plan, as amended. Under the Amendment, outstanding options under such plans will vest and become fully exercisable, and will be exercisable for the balance of the original term of the option, in the event of the termination of the participant from the Company due to death, disability or retirement, regardless of any contrary provision in the form of option agreement.

The foregoing description of Amendment No. 2 does not purport to be complete and is qualified in its entirety by reference to the Amendment, a copy of which is filed as Exhibit 10.24 hereto and is incorporated herein by reference.

PART III

ITEM 10. Directors, Executive Officers and Corporate Governance

The information called for by Item 10 is incorporated by reference from the Company's definitive proxy statement relating to its 2015 annual meeting of shareholders, including but not necessarily limited to the sections of the 2015 proxy statement entitled "Proposal 1 – Election of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance."

The information concerning executive officers contained in Item 4A hereof is incorporated by reference into this Item 10.

Code of Ethics

The Company has adopted a code of ethics that applies to its directors, officers and employees, including its principal executive officer, principal financial and accounting officer, controller and persons performing similar functions. Copies of the Company's code of ethics are available without charge upon written request directed to Cari Sather, Director of Human Resources, IntriCon Corporation, 1260 Red Fox Road, Arden Hills, MN 55112. The Company intends to satisfy the disclosure requirement under Item 10 of Form 8-K regarding any future amendments to a provision of its code of ethics by posting such information on the Company's website: www.intricon.com.

ITEM 11. Executive Compensation

The information called for by Item 11 is incorporated by reference from the Company's definitive proxy statement relating to its 2015 annual meeting of shareholders, including but not necessarily limited to the sections of the 2015 proxy statement entitled "Director Compensation for 2014," and "Executive Compensation".

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

The information called for by Item 12 is incorporated by reference from the Company's definitive proxy statement relating to its 2015 annual meeting of shareholders, including but not necessarily limited to the section of the 2015 proxy statement entitled "Share Ownership of Certain Beneficial Owners, Directors and Certain Officers."

Equity Compensation Plan Information

The following table details information regarding the Company's existing equity compensation plans as of December 31, 2014:

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders(1) ..	1,283	$5.87	216
Equity compensation plans not approved by security holders(2) ..	30	$5.55	--
Total..	1,313	$5.86	216

(1) The amount shown in column (c) includes 175 shares issuable under the Company's 2006 Equity Incentive Plan (the "2006 Plan") and 41 shares available for purchase under the Company's Employee Stock Purchase Plan. Under the terms of the 2006 Plan, as outstanding options under the Company's 2001 Stock Option Plan and Non-Employee Directors' Stock Option Plan expire, the shares of common stock subject to the expired options will become available for issuance under the 2006 Plan. As of December 31, 2014, 121 shares of common stock were subject to outstanding options under the 2001 Stock Option Plan and Non-Employee Directors' Stock Option Plan. Accordingly, if any of these options expire, the shares of common stock subject to expired options also will be available for issuance under the 2006 Plan.

(2) Represents shares issuable under the Non-Employee Directors Stock Option Plan, the ("Non-Employee Directors Plan"), pursuant to which directors who are not employees of the Company or any of its subsidiaries were eligible to receive options. The exercise price of the option was the fair market value of the stock on the date of grant. Options become exercisable in equal one-third annual installments beginning one year from the date of grant, except that the vesting schedule for discretionary grants is determined by the

Compensation Committee. As a result of the approval of the 2006 Plan by the shareholders at the 2006 annual meeting of shareholders, no further grants will be made pursuant to the Non-Employee Directors Plan.

ITEM 13. Certain Relationships and Related Transactions, and Director Independence

The information called for by Item 13 is incorporated by reference from the Company's definitive proxy statement relating to its 2015 annual meeting of shareholders, including but not necessarily limited to the sections of the 2015 proxy statement entitled "Certain Relationships and Related Party Transactions" and "Independence of the Board of Directors."

ITEM 14. Principal Accounting Fees and Services

The information called for by Item 14 is incorporated by reference from the Company's definitive proxy statement relating to its 2015 annual meeting of shareholders, including but not necessarily limited to the sections of the 2015 proxy statement entitled "Independent Registered Public Accounting Fee Information."

PART IV

ITEM 15. Exhibits, Financial Statement Schedules

(a) The following documents are filed as a part of this report:

1) Financial Statements – The consolidated financial statements of the Registrant are set forth in Item 8 of Part II of this report.

Consolidated Statements of Operations for the years ended December 31, 2014, 2013 and 2012

Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2014, 2013 and 2012.

Consolidated Balance Sheets at December 31, 2014 and 2013.

Consolidated Statements of Cash Flows for the years ended December 31, 2014, 2013 and 2012.

Consolidated Statements of Shareholders' Equity for the years ended December 31, 2014, 2013 and 2012.

Notes to Consolidated Financial Statements.

3) Exhibits –

2.1	Asset Purchase Agreement dated as of January 27, 2014 between Sierra Peaks Corporation and IntriCon Tibbetts Corporation. (Schedules and exhibits are omitted pursuant to Regulation S-K, Item 601(b)(2); IntriCon Corporation agrees to furnish a copy of such schedules and/or exhibits to the Securities and Exchange Commission upon request.) (Incorporated by reference from the Company's Current Report on Form 8-K/A filed with the Commission on January 31, 2014).
3.1	The Company's Amended and Restated Articles of Incorporation, as amended. (Incorporated by reference from the Company's Current Report on Form 8-K filed with the Commission on April 24, 2008.)
3.2	The Company's Amended and Restated By-Laws. (Incorporated by reference from the Company's Current Report on Form 8-K filed with the Commission October 12, 2007.)
4.1	Specimen Common Stock Certificate. (Incorporated by reference from the Company's Registration Statement on Form S-3 (registration no. 333-200182) filed with the Commission on November 13, 2014.)
+ 10.1.1	2001 Stock Option Plan. (Incorporated by reference from the Company's Annual Report on Form 10-K for the year ended December 31, 2000.)
+ 10.1.2	Form of Stock Option Agreement issued to executive officers pursuant to the 2001 Stock Option Plan. (Incorporated by reference from the Company's Current Report on Form 8-K filed with the Commission on April 26, 2005.)
+ 10.2	Supplemental Retirement Plan (amended and restated effective January 1, 1995). (Incorporated by reference from the Company's Annual Report on Form 10-K for the year ended December 31, 1995.)
10.3.1	Amended and Restated Office/Warehouse Lease, between Resistance Technology, Inc. and Arden Partners I. L.L.P. (of which Mark S. Gorder is one of the principal owners) dated November 1, 1996. (Incorporated by reference from the Company's Annual Report on Form 10-K for the year ended December 31, 1996.)
10.3.2	Amended and Restated Office/Warehouse Lease Second Extension Agreement dated as of October 20, 2011 between IntriCon Inc. and Arden Partners I, L.L.P. (Incorporated by reference from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011.)
+ 10.4.1	Amended and Restated Non-Employee Directors' Stock Option Plan. (Incorporated by reference from the Company's Annual Report on Form 10-K for the year ended December 31, 2001.)
+10.4.2	Form of Non-employee director Option Agreement for options issued pursuant to the Amended and Restated Non-Employee Directors Stock Option Plan. (Incorporated by reference from the Company's Current Report on Form 8-K filed with the Commission on October 3, 2005.)
+ 10.5	2006 Equity Incentive Plan. (Incorporated by reference from Appendix A to the Company's proxy statement filed with the SEC on March 15, 2010.)
+ 10.6	Form of Stock Option Agreement issued to executive officers pursuant to the 2006 Equity Incentive Plan. (Incorporated by reference from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006.)
+ 10.7	Form of Stock Option Agreement issued to directors pursuant to the 2006 Equity Incentive Plan. (Incorporated by reference from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006.)
+ 10.8	Non-Employee Directors Stock Fee Election Program. (Incorporated by reference from the Company's Annual Report on Form 10-K for the year ended December 31, 2006.)
+10.9	Non-Employee Director and Executive Officer Stock Purchase Program, as amended. (Incorporated by reference from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2008.)
+ 10.10	Deferred Compensation Plan. (Incorporated by reference from the Company's Current Report on Form 8-K filed with the Commission on May 17, 2006.)

10.11	Land and Building Lease Agreement between Resistance Technology, Inc. and MDSC Partners, LLP dated June 15, 2006. (Incorporated by reference from the Company's Current Report on Form 8-K filed with the Commission on June 21, 2006.)
10.12	Agreement by and between K/S HIMPP and IntriCon Corporation dated December 1, 2006 and the schedules thereto. (Incorporated by reference from the Company's Annual Report on Form 10-K for the year ended December 31, 2006.)
+ 10.13	Employment Agreement with Mark S. Gorder. (Incorporated by reference from the Company's Current Report on Form 8-K filed with the Commission October 12, 2007.)
+ 10.14	Form of Employment Agreement with executive officers. (Incorporated by reference from the Company's Current Report on Form 8-K filed with the Commission October 12, 2007.)
10.15	Strategic Alliance Agreement among IntriCon Corporation and Dynamic Hearing Pty Ltd effective as of October 1, 2008 (Incorporated by reference from the Company's Annual Report on Form 10-K for the year ended December 31, 2008.)
10.16	First Amendment to Strategic Alliance Agreement among IntriCon Corporation and Dynamic Hearing Pty Ltd effective as of January 1, 2011 (Incorporated by reference from the Company's Annual Report on Form 10-K for the year ended December 31, 2011.)
10.17.1	Loan and Security Agreement dated as of August 13, 2009 by and among IntriCon Corporation, RTI Electronics, Inc., IntriCon Tibbetts Corporation, IntriCon Datrix Corporation (f/k/a Jon Barron, Inc.) and The PrivateBank and Trust Company (Incorporated by reference from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2009.)
10.17.2	First Amendment and Waiver dated March 12, 2010 to Loan and Security Agreement dated as of August 13, 2009 by and among IntriCon Corporation, RTI Electronics, Inc., IntriCon Tibbetts Corporation, IntriCon Datrix Corporation and The PrivateBank and Trust Company. (Incorporated by reference from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010.)
10.17.3	Second Amendment to Loan and Security Agreement and Limited Consent dated as of August 12, 2011 to Loan and Security Agreement dated as of August 13, 2009 by and among IntriCon Corporation, IntriCon, Inc., IntriCon Tibbetts Corporation, IntriCon Datrix Corporation and The PrivateBank and Trust Company (Incorporated by reference from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011.)
10.17.4	Third Amendment to Loan and Security Agreement and Waiver dated as of March 1, 2012 to Loan and Security Agreement dated as of August 13, 2009 by and among IntriCon Corporation, IntriCon, Inc., IntriCon Tibbetts Corporation, IntriCon Datrix Corporation and The PrivateBank and Trust Company (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2012).
10.17.5	Fourth Amendment to Loan and Security Agreement and Consent among the Company, IntriCon, Inc., IntriCon Tibbetts Corporation , IntriCon Datrix Corporation and The PrivateBank and Trust Company, dated as of August 6, 2012 (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the Quarter ended June 30, 2012.)
10.17.6	Fifth Amendment to Loan and Security Agreement among the Company, IntriCon, Inc., IntriCon Tibbetts Corporation, IntriCon Datrix Corporation and The PrivateBank and Trust Company, dated as of December 21, 2012. (incorporated by reference to the Company's Current Report on Form 8-K filed with the Commission on December 21, 2012.)
10.17.7	Sixth Amendment to Loan and Security Agreement and Waiver among the Company, IntriCon, Inc., IntriCon Tibbetts Corporation, IntriCon Datrix Corporation and The PrivateBank and Trust Company, dated as of February 14, 2014 (Incorporated by reference to the Company's Current Report on Form 8-K filed with the Commission on February 19, 2014.)
10.18	Revolving Credit Note issued to The PrivateBank and Trust Company dated August 13, 2009 (Incorporated by reference from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2009. f)
10.19.1	Term Note issued to The PrivateBank and Trust Company dated August 13, 2009 (Incorporated by reference from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2009.)

10.19.2	Term Note dated August 12, 2011 from IntriCon Corporation, IntriCon, Inc., IntriCon Tibbetts Corporation and IntriCon Datrix Corporation to The PrivateBank and Trust Company (Incorporated by reference from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011.)
10.20	Subordinated Non-Negotiable Promissory Note issued to Jon V. Barron dated August 13, 2009 (Incorporated by reference from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2009.)
10.21	Amended and Restated Sale or Change of Control, Exclusivity and Noncompete Agreement dated November 12, 2011 between IntriCon Corporation and United Healthcare Services, Inc. (Incorporated by reference from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011.)
+10.22	Annual Incentive Plan for Executives and Key Employees. (Incorporated by reference from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012.)
+10.23	Amended and Restated Amendment to Equity Plans. (Incorporated by reference from the Company's Annual Report on Form 10-K for the year ended December 31, 2013.)
+10.24*	Amendment No. 2 to Equity Plans.
21*	List of significant subsidiaries of the Company.
23.1*	Consent of Independent Registered Public Accounting Firm (Baker Tilly Virchow Krause, LLP).
31.1*	Certification of principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification of principal executive officer pursuant to U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification of principal financial officer pursuant to U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.1	Shareholders Agreement dated October 10, 2011 by and among the Company, United Healthcare Services, Inc., Mark S. Gorder, Michael J. McKenna, Robert N. Masucci, Nicolas A. Giordano, Philip N. Seamon, Christopher D. Conger, Michael P. Geraci, Scott Longval, Dennis L. Gonsior, and Greg Gruenhagen (Incorporated by reference from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011.)
101	The following materials from IntriCon Corporation's Annual Report on Form 10-K for the year ended December 31, 2014, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Statements of Operations for the years ended December 31, 2014, 2013 and 2012; (ii) Consolidated Statements of Comprehensive Income (Loss); (iii) Consolidated Balance Sheets as of December 31, 2014 and 2013; (iv) Consolidated Statements of Cash Flows for the years ended December 31, 2014, 2013 and 2012; (v) Consolidated Statements of Shareholders' Equity for the years ended December 31, 2014, 2013 and 2012; and (vi) Notes to Consolidated Financial Statements.

* Filed herewith.

\+ Denotes management contract, compensatory plan or arrangement.

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.

INTRICON CORPORATION (Registrant)

By: /s/ Scott Longval
Scott Longval
Chief Financial Officer, Treasurer and Secretary

Dated: March 6, 2015

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/ Mark S. Gorder

Mark S. Gorder
President and Chief Executive
Officer and Director (principal executive officer)
March 6, 2015

/s/ Scott Longval

Scott Longval
Chief Financial Officer
Treasurer and Secretary
(principal accounting and financial officer)
March 6, 2015

/s/Nicholas A. Giordano

Nicholas A. Giordano
Director
March 6, 2015

/s/Robert N. Masucci

Robert N. Masucci
Director
March 6, 2015

/s/ Michael J. McKenna

Michael J. McKenna
Director
March 6, 2015

/s/ Philip N. Seamon

Philip N. Seamon
Director
March 6, 2015

EXHIBIT INDEX

EXHIBITS:

+10.24 Amendment No. 2 to Equity Plans.

21 List of significant subsidiaries of the Company.

23.1 Consent of Independent Registered Public Accounting Firm (Baker Tilly Virchow Krause, LLP).

31.1 Certification of principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification of principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification of principal executive officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002.

32.2 Certification of principal financial officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002.

101 The following materials from IntriCon Corporation's Annual Report on Form 10-K for the year ended December 31, 2014, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Statements of Operations for the years ended December 31, 2014, 2013 and 2012; (ii) Consolidated Statements of Comprehensive Income (Loss); (iii) Consolidated Balance Sheets as of December 31, 2014 and 2013; (iv) Consolidated Statements of Cash Flows for the years ended December 31, 2014, 2013 and 2012; (v) Consolidated Statements of Shareholders' Equity for the years ended December 31, 2014, 2013 and 2012; and (vi) Notes to Consolidated Financial Statements.

EXHIBIT 21.1

Significant Subsidiaries of
IntriCon Corporation

Subsidiary	**Place of Incorporation**
IntriCon GmbH Vertrieb von Elecktronikteilen	Germany
IntriCon, Inc. (formerly Resistance Technology, Inc.)	Minnesota
IntriCon PTE LTD.	Singapore
PT IntriCon Indonesia	Indonesia

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements on Form S-3 (Registration Nos. 33-33712 and 333-200182) and Forms S-8 (Registration Nos. 333-16377, 333-66433, 333-59694, 333-129104, 333-134256, 333-145577, 333-168586, 333-173837 and 333-181160) of IntriCon Corporation and Subsidiaries of our report dated March 6, 2015, relating to the consolidated financial statements, which appears on page 35 of this annual report on Form 10-K for the year ended December 31, 2014.

/s/ BAKER TILLY VIRCHOW KRAUSE, LLP

Minneapolis, Minnesota
March 6, 2015

EXHIBIT 31.1

CERTIFICATION

I, Mark S. Gorder, certify that:

1.I have reviewed this annual report on Form 10-K of IntriCon Corporation;

2.Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3.Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4.The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5.The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 6, 2015

/s/ Mark S. Gorder
Chief Executive Officer
(principal executive officer)

EXHIBIT 31.2

CERTIFICATION

I, Scott Longval, certify that:

1.I have reviewed this annual report on Form 10-K of IntriCon Corporation;

2.Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3.Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4.The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5.The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 6, 2015

__/s/ Scott Longval_______
Chief Financial Officer
(principal financial officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C.SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Mark S. Gorder, Chief Executive Officer (principal executive officer) of IntriCon Corporation (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

1) the annual report on Form 10-K of the Company for the year ended December 31, 2014 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 6, 2015

____/s/ Mark S. Gorder_________
Mark S. Gorder
President and Chief Executive Officer
(principal executive officer)

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Section 1350 of Chapter 63 of Title 18 of the United States Code) and is not being filed as part of the Report or as a separate disclosure document.

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C.SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Scott Longval, Chief Financial Officer (principal financial officer)of IntriCon Corporation (the “Company”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

1) the annual report on Form 10-K of the Company for the year ended December 31, 2014 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 6, 2015

_/s/ Scott Longval _____
Scott Longval
Chief Financial Officer and Treasurer (principal financial officer)

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Section 1350 of Chapter 63 of Title 18 of the United States Code) and is not being filed as part of the Report or as a separate disclosure document.

IntriCon
The Body-Worn Device Company

INTRICON CORPORATION
1260 Red Fox Road
Arden Hills, Minnesota 55112

March 6, 2015

Dear Shareholder:

It is my great pleasure to invite you to attend the 2015 Annual Meeting of Shareholders (the "Annual Meeting"). The Annual Meeting will be held on Friday, April 24, 2015 at 11:30 a.m., local time, at the Hampton Inn North located at 1000 Gramsie Road, Shoreview, Minnesota 55126.

At this year's Annual Meeting our shareholders will vote on the following:

- the election of two directors, each to hold office for a term of three years and until his successor is duly elected and qualified;
- an advisory vote on executive compensation, referred to as "say-on-pay;
- the approval of the 2015 Equity Incentive Plan, as more fully described in the accompanying proxy statement; and
- the ratification of the appointment of Baker Tilly Virchow Krause, LLP, as IntriCon Corporation's independent registered public accounting firm for fiscal year 2015.

We are furnishing our Proxy Statement and other proxy materials to our shareholders over the Internet. The proxy materials are available at https://materials.proxyvote.com/46121H.

The vote of every shareholder is important. Therefore, whether or not you expect to attend the meeting in person, I urge you to vote in one of the following ways: (i) *over the Internet*: log on to www.proxyvote.com and follow the web site instructions; once you have cast your vote, be sure to click on "Accept Vote"; (ii) *by telephone*: you may call toll-free in the U.S. or Canada, 1-800-690-6903 on a touch-tone telephone; or (iii) *by proxy card*: sign and date the accompanying proxy card and return it promptly in the envelope provided for that purpose. If you vote over the Internet or telephone, you do not need to return your proxy card.

Thank you for your continued interest in IntriCon Corporation. I look forward to seeing you at the Annual Meeting.

Sincerely,

Mark S. Gorder

Mark S. Gorder
President and Chief Executive Officer

INTRICON CORPORATION
1260 Red Fox Road
Arden Hills, Minnesota 55112

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To be held April 24, 2015

The 2015 Annual Meeting of Shareholders (the "Annual Meeting") of IntriCon Corporation (the "Corporation") will be held on Friday, April 24, 2015 at 11:30 a.m., local time, at the Hampton Inn North located at 1000 Gramsie Road, Shoreview, Minnesota 55126 for the following purposes:

(1) to elect two director to hold office, each for a term of three years and until his successor is duly elected and qualified;

(2) to hold an advisory vote on executive compensation, referred to as "say-on-pay";

(3) to approve the 2015 Equity Incentive Plan, as more fully described in the accompanying proxy statement;

(4) to ratify the appointment of Baker Tilly Virchow Krause, LLP as the Corporation's independent registered public accounting firm for fiscal year 2015; and

(5) to transact such other business as may properly come before the Annual Meeting or any of its adjournments or postponements.

The Board of Directors has fixed the close of business on February 19, 2015 as the record date for the determination of shareholders entitled to notice of and to vote at the Annual Meeting or any adjournment or postponement thereof. If the Annual Meeting is adjourned because of the absence of a quorum, those shareholders entitled to vote who attend the adjourned Annual Meeting, although constituting less than a quorum as provided herein, shall nevertheless constitute a quorum for the purpose of electing directors. If the Annual Meeting is adjourned for one or more periods aggregating at least 15 days because of the absence of a quorum, those shareholders entitled to vote who attend the reconvened Annual Meeting, if less than a quorum as determined under applicable law, shall nevertheless constitute a quorum for the purpose of acting upon any other matter set forth in this Notice of Annual Meeting.

All shareholders are cordially invited to attend the meeting, but whether or not you expect to attend the meeting in person, we urge you to vote promptly using one of the following methods to ensure your vote is counted:

- ***over the Internet***: log on to www.proxyvote.com and follow the web site instructions; once you have cast your vote, be sure to click on "Accept Vote";

- ***by telephone***: you may call toll-free in the U.S. or Canada, 1-800-690-6903 on a touch-tone telephone;

- ***by proxy card***: sign and date the accompanying proxy card and return it promptly in the envelope provided for that purpose; or

- ***in person:*** if you are a shareholder of record as of the close of business on the Record Date, you may vote in person at the Annual Meeting and revoke any previously granted proxy.

If you vote over the Internet or by telephone, you will need your control number (your control number can be found on the Notice of Internet Availability of Proxy Materials and your proxy card). **The deadline to vote over the Internet or by telephone is Thursday, April 23, 2015, 11:59 p.m., eastern daylight time.** If you vote over the Internet or by telephone, you do not need to return your proxy card.

If your shares are held in "street name" (that is, if your stock is registered in the name of your broker, bank, or other nominee), please contact your broker, bank or nominee to determine whether you will be able to vote over the Internet or by telephone.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be held on April 24, 2015

In accordance with the rules of the Securities and Exchange Commission, instead of mailing a printed copy of our proxy materials to our shareholders, we have elected to furnish these materials by providing access to these documents over the Internet. Accordingly, on or about March 6, 2015, we sent a Notice of Internet Availability of Proxy Materials ("Notice of Internet Availability") to our shareholders of record and beneficial owners informing them of the availability of our proxy materials online. The Notice of Internet Availability provides you with instructions regarding how to (i) view our proxy materials for the Annual Meeting on the Internet; (ii) vote your shares after you have viewed our proxy materials; and (ii) request a printed copy of the proxy materials. All shareholders have the ability to access this Proxy Statement, the proxy card and our Annual Report on Form 10-K at the following website: https://materials.proxyvote.com/46121H.

Meeting directions are available by calling our executive offices at (651) 636-9770.

By Order of the Board of Directors

Michael J McKenna

Michael J. McKenna
Chairman of the Board

March 6, 2015
Arden Hills, Minnesota

INTRICON CORPORATION
1260 Red Fox Road
Arden Hills, Minnesota 55112

PROXY STATEMENT

This proxy statement and the accompanying proxy are being furnished to shareholders of IntriCon Corporation (the "Corporation") in conjunction with the solicitation of proxies by the Board of Directors of the Corporation for use at the 2015 Annual Meeting of Shareholders (the "Annual Meeting") to be held on Friday, April 24, 2015 at the Hampton Inn North located at 1000 Gramsie Road, Shoreview, Minnesota 55126, at 11:30 a.m., local time, and any adjournment or postponement of the Annual Meeting. This Proxy Statement and accompanying form of proxy are first being made available to shareholders on or about March 6, 2015.

The Board of Directors has fixed the close of business on February 19, 2015 as the record date for determination of the shareholders entitled to notice of and to vote at the Annual Meeting. As of February 19, 2015, there were 5,848,286 shares of common stock, of the Corporation outstanding, each of which is entitled to one vote on all matters to be presented at the Annual Meeting.

Proxies in the form provided, if properly executed and received in time for voting, and not revoked, will be voted as directed on the proxies. If no directions to the contrary are indicated, the persons named in the proxy will vote all of your shares of common stock "**for**" the election of two nominees for director, "**for**" the approval of the compensation of our Named Executive Officers as described in this Proxy Statement, "**for**" the approval of the 2015 Equity Incentive Plan and "**for**" the ratification of the appointment of Baker Tilly Virchow Krause, LLP as the Corporation's independent registered public accounting firm for fiscal year 2015. With respect to any other matter that properly comes before the meeting, the proxy holders will vote the proxies in their discretion in accordance with their best judgment.

You may vote in one of the following ways:

- ***over the Internet***: log on to www.proxyvote.com and follow the web site instructions; once you have cast your vote, be sure to click on "Accept Vote;
- ***by telephone***: you may call toll-free in the U.S. or Canada, 1-800-690-6903 on a touch-tone telephone;
- ***by proxy card***: sign and date the accompanying proxy card and return it promptly in the envelope provided for that purpose; or
- ***in person****:* if you are a shareholder of record as of the close of business on the Record Date, you may vote in person at the Annual Meeting and revoke any previously granted proxy.

If you vote over the Internet or by telephone, you will need your control number (your control number can be found on the Notice of Internet Availability of Proxy Materials and your proxy card). **The deadline to vote over the Internet or by telephone is Thursday, April 23, 2015, 11:59 p.m., eastern daylight time.** If you vote over the Internet or by telephone, you do not need to return your proxy card.

Any shareholder who submits a proxy may revoke it at any time before the proxy is voted at the Annual Meeting by delivering a later dated proxy or by giving written notice to the Secretary of the Corporation or attending the Annual Meeting in person and so requesting. If you vote over the Internet or by telephone, you may change your vote by following the procedures used to submit your initial vote. The last vote received chronologically will supersede any prior votes. Attendance at the Annual Meeting will not by itself revoke a previously granted proxy.

The presence, in person or represented by proxy, of the holders of a majority of the outstanding shares of common stock will constitute a quorum for the transaction of business at the Annual Meeting. All shares of common stock present in person or represented by proxy (including "broker non-votes" described below) and entitled to vote at the Annual Meeting, no matter how they are voted or whether they abstain from voting, will be counted in determining the presence of a quorum. If the Annual Meeting is adjourned because of the absence of a quorum, those shareholders entitled to vote who attend the adjourned Annual Meeting, although constituting less than a quorum as provided herein, shall nevertheless constitute a quorum for the purpose of electing directors. If the Annual Meeting is adjourned for one or more periods aggregating at least 15 days because of the absence of a quorum, those shareholders entitled to vote who attend the reconvened Annual Meeting, if less than a quorum as determined under applicable law, shall nevertheless constitute a quorum for the purpose of acting upon any other matter set forth in the Notice of Annual Meeting.

Each share of common stock is entitled to one vote on each matter that may be brought before the Annual Meeting. Voting results will be determined as follows:

- Proposal 1: the election of the directors will be determined by a plurality vote and the nominees receiving the highest number of "for" votes will be elected.

- Proposal 2: approval of the "say-on-pay" proposal will require the affirmative vote of a majority of the shares entitled to vote and present in person or represented by proxy at the Annual Meeting.

- Proposal 3: approval of the 2015 Equity Incentive Plan will require the affirmative vote of a majority of the shares entitled to vote and present in person or represented by proxy at the Annual Meeting.

- Proposal 4: the ratification of the appointment of the independent registered public accounting firm for fiscal year 2015 will require the affirmative vote of a majority of the shares entitled to vote and present in person or represented by proxy at the Annual Meeting.

Any other proposal will require the affirmative vote of a majority of the shares entitled to vote and present in person or represented by proxy at the Annual Meeting.

Under our Bylaws and the Pennsylvania Business Corporation Law, an abstention or withholding of authority to vote will have the same legal effect as an "against" vote and will be counted in determining whether the proposal has received the required shareholder vote; however, a broker non-vote will have no effect on whether the proposal has received the required shareholder vote.

If you are a beneficial owner whose shares are held of record by a broker, bank or other nominee, you must instruct the broker, bank or other nominee how to vote your shares. If you do not provide voting instructions, your shares will not be voted on any proposal on which the broker, bank or other nominee does not have discretionary authority to vote. This is called a "broker non-vote." In these cases, the broker, bank or other nominee can register your shares as being present at the Annual Meeting for purposes of determining the presence of a quorum but will not be able to vote on those matters for which specific authorization is required. Your broker, bank or other nominee does not have discretionary authority to vote on the election of directors, the "say-on-pay" proposal or the 2015 Equity Incentive Plan without instructions from you, in which case a broker non-vote will occur and your shares will not be voted on these matters. Your broker, bank or other nominee does have discretionary voting authority to vote your shares on the ratification of the independent registered public accounting firm, even if the broker, bank or other nominee does not receive voting instructions from you. **In any event, it is particularly important that you instruct your broker as to how you wish to vote your shares.**

The cost of this solicitation will be borne by the Corporation. In addition to solicitation by mail, proxies may be solicited in person or by telephone, telegraph or teletype by officers, directors or employees of the Corporation, without additional compensation. Upon request, the Corporation will pay the reasonable expenses incurred by record holders of the Corporation's shares of common stock who are brokers, dealers, banks or voting trustees, or their nominees, for mailing proxy materials to the beneficial owners of the shares they hold of record.

PROPOSAL 1

ELECTION OF DIRECTORS

The Board of Directors currently consists of five members divided into three classes.

The Board of Directors, based upon the recommendation of the Nominating and Corporate Governance Committee, has nominated Nicholas A. Giordano and Philip N. Seamon for election as directors at the Annual Meeting to serve until the 2018 annual meeting of shareholders and until their successor has been duly elected and qualified. Each nominee is a current director of the Corporation and previously has been elected as a director by the Corporation's shareholders. Mr. Giordano and Mr. Seamon each have indicated their willingness to continue serving as a director. The Board of Directors knows of no reason why the nominees would be unable to serve as a director. If any nominee is unable to serve for any reason, then the proxies will be voted for the election of such substitute nominee(s) as the Board of Directors may designate, unless the Board of Directors reduces the number of directors on the Board.

The Board of Directors recommends that the shareholders vote "FOR" the election of each of Mr. Giordano and Mr. Seamon as a director for a three year term.

The Board of Directors seeks to ensure that it is composed of members of high character and integrity and whose particular experience, qualifications, attributes and skills, when taken together, will allow the Board of Directors to satisfy its oversight responsibilities effectively. As discussed below under "—Director Nomination Process," director candidates are nominated by the Board of Directors upon recommendation by the Nominating and Corporate Governance Committee for election at the annual shareholders' meeting each year. In considering whether to recommend a director candidate, the Nominating and Corporate Governance Committee evaluates each individual in the context of the Board as a whole taking into account relevant factors including, among other things:

- whether the director candidate has significant leadership experience and outstanding achievement in such director candidate's career field;
- whether the director candidate has relevant expertise or experience and would be able to offer advice and guidance to management based on that expertise or experience;
- whether the director candidate has the financial expertise or other professional, educational or business experience relevant to understanding to the Corporation's business;
- whether the director candidate has sufficient time available to devote to the Corporation;
- whether the director candidate has the ability to make independent, analytical inquiries and challenge management;
- whether the director candidate will be committed to represent and advance the long-term interests of the Corporation's shareholders; and
- whether the director candidate meets the independence requirements of Nasdaq.

The Nominating and Corporate Governance Committee does not have a formal policy regarding director diversity. The Nominating and Corporate Governance Committee believes that the directors should encompass a range of experience, viewpoints, qualifications, attributes and skills in order to provide sound and prudent guidance on the Corporation's operations. The Nominating and Corporate Governance Committee does not assign specific weights to particular criteria and no particular criteria is necessarily applicable to all prospective nominees.

Included in the director nominee's or current director's biography are the particular experiences, qualifications, attributes or skills that led the Board to the conclusion that each director nominee or director should serve as a director of the Corporation. Each director brings a strong and unique background and set of skills to the Board, giving the Board as a whole competence and experience. We believe all of our directors have integrity and honesty and adhere to high ethical standards. They have each demonstrated business acumen and an ability to exercise sound judgment, as well as commitment of service to the Corporation and the Board.

The following table sets forth certain information concerning the nominees and the persons whose terms as directors will continue after the Annual Meeting.

Name, Age (as of February 19, 2015) and Occupation	Director Since	Term Expires
<u>Nominees for Election</u>		
Philip N. Seamon (67) became a director in September 2006. Currently, Mr. Seamon is President of Philip N. Seamon, Inc., a consulting firm specializing in operational and financial business restructuring services. Until his retirement in August 2006, Mr. Seamon was a senior managing director in the corporate finance practice of FTI Consulting, Inc., a provider of a wide range of business and financial advisory and consulting services. Previously, Mr. Seamon was a partner and the service line leader of PricewaterhouseCoopers' Business Recovery Services practice in their Philadelphia office. FTI Consulting acquired this practice in September 2002. Prior to joining PricewaterhouseCoopers, Mr. Seamon held management and partnership positions in both commercial and investment banking organizations. Mr. Seamon provides IntriCon with expertise in financial and accounting matters as well as experience in mergers and acquisitions and business restructuring.	2006	2015
Nicholas A. Giordano (72) became a director in December 2000. Mr. Giordano has been a business consultant and investor since 1997. Mr. Giordano was Interim President of LaSalle University from July 1998 to June 1999. From 1981 to 1997, Mr. Giordano was President and Chief Executive Officer of the Philadelphia Stock Exchange. Mr. Giordano serves as a trustee of Wilmington Funds and Kalmar Pooled Investment Trust, mutual funds, and as a director of Independence Blue Cross of Philadelphia, a health insurance company, and The RBB Fund, Inc., a mutual funds company. Mr. Giordano also served as a director of Commerce Bancorp, Inc. in 2007-2008. Messrs. Giordano and Masucci are first cousins. Mr. Giordano's financial and investment background provides the Corporation with perspective and guidance on accounting and financial matters. His service as an outside director of other companies (including public companies) provides valuable insight on corporate governance and business matters. He is the Board's audit committee financial expert.	2000	2015

Name, Age (as of February 19, 2015) and Occupation	Director Since	Term Expires
Continuing Directors		
Mark S. Gorder (68) became a director in January 1996. Mr. Gorder has served as the President and Chief Executive Officer of the Corporation since April 2001; President and Chief Operating Officer of the Corporation from December 2000 to April 2001; and Vice President of the Corporation from 1996 to December 2000. Mr. Gorder has been President and Chief Executive Officer of IntriCon, Inc., a subsidiary of the Corporation, since 1983. Mr. Gorder's day to day leadership of the Corporation, as Chief Executive Officer, provides him with intimate knowledge of the Corporation's operations and the markets in which the Corporation operates. Also, as co-founder of the Corporation's subsidiary, IntriCon, Inc. he provides strategic guidance. The Board believes that Mr. Gorder provides unique insights into the Corporation's challenges, opportunities and operations.	1996	2016
Michael J. McKenna (80) became a director in June 1998 and has served as Chairman of the Board of Directors of the Corporation since April 2001. In March 2001, Mr. McKenna retired as the Vice Chairman and a Director of Crown, Cork & Seal Company, Inc. (now Crown Holdings, Inc.), a manufacturing company. From 1995 to 1998, Mr. McKenna was the President and Chief Operating Officer and, prior to 1995, was the Executive Vice President and President of the North American Division of Crown, Cork & Seal Company, Inc. As the retired Vice Chairman, director and former executive of Crown, Cork & Seal, Mr. McKenna brings a global business perspective from his leadership positions as well as operational and sales experience. In addition, as the director with the longest tenure among the independent directors, Mr. McKenna also has considerable knowledge about the operations and background of IntriCon.	1998	2016
Robert N. Masucci (77) became a director in February 2002. Mr. Masucci has served as the Chairman of the Board of Montgomery Capital Advisors, Inc., a consulting company, since 1990 and Chairman of the Board of Barclay Brand Corporation, a distribution company, since 1996. Prior to 1990, Mr. Masucci was President and Chief Executive Officer of Drexel Industries, Inc., a forklift manufacturer. Mr. Masucci also served as a director of Agfeed Industries, Inc., a commercial hog producer and a premix feed company in China, during 2007. Messrs. Masucci and Giordano are first cousins. As a former chief executive officer of a publicly traded manufacturing company, Mr. Masucci provides IntriCon with guidance on business operations, strategic planning and accounting and financial matters. Mr. Masucci also has mergers and acquisitions experience.	2002	2017

Independence of the Board of Directors

Under our corporate governance guidelines, the Board, with the assistance of legal counsel and the Nominating and Corporate Governance Committee, uses the current standards for "independence" established by the Nasdaq Stock Market, referred to in the remainder of this proxy statement as "Nasdaq," to determine director independence. The Board of Directors has determined that the following directors, constituting a majority of the members of the Board, are independent as defined in the corporate governance rules of Nasdaq: Messrs. Giordano, Masucci, McKenna and Seamon.

The independence standards of Nasdaq are composed of objective standards and subjective standards. Under the objective standards, a director will not be deemed independent if he directly or indirectly receives payments for services (other than as a director) in excess of certain thresholds or if certain described relationships exist. Under the subjective independence standard, a director will not be deemed independent if he has a material relationship with the Corporation that, in the view of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Under the Nasdaq rules, an independent director must satisfy both the objective and the subjective standards.

In evaluating the independence of Mr. McKenna, the Board considered that a partner of the law firm retained by the Corporation since 2002 is the son-in-law of Mr. McKenna. See "—Certain Relationships and Related Party Transactions." The Board determined that Mr. McKenna was independent under the objective Nasdaq standards because: (i) no payments were made to Mr. McKenna or his son-in-law directly in exchange for the services provided to the Corporation by the law firm and (ii) the amounts paid to the law firm did not exceed the thresholds contained in the Nasdaq standards. The Board also determined that Mr. McKenna was independent under the subjective Nasdaq standard for the reasons discussed above and because Mr. McKenna's son-in-law was not personally involved in the law firm's legal representation of the Corporation.

Board Leadership Structure and Risk Oversight

We separate the roles of Chief Executive Officer and Chairman of the Board in recognition of the differences between the two roles. The Chief Executive Officer is responsible for setting the strategic direction for the Corporation and the day to day leadership and performance of the Corporation, while the Chairman of the Board provides guidance and sets the agenda for Board meetings and presides over meetings of the full Board. The Board believes that this structure ensures a greater role for the independent directors in the oversight of the Corporation and active participation of the independent directors in setting agendas and establishing priorities and procedures that work for the Board. The Chairman of the Board also acts as a key liaison between the Board and management.

The Board of Directors as a whole is responsible for consideration and oversight of risks facing the Corporation, and is responsible for ensuring that material risks are identified and managed appropriately. Certain risks are overseen by committees of the Board of Directors and these committees make reports to the full Board of Directors, including reports on noteworthy risk-management issues. Financial risks are overseen by the Audit Committee which meets with management to review the Corporation's major financial risk exposure and the steps management has taken to monitor and control such exposures. Compensation risks are overseen by the Compensation Committee. Members of the Corporation's senior management team regularly report to the full Board about their areas of responsibility and a component of these reports is risk within the area of responsibility and the steps management has taken to monitor and control such exposures. Additional review or reporting on risks is conducted as needed or as requested by the Board or committee.

Communication with the Board

Shareholders may communicate with the Board of Directors, including any individual director, by sending a letter to the Board of Directors, c/o Corporate Secretary, IntriCon Corporation, 1260 Red Fox Road, Arden Hills, Minnesota 55112. The Corporate Secretary has the authority to disregard any inappropriate communications or to take other appropriate actions with respect to any such inappropriate communications. If deemed an appropriate communication, the Corporate Secretary will submit your correspondence to the Chairman of the Board or to any specific director to whom the correspondence is directed.

Meetings of the Board and Committees

The Corporation's Board of Directors held six meetings in 2014. During 2014, all directors of the Corporation attended at least 75% of the total number of meetings of the Board of Directors of the Corporation and all committees of which they were members.

Attendance at Annual Meeting of Shareholders

The Board of Directors has adopted a policy that all of the directors should attend the annual meeting of shareholders, absent exceptional cause. All five of the directors attended the 2014 annual meeting of shareholders.

Code of Ethics

The Corporation has adopted a code of ethics that applies to its directors, officers and employees, including its chief executive officer, chief financial officer, controller and persons performing similar functions. Copies of the Corporation's code of ethics are available without charge upon written request directed to Cari Sather, Director of Human Resources, IntriCon Corporation, 1260 Red Fox Road, Arden Hills, MN 55112. A copy of the code of ethics is also available on the Corporation's website: www.intricon.com. The Corporation intends to satisfy the disclosure requirement under Item 5.05 of SEC Form 8-K regarding any future amendments to a provision of its code of ethics by posting such information on the Corporation's website: www.intricon.com.

Director Compensation for 2014

Each non-employee director is entitled to a base annual retainer of $24,000. For their services in such capacities, the Chairman of the Board is entitled to receive an additional annual retainer of $25,000, the Chairman of the Audit Committee is entitled to receive an additional annual retainer of $10,000 and the Chairman of each of the Compensation Committee and the Nominating and Corporate Governance Committee is entitled to receive an additional annual retainer of $5,000. All retainers are paid in quarterly installments. Each non-employee director also receives $1,500 for each Board and committee meeting attended in person and $500 for each telephonic Board and committee meeting attended; however, no fee is payable for telephonic board and committee meetings that last less than 30 minutes.

Directors are eligible to receive awards under the 2006 Equity Incentive Plan. The Compensation Committee has approved the automatic grant of options to non-employee directors who are re-elected or continue as a non-employee director at each annual meeting of shareholders as follows: Chairman of the Board - options to purchase 12,000 shares of common stock and each other non-employee director - options to purchase 10,000 shares of common stock. Accordingly, following the 2014 annual meeting, Mr. McKenna, in his capacity as Chairman of the Board, was granted an option to purchase 12,000 shares of common stock, while each of Messrs. Giordano, Masucci, and Seamon was granted an option to purchase 10,000 shares of common stock, in each case at an exercise price of $6.82 per share, the fair market value on the date of the grant. Assuming that they are re-elected or continue as a director, as the case may be, at the 2015 annual meeting, the Chairman of the Board will receive an option to purchase 12,000 shares of common stock, and each of the other non-employee directors will receive an option to purchase 10,000 shares of common stock, in each case at an exercise price equal to the fair market value of the shares of common stock on the date of the 2015 Annual Meeting. These options will be granted under the 2015 Equity Incentive Plan if approved by the shareholders at the 2015 Annual Meeting; however, if the 2015 Equity Incentive Plan is not approved by shareholders, these options will be granted under the 2006 Equity Incentive Plan. All director options vest in three equal, annual installments beginning one year after the date of grant, except that the options will become immediately exercisable upon a "change in control" as defined in the 2006 Equity Incentive Plan or the death, disability or retirement of the recipient, and expire ten years after the date of grant, unless terminated earlier by the terms of the option.

The following table sets forth information concerning the compensation earned during the year ended December 31, 2014 by each of our directors that was not also an employee.

Name	Fees Earned or Paid in Cash ($)	Stock Awards (1) ($)	Option Awards (2) ($)	All Other Compensation ($)	Total ($)
Nicholas A. Giordano	53,500	—	68,200	—	121,700
Robert N. Masucci	48,500	—	68,200	—	116,700
Michael J. McKenna	68,500	—	81,840	—	150,340
Philip N. Seamon	48,500	—	68,200	—	116,700

(1) We have not granted any stock awards to our directors. Under the Non-Employee Director and Executive Officer Stock Purchase Program, directors may purchase shares of common stock directly from the Corporation at the last reported sale price on the date that the election to purchase is made.

(2) The amounts included in the "Option Awards" column represent the aggregate grant date fair value of stock awards granted during 2014 computed in accordance with Financial Accounting Standards Board's Accounting Standards Codification Topic 718 ("FASB Codification Topic 718"). For a discussion of valuation assumptions, see Note 12 to our consolidated financial statements included in our annual report on Form 10-K for the fiscal year ended December 31, 2014. The amounts shown include the impact of option forfeitures during 2014. A total of 43,100 options were forfeited under all plans during 2014. As of December 31, 2014, the number of stock option awards held by our non-employee directors was: Mr. Giordano – 90,000; Mr. Masucci – 90,000; Mr. McKenna – 104,000; and Mr. Seamon – 85,000.

Director Share Ownership Requirements

In April 2006, the Nominating and Corporate Governance Committee adopted a policy that all directors must purchase and own shares of common stock with a purchase price equal to at least one-year's annual director fees. All directors are in compliance with this policy.

Committees of the Board

The Board of Directors of the Corporation has established an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee.

Audit Committee. The Board of Directors of the Corporation has appointed a standing Audit Committee consisting of Messrs. Giordano (Chairman), Masucci, McKenna and Seamon. The Board of Directors has determined that each member of the Audit Committee is independent, as defined in applicable Nasdaq corporate governance rules and SEC regulations. In addition, the Board of Directors has determined that Mr. Giordano qualifies as an audit committee financial expert, as defined in applicable SEC rules. The Audit Committee held seven meetings in 2014.

The Audit Committee is governed by a written charter approved by the Board of Directors, a copy of which is available on our website at www.intricon.com. The principal duties of the Audit Committee are to monitor the integrity of the financial statements of the Corporation, the compliance by the Corporation with legal and regulatory requirements and the independence and performance of the Corporation's independent auditors. The Audit Committee also approves all related party transactions and establishes procedures for (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, and (ii) the confidential, anonymous submissions by the Corporation's employees of concerns regarding questionable accounting or auditing matters. In addition, the Committee selects the firm to be engaged as the Corporation's independent public accountants, and approves the engagement of the independent public accountants for all non-audit activities permitted under the Sarbanes-Oxley Act of 2002. The report of the Audit Committee appears on page 45.

Compensation Committee. The Board of Directors of the Corporation has appointed a standing Compensation Committee currently consisting of Messrs. Masucci (Chairman), Giordano, McKenna and Seamon. The Board of Directors has determined that each member of the Compensation Committee is independent, as defined in applicable Nasdaq corporate governance rules. The Compensation Committee reviews and makes recommendations to the Board of Directors concerning officer compensation and officer and employee bonus programs and administers the Corporation's equity plans. The Compensation Committee met three times in 2014.

The Compensation Committee is governed by a written charter approved by the Board of Directors, a copy of which is available on our website at www.intricon.com. The principal duties of the Compensation Committee are to formulate, evaluate and approve the compensation of the Corporation's executive officers, oversee all compensation programs involving the issuance of the Corporation's stock and other equity securities of the Corporation, and, if required, review and discuss with the Corporation's management the Compensation Discussion and Analysis and preparing the Committee's report thereon for inclusion in the Corporation's annual proxy statement in accordance with applicable rules and regulations.

A discussion of the Compensation Committee's processes and procedures for the consideration and determination of executive compensation is included in "Executive Compensation — Processes and Procedures for the Determination of Executive Officer and Director Compensation."

Nominating and Corporate Governance Committee. The Board of Directors of the Corporation has appointed a standing Nominating and Corporate Governance Committee currently consisting of Messrs. Seamon (Chairman), Giordano, Masucci and McKenna. The Board of Directors has determined that each member of the Nominating and Corporate Governance Committee is independent, as defined in applicable Nasdaq corporate governance rules. The Nominating and Corporate Governance Committee met two times in 2014.

The Nominating and Corporate Governance Committee is governed by a written charter approved by the Board of Directors, a copy of which is available on our website at www.intricon.com. The principal duties of the Nominating and Corporate Governance Committee are to identify individuals qualified to become members of the Board consistent with the criteria approved by the Committee, consider nominees made by shareholders in accordance with the Corporation's bylaws, select, or recommend to the Board, the director nominees for each annual shareholders meeting, recommend to the Board the directors to be appointed to each Committee of the Board, recommend to the Board whether to increase or decrease the size of the Board, develop and recommend to the Board corporate governance principles and oversee the evaluations of the Board and senior management.

Director Nomination Process

Consideration of Director Candidates Recommended by Shareholders. The Nominating and Corporate Governance Committee will consider properly submitted shareholder recommendations for director candidates. A shareholder who wishes to recommend a prospective director nominee should send a signed and dated letter to the Chairman of the Nominating and Corporate Governance Committee, c/o Corporate Secretary, IntriCon Corporation, 1260 Red Fox Road, Arden Hills, Minnesota 55112 with the following information:

- the name and address of the shareholder making the recommendation and of each recommended nominee;

- a representation that the shareholder is a holder of record, and/or a beneficial owner, of voting stock of the Corporation entitled to vote at the meeting and intends to appear in person or by proxy at the meeting to vote for the person(s) recommended if nominated;

- a description of all arrangements and understandings between the shareholder and each recommended nominee and any other person(s), naming such person(s), pursuant to which the recommendation was submitted by the shareholder;

- such other information regarding each recommended nominee as would be required to be included in a proxy statement filed pursuant to the proxy rules of the SEC had the nominee been nominated by the Nominating and Corporate Governance Committee, including the principal occupation of each recommended nominee; and

- the consent of each recommended nominee to serve as a director if so nominated and elected.

The deadline for submitting the letter recommending a prospective director nominee for the 2016 annual meeting of shareholders is November 9, 2015. All late or non-conforming recommendations will be rejected.

In addition, under the Corporation's bylaws, shareholders are permitted to nominate directors to be elected at a meeting of shareholders by providing notice and the other required information specified in the bylaws. Although shareholders may nominate directors, such nominees will not appear in the Corporation's proxy statement or in the proxy solicited by the Board of Directors. The Corporation's amended and restated bylaws are available, at no cost, at the SEC's website, www.sec.gov, as Exhibit 3.1 to the Corporation's Current Report on Form 8-K filed October 12, 2007 or upon the shareholder's written request directed to the Corporate Secretary at the address given above.

Director Qualifications. The Nominating and Corporate Governance Committee has the sole authority to select, or to recommend to the Board of Directors, the Board of Director nominees to be considered for election as a director. The Nominating and Corporate Governance Committee does not have any specific minimum qualifications that must be met by a nominee other than nominees for director must be at least 21 years old. Nominees for director will be selected on the basis of outstanding achievement in their careers; broad experience; education; independence under applicable Nasdaq and SEC rules; financial expertise; integrity; financial integrity; ability to make independent, analytical inquiries; understanding of the business environment; and willingness to devote adequate time to Board and committee duties. The proposed nominee should have sufficient time to devote their energy and attention to the diligent performance of the director's duties, including attendance at Board and committee meetings and review of the Corporation's financial statements and reports, SEC filings and other materials. Finally, the proposed nominee should be free of conflicts of interest that could prevent such nominee from acting in the best interest of shareholders.

Additional special criteria apply to directors being considered to serve on a particular committee of the Board. For example, members of the Audit Committee must meet additional standards of independence and have the ability to read and understand the Corporation's financial statements.

Identifying and Evaluating Nominees for Director. The Nominating and Corporate Governance Committee assesses the appropriate size of the Board in accordance with the limits fixed by the Corporation's charter and bylaws, whether any vacancies on the Board are expected and what incumbent directors will stand for re-election at the next meeting of shareholders. If vacancies are anticipated, or otherwise arise, the Nominating and Corporate Governance Committee considers candidates for director suggested by members of the Nominating and Corporate Governance Committee and other Board members as well as management, shareholders and other parties. The Nominating and Corporate Governance Committee also has the sole authority to retain a search firm to identify and evaluate director candidates. Except for incumbent directors standing for re-election as described below, there are no differences in the manner in which the Nominating and Corporate Governance Committee evaluates nominees for director, based on whether the nominee is recommended by a shareholder or any other party.

In the case of an incumbent director whose term of office expires, the Nominating and Corporate Governance Committee reviews such director's service to the Corporation during the past term, including, but not limited to, the number of Board and committee meetings attended, as applicable, quality of participation and whether the candidate continues to meet the general qualifications for a director outlined above, including the director's independence, as well as any special qualifications required for membership on any committees on which such director serves. When a member of the Nominating and Corporate Governance Committee is an incumbent director eligible to stand for re-election, such director will not participate in that portion of the Nominating and Corporate Governance Committee meeting at which such director's potential nomination for election as a director is discussed by the Nominating and Corporate Governance Committee.

In the case of a new director candidate, the Nominating and Corporate Governance Committee will evaluate whether the nominee is independent, as independence is defined under applicable Nasdaq corporate governance rules, and whether the nominee meets the qualifications for director outlined above as well as any special qualifications applicable to membership on any committee on which the nominee may be appointed to serve if elected. In connection with such evaluation, the Nominating and Corporate Governance Committee determines whether the committee should interview the nominee, and if warranted, one or more members of the Nominating and Corporate Governance Committee interviews the nominee in person or by telephone.

Upon completing the evaluation, and the interview in case of a new candidate, the Nominating and Corporate Governance Committee makes a decision as to whether to nominate the director candidate for election at the shareholders meeting.

SHARE OWNERSHIP OF CERTAIN BENEFICIAL OWNERS, DIRECTORS AND CERTAIN OFFICERS

The following table sets forth certain information as of February 19, 2015, concerning beneficial ownership of the shares of common stock by (i) persons or groups of persons shown by SEC records to own beneficially more than 5% of the shares of common stock, (ii) directors and nominees, (iii) the executive officers named in the Summary Compensation Table and (iv) all directors and executive officers as a group:

Name	Number of Shares Beneficially Owned[1] [2]	Percent of Class
The Trust Company of New Jersey [3] 35 Journal Square Jersey City, NJ 07306	463,700	7.9%
Amivest Capital Management.[4] 275 Broadhollow Road Melville, NY 11747	448,700	7.7%
Estate of Siggi B. Wilzig [5]. c/o Herrick, Feinstein LLP 2 Penn Plaza Newark, NJ 07105	336,575	5.8%
Dimensional Fund Advisors LP[6] Palisades West, Building One 6300 Bee Cave Road Austin, Texas, 78746	302,158	5.2%
Mark S. Gorder Director, President and Chief Executive Officer[7]	600,284	10.0%
Michael J. McKenna Chairman of the Board of Directors	196,626	3.3%
Nicholas A. Giordano Director	131,390	2.2%
Robert N. Masucci Director	182,202	3.1%
Philip N. Seamon Director	75,001	1.3%
Michael P. Geraci Vice President, Sales and Marketing	111,163	1.9%
Dennis L. Gonsior Vice President, Global Operations	123,309	2.1%
Greg Gruenhagen Vice President, Quality and Regulatory Affairs	73,153	1.2%
Scott Longval Chief Financial Officer, Secretary, and Treasurer	116,454	2.0%
All Directors and Executive Officers as a Group (9 persons)	1,609,582	24.0%

(1) Unless otherwise indicated, each person has sole voting and investment power with respect to all such shares. The securities "beneficially owned" by a person are determined in accordance with the

definition of “beneficial ownership” set forth in the regulations of the Securities and Exchange Commission. The information does not necessarily indicate beneficial ownership for any other purpose. The same shares of common stock may be beneficially owned by more than one person. Beneficial ownership, as set forth in the regulations of the Securities and Exchange Commission, includes securities as to which the person has or shares voting or investment power. shares of common stock issuable upon the exercise or conversion of securities currently exercisable or convertible or exercisable or convertible within 60 days of February 20, 2014 are deemed outstanding for computing the share ownership and percentage ownership of the person holding such securities, but are not deemed outstanding for computing the percentage of any other person. Beneficial ownership may be disclaimed as to certain of the securities.

(2) In the case of the Corporation’s directors and executive officers, includes the following shares which such person has the right to acquire within 60 days of February 19, 2015 through the exercise of stock options:

Name	Number of Shares Subject to Options
Mark S. Gorder	180,834
Michael J. McKenna	80,000
Nicholas A. Giordano	70,001
Robert N. Masucci	70,001
Philip N. Seamon	65,001
Michael P. Geraci	107,500
Dennis L. Gonsior	107,500
Greg Gruenhagen	70,000
Scott Longval	97,500
All Directors and Executive Officers as a Group	848,337

(3) Based upon a Schedule 13G/A filed with the SEC on February 9, 2004.

(4) Based upon a Schedule 13G/A filed with the SEC on January 22, 2007. According to the Schedule 13G, Amivest Capital Management is an investment adviser and has sole power to vote the shares reported.

(5) Based upon a Schedule 13D filed with the SEC on October 2, 2003.

(6) Based upon a Schedule 13G/A filed with the SEC on February 5, 2015. According to the Schedule 13G/A, Dimensional Fund Advisors LP (“Dimensional”), is an investment advisor that furnishes investment advice to four investment companies, and serves as investment manager or sub-adviser to certain other commingled funds, group trusts and separate accounts. These investment companies, trusts and accounts are the “Dimensional Funds.” In certain cases, subsidiaries of Dimensional may act as an adviser or sub-adviser to certain Dimensional Funds. In its role as investment advisor, sub-advisor and/or manager, Dimensional or its subsidiaries may possess voting and/or investment power over the shares of common stock that are owned by the Dimensional Funds, and may be deemed to be the beneficial owner of the shares of common stock held by the Dimensional Funds; however, all shares of common stock are owned by the Dimensional Funds. The Schedule 13G/A states that to Dimensional’s knowledge, no one Dimensional Fund beneficially owns five percent or more of the shares of common stock. Dimensional disclaims beneficial ownership of all of the shares of common stock.

(7) Includes 180,834 shares which Mr. Gorder has the right to acquire within 60 days of February 19, 2015 through the exercise of stock options. Also includes 5,000 shares of common stock owned by his spouse and 14,000 shares of common stock owned by his daughters. Mr. Gorder has pledged 146,000 shares of common stock and his spouse has pledged 5,000 shares of common stock as security for a loan. Mr. Gorder’s business address is 1260 Red Fox Road, Arden Hills, MN 55112.

EXECUTIVE COMPENSATION

Background

The Compensation Committee of our Board of Directors administers our compensation program for executive officers. The objectives of our compensation program are to attract and retain talented and dedicated executive officers and to align a significant portion of their compensation with our business objectives and performance and the interests of our shareholders.

Elements of Executive Compensation

Our compensation program for executive officers consists of the following elements:

Base Salary. Base salary is designed to reward the performance of our executive officers in their daily fulfillment of their responsibilities to us. The Compensation Committee determines the base salary of each of our executive officers by evaluating their scope of responsibilities and experience, years of service with us, our performance and the performance of each of the executive officers during the past year, the executive's future potential and competitive salary practices. We believe that our base salaries are competitive with other companies of our size.

Annual Cash Incentive Compensation.

The Compensation Committee's philosophy is that a significant portion of the total potential compensation of our executive officers should depend upon the degree of our financial and strategic success in a particular year.

In March 2012, the Compensation Committee adopted the Annual Incentive Plan for Executives and Key Employees. For more information, see "Annual Incentive Plan."

Long-Term Incentive Compensation in the Form of Stock Awards. In 2006, our Board of Directors and shareholders approved the 2006 Equity Incentive Plan. The 2006 Equity Incentive Plan is designed to:

- promote the long-term retention of our employees, directors and other persons who are in a position to make significant contributions to our success;
- further reward these employees, directors and other persons for their contributions to our growth and expansion;
- provide additional incentive to these employees, directors and other persons to continue to make similar contributions in the future; and
- further align the interests of these employees, directors and other persons with those of our shareholders.

To achieve these purposes, the 2006 Equity Incentive Plan permits the Compensation Committee to make awards of stock options, stock appreciation rights, restricted stock or unrestricted stock, deferred stock, restricted stock units or performance awards for our shares of common stock. For more information concerning the 2006 Equity Incentive Plan, see "Equity Plans - 2006 Equity Incentive Plan" below.

Stock options are granted at the fair market value of our shares of common stock on the date of grant. Stock options are granted based on various factors, including the executive's ability to contribute to our long-term growth and profitability.

If the 2015 Equity Incentive Plan is approved, then no new options will be granted under the 2006 Equity Incentive Plan and the 2015 Equity Incentive Plan will replace the 2006 Equity Incentive Plan.

Employee Stock Purchase Plan. All of our fulltime employees, including our executive officers (other than Mr. Gorder), are entitled to participate in our Employee Stock Purchase Plan. Under this Plan, employees may purchase our shares of common stock at a discount of up to 10% through payroll deductions.

Non-Employee Director and Executive Officer Stock Purchase Program. Under the Non-Employee Director and Executive Officer Stock Purchase Program, directors and executive officers may purchase shares of common stock directly from the Corporation at the last reported sale price on the date that the election to purchase is made. During 2014, a total of 1,000 shares of common stock were purchased under this program.

Other Benefits. All of our fulltime employees, including our executive officers, are entitled to participate in our health insurance, life insurance and 401(k) plans. We also maintain a disability insurance policy on behalf of certain of the members of our senior management, including our executive officers, that is in addition to the disability benefits that we maintain for our salaried employees.

Additional Benefits Payable to the Chief Executive Officer. Mr. Gorder, our Chief Executive Officer, receives additional benefits under our employment agreement with him. Under the employment agreement, we are required to reimburse Mr. Gorder for his country club membership fees. We are also required to provide Mr. Gorder with an automobile for use in connection with the performance of his duties under the employment agreement and reimburse him for all expenses reasonably incurred by him for the maintenance and operation, including fuel, of the automobile.

Processes and Procedures for the Determination of Executive Officer and Director Compensation

Scope of Authority of the Compensation Committee. The scope of the Compensation Committee's authority and responsibilities is set forth in its charter, a copy of which is available on our website at www.intricon.com. The Compensation Committee's authority includes the authority to:

- determine the following with respect to our executive officers: (i) the annual base salary level, (ii) the annual incentive opportunity level, (iii) the long-term incentive opportunity level, (iv) employment agreements, severance agreements, change in control agreements/provisions and other compensatory arrangements, in each case as, when and if appropriate, and (v) any special or supplemental benefits, in each case subject to the terms of any existing applicable employment agreement terms; and

- determine the compensation payable to directors and members of committees of the board, including the Chairman of the Board and the Chairman of each committee, other than directors who are our salaried employees.

Delegation of Authority. As provided under the Compensation Committee's charter, the Compensation Committee may delegate its authority to special subcommittees of the Compensation Committee as the Compensation Committee deems appropriate, consistent with applicable law and Nasdaq listing standards. Additionally, the 2006 Equity Incentive Plan permits the Compensation

Committee, subject to criteria, limitations and instructions as the Compensation Committee determines, to delegate to an appropriate officer of the Corporation the authority to determine the individual participants under that Plan and amount and nature of the award to be issued to such participants; provided, that no awards may be made pursuant to such delegation to a participant who is subject to Section 16(b) of the Securities Exchange Act of 1934, as amended. To date, the Compensation Committee has not delegated its responsibilities other than delegating from time to time to the Chief Executive Officer and Chief Financial Officer the authority to grant a limited number of stock options under the 2006 Equity Incentive Plan to non-executive employees.

Role of Management in Determining or Recommending Executive Compensation. Traditionally, the Compensation Committee reviews our executive compensation program in December and/or February of each year, although decisions in connection with new hires and promotions are made on an as-needed basis. Mr. Gorder, our President and Chief Executive Officer, makes recommendations concerning the amount of compensation to be awarded to our executive officers, including himself, but does not participate in the Compensation Committee's deliberations or decisions. The Compensation Committee reviews the recommendations together with a "tally sheet" showing all items of executive compensation. After a presentation by Mr. Gorder, the Committee meets in executive session to discuss and consider the recommendations and makes a final determination.

Role of Compensation Consultants in Determining or Recommending Executive Compensation. Under its charter, the Compensation Committee has authority to retain, at the Corporation's expense, such counsel, consultants, experts and other professionals as it deems necessary. Neither the Compensation Committee nor the Corporation engaged a compensation consultant in 2013. In 2014, the Corporation engaged Verisight Compensation Consulting Group to conduct an assessment of whether the compensation of our executive officers was competitive based on published survey date and a peer group analysis. Generally, the Verisight analysis showed that the compensation of our executive officers was less than competitive when compared to published survey data and peer groups. The Compensation Committee did not rely on the Verisight analysis in making its compensation decisions for 2015 because it believed that the companies in the peer group had achieved market acceptance of their value proposition and, therefore, were able to support a higher compensation structure.

Say-on-Pay Vote

At the 2014 annual meeting, we held a shareholder advisory vote on the compensation of our named executive officers, commonly referred to as a say-on-pay vote. Our shareholders approved the compensation of our named executive officers at the 2014 annual meeting, with an overwhelming majority of the votes entitled to be cast voting in favor of our say-on-pay resolution. As we evaluated our compensation practices for 2015, we were aware of the strong support our shareholders expressed for our compensation philosophy. As a result, following our annual review of our executive compensation philosophy, the Compensation Committee decided to retain our general approach to executive compensation. We believe our executive compensation program for 2015 advances our goals of attracting and retaining talented and dedicated executive officers and aligning a significant portion of their compensation with our business objectives and performance and the interests of our shareholders.

Determination of Executive Compensation

Base Salary. Typically, the Compensation Committee reviews and adjusts base salaries on an annual basis.

In December 2014, the Compensation Committee increased the 2015 base salary of each of our executive officers from 3% to 8%, which the Committee believed consistent with inflation and overall market trends. The base salaries of Mr. Geraci, Mr. Gonsior, and Mr. Gorder were increased 3%, with slightly larger increases awarded to Mr. Longval (8%) and Mr. Gruenhagen (6%) to more closely position them to their respective peer group salary mid-points.

The following table shows the base salaries of our current executive officers as in effect at January 1, 2015:

Name and Principal Position	2015 Annual Base Salary
Mark S. Gorder.. President and Chief Executive Officer	$405,820
Scott Longval .... Chief Financial Officer and Treasurer	$232,740
Michael P. Geraci .... Vice President, Sales and Marketing	$238,033
Dennis L. Gonsior................................... Vice President, Global Operations	$222,789
Greg Gruenhagen.................................... Vice President, Quality and Regulatory Affairs	$200,658

Annual Cash Incentive Compensation. In March 2012, the Compensation Committee adopted the Annual Incentive Plan for Executives and Key Employees, referred to as the Annual Incentive Plan. The targets for the Annual Incentive Plan are adopted each by the Compensation Committee.

No cash bonuses were paid under the Annual Incentive Plan for 2012 and 2013 because the plan targets for such years were not reached.

In March 2014, the Compensation Committee established the targets and bonus amounts for 2014 under the Annual Incentive Plan. In February 2015, the Compensation Committee determined that the target for 2014 had been achieved at the 84% level and approved a total payout under the 2014 Annual Incentive Plan of $357,687, of which a total of $113,127 was paid to the Named Executive Officers. For more information, see "Summary Compensation Table."

In February 2015, the Compensation Committee established the targets and bonus amounts for 2015 under the Annual Incentive Plan. For more information, see "Annual Incentive Plan."

Long-Term Incentive Compensation in the Form of Stock Option Awards. The Compensation Committee generally makes awards on an annual basis but also makes awards in connection with new hires and promotions.

In January 2014, the Compensation Committee awarded stock options to the Corporation's executive officers under the 2006 Equity Incentive Plan to purchase shares of common stock at an exercise price of $3.85 per share. Mr. Gorder was awarded options to purchase 12,500 shares of common stock and each of the other Named Executive Officers was awarded options to purchase 7,500 shares of common stock. For information concerning stock options held by our executive officers as of December 31, 2014, see "—Outstanding Equity Awards at Fiscal Year End."

In January 2015, the Compensation Committee awarded stock options to the Corporation's executive officers under the 2006 Equity Incentive Plan to purchase shares of common stock at an exercise price of $6.87 per share. Mr. Gorder was awarded options to purchase 20,000 shares of common stock and each of the other Named Executive Officers was awarded options to purchase 12,000 shares of common stock.

Employment Agreements and Change in Control Arrangements

We have entered into employment agreements with Mark S. Gorder, our President and Chief Executive Officer, and the other Named Executive Officers.

The employment agreement with Mr. Gorder was based on his prior employment agreement and incorporated the provisions of the change in control agreement that was then in effect. The employment agreements with the other executive officers also contain a similar change in control provision. Among other things, each employment agreement provides for a fixed employment term, subject to annual renewals, the executive's base salary and the executive's right to participate in our bonus plans, equity plans and other employee benefits. In addition, in the event that (i) there occurs a "change in control" (as defined in the agreements) or sale of our assets accounting for 90% of more of our sales and (ii) the executive's employment is involuntarily terminated within one year afterwards, the executive will be entitled to payment of his base salary for one year (two years for Mr. Gorder) in a lump sum and continuation of his medical benefits for a period of one year.

The change in control provisions that we use contain a "double trigger" requirement, meaning that for an executive to receive a payment under the change of control provision, there must be both a change of control, as defined in the applicable agreement, and an involuntary termination of the executive's employment. The double trigger requirement was chosen to prevent us from having to pay substantial payments in connection with a change in control where an executive had not suffered any adverse employment consequences. However, all stock options will vest and become immediately exercisable upon a change of control, regardless of whether the executive is involuntarily terminated.

We believe that employment agreements and change in control protections are important to attract and retain talented executive officers and to protect our executive officers from a termination or significant change in responsibilities arising after a change in control. For more information, see "—Employment Agreements" and "—Potential Payments Upon Termination of Employment or Change in Control."

Accounting and Tax Considerations

Under our prior stock options plans, the Compensation Committee was limited to issuing stock options. The Compensation Committee considers making awards using the other types of awards permitted under the 2006 Equity Incentive Plan in light of FASB ASC Topic 718 - Stock Compensation. This accounting standard requires us to record as compensation expense the grant date fair value of a stock option over the life of the option. The Compensation Committee considers the compensation expense of option and other equity grants when making future awards; however, given that, traditionally, the Compensation Committee has not made large grants of option awards to our executive officers and employees, we do not expect that the compensation expense associated with option grants will have a material adverse effect on our reported earnings.

Generally, Section 162(m) of the Internal Revenue Code of 1986, referred to as the "Internal Revenue Code," and the Internal Revenue Service, referred to as the "IRS," regulations adopted under that section, which are referred to collectively as "Section 162(m)," deny a deduction to any publicly held corporation, such as the Corporation, for certain compensation exceeding $1,000,000 paid during each calendar year to each of the chief executive officer and the three other highest paid executive officers whose compensation must be reported to shareholders in the proxy statement. Section 162(m) does not apply to qualified performance-based compensation. Our policy is to maximize the tax deductibility of compensation paid to our most highly compensated executives under Section 162(m). For example, awards under our 2006 Equity Incentive Plan are intended to satisfy certain of the requirements for an exemption for "qualified performance-based compensation" under Section 162(m). We do not believe that Section 162(m) will have a material adverse effect on us in 2015.

Summary Compensation Table

The following table summarizes compensation earned during 2014, 2013 and 2012 by our chief executive officer, chief financial officer and each of our executive officers in our continuing operations. We refer to these individuals throughout this proxy statement as the "Named Executive Officers."

Name and Principal Position	Year	Salary ($)	Stock Awards (1) ($)	Option Awards (2) ($)	Non-Equity Incentive Plan Compensation (3) ($)	All Other Compensation (4) ($)	Total ($)
Mark S. Gorder, ...	2014	394,000	7,000	48,125	31,000	26,758	506,883
President and Chief Executive	2013	386,250	—	101,250	—	23,592	511,092
Officer (principal executive officer)	2012	375,000	—	92,703	—	23,919	491,622
Scott Longval,................................	2014	215,500	—	28,875	20,768	1,234	266,377
Chief Financial Officer and	2013	203,300	—	60,750	—	1,211	265,261
Treasurer (principal financial officer)	2012	190,000	—	55,622	—	1,179	246,801
Michael P. Geraci,..........................	2014	231,100	—	28,875	22,271	4,176	286,422
Vice President, Sales and Marketing	2013	226,600	—	60,750	—	4,405	290,965
	2012	220,000	—	55,622	—	3,402	279,024
Dennis L. Gonsior, ...	2014	216,300	—	28,875	20,845	3,612	269,632
Vice President, Global Operations	2013	206,000	—	60,750	—	3,615	270,365
	2012	200,000	—	55,622	—	2,713	258,335
Greg Gruenhagen, ...	2014	189,300	—	28,875	18,243	5,602	242,020
Vice President, Quality and	2013	182,000	—	60,750	—	5,483	248,233
Regulatory Affairs	2012	175,000	—	55,622	—	4,544	235,166

(1) Under the Non-Employee Director and Executive Officer Stock Purchase Program, executive officers may purchase shares of common stock directly from the Corporation at the last reported sale price on the date that the election to purchase is made. During 2014, the Named Executive Officers purchased a total of 1,000 shares of common stock from the Corporation under this program.

(2) The amounts included in the "Option Awards" column represent the aggregate grant date fair value of option awards granted during the year indicated, computed in accordance with FASB Codification Topic 718. For a discussion of valuation assumptions, see Note 12 to our consolidated financial statements included in our annual report on Form 10-K for the fiscal year ended December 31, 2014. The amounts shown include the impact of option forfeitures during 2014. A total of 43,100 options were forfeited under all plans during 2014.

(3) Represents amounts payable under the Annual Incentive Plan for services rendered in 2014. No amounts were payable under the Annual Incentive Plan for 2013 or 2012 because the plan targets were not reached.

(4) Consists of payment of premiums for group term life insurance maintained for such executives and disability policies maintained for certain executives. In the case of Mr. Gorder, such amount also includes payment of country club membership dues and payment for his automobile lease and related expenses.

Employment Agreements

We have entered into employment agreements with Mark S. Gorder, our President and Chief Executive Officer, and our executive officers.

The employment agreements contain the following material terms:

- a current employment term expiring on April 30, 2015, subject to automatic renewal for additional one year terms unless either party gives notice of non-renewal at least sixty (60) days prior to the end of the then current employment term; and
- a base salary as determined by the Board of Directors or the Compensation Committee, but in no event less than their base salaries for 2007 in effect at the time of the agreement.

For a discussion of the provisions relating to the termination of the employment of the executive officer under certain circumstances, see "—Potential Payments Upon Termination of Employment or Change in Control."

Annual Incentive Plan

In March 2012, the Compensation Committee adopted the Annual Incentive Plan for Executives and Key Employees, referred to as the Annual Incentive Plan. Under the Annual Incentive Plan, our executive officers and key employees are eligible to receive incentive compensation based on (i) the Corporation achieving a designated level of financial results, referred to as the "plan target," for a designated calendar year, referred to as a "plan year," and (ii) if applicable, achievement of designated strategic objectives. The plan targets and strategic objectives, if any, will be determined each year by the Compensation Committee. A participant will receive incentive compensation only if the minimum plan target is achieved. No cash bonuses were paid under the Annual Incentive Plan for 2012 and 2013 because the plan targets for such years were not reached. In February 2015, the Compensation Committee determined that the target under the Annual Incentive Plan for 2014 had been achieved at the 84% level and approved a total payout under the 2014 Annual Incentive Plan of $357,687, of which a total of $113,127 was paid to the Named Executive Officers.

In February 2015, the Compensation Committee established the targets and bonus amounts for 2015 under the Annual Incentive Plan. For 2015, based on the Corporation achieving a targeted range of net income, Mr. Gorder will be eligible to receive incentive compensation ranging from 2% to 40% of his plan year base salary and each of the other Named Executive Officers will be eligible to receive incentive compensation ranging from 3% to 35% of their plan year base salary. Other employees are eligible to receive from 2% to 17% of their plan year base salaries depending upon their tier level. Between these points, the amount of the incentive compensation available will increase or decrease proportionately based upon the Corporation achieving more or less than the midpoint of the target range; however, no incentive compensation will be paid if the Corporation achieves less than the low end of the target range and the maximum incentive compensation payable is capped at the Corporation achieving the high end of the target range.

The plan target is based on 2015 net income; provided, that the plan target must be achieved after accruing any incentive compensation payable under the Annual Incentive Plan. In addition, the Named Executive Officers will not be entitled to incentive compensation at the minimum plan target level unless certain strategic objectives for 2015 are achieved. The Committee did not otherwise impose any strategic objectives because the Committee believed that reaching the plan targets would necessitate meeting any strategic objectives they would otherwise have imposed. The Committee has the discretion to determine whether (and at what level) the plan target and strategic objectives have been satisfied and to adjust the plan target and strategic objectives as circumstances warrant. The Committee has the authority to weight the importance of the strategic objectives and to determine the amount of the awards if less than all of the strategic objectives are achieved.

The following table shows the potential amounts payable to our Named Executive Officers under the Annual Incentive Plan at different levels of the 2015 plan target.

	Potential incentive compensation payable under the Annual Incentive Plan at the following levels of the 2015 Plan Target:		
	Minimum	**Target**	**Maximum**
Name	**Potential Incentive Compensation**		
Mark S. Gorder	$ 8,125	$ 51,250	$ 160,875
Scott Longval.............	7,157	32,859	81,205
Michael P. Geraci.......	7,320	33.607	83,051
Dennis L. Gonsior......	6,851	31,454	77,733
Greg Gruenhagen.......	6,171	28,330	70,011

Equity Plans

The following descriptions summarize our equity plans pursuant to which eligible employees, including the Named Executive Officers, and directors receive equity based awards. Our 2006 Equity Incentive Plan replaced our 2001 Stock Option Plan (described below) and the Amended and Restated Non-Employee Director Stock Option Plan, referred to collectively as the “Old Plans.” No additional grants may be made under the Old Plans. Outstanding grants under the Old Plans continue to be governed by their terms and the terms of the Old Plans.

In February 2014, the Board approved amendments to the 2006 Equity Incentive Plan and the Old Plans to permit “cashless” exercises for all stock options issued under such plans, regardless of whether the form of option agreement or award contains such a provision.

In February 2015, the Board approved amendments to the 2006 Equity Incentive Plan and the Old Plans to provide that outstanding options under such plans will vest and become fully exercisable, and will be exercisable for the balance of the original term of the option, in the event of the termination of the participant from the Corporation due to death, disability or retirement, regardless of any contrary provision in the form of option agreement.

2006 Equity Incentive Plan

Shareholders approved the 2006 Equity Incentive Plan in April 2006 and, in April 2010 and May 2012, approved amendments to the 2006 Equity Incentive Plan to, among other things, increase the shares of common stock authorized for issuance under that plan by 250,000 shares in 2010 and by 300,000 shares in 2012.

The 2006 Equity Incentive Plan permits grants of incentive stock options, options not intended to qualify as incentive stock options, stock appreciation rights, restricted and unrestricted stock awards, restricted stock units, deferred stock units, performance awards, supplemental cash awards and combinations of the foregoing.

The 2006 Equity Incentive Plan is administered by the Compensation Committee of the Board of Directors. The Compensation Committee determines the type of awards to be granted under the 2006 Equity Incentive Plan; selects award recipients and determines the extent of their participation; determines the method or formula for establishing the fair market value of the shares of common stock for various purposes under the 2006 Equity Incentive Plan; and establishes all other terms, conditions, restrictions and limitations applicable to awards and the shares of common stock issued pursuant to awards, including, but not limited to, those relating to a participant's retirement, death, disability, leave of absence or termination of employment. The Compensation Committee may accelerate or defer the vesting or payment of awards, cancel or modify outstanding awards, waive any conditions or restrictions imposed with respect to awards or the shares of common stock issued pursuant to awards and make any and all other interpretations and determinations which it deems necessary with respect to the administration of the 2006 Equity Incentive Plan, other than a reduction of the exercise price of an option after the grant date and subject to the provisions of Section 162(m) of the Internal Revenue Code with respect to "covered employees," as defined in Section 162(m) of the Internal Revenue Code, except that the Committee may not, without the consent of the holder of an award or unless specifically authorized by the terms of the plan or an award, take any action with respect to such award if such action would adversely affect the rights of such holder.

The maximum total number of shares for which awards may be granted under the 2006 Equity Incentive Plan, as amended, is 1,248,500 shares of common stock, subject to appropriate adjustment in a manner determined by the Board of Directors to reflect changes in the Corporation's capitalization; however, such authorized share reserve will be increased from time to time by a number of shares equal to the number of shares of common stock that are issuable pursuant to grants outstanding under the Old Plans as of April 26, 2006 that, but for the termination and/or suspension of the Old Plans, would otherwise have reverted to the share reserve of the Old Plans pursuant to the terms thereof as a result of the expiration, termination, cancellation or forfeiture of such options.

As of February 19, 2015:

- options to purchase 1,287,014 shares of common stock were outstanding under the 2006 Equity Incentive Plan;
- the total number of shares available for new awards under the 2006 Equity Incentive Plan was 50,214 shares of common stock; and
- options to purchase 146,800 shares of common stock were outstanding under the Old Plans, which shares will become available for new awards under the 2006 Equity Incentive Plan in the event of the cancellation, expiration, forfeiture or repurchase of such awards.

The maximum number of shares of common stock for which stock options may be granted to any person in any fiscal year and the maximum number shares of common stock subject to SARs granted to any person in any fiscal year each is 50,000. The maximum number of shares of common stock subject to other Awards granted to any person in any fiscal year is 50,000 shares.

If the 2015 Equity Incentive Plan is approved by shareholders, then no new awards will be granted under the 2006 Equity Incentive Plan.

2001 Stock Option Plan

The 2001 Stock Option Plan provided for the grant of incentive stock options (as defined in Section 422 of the Internal Revenue Code) and non-qualified stock options for officers and other key employees of the Corporation.

The Compensation Committee administers the 2001 Stock Option Plan. Non-qualified stock options granted under the 2001 Stock Option Plan were required to have a per share exercise price of at least the fair market value of the shares of common stock on the date of grant. Incentive stock options granted under the 2001 Stock Option Plan were required to have a per share exercise price of at least 100% of the fair market value of the shares of common stock on the date of grant, and not less than 110% of the fair market value in the case of incentive stock options granted to an employee who holds more than 10% of the total voting power of all classes of the Corporation's stock or any parent or subsidiary's stock. Payment of the exercise price or purchase price with respect to any award may be made in cash or other consideration as determined by the Compensation Committee. The term of an option cannot be longer than 10 years from the date of grant or five years from the date of grant of an incentive stock option in the case of a greater than 10% shareholder.

Outstanding Equity Awards at Fiscal Year-End

The following table summarizes stock option awards held by our Named Executive Officers as of December 31, 2014. We do not have any outstanding stock awards.

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date
Mark S. Gorder,	50,000		2.45	7/27/2015
President and Chief Executive Officer	15,000		5.35	12/11/2016
(principal executive officer)	25,000		14.70	12/10/2017
	20,000		4.69	12/09/2018
	25,000		4.53	4/27/2021
	16,667	8,333(1)	6.26	1/2/2022
	8,333	16,667(2)	4.05	1/5/2023
	-	12,500(3)	3.85	1/2/2024
Scott Longval,	25,000		5.30	7/18/2016
Chief Financial Officer and Treasurer	5,000		5.35	12/11/2016
(principal financial officer)	15,000		14.70	12/10/2017
	10,000		4.69	12/09/2018
	15,000		4.53	4/27/2021
	10,000	5,000(1)	6.26	1/2/2022
	5,000	10,000(2)	4.05	1/5/2023
	-	7,500(3)	3.85	1/2/2024
Michael P. Geraci,	25,000		2.45	7/27/2015
Vice President, Sales and Marketing	10,000		5.35	12/11/2016
	20,000		14.70	12/10/2017
	10,000		4.69	12/09/2018
	15,000		4.53	4/27/2021
	10,000	5,000(1)	6.26	1/2/2022
	5,000	10,000(2)	4.05	1/5/2023
	-	7,500(3)	3.85	1/2/2024
Dennis L. Gonsior,	25,000		2.45	7/27/2015
Vice President, Global Operations	10,000		5.35	12/11/2016
	20,000		14.70	12/10/2017
	10,000		4.69	12/09/2018
	15,000		4.53	4/27/2021
	10,000	5,000(1)	6.26	1/2/2022
	5,000	10,000(2)	4.05	1/5/2023
	-	7,500(3)	3.85	1/2/2024
Greg Gruenhagen,	5,000		2.45	7/27/2015
Vice President, Quality and Regulatory	2,500		5.35	12/11/2016
Affairs	10,000		14.70	12/10/2017
	10,000		4.69	12/09,2018
	15,000		4.53	4/27/2021
	10,000	5,000(1)	6.26	1/2/2022
	5,000	10,000(2)	4.05	1/5/2023
	-	7,500(3)	3.85	1/2/2024

(1) The unvested balance of this option vests on January 2, 2015.
(2) The unvested balance of this option vests in two equal installments on each of January 5, 2015 and 2016.
(3) The unvested balance of this option vests in three equal installments on each of January 2, 2015, 2016 and 2017.

Potential Payments Upon Termination of Employment or Change in Control

Our employment agreements with our Named Executive Officers provide the following material terms in the event of the termination of the employment of the executive under certain circumstances:

- in the event of the termination of the executive's employment without cause, we are required to pay the executive's base salary and medical benefits for a severance period equal to one year (two years in the case of Mr. Gorder with respect to salary); provided that for any executive that has less than 12 years of continuous service with us, the severance period will be equal to 30 days for each year of continuous full-time employment, but in no event less than 90 days or more than one year. We are required to pay the present value of the base salary in a lump sum, using a discount rate of 6%;
- in the event that (i) there occurs a change in control or sale of our assets accounting for 90% of more of our sales and (ii) the executive's employment is involuntarily terminated within one year afterwards, we are required to pay the executive's base salary for one year (two years for Mr. Gorder) in a lump sum and to continue medical benefits for a period of one year;
- in the sole and absolute discretion of the Board of Directors, in the event that the executive is terminated without cause or there occurs a change of control followed by the executive's involuntary termination, we may elect to pay executive a prorated amount of the bonus that executive would have been entitled to receive for the year in which he was terminated;
- the immediate vesting of all stock options and equity awards held by the executive in the event of a change in control or in the event that the executive's employment is terminated (i) by us for any reason other than cause or (ii) by the executive under circumstances that constitute an involuntary termination; and
- a one year non-competition covenant (or, if longer, for so long as the period with respect to which executive is entitled to receive, or has received, payment of severance following a termination by us without cause or change of control) and covenants concerning confidentiality and inventions.

In the event that we give a notice of non-renewal of the term of the agreement to the executive and, within 12 months after the date of the non-renewal notice, the executive's employment is terminated by us for any reason other than cause or the death or disability of executive, then the executive will be entitled to the severance benefits described above with respect to a termination without cause except that the severance period shall be reduced by the number of days between the date of the non-renewal notice and the termination of executive's employment.

As defined in the employment agreements:

"Asset Sale" means the sale of our assets (including the stock or assets of our subsidiaries) to which 90% or more of our consolidated sales volume is attributable.

"Cause" means the following, provided that, in the case of circumstances described in the fourth through sixth clauses below, we must have first given written notice to executive, and executive must have failed to remedy the circumstances as determined in the sole discretion of the Board of Directors within 30 days after such notice:

- fraud or dishonesty in connection with executive's employment or theft, misappropriation or embezzlement of our funds;
- conviction of any felony, crime involving fraud or knowing misrepresentation, or of any other crime (whether or not such felony or crime is connected with his employment) the

effect of which in the judgment of the Board of Directors is likely to adversely affect us or our affiliates;

- material breach of executive's obligations under the employment agreement;
- repeated and consistent failure of executive to be present at work during normal business hours unless the absence is because of a disability as defined in the agreement;
- willful violation of any express direction or requirement established by the Board of Directors, as determined by a majority of Board of Directors;
- insubordination, gross incompetence or misconduct in the performance of, or gross neglect of, executive's duties under the employment agreement, as determined by a majority of the Board of Directors; or
- use of alcohol or other drugs which interfere with the performance by executive of his duties, or use of any illegal drugs or narcotics.

"Change of control" of means an "asset sale" or a "change in majority stock ownership."

"Change in majority stock ownership" means the acquisition by any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, referred to as the "Exchange Act"), including any affiliate or associate as defined in Rule 12b-2 under the Exchange Act of such person, or any group of persons acting in concert, other than us, any trustee or other fiduciary holding securities under an employee benefit plan of ours, or any corporation or other entity owned, directly or indirectly, by our shareholders in substantially the same proportion as their ownership of capital stock of us, of "beneficial ownership" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of 50% or more of the combined voting power of our then outstanding securities.

"Involuntarily terminated" means:

- any termination of the employment of executive by us other than for cause, death or disability; or
- any termination of employment of the executive by executive following:
  - a material diminution in the executive's base compensation;
  - a material diminution in the executive's authority, duties, or responsibilities;
  - a material diminution in the authority, duties, or responsibilities of the supervisor to whom the executive is required to report, including a requirement that a executive report to a corporate officer or employee instead of reporting directly to the board of directors;
  - a material diminution in the budget over which the executive retains authority;
  - a material change in the geographic location at which the executive must perform the services; or
  - any other action or inaction that constitutes a material breach by us under the agreement.

Provided, however, that with respect to any termination by executive pursuant to the foregoing, executive shall have first provided notice to us of the existence of the condition proposed to be relied upon within 90 days of the initial existence of the condition, and shall have given us a period of 30 days during which we may remedy the condition and we shall have failed to do so during such period.

The change in control provisions that we use contain a "double trigger" requirement, meaning that for an executive to receive a payment under the change of control provision, there must be both a change of control, as defined in the applicable agreement, and an involuntary termination of the executive's employment. The double trigger requirement was chosen to prevent us from having to pay substantial payments in connection with a change in control where an executive had not suffered any adverse employment consequences. However, all stock options will vest and become immediately exercisable upon a change of control, regardless of whether the executive is involuntarily terminated.

Disability Benefits for Certain Named Executive Officers. We provide all of our full-time salaried employees with short-term disability benefits for six months. We also maintain a disability insurance policy on behalf of certain members of our senior management, including our Named Executive Officers, which is in addition to the disability benefits that we maintain for our salaried employees. In the event that any of these executives became disabled, as provided in their respective policies, was unable to return to the performance of their duties after six months and was terminated as an employee effective as of December 31, 2014, they would be paid monthly benefits until age 65 as follows: Mr. Gorder - $8,370 per month; Mr. Geraci - $6,450 per month; Mr. Gonsior - $5,860 per month; Mr. Gruenhagen - $6,935 per month; and Mr. Longval $3,250 per month.

Equity Plans. Our Named Executive Officers hold unvested stock options under our 2001 Stock Option Plan and our 2006 Equity Incentive Plan. All options under the 2001 Stock Option Plan are vested.

Under our 2006 Equity Incentive Plan, all unvested options will automatically accelerate and become vested upon the death, disability, retirement of the holder or upon a change of control of us, as defined in that Plan.

Under both the 2001 Stock Option Plan and 2006 Equity Incentive Plan, options held by an employee whose employment is terminated for cause, as defined in those plans, will terminate immediately. In addition, under the 2006 Equity Incentive Plan, the voluntary resignation of employment by an employee, other than for retirement as defined, will not result in the acceleration of unvested options.

Certain Relationships and Related Party Transactions

Mr. Gorder, our president, chief executive officer and a director, is a general partner (with a one-third interest) of Arden Partners I, L.L.P., a Minnesota limited liability partnership, referred to as Arden, that owns and leases to us property under a lease entered into in 1991, which we use as a manufacturing facility. In October 2013, the lease was renewed with a term expiring on October 31, 2016. Under the lease, we pay Arden a base monthly rent of approximately $31,007 plus real estate taxes and other charges. In 2014 and 2013, we paid Arden approximately $486,000 each year for rent, real estate taxes and other charges. Mr. Gorder's interest in such payments was approximately $163,000 in each of 2014 and 2013.

We use the law firm of Blank Rome LLP for legal services. A partner of that firm is the son-in-law of the Chairman of our Board of Directors, Mr. McKenna; however, the legal services are provided by other attorneys at that firm and not by the son-in-law. In 2014 and 2013, we paid that firm approximately $156,000 and $228,000, respectively, for legal services and costs. The interest of the son-in-law in such amounts is not determinable.

The foregoing transactions were approved by the disinterested members of the Audit Committee pursuant to its written policy applicable to related party transactions.

PROPOSAL 2

ADVISORY VOTE ON EXECUTIVE COMPENSATION

As described in detail under the heading "Executive Compensation" beginning on page 17 of this Proxy Statement, our executive compensation program is designed to attract and retain talented and dedicated executive officers and to align a significant portion of their compensation with our business objectives and performance and the interests of our shareholders. We believe that our program creates an environment of shared risk between our executive officers and our shareholders by including equity based awards and cash compensation based on financial performance as part of our executive compensation program. We believe that our executive compensation program should focus management's attention on achieving both annual performance targets and profitable growth over a longer time period. The program is designed to reward management for the achievement of both short and long term strategic objectives as established by the Board of Directors. Additional details about our executive compensation programs, including information about executive compensation for the fiscal year ended December 31, 2014, are described under the section entitled "Executive Compensation" which begins on page 17 of this Proxy Statement.

Securities laws require that we provide our shareholders with the opportunity to vote to approve, on a nonbinding, advisory basis, the compensation of our Named Executives Officers as disclosed in this proxy statement at least once every three years, commonly known as a "say-on-pay" proposal. In accordance with the shareholders' advisory vote on the frequency of the say-on-pay vote that was held at the 2013 annual meeting of shareholders, the Board of Directors has determined to hold the say-on-pay vote on executive compensation every year until we hold another advisory vote on the frequency of the say-on-pay vote.

We are asking our shareholders to indicate their support for our Named Executive Officer compensation as described in this Proxy Statement. This proposal gives our shareholders the opportunity to express their views on the compensation of our Named Executive Officers. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our Named Executive Officers and the philosophy, policies and practices described in this Proxy Statement. Accordingly, the following resolution is submitted for shareholder vote at the Annual Meeting:

"RESOLVED, that the shareholders of IntriCon Corporation hereby APPROVE, on an advisory basis, the compensation paid to its named executive officers, as disclosed in the Proxy Statement for the 2015 annual meeting of shareholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the compensation tables and the narrative discussion that accompany the compensation tables."

This say-on-pay vote is advisory, and therefore not binding on the Corporation, the Compensation Committee or our Board of Directors. Our Board and our Compensation Committee value the opinion of our shareholders and to the extent there is any significant vote against the compensation of Named Executive Officers as disclosed in this Proxy Statement, we will consider our shareholders' concerns and the Compensation Committee will evaluate whether any actions are necessary to address those concerns. Proxies submitted without direction pursuant to this solicitation will be voted "for" approval of the compensation of our Named Executives Officers as disclosed in this proxy statement.

The Board of Directors recommends a vote "FOR" the approval of the compensation of our Named Executive Officers as disclosed in this proxy statement.

PROPOSAL 3

APPROVAL OF 2015 EQUITY INCENTIVE PLAN

In March 2015, the Board of Directors, upon recommendation from the Compensation Committee, approved the 2015 Equity Incentive Plan (the "2015 Plan"), subject to shareholder approval. The Corporation is submitting the 2015 Plan to shareholders for approval in accordance with the Nasdaq Stock Market listing standards that require shareholder approval of most equity-based compensation plans, including the 2015 Plan. The 2015 Plan is also being submitted for shareholder approval so that the requisite shareholder approval may be obtained to permit the issuance of incentive stock options under the Internal Revenue Code and to permit the Corporation to deduct certain performance-based compensation under Section 162(m) of the Internal Revenue Code. The 2015 Plan is described below.

The 2015 Plan will replace the Corporation's 2006 Equity Incentive Plan on a prospective basis. If the 2015 Plan is approved by the Corporation's shareholders, no new grants will be made from the 2006 Equity Incentive Plan. See "– Number of Shares Available for Issuance." Any awards previously granted under the 2006 Equity Incentive Plan will continue to vest and be exercisable in accordance with their original terms and conditions. The Corporation also has options outstanding under its Non-Employee Directors Stock Option Plan and 2001 Stock Option Plan, which options will continue to vest and be exercisable in accordance with their original terms and conditions. If the 2015 Plan is not approved, the Corporation intends to continue to issue options under the 2006 Equity Incentive Plan to the extent that authorized shares are available.

Description of the 2015 Plan

The following summary of the 2015 Plan is qualified in its entirety by the specific language of the 2015 Plan, which is attached as Appendix A to this proxy statement. Capitalized terms used but not defined herein have the meanings set forth in the 2015 Plan.

General

The purposes of the 2015 Plan are to attract and promote the long-term retention of key employees, directors and certain other persons who are in a position to make significant contributions to the success of the Corporation, to reward these employees, directors and other persons for their contributions, to provide additional incentive to such employees, directors and other persons to continue making similar contributions and to further align the interests of these employees, directors and other persons with those of the Corporation's shareholders. To achieve these purposes, the 2015 Plan permits grants of incentive stock options ("ISOs"), options not intended to qualify as incentive stock options ("non-ISOs"), stock appreciation rights ("SARs"), restricted and unrestricted stock awards, restricted stock units, performance awards, supplemental cash awards and combinations of the foregoing (collectively referred to as "Awards"). Awards of restricted and unrestricted stock, restricted stock units and/or deferred stock may also be issued to participants in connection with management or employee purchase programs. Shares issuable under Awards that terminate unexercised or otherwise terminate without an issuance of shares, shares issuable under Awards that are payable in stock or cash but are paid in cash, shares issued but later forfeited and shares that, at the election of the plan participant, are withheld by the Corporation to pay the exercise or purchase price of the Award or applicable withholding taxes will be available for future Awards under the 2015 Plan.

The 2015 Plan is intended to satisfy the requirements of Section 162(m) of the Internal Revenue Code (the "Section 162(m) Limitations"), which limits the deductibility for Federal corporate income tax purposes of certain compensation in excess of $1,000,000 per year paid by a publicly traded corporation to “Covered Employees.” “Covered Employees” are determined at the end of the tax year, and are the chief executive officer plus the other three most highly compensated employees of the Corporation whose compensation is required to be reported to shareholders in the proxy statement under applicable SEC rules and regulations.

Compensation paid to Covered Employees will not be subject to the Section 162(m) Limitations if it is considered “qualified performance-based compensation.” Under the regulations to Section 162(m), compensation related to Awards (other than supplemental cash awards) is deemed to constitute qualified performance-based compensation if the Award meets the following conditions: (i) it is made by a committee of the board of directors comprised solely of two or more outside directors; (ii) the plan under which the Award is made sets forth the maximum number of shares with respect to Awards that may be granted to any individual during a specified period; (iii) under the terms of the Award, the amount of compensation that an employee can receive is based solely on an increase in the value of the shares of common stock after the date of the grant or award or the entitlement to the compensation subject to the Award is contingent solely on the attainment of one or more pre-established and objective performance goals; and (iv) the material terms of plan are disclosed to and approved by shareholders. As described in more detail below, the terms of the 2015 Plan are intended to satisfy the foregoing requirements with respect to Awards to “Covered Employees.”

Administration

The 2015 Plan is administered by the Compensation Committee (the “Committee”) of the Board of Directors, which has full and exclusive power to administer and interpret the 2015 Plan, to grant Awards and to adopt such administrative rules, regulations, procedures and guidelines governing the 2015 Plan and the Awards as it may deem necessary in its discretion, from time to time. The Committee is comprised solely of outside directors of the Corporation who are intended to satisfy the requirements of the Section 162(m) Limitations. The Committee’s authority will include the authority to: (i) determine the type of Awards to be granted under the 2015 Plan; (ii) select Award recipients and determine the extent of their participation; (iii) determine the method or formula for establishing the fair market value of the shares of common stock for various purposes under the 2015 Plan; and (iv) establish all other terms, conditions, restrictions and limitations applicable to Awards and the shares of common stock issued pursuant to Awards, including, but not limited to, those relating to a participant’s Retirement, death, disability, leave of absence or termination of employment. The Committee may accelerate or defer the vesting or payment of Awards, cancel or modify outstanding Awards, waive any conditions or restrictions imposed with respect to Awards or the shares of common stock issued pursuant to Awards and make any and all other interpretations and determinations which it deems necessary with respect to the administration of the 2015 Plan, other than a reduction of the exercise price of an option after the grant date and subject to the provisions of Section 162(m) of the Internal Revenue Code with respect to “Covered Employees.” The Committee’s right to make any decision, interpretation or determination under the 2015 Plan shall be in its sole and absolute discretion.

The Committee may, subject to criteria, limitations and instructions as the Committee determines, delegate to an appropriate officer of the Corporation the authority to determine the individual Participants and amount and nature of the Award to be issued to such Participants; provided, that no Awards may be made pursuant to such delegation to a Participant who is subject to Section 16(b) of the Securities Exchange Act of 1934, as amended.

Eligibility

ISOs may be granted under the 2015 Plan only to employees of the Corporation. All current and future employees of the Corporation, directors and other persons who, in the opinion of the Committee, are in a position to make significant contributions to the success of the Corporation, such as consultants and non-employee directors, are eligible to receive all other types of Awards under the 2015 Plan.

Number of Shares Available for Issuance

As of the Effective Date of the 2015 Plan, no additional grants will be made under the Corporation's 2006 Equity Incentive Plan. Outstanding grants and awards under the 2006 Equity Incentive Plan will continue to be governed by their terms and the terms of the 2006 Equity Incentive Plan.

The aggregate number of shares of common stock for which Awards may be granted under the 2015 Plan is 500,214 shares of common stock, which includes 50,214 shares which remain available for grant under the 2006 Equity Incentive Plan; provided, however, that such share reserve shall be increased from time to time by a number of shares equal to the number of shares of common stock that are issuable pursuant to option grants outstanding under the 2006 Equity Incentive Plan, the Non-Employee Directors Stock Option Plan and the 2001 Stock Option Plan (collectively referred to as the "Old Plans") as of the Effective Date that, but for the termination or suspension of the Old Plans, would otherwise have reverted to the share reserve of the Old Plans pursuant to the terms thereof as a result of the expiration, termination, cancellation, cashless exercise, net exercise or forfeiture of such options.

As of the date of this proxy statement, 146,800 shares of common stock are subject to outstanding options under the Old Plans, which shares will become available for new Awards under the 2015 Plan in the event of the expiration, termination, cancellation, cashless exercise, net exercise or forfeiture of such options as described above.

The maximum number of shares of common stock for which Stock Options may be granted to any person in any fiscal year and the maximum number of SARs granted to any person in any fiscal year will each be 50,000. The maximum number of shares of common stock subject to other Awards granted to any person in any fiscal year will be 50,000 shares. The foregoing provisions will be construed in a manner consistent with Section 162(m).

Adjustments

In the event of any stock dividend, stock split, combination or exchange of equity securities, merger, consolidation, recapitalization, reorganization, divestiture or other distribution (other than ordinary cash dividends) of assets to shareholders, or any other event affecting the shares of common stock that the Committee deems, in its sole discretion, to be similar circumstances, the Committee may make such adjustments as it may deem appropriate, in its discretion, to:

- the maximum number of shares available for issuance under the 2015 Plan or to any one participant;
- the number or kind of shares of shares of common stock covered by outstanding Awards;
- the exercise price applicable to outstanding Awards;
- any measure of performance that relates to an Award in order to reflect such change in the shares of common stock; and/or
- any other affected terms of any equity-based Award.

Exercise Price

The Committee will determine the exercise price applicable to each ISO, non-ISO and SAR, which will not be less than the fair market value of Corporation shares of common stock at the time of the grant, as described below. The 2015 Plan does not permit the repricing of options without prior shareholder approval.

Options

Recipients of stock options under the 2015 Plan will have the right to purchase shares of common stock at an exercise price, during a period of time and on such other terms and conditions as are determined by the Committee. For ISOs, the recipient must be an employee, the exercise price must be at least 100% (110% if issued to a greater than ten percent shareholder of the Corporation) of the fair market value of the Corporation's shares of common stock on the date of grant and the term cannot exceed ten years (five years if issued to a greater than ten percent shareholder of the Corporation) from date of grant.

The maximum number of ISOs that may be granted under the 2015 Plan is limited to 500,214 shares of common stock plus the number of shares of common stock that are issuable pursuant to option grants outstanding under the Old Plans as of the Effective Date that but for the termination or suspension of the Old Plans, would otherwise have reverted to the share reserve of the Old Plans pursuant to the terms thereof as a result of the expiration, termination, cancellation, cashless exercise, net exercise or forfeiture of such options.

The exercise price of a non-ISO must be at least 100% of the fair market value of shares of common stock on the date of grant. An option exercise price may be paid in cash or by check, bank draft or money order payable to the order of the Corporation, or if permitted by the Committee and subject to certain conditions, by delivery of shares of common stock that have been owned by the recipient for at least six months (unless the Committee expressly approves a shorter period) and have a fair market value on the date of exercise at least equal to the exercise price, or an unconditional and irrevocable undertaking by a broker to promptly deliver the necessary funds (including in connection with so-called "cashless exercise" effected by such broker) or by a combination of such methods. Additionally, an option may be exercised by the "net exercise" method without the payment of cash. In a net exercise, upon exercise of an option, the Corporation issues the number of shares with a fair market value equal to the excess of the fair market value of the shares exercised at the time of exercise over the exercise price.

The Committee may at any time accelerate the time at which all or any part of the option may be exercised.

Stock Appreciation Rights

SARs may be granted under the 2015 Plan either alone or in tandem with stock options. Generally, recipients of SARs are entitled to receive upon exercise, cash or shares of common stock (valued at the then fair market value of shares of common stock) equal to such fair market value on the date of exercise minus the fair market value on the date of grant of the shares subject to the SAR, although certain other measurements also may be used. A SAR granted in tandem with a stock option is exercisable only if and to the extent that the option is exercisable.

Stock Awards

The 2015 Plan provides for restricted and unrestricted stock awards, restricted stock units and deferred stock awards. Restricted and unrestricted stock awards allow the recipient to acquire shares of common stock for no consideration, nominal consideration or any higher price determined by the Committee. In the case of restricted stock awards, the shares acquired are subject to a vesting schedule and other possible conditions determined by the Committee. A restricted stock unit is an award denominated in restricted shares of common stock, pursuant to a formula determined by the Committee, which may be settled either in restricted shares of common stock or in cash, in the discretion of the Committee, subject to such other terms, conditions, restrictions and limitations determined by the Committee from time to time. A deferred stock award entitles the recipient to receive shares of common stock to be delivered in the future. Delivery of the shares of common stock will take place at such time or times, and on such terms and conditions, as the Committee may determine.

Performance Awards

The 2015 Plan provides for performance awards entitling the recipient to receive Awards without payment upon achieving certain performance goals determined by the Committee. At the discretion of the Committee, any of the above-described Awards may be contingent on attainment of performance goals which are based on certain pre-established criteria. Performance goals may involve overall corporate performance, operating group or business unit performance, personal performance or any other category of performance determined by the Committee.

Supplemental Cash Awards

Under the 2015 Plan and subject to applicable law, supplemental cash awards may be granted to recipients of Awards to help defray taxes due as a result of the Awards. The terms and conditions of supplemental cash awards are determined by the Committee.

Termination of Awards

Upon termination of a recipient's employment or other relationship with the Corporation due to death, Disability or Retirement, except as otherwise determined by the Committee: (i) stock options and SARs will automatically become exercisable in full and will remain exercisable for a period equal to the unexpired term of the options or SARs; (ii) all restricted stock and restricted stock units shall automatically become free of all restrictions and conditions; and (iii) any payment or benefit under deferred stock awards, performance awards and supplemental grants shall be made by the Corporation. Retirement is defined in the 2015 Plan as termination of employment with or service to the Corporation by a participant, other than by reason of death or permanent disability or termination for Cause, at a time when such participant has attained age 65 or greater, provided that such participant has performed a minimum of five years of service for the Corporation, except that in the case of a director who meets the age and years of service requirement in the definition of Retirement, such term also includes the failure to be re-nominated for election, the failure to be re-elected by the shareholders, removal by shareholders or the Board (other than a removal for Cause) and resignation of such director.

Upon termination of a recipient's employment or other relationship with the Corporation for any reason other than death, Disability or Retirement, except as otherwise determined by the Committee: (i) stock options and SARs, to the extent that they were exercisable at the time of termination, will remain exercisable for a period ending on the earlier of (a) 90 days after the date of termination and (b) the scheduled expiration date of the option, after which they shall terminate; (ii) stock options and SARs that are not then exercisable shall terminate upon such termination; (iii) all restricted stock shall be transferred to the Corporation for purchase for the amount of cash paid for such stock, or forfeited to the Corporation if no cash were paid; and (iv) any payment or benefit under restricted stock units, deferred stock awards, performance awards and supplemental grants to which the recipient was not irrevocably entitled at the time of termination shall be forfeited and such Awards cancelled as of the date of such termination.

Deferral of Awards

In connection with the 2015 Plan, the Board of Directors may adopt a deferred compensation plan that will permit participants in the 2015 Plan to defer receipt of Awards granted pursuant to the 2015 Plan. If deferred, the Awards would be paid at a future date pursuant to the deferred compensation plan.

Section 162(m) Limitations

If the Committee determines at the time an Award that is intended to qualify as performance-based compensation for purposes of Section 162(m) of the Internal Revenue Code is granted to a recipient that such recipient is, or may be as of the end of the tax year for which the Corporation would claim a tax Federal income tax deduction in connection with such Award, a "covered employee," then, if necessary to preserve the deductibility of the Award under Section 162(m), the Committee may provide that the Award be subject to the achievement of specified levels of one or more of the following performance goals, unless and until the Corporation's shareholders approve a change to such performance goals: operating income, net earnings, earnings before interest, taxes, depreciation and amortization (EBITDA), earnings before interest and taxes (EBIT), net income, earnings per share, total shareholder return, cash flow, return on assets, decrease in expenses, common stock price, price-earnings multiple, comparisons to market indices, sales growth, market share, the achievement of certain quantitatively and objectively determinable non-financial performance measures including, but not limited to, growth strategies, strategic initiatives, corporate development and leadership development, and any combination of the foregoing. The performance goals shall be determined and approved by the Committee within the first 90 days of each fiscal year or, if shorter, the first 25% of the performance period to which the Award relates. Awards subject to such conditions may not be adjusted upward; however, the Committee shall retain the discretion to adjust such Awards downward. Prior to the payment of any Award subject to these Section 162(m) Limitations, the Committee shall certify in writing that the applicable performance goal was satisfied.

The Committee shall have the discretion to impose such other restrictions on Awards as it may deem necessary or appropriate to ensure that such Awards qualify as performance-based compensation for purposes of Section 162(m) of the Internal Revenue Code. In the event that applicable tax/and or securities laws change to permit the Committee the discretion to alter the governing performance goals without obtaining shareholder approval, the Committee shall have the sole discretion to make such changes without obtaining shareholder approval. In addition, in the event that the Committee determines that it is advisable to grant Awards that shall not qualify as performance-based compensation for purposes of Section 162(m) of the Internal Revenue Code, the Committee may make such grants without satisfying the Section 162(m) Limitations.

Change in Control

The 2015 Plan generally provides that, unless the Committee determines otherwise at the time of grant with respect to a particular Award, in the event of a change in control (as defined below), (1) any options and SARs shall automatically become exercisable in full upon the occurrence of such change of control, (2) any restricted stock shall automatically become free of all restrictions and conditions upon the occurrence of such change of control, and (3) any conditions on restricted stock units, deferred stock awards performance awards and supplemental grants which relate only to the passage of time and continued employment shall automatically terminate upon the occurrence of such change of control.

A change in control means: (i) the occurrence of an event that would, if known to the Corporation's management, be required to be reported by the Corporation as a change in control pursuant to the SEC's Current Report on Form 8-K under to the Exchange Act; or (ii) the acquisition or receipt, in any manner, by any person (as defined for purposes of the Exchange Act) or any group of persons acting in concert, of direct or indirect beneficial ownership (as defined for purposes of the Exchange Act) of more than 50% of the Corporation's combined voting securities ordinarily having the right to vote for the election of directors of the Corporation; or (iii) a change in the constituency of the Board of Directors with the result that individuals (the "Incumbent Directors") who are members of the Board on the effective date of the 2015 Plan cease for any reason to constitute at least a majority of the Board of Directors, provided that any individual who is elected to the Board after the effective date of the 2015 Plan and whose nomination for election was unanimously approved by the Incumbent Directors shall be considered an Incumbent Director beginning on the date of his or her election to the Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest (as defined for purposes of the Exchange Act) with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board of Directors; or (iv) the sale, exchange, liquidation or other disposition of all or more than 50% of the Corporation's business or assets; unless in any such case, at least a majority of the Incumbent Directors determine, prior to the occurrence of such change in control, that no change in control has or will have occurred; or (v) the occurrence of a reorganization, merger, consolidation or other corporate transaction involving the Corporation, in each case, with respect to which the Corporation's shareholders immediately prior to such transaction do not, immediately after such transaction, own more than 50% of the combined voting securities ordinarily having the right to vote for the election of directors of the Corporation or other corporation resulting from such transaction; or (vi) the approval by the Corporation's shareholders of a complete liquidation or dissolution of the Corporation; or (vii) any similar transaction, circumstance or event which the Committee determines to constitute a change in control.

Additional Cancellation Provisions

In any instance where the rights of a recipient under an Award continue after termination of their service relationship with the Corporation, all of such rights shall terminate and be forfeited if, in the determination of the Committee, the recipient, at any time prior or subsequent to such termination, breached or violated, in a material way, the terms of any agreement with the Corporation, including any employment agreement, termination agreement, confidentiality agreement, non-solicitation agreement or non-competition agreement or engaged or engages in conduct that would have permitted the Corporation to terminate the recipient's service relationship for "Cause" if the recipient was still in such relationship with the Corporation.

Reduction of Payments to Participants

If any payment under the 2015 Plan constitutes a "parachute payment" within the meaning of Section 280G of the Internal Revenue Code and would be subject to the excise tax imposed on the participant by Section 4999 of the Internal Revenue Code (the "Excise Tax"), then such payment will be reduced, if on an after-tax basis (including the Excise Tax), such reduction would result in the recipient receiving a greater amount of the payment.

Summary of Federal Income Tax Consequences

The following is a brief summary of the principal United States federal income tax consequences of transactions under the 2015 Plan, based on current United States federal income tax laws. This summary is not intended to be exhaustive, does not constitute tax advice and, among other things, does not describe state, local or foreign tax consequences.

Non-ISOs. No taxable income is recognized by a participant upon the grant of an Option that is a non-ISO. Upon the exercise of a non-ISO, the participant will recognize ordinary income in an amount equal to the excess, if any, of the fair market value of the shares of common stock received upon exercise over the aggregate non-ISO exercise price, even though the common stock received may be subject to a restriction on transferability or may be subsequently forfeited, in limited circumstances. Income and payroll taxes are required to be withheld by the Corporation on the amount of ordinary income resulting to the participant from the exercise of a non-ISO. Any ordinary income recognized by the participant is generally deductible by the Corporation for federal income tax purposes, subject to the possible limitations on deductibility of compensation paid to some executives under Section 162(m) of the Internal Revenue Code. The participant's tax basis in shares of common stock acquired by exercise of a non-ISO will be equal to the exercise price plus the amount taxable as ordinary income to the participant.

Upon a sale of the shares of common stock received by the participant upon exercise of the non-ISO, any gain or loss will generally be treated for federal income tax purposes as long-term or short-term capital gain or loss, depending upon the holding period of that stock. The participant's holding period for shares acquired after the exercise of a non-ISO begins on the date of exercise of that option.

If the participant pays the exercise price in full or in part by using shares of previously acquired shares of common stock, the exercise will not affect the tax treatment described above and no gain or loss generally will be recognized to the participant with respect to the previously acquired shares. The shares received upon exercise which are equal in number to the previously acquired shares used will have the same tax basis as the previously acquired shares surrendered to the Corporation, and will have a holding period for determining capital gain or loss that includes the holding period of the shares used. The value of the remaining shares received by the participant will be taxable to the participant as compensation, even though those shares may be subject to sale restrictions. The remaining shares will have a tax basis equal to the fair market value recognized by the participant as ordinary income and the holding period will commence on the exercise date. Shares used to pay applicable income and payroll taxes arising from that exercise will generate taxable income or loss equal to the difference between the tax basis of those shares and the amount of income and payroll taxes satisfied with those shares. The income or loss will be treated as long-term or short-term capital gain or loss depending on the holding period of the shares used. Where the shares used to pay applicable income and payroll taxes arising from that exercise generate a loss equal to the difference between the tax basis of those shares and the amount of income and payroll taxes satisfied with those shares, that loss may not be currently recognizable if, within a period beginning 30 days before the exercise date and ending 30 days after that date, the participant acquires or enters into a contract or option to acquire additional shares of common stock.

Participants may exercise non-ISO Options by a "net exercise." In a net exercise, upon exercise of an Option the Corporation issues the number of shares with a fair market value equal to the excess of the fair market value of the shares exercised at the time of exercise over the exercise price. In a net exercise, the participant will recognize for Federal income tax purposes ordinary income in an amount equal to the fair market value of the shares actually received. The participant's tax basis in any shares received pursuant to a net exercise is equal to the ordinary income recognized with respect to the exercise. In limited circumstances, if the shares that are received are subject to a restriction on transferability or forfeiture, the participant will not recognize income at exercise but will instead recognize ordinary income when the restrictions or possibility of forfeiture end.

ISOs. No taxable income is recognized by a participant upon the grant or exercise of an Option that is an ISO. However, the exercise of an ISO will give rise to an item of tax preference that may result in alternative minimum tax liability for the participant.

If the shares acquired pursuant to the exercise of an ISO are held for at least two years after the date of grant of the ISO and at least one year after the date of exercise of the ISO, then:

- upon the sale of those shares, any amount realized in excess of the option exercise price will be taxed to that participant as a long-term capital gain; and
- the Corporation will not be allowed a deduction.

If the shares acquired upon the exercise of an ISO are disposed of prior to the expiration of either holding period described above, that disposition would be a "disqualifying disposition," and generally:

- the participant will recognize ordinary income in the year of disposition in an amount equal to the excess, if any, of the fair market value of the shares on the date of exercise, or, if less, the amount realized on the disposition of the shares, over the ISO exercise price; and
- the Corporation will be entitled to deduct that amount.

Any other gain realized by the participant on that disposition will be taxed as short-term or long-term capital gain, and will not result in any deduction to the Corporation. If a participant pays the exercise price in full or in part with previously acquired shares of common stock, the exchange will not affect the tax treatment of the exercise. Upon the exchange, no gain or loss generally will be recognized upon the delivery of the previously acquired shares to the Corporation, and the shares issued in replacement of the shares used to pay the exercise price will have the same basis and holding period for capital gain purposes as the previously acquired shares. A participant, however, would not be able to utilize the holding period for the previously acquired shares for purposes of satisfying the ISO statutory holding period requirements described above. Additional shares of common stock will have a basis of zero and a holding period that commences on the date the shares of common stock are issued to the participant upon exercise of the ISO. If this exercise is effected using shares of common stock previously acquired through the exercise of an ISO, the exchange of the previously acquired shares may be a disqualifying disposition of those shares of common stock if the holding periods discussed above have not been met.

If an ISO is exercised at a time when it no longer qualifies as an ISO, the Option will be treated as a non-ISO. Subject to some exceptions for permanent disability or death, an ISO generally will not be eligible for the federal income tax treatment described above if it is exercised more than three months following a termination of employment (one year if termination is due to death or disability, as defined in the Internal Revenue Code).

Participants may exercise ISO Options by a "net exercise." In a net exercise, upon exercise of an Option the Corporation issues the number of shares with a fair market value equal to the excess of the fair market value of the shares exercised at the time of exercise over the exercise price. In a net exercise, the participant will recognize for Federal income tax purposes ordinary income in an amount equal to the excess of the fair market value of the shares used to pay the exercise price over the Option exercise price for such shares. The participant's tax basis in any shares received pursuant to a net exercise is equal to the Option exercise price for such shares. In limited circumstances, if the shares that are received are subject to a restriction on transferability or forfeiture, the participant will not recognize income at exercise but will instead recognize ordinary income when the restrictions or possibility of forfeiture end.

Stock Appreciation Rights. No taxable income is recognized by a participant upon the grant of a SAR. Upon the exercise of a SAR, the participant will recognize ordinary income in an amount equal to the cash received plus the fair market value of any shares of common stock received from the exercise.

The participant's tax basis in the shares of common stock received in the exercise of the SAR will be equal to the ordinary income recognized with respect to the shares of common stock. The participant's holding period for shares acquired on the exercise of a SAR begins on the exercise date. Income and payroll taxes are required to be withheld on the amount of compensation attributable to the exercise of the SAR, whether the income is paid in cash or shares. Upon the exercise of a SAR, the Corporation will generally be entitled to a deduction in the amount of the ordinary income recognized by the participant.

Unrestricted and Restricted Stock. Upon the grant of an unrestricted stock award, the participant recognizes ordinary income equal to the fair market value on the date of grant minus the price paid for the shares awarded. A recipient of a restricted stock award recognizes ordinary income only as of and when the shares vest or are no longer subject to a substantial risk of forfeiture (as defined in the Internal Revenue Code). The ordinary income recognized on each vesting or transfer date equals the fair market value on that date less any purchase price paid for the shares. A recipient of a restricted stock award may, however, choose or be required by the terms of the award to elect under Section 83(b) of the Internal Revenue Code to have the ordinary income associated with all of the restricted shares recognized and measured on the date of grant. A recipient who makes such an election and later forfeits restricted shares may claim a loss for tax purposes only in an amount equal to the excess of the purchase price paid for the shares (if any) over the amount received (if any) upon the forfeiture. The Corporation will generally be entitled to a deduction at the time and in the amount of the ordinary income recognized by the participant.

Restricted Stock Units. A recipient of a restricted stock unit award recognizes ordinary income only as of and when the shares vest or are no longer subject to a substantial risk of forfeiture (as defined in the Internal Revenue Code). The ordinary income recognized on each vesting or transfer date equals the fair market value on that date less the price paid for the shares. The Corporation will generally be entitled to a deduction at the time and in the amount of the ordinary income recognized by the participant.

Performance Awards and Supplemental Grants. The tax consequences of a performance award depend upon the nature of the underlying award earned if and when the performance goals are achieved. The recipient of a supplemental cash award recognizes ordinary income equal to the amount received, and the Corporation will generally be entitled to a corresponding deduction.

Certain Limitations on Deductibility of Executive Compensation. As discussed above, the Section 162(m) Limitations apply to all Awards granted under the 2015 Plan, unless certain conditions are satisfied. Compensation under the 2015 Plan generally is intended to satisfy those conditions and constitute "qualified performance-based compensation," but there is no guarantee that an individual Award will do so. As discussed above, payments to or benefits for participants that constitute "parachute payments" within the meaning of Section 280G of the Internal Revenue Code may be subject to an excise tax imposed on the participant by Section 4999 of the Code. If any such payment or benefit is subject to the excise tax, the payment or benefit may not be deducted by the Corporation.

Section 409A of the Internal Revenue Code. Certain awards under the 2015 Plan may be subject to Section 409A of the Internal Revenue Code, which addresses "nonqualified deferred compensation." Awards under the 2015 Plan are generally designed to avoid the additional taxes, excise taxes and interest imposed by Section 409A on participants, but there is no guarantee that an individual Award will do so. If an Award under the 2015 Plan that is subject to Section 409A is not administered in compliance with Section 409A, or if an Award under the 2015 Plan that is exempt from Section 409A is not administered in compliance with such exemption, or if such Awards are not administered in compliance with their terms, then all compensation under the 2015 Plan that is considered "nonqualified deferred compensation" (and awards under any other plan of the Corporation that are required pursuant to Section 409A to be aggregated with the Award under the 2015 Plan) will be taxable to the participant as ordinary income in the year of the violation, or if later, the year in which the compensation subject to the award is no longer subject to a substantial risk of forfeiture. In addition, the participant will be subject to an additional tax equal to 20% of the compensation that is required to be included in income as a result of the violation, plus interest from the date that the compensation subject to the award was required to be included in taxable income.

Amendment and Termination

The 2015 Plan may be amended or terminated by the Committee at any time, without the approval of shareholders or participants, provided that any such action shall not affect any Awards granted before the actual date on which such action is taken by the Committee; and further provided that the approval of our shareholders shall be required whenever necessary for the 2015 Plan to continue to satisfy the conditions of Rule 16b-3 under the Exchange Act, Section 422 of the Internal Revenue Code with respect to the award of ISOs (unless the Board determines that ISOs shall no longer be granted under the 2015 Plan), any bylaw, rule or regulation of the market system or stock exchange on which our common stock is then listed or admitted to trading, or any other applicable law, rule or regulation.

No Awards may be granted under the 2015 Plan from and after April 24, 2015. Unless terminated earlier by the Board, the 2015 Plan will terminate on such date (which shall not be prior to April 24, 2025) that all Awards under the 2006 Equity Incentive Plan have been exercised or have terminated.

New Plan Benefits

The Board of Directors approved the 2015 Plan in March 2015, subject to shareholder approval. In the event that the 2015 Plan is approved by shareholders at the Annual Meeting, each non-employee director of the Corporation that is re-elected at, or continues as a director following, the Annual Meeting, as the case may be, automatically will receive an option to purchase shares of common stock at an exercise price equal to the fair market value of the shares of common stock on the date of the 2015 Annual Meeting as follows:

Name of Director	Number of Options
Nicholas A. Giordano	10,000
Robert N. Masucci	10,000
Michael J. McKenna	12,000
Philip N. Seamon	10,000
Total	42,000

All director options will vest in three equal, annual installments beginning one year after the date of grant, except that the options will become immediately exercisable upon a “change in control” as defined in the 2015 Equity Incentive Plan or the death or disability of the recipient, and expire ten years after the date of grant, unless terminated earlier by the terms of the option.

Except as described above, no determinations have been made with respect to any other Awards under the 2015 Plan.

The closing price of the common stock on March 4, 2015 was $7.76 per share, as reported on the Nasdaq Stock Market.

The Board of Directors recommends that the shareholders vote for approval of the 2015 Equity Incentive Plan.

Equity Compensation Plan Information

The following table details information regarding the Corporation's existing equity compensation plans as of December 31, 2014:

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders(1)	1,283,398	$5.87	216,683
Equity compensation plans not approved by security holders(2)	30,000	$5.55	--
Total	1,313,398	$5.86	216,683

(1) The amount shown in column (c) includes 175,349 shares issuable under the 2006 Equity Incentive Plan and 41,334 shares available for purchase under the Employee Stock Purchase Plan. Under the terms of the 2006 Equity Incentive Plan, as outstanding options under the Corporation's 2001 Stock Option Plan and Non-Employee Directors' Stock Option Plan expire, the shares of common stock subject to the expired options will become available for issuance under the 2006 Equity Incentive Plan. As of December 31, 2014, 150,800 shares of common stock were subject to outstanding options under the 2001 Stock Option Plan and Non-Employee Directors' Stock Option Plan. Accordingly, if any of these options expire, the shares of common stock subject to expired options also will be available for issuance under the 2006 Equity Incentive Plan or, if approved by shareholders, the 2015 Plan.

(2) Represents shares issuable under the Non-Employee Directors Stock Option Plan, the ("Non-Employee Directors Plan"), pursuant to which directors who are not employees of the Corporation or any of its subsidiaries were eligible to receive options. The exercise price of the option was the fair market value of the stock on the date of grant. Options become exercisable in equal one-third annual installments beginning one year from the date of grant, except that the vesting schedule for discretionary grants was determined by the Compensation Committee. As a result of the approval of the 2006 Equity Incentive Plan by the shareholders at the 2006 annual meeting of shareholders, no further grants will be made pursuant to the Non-Employee Directors Plan.

PROPOSAL 4

RATIFICATION OF APPOINTMENT OF AUDITOR

The Corporation's independent registered public accounting firm for the fiscal year ended December 31, 2014 was the firm of Baker Tilly Virchow Krause, LLP (previously known as Virchow, Krause & Company, LLP), referred to as "Baker Tilly." Baker Tilly was engaged as independent auditor beginning in August 2005. Services provided to the Corporation and its subsidiaries by Baker Tilly in 2014 and 2013 are described below under "Independent Registered Public Accounting Firm." The Audit Committee of the Board of Directors has appointed Baker Tilly to serve as the independent registered public accounting firm for the year ending December 31, 2015. Shareholders will be asked to ratify this appointment. Although action by the shareholders on this matter is not required, the Audit Committee believes it is appropriate to seek shareholder ratification of the appointment of the independent registered public accounting firm to provide a forum for shareholders to express their views with regard to the Audit Committee's appointment. If the shareholders do not ratify the appointment of Baker Tilly, the selection of independent registered public accounting firm may be reconsidered by the Audit Committee; provided however, the Audit Committee retains the right to continue to engage Baker Tilly. Notwithstanding the ratification of Baker Tilly as the Corporation's independent registered public accounting firm for the year ending December 31, 2015, the Audit Committee retains the right to replace Baker Tilly at any time without shareholder approval. A representative of Baker Tilly is expected to be present at the Annual Meeting and to be available to respond to appropriate questions. The representative will have the opportunity to make a statement if he or she so desires.

Independent Registered Public Accounting Fee Information

Fees for professional services provided by Baker Tilly, the Corporation's independent auditor, for the fiscal years ended December 31, 2014 and 2013 in each of the following categories were:

Services Rendered (1)	2014	2013
Audit Fees	$212,613	$210,440
Audit-Related Fees	12,500	17,800
Tax Fees	—	—
All Other Fees	—	—
Total	$225,113	$228,240

(1) The aggregate fees included in Audit Fees are fees billed *for* the fiscal years. The aggregate fees included in each of the other categories are fees billed *in* the fiscal years. Does not include: foreign statutory audit fees of $24,900 and $28,481 for 2014 and 2013 and foreign tax fees of $6,132 in 2014, respectively by Baker Tilly TFW, LLC, a firm that is also an independent member firm of Baker Tilly International, for audits of the Corporation's foreign subsidiaries.

Audit Fees. The audit fees for 2014 and 2013 include fees for professional services rendered for the audit of the Corporation's annual financial statements included in the Corporation's Form 10-K Reports, the review of the financial statements included in the Corporation's Form 10-Q Reports, and professional services rendered for a required review of the Corporation's other SEC filings.

Audit-Related Fees. The audit-related fees for 2014 and 2013 include fees for audits of the Corporation's employee benefit plan and professional services rendered for a required review of the Corporation's royalty arrangements.

All Other Fees. There were no other fees billed for 2014 and 2013.

Tax Fees. We did not use Baker Tilly for domestic tax services in 2014 or 2013.

Auditor Independence

The Audit Committee has considered the nature of the above-listed services provided by Baker Tilly and determined that the provisions of the services are compatible with Baker Tilly maintaining its independence.

Pre-Approval Policy

The Audit Committee has established pre-approval policies and procedures pursuant to which the Audit Committee pre-approved the foregoing audit and permissible non-audit services provided by Baker Tilly in 2014.

Audit Committee Report

The Audit Committee has prepared the following report on its activities with respect to the Corporation's audited consolidated financial statements for the year ended December 31, 2014, which are referred to herein as the Corporation's audited consolidated financial statements:

- The Audit Committee has reviewed and discussed the audited consolidated financial statements with management.
- The Audit Committee has discussed with Baker Tilly, the Corporation's independent auditors, the matters required to be discussed by Auditing Standard No. 16, as issued by the Public Company Accounting Oversight Board.
- The Audit Committee has received the written disclosures and the letter from Baker Tilly required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committees concerning independence, and has discussed with Baker Tilly their independence.
- Based on the review and discussions referred to above, the Audit Committee has recommended to the Board of Directors that the audited consolidated financial statements be included in the Corporation's Annual Report on Form 10-K for the year ended December 31, 2014, for filing with the Securities and Exchange Commission.

The Audit Committee:

Nicholas A. Giordano, Chairman	Robert N. Masucci
Michael J. McKenna	Philip N. Seamon

The Board of Directors recommends that shareholders vote "FOR" ratification of the appointment of Baker Tilly as the Corporation's independent registered public accounting firm for 2015.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires the Corporation's executive officers and directors and persons who own more than ten percent of a registered class of the Corporation's equity securities (collectively, the "reporting persons") to file reports of ownership and changes in ownership with the Securities and Exchange Commission and to furnish the Corporation with copies of these reports.

Based on the Corporation's review of the copies of these reports received by it and written representations, if any, received from reporting persons with respect to the filing of reports of Forms 3, 4 and 5, the Corporation believes that all filings required to be made by the reporting persons for fiscal year 2014 were made on a timely basis.

SHAREHOLDER PROPOSALS FOR 2016 ANNUAL MEETING

Under the Corporation's bylaws, shareholder proposals with respect to the 2016 Annual Meeting of Shareholders, including nominations for directors, which have not been previously approved by the Board of Directors, must be submitted to the Secretary of the Corporation no later than November 9, 2015. Any such proposals must be in writing and sent either by personal delivery, nationally recognized express mail or United States mail, postage prepaid to Corporate Secretary, IntriCon Corporation, 1260 Red Fox Road, Arden Hills, Minnesota 55112. Each nomination or proposal must include the information required by the bylaws. All late or nonconforming nominations and proposals may be rejected by the officer presiding at the meeting.

Shareholder proposals for the 2016 Annual Meeting of Shareholders must be submitted to the Corporation by November 9, 2015 to receive consideration for inclusion in the Corporation's Proxy Statement relating to the 2016 Annual Meeting of Shareholders. Any such proposal must also comply with SEC proxy rules, including SEC Rule 14a-8, and any applicable requirements set forth in the bylaws.

In addition, shareholders are notified that the deadline for providing the Corporation timely notice of any shareholder proposal to be submitted outside of the Rule 14a-8 process for consideration at the Corporation's 2015 Annual Meeting of Shareholders is November 9, 2015. As to all such matters which the Corporation does not have notice on or prior to November 9, 2015, discretionary authority shall be granted to the persons designated in the Corporation's Proxy related to the 2016 Annual Meeting of shareholders to vote on such proposal.

ANNUAL REPORT TO SHAREHOLDERS

A copy of the Corporation's 2014 Annual Report on Form 10-K for the year ended December 31, 2014 as filed with the SEC is being made available to each shareholder with this Proxy Statement.

The Corporation files reports and other information with the Securities and Exchange Commission, referred to as the "SEC." Copies of these documents may be obtained at the SEC's public reference room in Washington, D.C. The Corporation's SEC filings are also available on the SEC's web site at http://www.sec.gov.

EACH SHAREHOLDER CAN OBTAIN A COPY OF THE CORPORATION'S ANNUAL REPORT ON FORM 10-K, INCLUDING FINANCIAL STATEMENTS AND FINANCIAL SCHEDULES FOR THE YEAR ENDED DECEMBER 31, 2014 AS FILED WITH THE SEC, WITHOUT CHARGE EXCEPT FOR EXHIBITS TO THE REPORT, BY SENDING A

WRITTEN REQUEST TO: INTRICON CORPORATION, 1260 RED FOX ROAD, ARDEN HILLS, MINNESOTA 55112 ATTN: SCOTT LONGVAL.

HOUSEHOLDING

In order to reduce printing costs and postage fees, the Corporation has adopted the process called "householding" for mailing its annual report and proxy statement to "street name holders," which refers to shareholders whose shares are held in a stock brokerage account or by a bank or other nominee. This means that street name holders who share the same last name and address will receive only one copy of the Corporation's annual report and proxy statement, unless the Corporation receives contrary instructions from a street name holder at that address. The Corporation will continue to mail a proxy card to each shareholder of record who requests it.

The Corporation will promptly deliver separate copies of the Corporation's proxy statement and annual report upon written or oral request. If you prefer to receive multiple copies of the Corporation's proxy statement and annual report at the same address, you may obtain additional copies by writing to IntriCon Corporation, Attention: Scott Longval, Chief Financial Officer, 1260 Red Fox Road, Arden Hills, Minnesota 55112 or by calling Mr. Longval at (651) 604-9526. Eligible shareholders of record receiving multiple copies of the annual report and proxy statement can request householding by contacting the Corporation in the same manner.

OTHER MATTERS

The Corporation is not presently aware of any matters (other than procedural matters) that will be brought before the Meeting which are not reflected in the attached Notice of the Meeting. The accompanying proxy confers discretionary authority to vote with respect to any and all of the following matters that may come before the Meeting: (i) matters which the Corporation did not receive notice by November 18, 2014 were to be presented at the Meeting; (ii) approval of the minutes of a prior meeting of shareholders, if such approval does not amount to ratification of the action taken at the meeting; (iii) the election of any person to any office for which a bona fide nominee named in this Proxy Statement is unable to serve or for good cause will not serve; (iv) any proposal omitted from this Proxy Statement and the form of proxy pursuant to Rules 14a-8 or 14a-9 under the Securities Exchange Act of 1934; and (v) matters incident to the conduct of the Meeting. In connection with such matters, the persons named in the accompanying proxy will vote in accordance with their best judgment.

Scott Longval
Chief Financial Officer, Treasurer
and Secretary

IntriCon
The Body-Worn Device Company

Management

Mark S. Gorder
President and Chief Executive Officer

J. Scott Longval
Chief Financial Officer, Secretary and Treasurer

Michael P. Geraci
Vice President, Sales and Marketing

Greg Gruenhagen
Vice President, Quality and Regulatory Affairs

Dennis L. Gonsior
Vice President, Global Operations

Delain Wright
Vice President, Business Development,
Value Hearing Health

Directors

Michael J. McKenna
Chairman of the Board of IntriCon Corporation,
Retired Vice Chairman,
President and Director,
Crown Cork & Seal Company, Inc.

Nicholas A. Giordano
Business Consultant,
Former President and CEO
Philadelphia Stock Exchange

Mark S. Gorder
President and Chief Executive Officer,
IntriCon Corporation

Robert N. Masucci
Chairman of Barclay Brand Corporation
Chairman, Montgomery Capital Advisors, Inc.

Philip N. Seamon
President, Philip N. Seamon, Inc.
Retired Senior Managing Director,
Corporate Finance,
FTI Consulting, Inc.

Legal Counsel

Blank Rome LLP
Philadelphia, Pennsylvania

Auditors

Baker Tilly Virchow Krause
Minneapolis, Minnesota

Transfer Agent and Registrar

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