



**Part II Organizational Action** (continued)

**17** List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ See Attached.

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**18** Can any resulting loss be recognized? ▶ See Attached.

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**19** Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ See Attached.

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Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**  
Signature ▶ 1st Jerome E. Fox, Jr. Date ▶ 7-15-2020  
Print your name ▶ **Jerome E. Fox, Jr.** Title ▶ **Vice President Corporate Tax**

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	<b>Tyler L. Arbogast</b>	<i>Tyler L. Arbogast</i>	<b>7/15/2020</b>		<b>P01054152</b>
	Firm's name ▶ <b>Ernst &amp; Young U.S. LLP</b>	Firm's EIN ▶ <b>34-6565596</b>		Phone no. <b>202-327-6867</b>	
Firm's address ▶ <b>1101 New York Ave NW, Washington DC 20005</b>					

# Invacare Corporation

## Attachment to Form 8937, Report of Organizational Action Affecting Basis of Securities

The information in this document does not constitute tax advice and is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties under the Internal Revenue Code of 1986, as amended (the “Code”). Holders of the Existing Notes and the New Notes (each as defined below) should consult their own tax advisors regarding the particular tax consequences of the Exchange (as defined below) to them, including the applicability and effect of all U.S. federal, state and local and non-U.S. tax laws.

### Form 8937, Part I, Line 10

<u>Series of Existing Notes</u>	<u>CUSIP</u>
5.00% Convertible Senior Notes due 2021	461203AF8
4.50% Convertible Senior Notes due 2022	461203AH4

  

<u>Series of New Notes</u>	<u>CUSIP</u>
5.00% Series II Convertible Senior Exchange Notes due 2024	461203AL5

### Form 8937, Part II, Line 14

On June 4, 2020 (the “Exchange Date”), Invacare Corporation (“Issuer”) completed an exchange (the “Exchange”) of a portion of its 5.00% Convertible Senior Notes due 2021 (the “2021 Notes”) and its 4.50% Convertible Senior Notes due 2022 (the “2022 Notes”, and together with the 2021 Notes, the “Existing Notes”) held by certain holders for a combination of (i) \$1,000 principal amount of 5.00% Series II Convertible Senior Exchange Notes due 2024 (the “New Notes”), (ii) a cash payment equal to the accrued and unpaid interest on the Existing Notes up to, but excluding, the Exchange Date, and (iii) an additional cash payment equal to \$120, in the case of the 2021 Notes, or \$35, in the case of the 2022 Notes (the “Exchange Cash” and, together with the New Notes, the “Exchange Consideration”), for each \$1,000 principal amount of the Existing Notes exchanged. The Issuer has determined that the Exchange constitutes a “significant modification” of the Existing Notes within the meaning of Treasury Regulation § 1.1001-3(e), resulting in a deemed exchange of the Existing Notes for the New Notes and Exchange Cash for U.S. federal income tax purposes.

### Form 8937, Part II, Line 15

The exchange of the Existing Notes for the Exchange Consideration pursuant to the Exchange should qualify as a “recapitalization” (within the meaning of Section 368(a)(1)(E) of the Code) for U.S. federal income tax purposes if the Existing Notes and New Notes each constitute “securities” of the Issuer for U.S. federal income tax purposes. The term “security” is not defined in the Code or in the Treasury Regulations issued thereunder and, as applied to debt obligations, the meaning of the term “security” is unclear.

If the Exchange qualifies as a recapitalization for U.S. federal income tax purposes, a holder's aggregate tax basis in the New Notes received in the Exchange generally should equal such holder's aggregate adjusted tax basis in its Existing Notes immediately before the Exchange (excluding accrued but unpaid interest), increased by any gain recognized in respect of the Exchange Cash and decreased by the amount of the Exchange Cash.

If the Exchange does not qualify as a recapitalization for U.S. federal income tax purposes, the Exchange would be a taxable transaction for U.S. federal income tax purposes. In that case, a holder's aggregate tax basis in the New Notes received in the Exchange generally would equal the issue price of the New Notes.

Holders of the Existing Notes should consult their own tax advisors regarding the possible classification of the Existing Notes and New Notes as securities and the tax consequences of the Exchange to them.

**Form 8937, Part II, Line 16**

If the Exchange qualifies as a recapitalization for U.S. federal income tax purposes, a holder's aggregate tax basis in the New Notes received in the Exchange would equal such holder's aggregate adjusted tax basis in its Existing Notes immediately before the Exchange (excluding accrued but unpaid interest), increased by any gain recognized in respect of the Exchange Cash and decreased by the amount of the Exchange Cash.

If the Exchange does not qualify as a recapitalization for U.S. federal income tax purposes, the Exchange would be a taxable transaction for U.S. federal income tax purposes. In that case, a holder's aggregate tax basis in the New Notes received in the Exchange generally would equal the issue price of the New Notes.

Issuer has determined that, as of the Exchange Date, the New Notes and the 2021 Notes were not "traded on an established market" within the meaning of Treasury Regulation § 1.1273-2(f), because the outstanding principal amount of the New Notes and 2021 Notes was less than \$100 million. Therefore, the issue price of the New Notes is determined by reference to the fair market value of the 2022 Notes, which were "traded on an established market" based on indicative quotes received from the pricing service Bloomberg, reduced for the Exchange Cash received. Accordingly, Issuer has determined that the issue price of the New Notes as of the Exchange Date was as follows:

<b>Debt Tranche</b>	<b>Issue Price (%)</b>
New Notes	82.543%

Holders of the Existing Notes should consult their own tax advisors to determine the tax consequences of the Exchange to them.

**Form 8937, Part II, Line 17**

Sections 354, 356, 358, 368, 1001, and 1012 of the Code.

**Form 8937, Part II, Line 18**

No loss would be recognized for U.S. federal income tax purposes.

**Form 8937, Part II, Line 19**

The reportable tax year is 2020 with respect to calendar year taxpayers.