

INTRICON CORP  
Form S-3  
May 07, 2018

**As filed with the Securities and Exchange Commission on May 7, 2018**

**Registration No. 333-**

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

FORM S-3

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

INTRICON CORPORATION

**(Exact name of registrant as specified in its charter)**

**Pennsylvania**                      **23-1069060**  
**(State or other jurisdiction of**   **(I.R.S. Employer**  
**incorporation or organization)** **Identification Number)**

1260 Red Fox Road

Arden Hills, MN 55112

(651) 636-9770

**(Address, including zip code, and telephone number,  
including area code, of registrant's principal executive offices)**

**Scott Longval, Chief Financial Officer**

**c/o IntriCon Corporation**

1260 Red Fox Road

Arden Hills, MN 55112

(651) 636-9770

**(Name, address, including zip code, and telephone number,  
including area code, of agent for service)**

**Copies to:**

**Francis E. Dehel, Esq.**

**Blank Rome LLP**

**One Logan Square**

**130 North 18<sup>th</sup> Street**

**Philadelphia, Pennsylvania 19103**

**Telephone: (215) 569-5500**

**Facsimile: (215) 569-5555**

**Approximate date of commencement of proposed sale to the public:** From time to time after the effective date of this registration statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

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.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

CALCULATION OF REGISTRATION FEE

<b>Title of each class of securities to be registered</b>	<b>Proposed maximum aggregate offering price <sup>(1)(2)(3)</sup></b>	<b>Amount of registration fee<sup>(1)(4)</sup></b>
Common Stock, par value \$1.00 per share	—	—
Preferred Stock, par value \$1.00 per share	—	—
Depositary Shares	—	—
Warrants to Purchase Shares of Common Stock, Shares of Preferred Stock or Depositary Shares	—	—
Subscription Rights to Purchase Shares of Common Stock, Shares of Preferred Stock or Depositary Shares	—	—
Share Purchase Contracts	—	—
Share Purchase Units	—	—
Units	—	—
<b>Total</b>	<b>\$30,000,000.00</b>	<b>\$3,735.00</b>

Not specified as to each class of securities to be registered pursuant to General Instruction II.D of a Registration Statement on Form S-3 under the Securities Act of 1933, as amended (the “Securities Act”). The registrant is hereby registering such indeterminate number or amount, as the case may be, of the securities of each identified class as (1) may from time to time be offered at indeterminate prices, with a total aggregate principal amount or initial purchase price not to exceed \$30.0 million. Securities registered hereby may be offered for U.S. dollars or the equivalent thereof in foreign currencies. Securities registered hereby may be sold separately or in combination with other securities registered hereby.

The securities being registered hereby may be convertible into or exchangeable or exercisable for other securities of any identified class. In addition to the securities that may be issued directly under this registration statement, there is being registered hereunder such indeterminate aggregate number or amount, as the case may be, of the (2) securities of each identified class as may from time to time be issued upon the conversion, exchange, settlement or exercise of other securities offered hereby. Separate consideration may or may not be received for securities that are issued upon the conversion or exercise of, or in exchange for, other securities or that are issued in units or represented by depositary shares or subscription rights.

Estimated solely for the purpose of computing the registration fee pursuant to Rule 457(o) under the Securities Act, (3) and exclusive of accrued interest, distributions and dividends, if any. The proposed maximum offering price will be determined from time to time in connection with the issuance of the securities registered hereunder.

(4) Calculated pursuant to Rule 457(o) under the Securities Act.

**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with section 8(a) of the Securities Act or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting**

**pursuant to said section 8(a), may determine.**

**The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.**

**SUBJECT TO COMPLETION, DATED MAY 7, 2018**

**PROSPECTUS**

**\$30,000,000.00**

INTRICON CORPORATION.

Common Stock, Preferred Stock, Depositary Shares

Warrants to Purchase Common Stock, Preferred Stock or Depositary Shares

Subscription Rights to Purchase Common Stock, Preferred Stock or Depositary Shares

Share Purchase Contracts

Share Purchase Units

Units

We may offer from time to time securities described in this prospectus separately or together in any combination. We may offer and sell such securities in one or more offerings with a total aggregate principal amount or initial purchase price not to exceed \$30.0 million. These securities may be convertible into or exchangeable for our other securities.

This prospectus provides a general description of these securities. We will provide you with specific information about the offering and terms of these securities in supplements to this prospectus. The prospectus supplement may also add to, update, supplement or clarify information contained in this prospectus. This prospectus may not be used to offer or sell securities unless accompanied by a prospectus supplement.

**You should carefully read this prospectus and any applicable prospectus supplement, together with any documents incorporated by reference, before you invest in our securities.**

We may offer and sell these securities on a continuous or delayed basis, at prices and on terms to be determined at the time of any particular offering, directly to purchasers, through agents, dealers or underwriters as designated from time to time, or through a combination of these methods. See “Plan of Distribution.” The prospectus supplement for each offering will describe in detail the plan of distribution for that offering and will set forth the names of underwriters, dealers or agents, if any, involved in the offering and any applicable discounts or commissions payable to them. Net proceeds from the sale of the securities also will be set forth in the applicable prospectus supplement.

Unless otherwise stated in a prospectus supplement, none of these securities will be listed on any securities exchange. Our common stock is listed on the NASDAQ Global Market under the symbol “IIN.” On April 30, 2018, the reported last sale price of our common stock was \$23.30 per share. On such date, the aggregate market value of our outstanding common stock held by non-affiliates, or “public float,” was approximately \$141.3 million based upon 6,964,458 shares of our outstanding stock, of which 6,065,235 shares were held by non-affiliates.

**Investing in our securities involves risks. See “Risk Factors” beginning on page 1 of this prospectus. You should carefully read and consider the risk factors described in the applicable prospectus supplement and in the documents we incorporate by reference before you invest in our securities.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.**

The date of this prospectus is \_\_\_\_\_, 2018.



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## ABOUT THIS PROSPECTUS

This prospectus is part of a “shelf” registration statement on Form S-3 that we filed with the Securities and Exchange Commission, referred to as the “SEC,” under the Securities Act of 1933, as amended, referred to as the “Securities Act.” Under this shelf registration statement, we are registering securities described in this prospectus with a total aggregate principal amount or initial purchase price not to exceed \$30.0 million. We may, from time to time, offer and sell such securities, or any combination of such securities, in one or more offerings.

This prospectus provides you with a general description of the securities we may offer. Each time we offer or sell securities, we will provide you with a prospectus supplement containing specific information about the terms of that offering. The prospectus supplement may also add to, update, supplement or clarify information contained or incorporated by reference, as applicable, in this prospectus. If there is any inconsistency between the information in this prospectus and the information in the prospectus supplement, you should rely on the information in the prospectus supplement. This prospectus does not contain all of the information set forth in the registration statement and the exhibits to the registration statement. For further information concerning us and the securities, you should read the entire registration statement and the additional information described under “Documents Incorporated by Reference” below.

Unless the context requires otherwise or unless otherwise indicated, (i) all references to “IntriCon,” “Company,” “we,” “our,” or “us” refer collectively to IntriCon Corporation and its consolidated subsidiaries; and (ii) all references to “common shares” refer to shares of our common stock and all references to “preferred stock” refer to shares of our preferred stock.

**You should rely only on the information contained or incorporated by reference, as applicable, in this prospectus, any prospectus supplement, or other offering materials related to an offering of securities described in this prospectus. We have not authorized anyone to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it.**

**You should not assume that the information contained or incorporated by reference, as applicable, in this prospectus, any prospectus supplement, or other offering materials related to an offering of securities described in this prospectus is accurate as of any date other than the date of that document. Neither the delivery of this prospectus, any prospectus supplement or other offering materials related to an offering of securities described in this prospectus, nor any distribution of securities pursuant to this prospectus, any such prospectus supplement, or other offering materials shall, under any circumstances, create any implication that there has been no change in the information set forth or incorporated by reference, as applicable, in this prospectus, any such prospectus supplement or other offering materials since the date of each such document. Our business, financial condition, results of operations and prospects may have changed since those dates.**

**This prospectus does not constitute, and any prospectus supplement or other offering materials related to an offering of securities described in this prospectus will not constitute, an offer to sell, or a solicitation of an offer to purchase, the offered securities in any jurisdiction to or from any person to whom or from whom it is unlawful to make such offer or solicitation in such jurisdiction.**

## INTRICON

We are an international company engaged in designing, developing, engineering, manufacturing and distributing body-worn devices. We serve the body-worn device market by designing, developing, engineering, manufacturing and distributing micro-miniature products, microelectronics, micro-mechanical assemblies, complete assemblies and software solutions, primarily for the emerging value based hearing healthcare market (which includes the hearing health direct to consumer market), the hearing health market, the medical bio-telemetry market and the professional audio communication market.

Our executive offices are located at 1260 Red Fox Road, Arden Hills, MN 55112, and our telephone number at that address is (651) 636-9770.

## RISK FACTORS

Investing in our securities involves risks. You should carefully consider the risks described in any prospectus supplement and those incorporated by reference into this prospectus before making an investment decision. The risks and uncertainties described in any prospectus supplement and incorporated by reference into this prospectus are not the only ones facing our company. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations. If any of these risks actually occur, our business, financial condition and results of operations could be materially affected. In that case, the value of our securities could decline substantially and you could lose all or part of your investment in these securities. Please also refer to section below entitled "Cautionary Statement Relating to Forward-Looking Statements" for additional information related to risk factors that we may face.

## WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any documents we file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, our filings with the SEC are available to the public through the SEC's Internet site at <http://www.sec.gov>. Information about us is also available on our website at <http://www.intricon.com>. The information contained on or linked to our website is not part of this prospectus.

## Edgar Filing: INTRICON CORP - Form S-3

This prospectus is part of a registration statement on Form S-3 filed with the SEC under the Securities Act. This prospectus does not contain all of the information set forth in the registration statement and the exhibits to the registration statement. For further information concerning us and the securities, you should read the entire registration statement and the additional information described under “Documents Incorporated by Reference” below. The registration statement has been filed electronically and may be obtained in any manner listed above. Any statements contained in this prospectus concerning the provisions of any document are not necessarily complete, and, in each instance, reference is made to the copy of such document filed as an exhibit to the registration statement or otherwise filed with the SEC. Each such statement is qualified in its entirety by such reference.

### DOCUMENTS INCORPORATED BY REFERENCE

The SEC rules allow us to incorporate by reference information in this prospectus. This means that we can disclose important information to you by referring you to another document. Any information referred to in this way is considered part of this prospectus from the date we file that document with the SEC. Information that we file with the SEC in the future automatically will update and supersede, where applicable, the information contained in this prospectus and in the documents previously filed with the SEC and incorporated by reference into this prospectus.

We incorporate by reference into this prospectus the following documents or information filed (File No. 1-5005) with the SEC (other than, in each case, information deemed to have been furnished or not filed in accordance with SEC rules):

- (a) our Annual Report on Form 10-K for the fiscal year ended December 31, 2017;
- (b) all other reports filed by us with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), since December 31, 2017; and
- (c) the description of our common stock which is incorporated by reference to our Form 8-A filed with the SEC on December 28, 2007.

All documents filed by us pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act after the date of this registration statement and prior to the filing of a post-effective amendment which indicates that all securities offered have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference in this registration statement and to be part of this registration statement from the date of the filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated herein by reference shall be deemed to be modified or superseded for purposes of this registration statement to the extent that a statement contained herein (or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein) modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute part of this prospectus.

To the extent that any information contained in any Current Report on Form 8-K, or any exhibit thereto, is or was furnished to, rather than filed with, the SEC, such information or exhibit is specifically not incorporated by reference.

We will provide, without charge, to each person to whom this prospectus is delivered, upon the written or oral request by such person, a copy of the documents incorporated by reference as described above (other than exhibits to such documents, unless such exhibits are specifically incorporated by reference into such documents). Please direct your oral or written request to:

Scott Longval, Chief Financial Officer

c/o IntriCon Corporation

1260 Red Fox Road

Arden Hills, MN 55112

(651) 636-9770



CAUTIONARY STATEMENT RELATING TO FORWARD-LOOKING STATEMENTS

Certain oral statements made by our management from time to time and some of the statements in this prospectus, the documents incorporated by reference into this prospectus and in any prospectus supplement may be deemed “forward-looking statements” within the meaning of Section 21E of the Exchange Act, and Section 27A of the Securities Act, which are intended to be covered by the safe harbors created by those provisions. All statements, other than statements of historical fact, that discuss goals, intentions and expectations as to future trends, plans, events, results of operations or financial condition, or state other information relating to us are forward-looking statements. The words “look forward to,” “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “will,” “would,” “should,” “guidance,” “potential,” “opportunity,” “continue,” “project,” “forecast,” “confident,” “prospects,” “schedule,” “designed,” “fu,” “discussions,” “if” and similar expressions, and the negative thereof, typically are used to identify forward-looking statements. Forward-looking statements are based on the then-current expectations, beliefs, assumptions, estimates and forecasts about our business.

These statements are not guarantees of future performance and are subject to a number of risks and uncertainties that could cause actual results to differ materially from what is expressed or implied by these forward-looking statements. Factors that could cause actual results to differ from those anticipated include, but are not limited to:

our ability to successfully implement our business and growth strategy;

risks arising in connection with the insolvency of our former subsidiary, Selas SAS, and potential liabilities and actions arising in connection with that insolvency;

the volume and timing of orders received by us, particularly from Medtronic and hi HealthInnovations;

changes in our estimated future cash flows;

our ability to collect our accounts receivable;

foreign currency movements in markets that we serve;

changes in the global economy and financial markets;

weakening demand for our products due to general economic conditions;



changes in the mix of products sold;

our ability to meet demand;

changes in customer requirements;

timing and extent of research and development expenses;

FDA approval, timely release and acceptance of our products and the products of our customers;

competitive pricing pressures;

pending and potential future litigation;

cost and availability of electronic components and commodities for our products;

our ability to create and market products in a timely manner and develop products that are inexpensive to manufacture;

our ability to comply with covenants in our debt agreements or to obtain waivers if we do not comply;

our ability to repay debt when it comes due;

our ability to obtain extensions of our current credit facility or a new credit facility;

the loss of one or more of our major customers;

our ability to identify, complete and integrate acquisitions;

effects of legislation;

effects of foreign operations;

our ability to develop new products;

our ability to recruit and retain engineering and technical personnel;

the costs and risks associated with research and development investments;

the recent recessions in Europe and the debt crisis in certain countries in the European Union;

our ability and the ability of our customers to protect intellectual property;

cybersecurity threats;

loss of members of our senior management team; and

other risk factors set forth in our most recent Annual Report on Form 10-K or any subsequent Quarterly Report on Form 10-Q, which are incorporated by reference into this prospectus, and referenced in this prospectus or the applicable prospectus supplement.

Unpredictable or unknown factors could also have material adverse effects on us. All forward-looking statements are expressly qualified in their entirety by the foregoing cautionary statements. Except as required under the Federal securities laws and rules and regulations of the SEC, we undertake no obligation to update, amend, or clarify forward-looking statements, whether as a result of new information, future events, or otherwise.

#### USE OF PROCEEDS

Unless otherwise indicated in the prospectus supplement, we intend to use the net proceeds from the sale of securities offered by the prospectus for general corporate purposes and working capital requirements. We may also use a portion of the net proceeds to:

license or acquire intellectual property or technologies to incorporate into our products,

fund capital expenditures,

fund possible investments in and acquisitions of complementary businesses, partnerships, or minority investments or

repay bank debt.

We have not determined the amounts we plan to spend on the areas listed above or the timing of these expenditures. As a result, our management will have broad discretion to allocate the net proceeds of the offerings.

We have no current plans, commitments or agreements with respect to any acquisition as of the date of this prospectus.

Our current credit facility provides that we must use the net proceeds from any equity offering to make a mandatory prepayment of the term loan and capital expenditure loan under that credit facility. We expect that, prior to any offering, we will seek consents, waivers or amendments to permit us to retain all or a substantial portion of the net proceeds to be used as discussed above.

## **DESCRIPTION OF SECURITIES WE MAY SELL**

### Capital Stock

*The following description of our capital stock includes a summary of certain provisions of applicable Pennsylvania law, our articles of incorporation and bylaws. The following description of the terms of the preferred stock we may issue sets forth certain general terms and provisions of any series of preferred stock to which any prospectus supplement may relate. Particular terms of the preferred stock offered by any prospectus supplement and the extent, if any, to which these general terms and provisions shall apply to any series of preferred stock so offered will be described in the prospectus supplement relating to the applicable preferred stock. The applicable prospectus supplement may also state that any of the terms set forth in this description are inapplicable to such series of preferred stock. This description of our capital stock does not purport to be complete and is subject to and qualified in its entirety by reference to applicable Pennsylvania law and the provisions of our articles of incorporation, bylaws and any applicable certificates of designation, which have been or will be filed with the SEC. See “Where You Can Find More Information” for information on how to obtain copies of these documents.*

### General

If the prospectus supplement so provides, offered securities may be convertible into, exchangeable for or exercisable for shares of our capital stock. As described under “Description of Securities We May Sell—Depositary Shares”, we may, at our option, elect to offer depositary shares evidenced by depositary receipts, each representing an interest (to be specified in the prospectus supplement relating to the particular series of the preferred stock) in a share of the particular series of the preferred stock issued and deposited with a preferred stock depositary.

### Authorized Capitalization

As of April 30, 2018, our authorized capital stock consisted of (i) 20,000,000 shares of common stock, par value \$1.00 per share, of which 6,964,458 shares were issued and outstanding, and (ii) 1,000,000 shares of preferred stock, par value \$1.00 per share, of which none was issued and outstanding.

#### Common Stock

The rights, preferences and privileges of the holders of common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any then outstanding preferred stock.

#### *Dividend Rights.*

The holders of our common stock may receive cash dividends, if and when declared by our board of directors out of funds legally available for that purpose, and subject to preferential rights of the holders of preferred stock outstanding at the time.

#### *Voting Rights.*

Subject to the rights specifically granted to holders of any then outstanding preferred stock, our common shareholders are entitled to vote together as a class on all matters submitted to a vote of our shareholders, including the election of directors. Each share of common stock entitles the holder thereof to one vote on each matter to come before the shareholders, except as otherwise provided in our articles of incorporation or by law. Holders of our common stock do not have cumulative voting rights with respect to the election of directors.

*No Pre-emptive or Other Rights.*

Holders of common stock are not entitled to pre-emptive, subscription, conversion or redemption rights.

*Right to Receive Liquidation Distributions.*

Upon our dissolution or liquidation, holders of our common stock are entitled to share ratably in our net assets after payment or provision for all liabilities and any preferential liquidation rights of our preferred stock then outstanding.

Preferred Stock

Our board of directors may from time to time authorize the issuance of one or more series of preferred stock without shareholder approval. Subject to the provisions of our articles of incorporation and limitations prescribed by law, our board of directors is authorized to adopt resolutions to, among other things, issue shares of preferred stock in one or more series and to fix or change the determination of the voting rights, designations, preferences, limitations, special and relative rights of the shares of any class or series of the preferred stock. The authority of the board with respect to each class or series of preferred stock includes, but is not limited to, the determination of the following:

the number of shares constituting that class or series and the distinctive designation of that class or series;

the dividend rate on the shares of that class or series, whether the preferred stock will also be entitled to any participating or other dividends and whether dividends shall be cumulative, and, if so, from which date or dates;

whether that class or series shall have voting rights, in addition to any voting rights provided by law, and, if so, the terms and conditions of such voting rights;

whether the shares shall be convertible into, or exchangeable for, any other shares of our stock or other securities and, if so, the terms and conditions of such conversion or exchange, including the conversion or exchange price or prices or rate or rates, provisions for any adjustment of the conversion or exchange prices or rates, and whether the shares shall be convertible or exchangeable at the option of the holder or us, or both, or upon the happening of a specified event or events;

whether the shares shall be redeemable and, if so, the terms and conditions, if any, upon which they may be redeemed, including the date or dates or event or events upon or after which they shall be redeemable, the cash, property or rights (including our securities or of an entity or entities other than us) for which they may be redeemed, whether they shall be redeemable at the option of the holder or us, or both, or upon the happening of a specified event or events and the amount or rate of cash, property or rights per share payable in case of redemption, which amount may vary under different conditions and at different redemption dates, including provisions for any adjustment of the redemption prices or rates;

whether the shares shall be entitled to the benefit of a retirement or sinking fund to be applied to the purchase or redemption of such shares and, if so entitled, the amount of such fund and the terms and provisions relative to the operation thereof;

the rights of the holders of the shares in the event of our voluntary or involuntary liquidation, dissolution, winding up or distribution of our assets;

whether the shares shall have priority over or parity with or be junior to the shares of any other series or class in any respect or shall be entitled to the benefit of limitations restricting the issuance of shares of any other series or class having priority over or parity with the shares of such series in any respect, or restricting the payment of dividends on or the making of other distributions in respect of shares of any other series or class ranking junior to the shares of the series as to dividends or distributions or restricting the purchase or redemption of the shares of any such junior series or class, and the terms of any such restriction;

subject to the provisions of the next paragraph, any other preferences, qualifications, limitations, restrictions and relative or special rights or such series.

In the resolution or resolutions authorizing a new series of preferred stock, our board of directors may provide for such additional rights, and with respect to rights as to dividends, redemption and liquidation, such relative preferences between shares of different series, as are consistent with the rights of all outstanding shares of previously established series, and with all provisions of our articles of incorporation, but in the resolution or resolutions authorizing a new series of preferred stock our board of directors may provide that such series shall have a preference over outstanding preferred stock of any previously created series with respect to rights as to dividends, redemption and liquidation only to the extent that the resolution or resolutions of the board of directors authorizing such previously created series expressly so permits.

We will describe any the terms of any class of preferred stock authorized by our board of directors in the applicable prospectus supplement.

The issuance of such preferred stock may adversely affect the rights of holders of our common stock by, among other things:

restricting the payment of dividends on our common stock;

diluting the voting power of our common stock;

reducing the amount of assets remaining for payment to holders of shares in the event of a liquidation of assets or otherwise impairing the liquidation rights of our common stock;

delaying or preventing a change in control without further action by the shareholders; or

decreasing the market price of our common stock.

One of the effects of undesignated preferred stock whose terms may be set by the board of directors may be to enable our board of directors to discourage an attempt to obtain control of our company by means of a tender offer, proxy contest, merger or otherwise.



***Anti-Takeover Considerations and Special Provisions of the Articles of Incorporation, Bylaws and Pennsylvania Law***

Our articles of incorporation and bylaws contain a number of provisions relating to corporate governance and to the rights of shareholders. Certain of these provisions may be deemed to have a potential “anti-takeover” effect by delaying, deferring or preventing a change of control of us. In addition, certain provisions of Pennsylvania law may have a similar effect.

***Preferred Stock***

Our ability to issue preferred shares in the future having terms established by the board of directors without shareholder approval, while providing flexibility in connection with possible acquisitions and other corporate purposes, could adversely affect the voting power of holders of common stock. As noted above, one of the effects of undesignated preferred stock whose terms may be set by the board of directors may be to enable our board of directors to discourage an attempt to obtain control of our company by means of a tender offer, proxy contest, merger or otherwise.

*Classified Board of Directors*

Our bylaws provide that our directors be classified into three classes, as nearly equal in number as possible, with one class being elected each year. Each director holds office for a term of three years until his or her successor is duly elected and qualified unless his or her term ends earlier due to death, resignation or removal. Any director or the entire board of directors may be removed only for cause and only upon the affirmative vote of two-thirds of all of the shares outstanding and entitled to vote; provided that the board of directors retains the right conferred by Pennsylvania corporate law to declare vacant the office of a director for reasons specified therein.

Under the classified board provisions described above, it would take at least two elections of directors for any individual or group to gain control of our board of directors. Accordingly, these provisions could discourage a third party from initiating a proxy contest, making a tender offer or otherwise attempting to gain control of us.

*Removal of Directors*

Our directors may be removed only for cause and only upon the affirmative vote of the holders of at least two-thirds of all of the shares of common stock outstanding and entitled to vote. This provision could also discourage a third party from initiating a proxy contest, making a tender offer or otherwise attempting to gain control of us.

*Amendment to Articles of Incorporation and Bylaws*

Under the Pennsylvania Business Corporation Law of 1988, as amended, referred to as the "BCL," shareholders may not propose an amendment to our articles of incorporation.

Our bylaws provide that the affirmative vote of the holders of at least two-thirds of our voting stock then outstanding, voting together as a single class, is required to amend or repeal provisions of our bylaws relating to a classified board or the removal of a director or the entire board of directors. Except for such provision, our bylaws generally may be amended by our board or by the affirmative vote of the holders of a majority of the outstanding shares entitled to vote, present in person or represented by proxy, at a meeting at which a quorum is present, though such a majority be less than a majority of all of the shares entitled to vote thereon.

*Special Meetings*

Under the BCL, special meetings of shareholders may be called only by the board of directors. This provision may have the effect of delaying consideration of a shareholder proposal until the next annual meeting unless a special meeting is called by our board.

*Advance Notice Procedures*

Our bylaws require our shareholders to provide advance notice if they wish to submit a proposal or nominate candidates for director at a meeting of shareholders. These procedures provide that notice of shareholder proposals and shareholder nominations for the election of directors at a meeting of shareholders must be made in writing and received by our secretary, in the case of proposals, or the chairman of the nominating committee, in the case of director nominations, at our principal executive offices, in the case of an annual meeting, no later than the date upon which shareholder proposals must be submitted to us for inclusion in our proxy statement relating to such meeting pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended, and, in the case of a special meeting, the earlier of (a) 30 days prior to the printing of our proxy materials or information statement with respect to such meeting or (b) if no proxy materials or information statement are being distributed to shareholders, at least the close of business on the fifth day following the date on which notice of such meeting is first given to shareholders. Each nomination or proposal must set forth:

the name and address of the shareholder making the nomination or proposal and the person or persons nominated, or the subject matter of the proposal;

a representation that the shareholder is a holder of record, and/or beneficial owner, of the voting stock entitled to vote at the meeting and intends to appear in person or by proxy at the meeting to vote for the person or persons nominated, or the proposal submitted;

a description of all arrangements and understandings between the shareholder and each nominee or any other person or persons pursuant to which the nomination was made, or the proposal was submitted, by the shareholder;

such other information regarding each nominee proposed by such shareholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission had the nominee been nominated by the nominating committee; and

the consent of each nominee to serve as a director, if so elected.

*Pennsylvania Anti-Takeover Provisions*

The BCL includes certain provisions that may have an anti-takeover effect, including the following:

a director of a classified board may be removed by shareholders only for cause;

shareholders of “registered corporations,” such as IntriCon, are not entitled to call special meetings of the shareholders;

actions by shareholders of registered corporations without a meeting must receive the unanimous written consent of all shareholders; and

shareholders of registered corporations are not entitled to propose amendments to the articles of incorporation.

In addition, under the BCL, subject to certain exceptions, a business combination between a Pennsylvania corporation and a person owning 20% or more of such corporation’s voting stock, or an “interested person,” may be accomplished only if:

the business combination is approved by the corporation’s directors prior to the date on which such person acquired 20% or more of such stock, or if the board approved such person’s acquisition of 20% or more of such stock, prior to such acquisition;

the business combination is approved by the vote of shareholders entitled to cast a majority of votes that all shareholders would be entitled to cast in an election of directors (excluding shares held by the interested person), if the interested person owns shares entitled to cast at least 80% of the votes all shareholders would otherwise be entitled

to cast in the election of directors, which vote may occur no earlier than three months after the interested person acquired its 80% ownership, and the consideration received by shareholders in the business combination satisfies certain minimum conditions;

the business combination is approved by the affirmative vote of all outstanding shares of common stock;

the business combination is approved by the vote of shareholders entitled to cast a majority of the votes that all shareholders would be entitled to cast in the election of directors (excluding shares held by the interested person), which vote may occur no earlier than five years after the interested person became an interested person; or

the business combination is approved at a shareholders' meeting called for such purpose no earlier than five years after the interested person became an interested person, and the consideration received by shareholders in the business combination satisfies certain minimum conditions.

A corporation may exempt itself from this provision by an amendment to its articles of incorporation that requires shareholder approval. Our articles of incorporation do not provide an exemption from this provision.