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Invacare Corporation
One Invacare Way
Elyria, Ohio 44035

April 7, 2011

To the Shareholders of

INVACARE CORPORATION:

This year's Annual Meeting of Shareholders will be held at 10:00 A.M. (EDT), on Thursday, May 19, 2011, at the Lorain County Community College, Spitzer Conference Center, Grand Room, 1005 North Abbe Road, Elyria, Ohio. We will be reporting on Invacare's activities and you will have an opportunity to ask questions about its operations.

We hope that you are planning to attend the annual meeting personally and we look forward to seeing you. **Whether or not you expect to attend in person, the return of the enclosed proxy as soon as possible would be greatly appreciated and will ensure that your shares will be represented at the annual meeting. If you do attend the annual meeting, you may, of course, withdraw your proxy should you wish to vote in person.**

On behalf of the Board of Directors and management of Invacare Corporation, I would like to thank you for your continued support and confidence.

Sincerely yours,

A handwritten signature in black ink, appearing to read "A. Malachi Mixon, III".

A. MALACHI MIXON, III
Chairman of the Board of Directors



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Invacare Corporation

Notice of Annual Meeting of Shareholders To Be Held On May 19, 2011

The Annual Meeting of Shareholders of Invacare Corporation (the "Company") will be held at the Lorain County Community College, Spitzer Conference Center, Grand Room, 1005 North Abbe Road, Elyria, Ohio on Thursday, May 19, 2011, at 10:00 A.M. (EDT), for the following purposes:

1. To elect three directors to the class whose one-year term will expire in 2012;
2. To ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for its 2011 fiscal year;
3. To hold an advisory vote on the compensation of the Company's named executive officers;
4. To hold an advisory vote on the frequency of future advisory votes on the compensation of the Company's named executive officers; and
5. To transact any other business as may properly come before the annual meeting.

Holders of common shares and Class B common shares of record as of the close of business on Friday, March 25, 2011 are entitled to vote at the annual meeting. It is important that your shares be represented at the annual meeting. For that reason, we ask that you promptly sign, date and mail the enclosed proxy card in the return envelope provided. Shareholders who attend the annual meeting may revoke their proxy and vote in person.

By Order of the Board of Directors,

Anthony C. LaPlaca
Secretary

April 7, 2011

**Important Notice Regarding the Availability of Proxy Materials
for the Shareholder Meeting to Be Held on May 19, 2011:**

**The Proxy Statement and the 2010 Annual Report are also available
at www.invacare.com/annualreport.**



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Invacare Corporation

**Proxy Statement
For the Annual Meeting of Shareholders
May 19, 2011**

Why am I receiving these materials?

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors of Invacare for use at the Annual Meeting of Shareholders to be held on May 19, 2011 and any adjournments or postponements that may occur. The time, place and purposes of the annual meeting are set forth in the Notice of Annual Meeting of Shareholders, which accompanies this proxy statement. This proxy statement is being mailed to shareholders on or about April 7, 2011.

Who is paying for this proxy solicitation?

The Company will pay the expense of soliciting proxies, including the cost of preparing, assembling and mailing the notice, proxy statement and proxy. In addition to the solicitation of proxies by mail, Invacare's directors, officers or employees, without additional compensation, may make solicitations personally and by telephone. The Company may also reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners.

Who is entitled to vote?

Only shareholders of record at the close of business on March 25, 2011, the record date for the meeting, are entitled to receive notice of and to vote at the annual meeting. On this record date, there were 30,830,451 common shares and 1,084,747 Class B common shares outstanding and entitled to vote.

How many votes do I have?

On each matter to be voted on, you have one vote for each outstanding common share you own as of March 25, 2011 and ten votes for each outstanding Class B common share you own as of March 25, 2011.

How do I vote?

If you are a shareholder of record, you can vote in person at the annual meeting or you can vote by signing and mailing in your proxy card in the enclosed envelope. If you are a shareholder of record, the proxy holders will vote your shares based on your directions.

If you sign and return your proxy card, but do not properly direct how your shares should be voted on a proposal, the proxy holders will vote "**FOR**" each of the director nominees named in proposal 1, "**FOR**" proposals 2 and 3, and for a "**ONE**" year frequency in Proposal 4, and will use their discretion on any other proposals and other matters that may be brought before the annual meeting.

If you hold common shares through a broker or nominee, you may vote in person at the annual meeting only if you have obtained a signed proxy from your broker or nominee giving you the right to vote your shares.

How do I vote my common shares held in the Invacare Retirement Savings Plan?

If you are a participant in the Invacare Retirement Savings Plan, the voting instruction card should be used to instruct the trustee for the Invacare Retirement Savings Plan as to how to vote the number of common shares that you are entitled to vote under the plan. If you do not timely instruct the trustee for the Invacare Retirement Savings Plan as to how to vote the shares credited to your account under the plan, your shares, together with all other uninstructed shares, will be voted in the same proportions that shares for which instructions were received will be voted.

What are the voting recommendations of the Board of Directors?

Our Board of Directors recommends that you vote:

- **“For”** the election of the three nominated directors to the class whose one-year term will expire in 2012;
- **“For”** the ratification of the appointment of Ernst & Young LLP as the Company’s independent registered public accounting firm for its 2011 fiscal year;
- **“For”** the approval of the compensation of the named executive officers; and
- For a frequency of **“One”** year for future shareholder votes regarding the compensation of the named executive officers.

What vote is required to approve each proposal?

Except as otherwise provided by Invacare’s amended and restated articles of incorporation or code of regulations, or required by law, holders of common shares and Class B common shares will at all times vote on all matters, including the election of directors, together as one class. The holders of common shares and Class B common shares will vote together as one class on all four proposals described in this proxy statement. No holder of shares of any class has cumulative voting rights in the election of directors.

- Election of Directors (Proposal No. 1). The nominees receiving the greatest number of votes will be elected. A proxy card marked “Withhold Authority” with respect to the election of one or more directors will not be voted with respect to the director or directors indicated. Abstentions and broker non-votes will not be voted for or against or withheld from the election of directors and will not be counted for purposes of determining the number of votes cast in the election of directors. However, please note that our majority voting director resignation procedures under our Code of Regulations require any director nominee who receives a greater number of votes marked “Withhold Authority” than marked “For” his or her election in an uncontested election of directors to promptly tender his or her resignation to the Board following certification of the shareholder vote. Under our procedures, the Governance Committee, or another committee comprised entirely of independent directors or the Board of Directors, will, within 90 days following the certification of the shareholder vote, consider, and the Board will determine, whether to accept the resignation. The Board’s determination and explanation of its decision will be promptly disclosed in a press release or Form 8-K submitted to the SEC.
- Ratification of Independent Registered Public Accounting Firm (Proposal No. 2). Ratification of the appointment of Ernst & Young LLP as the Company’s independent registered public accounting firm requires the affirmative vote of the holders of a majority of the votes cast on the proposal. Abstentions and broker non-votes will not be voted for or against the ratification of the appointment of Ernst & Young LLP and will not be counted in the number of votes cast on the proposal.

- Advisory Vote on Executive Compensation (Proposal No. 3). Advisory approval of the compensation of our named executive officers requires the affirmative vote of the holders of a majority of the votes cast on the proposal. Abstentions and broker non-votes will not be voted for or against approval of our executive compensation and will not be counted in the number of votes cast on the proposal.
- Frequency of the Advisory Shareholder Vote on Executive Compensation (Proposal No. 4). The advisory vote regarding the frequency of future shareholder votes to approve the compensation of our named executive officers will be determined by a plurality of the votes cast. Abstentions and broker non-votes will not be voted for any of the frequency options set forth in this proposal and will not be counted in the number of votes cast on the proposal.

What constitutes a quorum?

A quorum of shareholders will be present at the annual meeting if at least a majority of the aggregate voting power of common shares and Class B common shares outstanding on the record date are represented, in person or by proxy, at the annual meeting. On the record date, 41,677,921 votes were represented by outstanding shares; therefore, shareholders representing at least 20,838,961 votes will be required to establish a quorum. Abstentions and broker non-votes will be counted for the purpose of determining the presence of a quorum.

Can I revoke or change my vote after I submit a proxy?

Yes. You can revoke your proxy or change your vote at any time before the proxy is exercised at the annual meeting. This can be done by either submitting another properly completed proxy card with a later date, sending a written notice to our Secretary, or by attending the annual meeting and voting in person. You should be aware that simply attending the annual meeting will not automatically revoke your previously submitted proxy; rather you must notify an Invacare representative at the annual meeting of your desire to revoke your proxy and vote in person.

Can I access the Notice of Annual Meeting, Proxy Statement and the 2010 Annual Report on the Internet?

The Notice of Annual Meeting, Proxy Statement and 2010 Annual Report are available on the Internet at www.invacare.com/annualreport. We also will provide a copy of any of these documents to any shareholder free of charge, upon request by writing to: Shareholder Relations Department, Invacare Corporation, One Invacare Way, P.O. Box 4028, Elyria, Ohio 44036-2125.

If you hold your shares in a bank or brokerage account, your bank or broker may also provide you copies of these documents electronically. Please check the information provided in the proxy materials mailed to you by your bank or broker regarding the availability of this service. Brokerage firms have the authority under the New York Stock Exchange rules to vote shares on certain “routine” matters when their customers do not provide voting instructions. However, on other matters, when the brokerage firm has not received voting instructions from its customers, the brokerage firm cannot vote the shares on that matter and a “broker non-vote” occurs. **Proposal 2 is a routine matter, but the other proposals in this proxy statement are non-routine matters. Please be sure to give specific voting instructions to your broker so that your vote can be counted.**

ELECTION OF DIRECTORS (Proposal No. 1)

At the 2010 Annual Meeting, our shareholders approved an amendment to the Code of Regulations to declassify the Board of Directors in stages beginning in 2011, as the directors' terms expire. Directors elected at the 2011 Annual Meeting of Shareholders and all annual meetings thereafter will be elected annually, while directors elected previously for three-year terms expiring after the 2011 Annual Meeting of Shareholders will serve the balance of their terms. The Board of Directors has fixed the number of directors constituting the Board at eleven. At the 2011 annual meeting, three directors will be elected to serve a one-year term until the annual meeting in 2012 or until their successors have been elected and qualified. Each of the nominees is presently a director of Invacare and has indicated his willingness to serve another term as a director if elected.

Below is certain biographical information regarding our directors and director nominees, as well as a discussion of the qualifications that led the Board of Directors to conclude that each director and director nominee should serve as a director of the Company. Each of the individuals listed below has a wealth of knowledge, experience and expertise developed over a lifetime of achievement. In the discussion below, we have not detailed all of the numerous factors considered by the Board, but rather have highlighted the primary qualifications that led the Board to conclude that each of the following individuals should serve as a director. The Board of Directors believes that the current Board composition reflects an appropriately diverse group of individuals with relevant knowledge and experience that greatly benefits the Company.

Nominees for Terms Expiring in 2012

Michael F. Delaney, 62, has been a director since 1986. From 1983 to October 2003, Mr. Delaney served as the Associate Director of Development of the Paralyzed Veterans of America, a national veterans' service organization in Washington, D.C. Since October 2003, Mr. Delaney served as Associate Director of Corporate Marketing of the Paralyzed Veterans of America until his retirement on July 31, 2009. From November 2009 to February 2010, Mr. Delaney provided consulting services to the Department of Defense in connection with its Congressionally Directed Medical Research Program.

The Board concluded that Mr. Delaney should serve as a director of the Company primarily due to his unique background and experience. Mr. Delaney utilizes a wheelchair and has worked tirelessly for decades on behalf of people with disabilities, provides invaluable insight and perspective to the Board with respect to the Company's products, their use, and possible attributes. He uses his background and training in development and marketing to assist the Company with effective approaches to marketing its products to consumers.

C. Martin Harris, M.D., 54, has been a director since 2003. Since 1996, Dr. Harris has been the Chief Information Officer and Chairman of the Information Technology Division of The Cleveland Clinic Foundation in Cleveland, Ohio and a Staff Physician for The Cleveland Clinic Hospital and The Cleveland Clinic Foundation Department of General Internal Medicine. Additionally, since 2000, he has been Executive Director of e-Cleveland Clinic, a series of e-health clinical programs offered over the internet. Dr. Harris serves on the board of HealthStream Inc. (NASDAQ), Nashville, Tennessee, which provides internet-based learning and research solutions for the training, information, and education needs of the healthcare industry in the United States. Dr. Harris was on the Board of Directors of Sewtillion Corporation, an Andover, MA healthcare software technology company which was sold to Microsoft Corporation in early 2010.

The Board concluded that Dr. Harris should serve as a director of the Company primarily due to his experience in the healthcare industry as a physician and leader of healthcare organizations and

also his expertise in the use of information technology in the healthcare industry. Dr. Harris is nationally recognized for his leadership in developing and organizing electronic management of medical information, including electronic medical records. Through his work with organizations such as e-Cleveland Clinic and the National Health Information Infrastructure Task Force, Dr. Harris has gained experience which enables him to provide valuable input to the Board, and ultimately the Company, as to the latest developments and trends involving the use of information to enhance healthcare diagnoses, patient outcomes and cost efficiencies. In particular, he is able to assist the Board in staying abreast of developments in technological advances in the home medical equipment industry. Dr. Harris' understanding of information technology developments in the healthcare industry has proven to be instrumental to the Board's management of the Company's own strategy and information technology resources, particularly in connecting the Company's widespread international operations.

A. Malachi Mixon, III, 70, has been a director since 1979. Mr. Mixon served as Chief Executive Officer from 1979 through April 2010 and as President until 1996. He has served as Chairman of the Board since 1983. Mr. Mixon serves on the Board of Directors of The Sherwin-Williams Company (NYSE), Cleveland, Ohio, a manufacturer and distributor of coatings and related products. Mr. Mixon also serves as Chairman Emeritus of the Board of Trustees of The Cleveland Clinic Foundation, Cleveland, Ohio, one of the world's leading medical centers. Mr. Mixon also serves on the board of Park-Ohio Holdings Corp (NASDAQ), Cleveland, Ohio, a provider of supply chain logistics services and a manufacturer of highly engineered products. From 1990 to 2007, Mr. Mixon served as a director of The Lamson & Sessions Co. (NYSE), Cleveland, Ohio, a diversified manufacturer and distributor of thermoplastic electrical, consumer, telecommunications and engineered sewer products, until the sale of the company in November 2007.

The Board concluded that Mr. Mixon, a founder of Invacare, should serve as a director of the Company primarily due to his role as the leader of the Company since its inception and as a nationally recognized and influential medical equipment industry executive. The Board believes that having Mr. Mixon, who is intimately familiar with the Company's capabilities, customers, strategy, position in the industry and with developments within the industry, serving as a director provides the Board with invaluable Company and industry insight. Mr. Mixon has become a leading national spokesman for medical equipment manufacturers and distributors and one of the visionary forces driving strategy and change across the industry. Mr. Mixon's experience, influence in the industry and in government affairs, and deep knowledge of the Company and its industry provides the Board with the management perspective necessary to successfully oversee the Company and its strategy and business operations.

Directors whose Terms Will Expire in 2012

James C. Boland, 71, has been a director since 1998 and was appointed as Invacare's Lead Director in February 2008. From April 2010 to July 2010 he served as interim Chairman of the Board while Mr. Mixon was on a medical leave of absence. Mr. Boland, prior to his retirement in 2007, served for nine years as President, Chief Executive Officer and Vice Chairman of the Cavaliers Operating Company, LLC (formerly Cavaliers/Gund Arena Company) operator of the Cleveland Cavaliers professional basketball team and Quicken Loans Arena. Prior to his time with the Cavaliers, Mr. Boland served for 22 years as a partner of Ernst & Young LLP in various roles, including Vice Chairman and Regional Managing Partner as well as a member of the firm's Management Committee from 1988 to 1996, and as Vice Chairman of National Accounts from 1997 to his retirement from the firm in 1998. Mr. Boland also is a director of The Sherwin-Williams Company (NYSE), Cleveland, Ohio, a manufacturer and distributor of coatings and related products, The Goodyear Tire & Rubber Company (NYSE), Akron, Ohio, one of the world's leading manufacturers of tires and rubber products and Developers Diversified Realty Corporation (NYSE), a real estate investment trust.

The Board concluded that Mr. Boland should serve as a director of the Company primarily due to his extensive financial and accounting expertise and experience as an independent auditor and

director of public companies. Mr. Boland previously managed one of the world's largest independent public accounting firms and serves as an audit committee chair or member of three other public companies, which provides a background and understanding of current accounting, auditing, risk management and governance best practices. His knowledge of accounting principles, financial reporting rules and regulations, evaluating financial results and financial reporting oversight, as well as his experience in managing corporate governance structures, is of particular value to the Board in its evaluation and management of risk, including financial risk and internal controls.

Gerald B. Blouch, 64, has been President and a director of Invacare since November 1996. Effective January 1, 2011, Mr. Blouch became Chief Executive Officer of Invacare, after serving as interim Chief Executive Officer from April 2010 through December 2010. Mr. Blouch served as Chief Operating Officer from December 1994 through December 2010. Previously, Mr. Blouch was President — Homecare Division from March 1994 to December 1994, and Senior Vice President — Homecare Division from September 1992 to March 1994. Mr. Blouch served as Chief Financial Officer of Invacare from May 1990 to May 1993 and Treasurer of Invacare from March 1991 to May 1993.

The Board concluded that Mr. Blouch should serve as a director of the Company primarily due to his role as Chief Executive Officer, and his more than twenty years of experience with the Company, which has given Mr. Blouch a deep knowledge and understanding of the Company and the financial and operational aspects of its business, as well as the competitive environment in which it operates. Mr. Blouch has demonstrated his leadership abilities and his commitment to the Company since he was appointed an executive of Invacare in 1990, and his intimate knowledge of all of the major functional areas of the Company is invaluable to the Board.

William M. Weber, 71, has been a director since 1988. Since August 2005, Mr. Weber has served as CEO of Air Enterprises L.L.C., which designs and manufactures custom high end air handling equipment for critical areas in the hospital, drug and educational markets. Mr. Weber also served as a director and Chairman of the Board of Air Enterprises L.L.C. until 2009. From 1994 to 2005, Mr. Weber was President of Roundcap L.L.C. and a principal of Roundwood Capital L.P., a partnership that invested in public and private companies. From 1968 to 1994, Mr. Weber was President of Weber, Wood, Medinger, Inc., Cleveland, Ohio, a commercial real estate brokerage and consulting firm.

The Board concluded that Mr. Weber should serve as a director of the Company primarily due to his lengthy experience in managing diverse private businesses, and his financial expertise, particularly in analyzing financial information across a wide variety of investment profiles. As a founding investor of the Company, Mr. Weber also has great knowledge of and familiarity with Invacare's business and operations. Mr. Weber's financial expertise is of particular value to the Board in evaluating and managing the Company's financial risks and internal controls through his role as Chair of the Audit Committee.

Charles S. Robb, 71, was elected as a director in March 2010. Senator Robb served as Lt. Governor of Virginia from 1978 to 1982, as Virginia's 64th governor from 1982 to 1986, and as a United States Senator from 1989 to 2001. Since leaving the Senate, Senator Robb has been a Distinguished Professor of Law and Public Policy at George Mason University and has served as Chairman of the Board of Visitors at the United States Naval Academy and Co-Chairman of the President's Commission on Intelligence Capabilities of the United States Regarding Weapons of Mass Destruction. He has also been a member of the President's Intelligence Advisory Board, the Secretary of State's International Security Advisory Board and the FBI Director's Advisory Board, as well as the Iraq Study Group and several other national security advisory boards and commissions. He is currently Vice Chairman of the Board of Trustees of the MITRE Corporation, a not-for-profit organization that conducts federally funded research and development.

The Board concluded that Senator Robb should serve as a director of the Company primarily due to his extensive experience in both state and federal government and in international affairs. This

experience is particularly important today with the current administration's reform of the healthcare system. As the former US Senator from, and former governor of, Virginia and the chairman and/or member of the various organizations listed above, Senator Robb brings a unique perspective to the Board in its evaluation of the Company's management and organization, and in its role and success during the ongoing evolution of the healthcare industry. Additionally, Senator Robb's international experience will be beneficial to the Board as it oversees the Company's global operations and entry into new markets.

Directors Whose Terms Will Expire in 2013

James L. Jones, 67, has been a director since December 1, 2010. General Jones recently retired as National Security Advisor to United States President Barack Obama. Prior to joining President Obama's administration as National Security Advisory, General Jones was a member of the Company's Board of Directors from March 2007 to January 2009. General Jones served as Supreme Allied Commander of NATO (North Atlantic Treaty Organization) and Commander of the United States European Command from January 2003 until December 2006. From July 1999 to January 2003, General Jones was the 32nd Commandant of the United States Marine Corps.

The Board concluded that General Jones should serve as a director of the Company primarily due to his extensive leadership experience, particularly in international and governmental affairs, developed through his long and distinguished career in the U.S. military and government service. General Jones' capabilities and insights into government and international affairs and management make him a uniquely valuable resource to the Board of Directors in overseeing and evaluating the Company's strategic direction.

Dan T. Moore, III, 71, has been a director since 1980. Mr. Moore has been President of Dan T. Moore Co. since 1979 and is Chairman of six advanced materials manufacturing companies: Soundwich, Inc., Team Wendy LLC, Impact Armor Technologies LLC, NatGasCar LLC, Delaware Dynamics LLC and Tennessee Iron Products. Mr. Moore served as a director of Hawk Corporation, Cleveland, Ohio, a supplier of friction products for brakes, clutches, and transmissions used in aerospace, industrial and specialty applications from 1989 until its sale in December 2010. He is a director of Park-Ohio Holdings Corp (NASDAQ), Cleveland, Ohio, a provider of supply chain logistics services and a manufacturer of engineered products. Mr. Moore is also a Trustee of The Cleveland Clinic Foundation and Cleveland State University and serves as a vice president on the Cleveland Metroparks Board of Park Commissioners.

The Board concluded that Mr. Moore should serve as a director of the Company primarily due to the leadership capabilities, business acumen and operations experience he has demonstrated over years of managing and serving as a director of numerous manufacturing companies. Mr. Moore is a recognized and successful entrepreneur and a founding investor of Invacare. His skills and experience, coupled with his familiarity with the Company and its operations through his long tenure as a director of the Company, is of particular value to the Board in setting corporate strategy and goals and in evaluating the Company's product and operational challenges and opportunities.

Joseph B. Richey, II, 74, has been a director since 1980. Mr. Richey has been President-Invacare Technologies and Senior Vice President-Electronic and Design Engineering since 1992. Previously, Mr. Richey was Senior Vice President-Product Development from 1984 to 1992, and Senior Vice President and General Manager-North American Operations from September 1989 to September 1992. Mr. Richey is also a member of the Board of Trustees of Case Western Reserve University and The Cleveland Clinic Foundation. From 1987 to July 2009, Mr. Richey served on the Board of Directors of Steris Corporation (NYSE), Mentor, Ohio, a developer of infection prevention and surgical products and services.

The Board concluded that Mr. Richey, a founder of Invacare and the driving force behind the Company's product development for over thirty years, should serve as a director of the Company primarily due to his integral role in the Company's innovation, research and development and product design and planning. Mr. Richey's experience and understanding of the Company's product development capabilities and opportunities provides valuable perspective to the Board in its evaluation of the Company's business operations and prospects, and in the innovation and improvement in the Company's ever-diversifying product lines.

Dale C. LaPorte, 69, has been a director since February 2009. Mr. LaPorte served as Senior Vice President — Business Development and General Counsel of the Company from December 2005 to December 2008. Prior to joining the Company, Mr. LaPorte was a partner at Calfee, Halter & Griswold LLP, an Ohio-based law firm, from 1974 to 2005 and served as chairman of that firm from 2000 to 2004. Mr. LaPorte serves as a member of the Board of Trustees of PNC Mutual Funds and the board of directors of Morrison Products, Inc., a manufacturer of air moving equipment for original equipment manufacturers in the heating, ventilation, air conditioning and refrigeration industry.

The Board concluded that Mr. LaPorte should serve as a director of the Company primarily due to his lengthy experience as counsel to the Company, skills in project management, expertise in corporate governance and business development matters, as well as his business acumen and judgment. Mr. LaPorte's skills are a vital asset to the Board, particularly at a time when sound risk management and exemplary governance practices are essential.

Invacare's Board of Directors recommends that shareholders vote "FOR" the election of the three directors to the class whose one-year term will expire in 2012.

**RATIFICATION OF APPOINTMENT OF
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
(Proposal No. 2)**

The Audit Committee has appointed Ernst & Young LLP to continue as the Company's independent registered public accounting firm and to audit its financial statements for the year ended December 31, 2011. The Audit Committee and the Board of Directors are asking you to ratify this appointment. During the year ended December 31, 2010, Ernst & Young LLP served as the Company's principal auditors and provided tax and other services. See "Independent Registered Public Accounting Firm." Representatives of Ernst & Young LLP are expected to be present at the annual meeting and will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Invacare's Board of Directors unanimously recommends that shareholders vote "FOR" the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm.

**ADVISORY VOTE ON EXECUTIVE COMPENSATION
(Proposal No. 3)**

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act enacted in July 2010, (the "Dodd-Frank Act"), the Company's shareholders are entitled to vote at the Annual Meeting to approve the compensation of the named executive officers, as disclosed in this proxy statement pursuant to the Securities and Exchange Commission's compensation disclosure rules. Pursuant to the Dodd-Frank Act, the shareholder vote on executive compensation is an advisory vote only, and it is not binding on the Company or the Board of Directors.

The Company is asking its shareholders to indicate their support for its named executive officer compensation as described in this proposal and more fully in this proxy statement. This proposal, commonly known as a “say-on-pay” proposal, gives the shareholders the opportunity to express their views on the Company’s named executive officers’ compensation. This vote is not intended to address any specific item of compensation, but rather the overall compensation of the Company’s named executive officers and the philosophy, policies and practices described in this proxy statement. Accordingly, the Company will ask its shareholders to vote “FOR” the following resolution at the annual meeting:

“RESOLVED, that the Company’s shareholders approve, on an advisory basis, the compensation of the named executive officers, as disclosed in the Company’s Proxy Statement for the 2011 Annual Meeting of Shareholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission.”

The say-on-pay vote is advisory, and therefore not binding on the Company, the Compensation and Management Development Committee or the Board of Directors. The Compensation and Management Development Committee values the opinions of the shareholders, and to the extent there is any significant vote against the named executive officer compensation as disclosed in this proxy statement, the Company will consider its shareholders’ concerns, and the Compensation and Management Development Committee will evaluate whether any actions are necessary to address those concerns.

Invacare’s Board of Directors unanimously recommends that shareholders vote “FOR” the approval of the compensation of the named executive officers, as disclosed in this proxy statement.

FREQUENCY OF ADVISORY SHAREHOLDER VOTE ON EXECUTIVE COMPENSATION (Proposal No. 4)

The Dodd-Frank Act also enables the Company’s shareholders to indicate how frequently the Company should seek an advisory vote on the compensation of its named executive officers. By voting on this proposal 4, shareholders may indicate whether they would prefer an advisory vote on named executive officer compensation every one, two or three years.

After careful consideration, the Board of Directors has determined that an advisory vote on executive compensation that occurs every year is the most appropriate alternative for the Company, and therefore the Board unanimously recommends that shareholders vote for a one-year interval for the advisory vote on executive compensation. The Company and the Board feel that an annual advisory vote on executive compensation will be most effective as it will provide the Board and the Company with regular feedback from shareholders with respect to executive compensation. While the Company’s executive compensation programs are designed to promote a long-term connection between pay and performance, the Board of Directors recognizes that executive compensation disclosures are made annually. The Board welcomes shareholder input each year on the Company’s compensation philosophy, policies and practices as disclosed in the proxy statement.

The frequency of the advisory vote selected by shareholders will be the one that receives the highest number of votes cast by shareholders. However, because this vote is advisory and not binding on the Board of Directors or the Company, the Board may decide that it is in the best interests of the shareholders and the Company to hold an advisory vote on executive compensation more or less frequently than the option selected by shareholders in this proposal 4.

Invacare’s Board of Directors unanimously recommends that shareholders vote for a frequency of “ONE YEAR” for future shareholder votes regarding the compensation of the Company’s named executive officers.

SHARE OWNERSHIP OF PRINCIPAL HOLDERS AND MANAGEMENT

Who are the largest holders of Invacare's outstanding common shares and what is their total voting power?

The following table shows, as of February 23, 2011, the beneficial share ownership of each person or group known by Invacare to beneficially own more than 5% of either class of common shares of Invacare:

<u>Name and business address of beneficial owner</u>	<u>Common Shares Beneficially owned</u>		<u>Class B Common Shares Beneficially owned*</u>		<u>Percentage of total voting power beneficially owned</u>
	<u>Number of Shares</u>	<u>Percentage</u>	<u>Number of Shares</u>	<u>Percentage</u>	
A. Malachi Mixon, III One Invacare Way, Elyria, Ohio 44035(1)	1,862,187	5.4%	703,912	64.9%	19.6%
Joseph B. Richey, II One Invacare Way, Elyria, Ohio 44035(2)	796,554	2.4%	376,262	34.7%	10.2%
BlackRock, Inc. 40 E. 52nd Street New York, NY 10022(3)(4)	3,381,251	10.1%	—	—	7.6%
Lord, Abbet & Co LLC. 90 Hudson Street Jersey City, NJ 07302(3)(5)	2,150,038	6.4%	—	—	4.8%
The Vanguard Group, Inc. 100 Vanguard Blvd. Malvern, PA 19355(3)(6)	2,113,221	6.3%	—	—	4.8%
Ameriprise Financial, Inc 145 Ameriprise Financial Center Minneapolis, MN 55474 (3)(7)	2,075,507	6.2%	—	—	4.7%
Dimensional Fund Advisors LP. Palisades West, Building One 6300 Bee Cave Road Austin, TX 78746(3)(8)	1,947,669	5.8%	—	—	4.4%
Allianz Global Investors of America, L.P. 680 Newport Center Drive, Suite 250 Newport Beach, CA 92660(3)(9)	1,723,400	5.1%	—	—	3.9%
Heartland Advisors, Inc 789 North Water Street Milwaukee, WI 53202(3)(10)	1,686,750	5.0%	—	—	3.8%

* All holders of Class B common shares are entitled to convert any or all of their Class B common shares to common shares at any time, on a share-for-share basis. In addition, Invacare may not issue any additional Class B common shares unless the issuance is in connection with share dividends on, or share splits of, Class B common shares.

(1) Includes 880,950 common shares that may be acquired upon the exercise of stock options during the 60 days following February 23, 2011. For the purpose of calculating the percentage of

outstanding common shares and voting power beneficially owned by Mr. Mixon, the common shares which he had the right to acquire during that period upon the exercise of stock options are considered to be outstanding. The number of shares shown as beneficially owned by Mr. Mixon also includes (i) 18,600 common shares owned by the trustee for the Invacare Retirement Savings Plan, (ii) 25,118 common shares owned of record by Mr. Mixon's spouse, (iii) 12,288 common shares owned by the trustee for a 1997 grantor retained annuity trust created by Mr. Mixon, (iv) 12,289 common shares owned by the trustee for a 1997 grantor retained annuity trust created by Mr. Mixon's spouse, (v) 148,321 common shares owned by the trustee for a 2009 grantor retained annuity trust created by Mr. Mixon, and (vi) 148,321 common shares owned by the trustee for a 2009 grantor retained annuity trust created by Mr. Mixon's spouse. Mr. Mixon disclaims beneficial ownership of the shares held by his spouse and the grantor retained annuity trusts created by the reporting person's spouse.

- (2) Includes 122,425 common shares, which may be acquired upon the exercise of stock options during the 60 days following February 23, 2011. For the purpose of calculating the percentage of outstanding common shares and voting power beneficially owned by Mr. Richey, the common shares which he had the right to acquire during that period upon the exercise of stock options are considered to be outstanding.
- (3) The number of common shares beneficially owned is based upon a Schedule 13G or 13G/A filed by the holder with the SEC to reflect share ownership as of December 31, 2010.
- (4) Based solely on a Schedule 13G filed on January 10, 2011, by BlackRock, Inc., which has sole voting power over 3,381,251 of the shares and sole dispositive power over 3,381,251 of the shares.
- (5) Based solely on a Schedule 13G filed on February 14, 2011 by Lord, Abbet & Co. LLC, which has sole voting power over 1,891,488 of the shares and sole dispositive power over 2,150,038 of the shares.
- (6) Based solely on a Schedule 13G/A filed on February 10, 2011 by The Vanguard Group, Inc., which has sole voting power over 48,475 of the shares, sole dispositive power over 2,084,746 of the shares and shared dispositive power over 48,475 of the shares.
- (7) Based solely on a Schedule 13G/A filed February 11, 2011, which reports that Ameriprise Financial, Inc. ("AFI") is the parent holding company of Ameriprise Financial, Inc. ("AFI") and Columbia Management Investment Advisors, LLC ("CMIA") has shared voting power over 1,614,367 shares and shared dispositive power over 2,075,507 shares.
- (8) Based solely on a Schedule 13G/A filed February 11, 2011, which reports that Dimensional Fund Advisors LP ("DFA") may be deemed to be the beneficial owner of 1,947,669 common shares as a result of acting as investment advisor to or manager of various companies, trusts and accounts (the "DFA Funds"). In its role as investment advisor or manager, DFA possesses sole voting power for 1,902,926 shares and sole dispositive power for 1,947,669 shares that are owned by the DFA Funds. DFA disclaims beneficial ownership of those common shares because they are owned by the DFA Funds.
- (9) Based solely on a Schedule 13G/A filed February 14, 2011, which reports that Allianz Global Investors of America, L.P. is the parent holding company of Allianz Global Investors Management Partners LLC, Nicholas-Applegate Capital Management LLC, Oppenheimer Capital LLC and NFJ Investment Group LLC. Nicholas-Applegate Capital Management LLC has sole voting and dispositive power over no shares and NFJ Investment Group LLC has sole voting over 1,696,300 shares and dispositive power over 1,723,400 shares.
- (10) Based solely on a Schedule 13G filed on February 10, 2011 by Heartland Advisors, Inc., which has sole voting and dispositive power over 1,686,750 shares.

How many common shares do each of Invacare's directors and executive officers hold and what is their level of total voting power?

The following table sets forth, as of February 23, 2011, the beneficial share ownership of all directors, our five highest paid executive officers, and all directors and executive officers as a group:

Name of beneficial owner	Common Shares beneficially owned		Class B Common Shares beneficially owned**		Percentage of total voting power beneficially owned
	Number of shares	Percentage	Number of shares	Percentage	
Gerald B. Blouch(3)	558,036	1.6%	—	—	1.2%
James C. Boland(3)	67,852	*	—	—	*
Michael F. Delaney(3)	39,923	*	—	—	*
Robert K. Gudbranson(3)	64,705	*	—	—	*
C. Martin Harris, M.D.(3)	30,806	*	—	—	*
James L. Jones (3)(4)	—	*	—	—	*
Dale C. LaPorte(3)	31,374	*	—	—	*
A. Malachi Mixon, III(1)	1,891,017	5.5%	703,912	64.9%	19.6%
Dan T. Moore, III(3)	124,491	*	—	—	*
Joseph B. Richey, II(2)	796,554	2.4%	376,262	34.7%	%
Charles S. Robb(3)	4,108	*	—	—	*
Louis F.J. Slangen(3)	177,362	*	—	—	*
William M. Weber(3)(5)	97,861	*	—	—	*
All executive officers and Directors as a group (16 persons)(3)	3,962,007	11.2%	1,080,174	99.6%	31.9%

* Less than 1%.

** All holders of Class B common shares are entitled to convert any or all of their Class B common shares to common shares at any time, on a share-for-share basis. In addition, Invacare may not issue any additional Class B common shares unless the issuance is in connection with share dividends on, or share splits of, Class B common shares.

(1) See Footnote 1 to the preceding table.

(2) See Footnote 2 to the preceding table.

(3) The common shares beneficially owned by Invacare's executive officers and directors as a group include an aggregate of 1,774,047 common shares which may be acquired upon the exercise of stock options during the 60 days following February 23, 2011. For the purpose of calculating the percentage of outstanding common shares and voting power beneficially owned by each of Invacare's executive officers and directors, and all of them as a group, common shares which they had the right to acquire upon the exercise of stock options within 60 days of February 23, 2011 are considered to be outstanding. The number of common shares that may be acquired upon the exercise of such stock options for the noted individuals is as follows: Mr. Blouch 361,000 shares; Mr. Boland 48,409 shares; Mr. Delaney, 23,551 shares; Mr. Gudbranson, 39,400 shares; Dr. Harris, 25,906 shares; General Jones, 0 shares; Mr. LaPorte, 3,929 shares; Mr. Mixon, 880,950 shares; Mr. Moore, 25,454 shares; Mr. Richey, 122,425 shares; Senator Robb, 1,308 shares; Mr. Slangen, 137,525 shares; and Mr. Weber, 29,215 shares.

(4) General James L. Jones was elected as a director of the Company effective December 1, 2010.

(5) All shares are pledged in a margin account.

Section 16(a) Beneficial Ownership Reporting Compliance

The rules of the SEC require us to disclose late filings of reports of stock ownership, and changes in stock ownership, by our directors and executive officers. The Company believes that all of its officers and Directors complied with all filing requirements applicable to them with respect to transactions during the fiscal year ended December 31, 2010.

CORPORATE GOVERNANCE

How many times did the Board meet in 2010?

The Board of Directors held four regular meetings and two special meetings during the fiscal year ended December 31, 2010, including an annual two-day strategic planning meeting. With the exception of Mr. Mixon, who was on medical leave from the Company from April 2010 through July 2010, each director attended at least 75% of the aggregate of (1) the total number of meetings of the Board of Directors held during the period he or she served as a director and (2) the total number of meetings held by committees of the Board on which he or she served. Board members are expected to attend Invacare's annual meeting of shareholders. With the exception of Mr. Mixon, each director attended last year's annual shareholders meeting.

The non-management directors meet in executive sessions after the end of each of the regularly scheduled Board meetings. Independent directors meet in executive sessions at least once per year. The Company's Lead Director, who is currently James C. Boland, presides over executive sessions.

What codes of ethics apply to directors, officers and employees?

We have adopted a Code of Business Conduct and Ethics that applies to all directors, officers and employees. We also have adopted a separate Financial Code of Ethics that applies to our Chief Executive Officer (our principal executive officer), our Chief Financial Officer (our principal financial officer and principal accounting officer) and our controller or persons performing similar functions. You can find both codes on our website at www.invacare.com by clicking on the Investor Relations tab and then the Corporate Governance link. We will post any amendments to the codes, as well as any waivers that are required to be disclosed pursuant to the rules of the Securities and Exchange Commission and the New York Stock Exchange, within four business days, on our website.

Has the Board adopted corporate governance guidelines?

The Board has adopted Corporate Governance Guidelines. The Corporate Governance Guidelines contain principles that, along with the charters of the standing committees of the Board of Directors, provide the framework for Invacare's corporate governance. Among other things, the Corporate Governance Guidelines establish principles relating to:

- the composition of the Board of Directors, including independence and other qualification requirements;
- responsibilities and functions of the Board of Directors, such as meeting, orientation and continuing education guidelines;
- responsibilities of the executive Chairman of the Board, the Chief Executive Officer and the Lead Director;
- the establishment and functioning of Board committees;
- executive sessions of non-management directors;
- succession planning;

- Board access to management, and evaluation of the Board and the Chief Executive Officer;
- communication and interaction by the Board with shareholders and other interested parties;
- share ownership guidelines for directors and executive officers;
- engagement by an independent committee of the Board with shareholder proponents following a majority vote on a shareholder proposal; and
- periodic self-assessment by the Board and each Board committee.

A copy of the Corporate Governance Guidelines can be found on Invacare’s website at www.invacare.com by clicking on the link for Investor Relations.

Who are the current members of the different Board committees?

Director	Audit Committee	Nominating Committee	Compensation and Management Development Committee	Investment Committee	Governance Committee
Gerald B. Blouch					
James C. Boland +	*		**		**
Michael F. Delaney		*		*	
C. Martin Harris, M.D.		**			*
Dale C. LaPorte				**	
James L. Jones			*		
A. Malachi Mixon, III					
Dan T. Moore, III	*	*	*		
Joseph B. Richey, II					
Charles S. Robb				*	
William M. Weber	**				*

- * Member
- ** Chairperson
- + Lead Director

What are the principal functions of the Board committees?

The Board has an Audit Committee; a Nominating Committee; a Compensation and Management Development Committee; an Investment Committee; and a Governance Committee.

Audit Committee. The Audit Committee assists the Board in monitoring (i) the integrity of Invacare’s financial statements, (ii) the independence, performance and qualifications of Invacare’s internal and independent auditors, and (iii) Invacare’s compliance with legal and regulatory requirements. The specific functions and responsibilities of the Audit Committee are set forth in the Audit Committee Charter adopted by the Board of Directors, a copy of which is available at www.invacare.com by clicking on the Investor Relations tab and then the Corporate Governance link. The Audit Committee met eight times during 2010, including four meetings by teleconference.

Our Board has determined that each member of the Audit Committee satisfies the current independence standards of the New York Stock Exchange listing standards and Section 10A(m)(3) of

the Securities Exchange Act of 1934, as amended. The Board also has determined that each of James C. Boland and William M. Weber qualifies as an “audit committee financial expert” as that term is defined in Item 407(d)(5) of Regulation S-K. As audit committee financial experts, and each of Messrs. Boland and Weber satisfies the New York Stock Exchange accounting and financial management expertise requirements. Mr. Boland currently serves on the audit committees of four publicly-traded companies. The Board has determined that Mr. Boland’s simultaneous service on the audit committees of four publicly-traded companies will not impair his ability to effectively serve on Invacare’s Audit Committee.

Nominating Committee. The Nominating Committee assists the Board in identifying and recommending individuals qualified to become directors and will consider all qualified nominees recommended by shareholders. Each of the current members of the Nominating Committee is independent within the meaning of the New York Stock Exchange listing standards and Invacare’s Corporate Governance Guidelines. The Board of Directors has adopted a charter for the Nominating Committee, which is available at www.invacare.com by clicking on the Investor Relations tab and then the Corporate Governance link. John R. Kasich served on the Nominating Committee during 2010 until his resignation from the Board of Directors on November 3, 2010. The Nominating Committee met two times by teleconference during 2010.

Compensation and Management Development Committee. The Compensation and Management Development Committee assists the Board in developing and implementing (i) executive compensation programs that are fair and equitable and that are effective in the recruitment, retention and motivation of executive talent required to successfully meet Invacare’s strategic objectives and (ii) a management succession plan that meets Invacare’s present and future needs. See “Compensation Discussion and Analysis” below for additional information on the committee and its activities. Each of the current members of the Compensation and Management Development Committee is independent within the meaning of the New York Stock Exchange listing standards and Invacare’s Corporate Governance Guidelines. The Board of Directors has adopted a charter for the Compensation and Management Development Committee, which is available at www.invacare.com by clicking on the Investor Relations tab and then the Corporate Governance link. Bernadine P. Healy served as a member of the committee throughout 2010 and until her resignation from the Board of Directors on January 27, 2011. The Compensation and Management Development Committee met four times during 2010, including two meetings by teleconference.

Investment Committee. The Investment Committee assists the Board in monitoring the performance and attributes of investment funds chosen for the Invacare Retirement Savings Plan and other plans designated by the Board or the Investment Committee. The Board of Directors has adopted a charter for the Investment Committee, which is available at www.invacare.com by clicking on the Investor Relations tab and then the Corporate Governance link. Bernadine P. Healy, M.D. served as a member of the committee throughout 2010 and until her resignation from the Board of Directors on January 27, 2011. The Investment Committee met two times during 2010.

Governance Committee. The Governance Committee assists the Board on all matters relating to corporate governance of the Company, including, but not limited to, the development and implementation of the Company’s corporate governance policies and guidelines. Each of the current members of the Governance Committee is independent within the meaning of the New York Stock Exchange listing standards and Invacare’s Corporate Governance Guidelines. The Board of Directors has adopted a charter for the Governance Committee, which is available at www.invacare.com by clicking on the Investor Relations tab and then the Corporate Governance link. John R. Kasich served as a member of the committee during 2010 until his resignation from the Board of Directors on November 3, 2010. The Governance Committee met two times during 2010, including one meeting by teleconference.

How does the Board manage potential risks?

Risk is inherent in any business and our management is responsible for the day-to-day management of risks that we face. The Board, on the other hand, has responsibility for the oversight of risk management. In its risk oversight role, the Board has the responsibility to evaluate the risk management process to ensure its adequacy and to seek assurances that it is implemented properly by management.

The Board believes that full and open communication between management and the Board of Directors is essential for effective risk management and oversight. At each meeting, the Board of Directors receives presentations from senior management on business operations, financial results and strategic matters, including a quarterly assessment of the sensitivity of the various financial, operational and strategic risks faced by the Company, and discusses our strategies, key challenges, and risks and opportunities. Relevant members of senior management attend significant portions of the Board's quarterly meetings, as well as many of the Board committee meetings, in order to address any questions or concerns raised by the Board on risk management-related and other matters.

The Board's committees assist the Board in fulfilling its oversight responsibilities in certain areas of risk. The Audit Committee assists the Board in fulfilling its oversight responsibilities with respect to risk management in the areas of financial reporting, internal controls and compliance with legal and regulatory requirements. Enterprise risk assessment reports are regularly provided by management and our internal auditors to the Audit Committee. The Compensation and Management Development Committee assists the Board in fulfilling its oversight responsibilities with respect to the management of risks arising from our compensation policies and programs and succession planning for executive officers. The Governance Committee assists the Board in fulfilling its oversight responsibilities with respect to the management of risks associated with Board organization and structure, code of conduct, insider trading, conflict of interest policies and corporate governance. The Nominating Committee assists the Board in overseeing the membership and independence of the Board of Directors. While these committees are responsible for evaluating certain risks and overseeing the management of those risks, the entire Board is regularly informed about those risks and committee activities through committee reports.

Does the Board have a Lead Director?

James C. Boland serves as the Lead Director of the Board of Directors. The Lead Director is responsible for coordinating the activities of the independent directors, including the following specific responsibilities:

- (i) advising the Chairman of the Board as to an appropriate schedule of Board meetings, seeking to ensure that the independent directors can perform their duties responsibly while not interfering with the flow of Company operations;
- (ii) providing the Chairman of the Board with input as to the preparation for the agendas for the Board and Committee meetings;
- (iii) advising the Chief Executive Officer (with input from the Chairman of the Board) as to the quality, quantity and timeliness of the flow of information from Company management that is necessary for the independent directors to effectively and responsibly perform their duties; although Company management is responsible for the preparation of materials for the Board, the Lead Director may specifically request the inclusion of certain material;
- (iv) interviewing, along with the Chairman of the Board and the chair of the Nominating Committee, all Board candidates, and making recommendations to the Nominating Committee and the Board;
- (v) assisting the Board and Company officers in assuring compliance with and implementation of the Company's Corporate Governance Guidelines;

- (vi) recommending revisions to the Corporate Governance Guidelines as appropriate;
- (vii) coordinating and developing the agenda for and moderating executive sessions of the Board's independent directors; acting as principal liaison between the independent directors, the Chairman of the Board and/or the Chief Executive Officer on sensitive issues;
- (viii) evaluating, along with the members of the Compensation and Management Development Committee, the performance of both the Chairman of the Board and the Chief Executive Officer; meeting with the Chairman of the Board and the Chief Executive Officer to discuss the Committee's evaluation of performance;
- (ix) discussing with the Chairman of the Board, the Chief Executive Officer and the Governance Committee the membership of the various Board Committees, as well as selection of the Committee chairs;
- (x) responding to the concerns of any directors, whether or not these concerns are discussed with the full Board;
- (xi) with input from the Chairman of the Board, assisting the Governance Committee in its role in connection with the annual self-evaluation process of the Board and its committees;
- (xii) acting as a resource for, and counsel to, the Chairman of the Board; and
- (xiii) performing other responsibilities as delegated by the Board.

A description of the responsibilities of the Lead Director also is included as Exhibit C to Invacare's Corporate Governance Guidelines, which is available at www.invacare.com by clicking on the link for Investor Relations.

Why are the positions of Chairman of the Board and Chief Executive Officer now split?

Gerald B. Blouch was named Invacare's President and Chief Executive Officer effective January 1, 2011. Mr. Blouch succeeded A. Malachi Mixon, III as Chief Executive Officer, allowing Mr. Mixon to focus his efforts on overseeing the activities of the Board of Directors and the Company's government relations and research and product innovation as the Company's executive Chairman of the Board. The Board believes this structure is optimal for the Company because it allows Mr. Blouch, who previously served as President and Chief Operating Officer for many years, to focus on the Company's strategic issues and the day-to-day operation of the business, while enabling Mr. Mixon to focus on leadership of the Board of Directors while still leading the Company in areas where he is uniquely qualified to contribute. The Board believes that the separate roles of Chief Executive Officer and executive Chairman of the Board provide an effective leadership model that capitalizes on the skills, expertise and experience of both Mr. Mixon and Mr. Blouch. The Board's independent directors bring experience, oversight, and expertise from outside the Company and industry, while the executive Chairman of the Board and the Chief Executive Officer bring company and industry specific experience and expertise. One of the key responsibilities of the Board is to oversee and guide management's strategic direction and hold management accountable for the execution of strategy once it is developed. The Board believes the separate roles of Chief Executive Officer and executive Chairman of the Board, together with an independent Lead Director having the duties described above, is in the best interests of the shareholders because it strikes an appropriate balance for the Company; with the CEO and executive Chairman of the Board, there is effective leadership and a focus on strategic development and execution, while the Lead Director helps assure independent oversight and management.

How does the Board determine whether non-employee directors are independent?

To be considered independent under the New York Stock Exchange independence criteria under Section 303A (the "NYSE Standards"), the Board of Directors must determine that a director does not

have a direct or indirect material relationship with Invacare. The Board of Directors has adopted the following guidelines (set forth in the Corporate Governance Guidelines) to assist it in making such determinations:

A director will be considered independent if he or she, at any time that is considered relevant under the NYSE Standards (subject to any applicable transition rules of the NYSE Standards):

- (i) has not been employed by Invacare or its affiliates;
- (ii) has not had an immediate family member who has been employed by Invacare or its affiliates as an executive officer;
- (iii) has not received, and has not had an immediate family member who has received, more than such annual amount of direct compensation from Invacare as may be considered relevant from time to time under the NYSE Standards, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such deferred compensation is not in any way contingent on continued service);
- (iv) has not been a partner of Invacare's present internal or external auditor;
- (v) has not had an immediate family member who has been a partner of Invacare's present internal or external auditor;
- (vi) has not had an immediate family member who has been a partner or employee of a present or former internal or external auditor of Invacare who worked on Invacare's audit;
- (vii) has not been a partner or employee of a present or former internal or external auditor of Invacare who worked on Invacare's audit;
- (viii) has not been employed, and has not had an immediate family member who has been employed, as an executive officer of another company where any of Invacare's present executives serve on that company's compensation committee; and
- (ix) has not been an executive officer or an employee of another company, and has not had an immediate family member who has been an executive officer of another company, that does business with Invacare and makes payments to, or receives payments from, Invacare for property or services in an amount that, in the most recent fiscal year, exceeds the greater of \$1 million or 2% of such other company's consolidated gross revenues.

Additionally, the following commercial and charitable relationships will be considered immaterial relationships and a director will be considered independent if he or she does not have any of the relationships described in clauses (i) — (ix) above, and:

- (i) is not an executive officer of another company, and does not have an immediate family member who is an executive officer of another company, that is indebted to the Company, or to which Invacare is indebted, where the total amount of either company's indebtedness to the other is more than 5% of the total consolidated assets of the other company and exceeds \$100,000 in the aggregate; and
- (ii) does not serve, and does not have an immediate family member who serves, as an officer, director or trustee of a foundation (other than Invacare's foundation), university, charitable or other not for profit organization, and Invacare's, or Invacare foundation's, annual discretionary charitable contributions (any matching of employee charitable contributions will not be included in the amount of contributions for this purpose) to the organization, in the aggregate, are more than 5% percent of that organization's total annual revenues (or charitable receipts in the event such organization does not generate revenues).

In the event that a director has a relationship of the type described in clauses (i) or (ii) in the immediately preceding paragraph that falls outside of the "safe harbor" thresholds set forth in such

clauses (i) and (ii), or if the director had any such relationship during the prior three years that fell outside of such “safe harbor” thresholds, then in any such case, the Board of Directors annually shall determine whether the relationship is material or not, and therefore, whether the director would be independent or not. Invacare will explain in its next proxy statement the basis for any Board of Directors determination that a relationship is immaterial despite the fact that it does not meet the categorical standards of immateriality set forth in clauses (i) and (ii) in the immediately preceding paragraph.

In addition, any director serving on the Audit Committee of Invacare may not be considered independent if he or she directly or indirectly receives any compensation from Invacare other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not in any way contingent on continued service).

The Board examined the transactions and relationships between Invacare and its affiliates and each of the directors, any of their immediate family members and their affiliates. Based on this review, the Board affirmatively determined that each of Messrs. Boland, Delaney, Jones, Moore, Robb and Weber, and Dr. Harris is independent and does not have any direct or indirect material relationship with Invacare pursuant to the categorical standards set forth in Invacare’s Corporate Governance Guidelines.

How are proposed director nominees identified, evaluated and recommended for nomination?

The Nominating Committee will seek candidates for an open director position by soliciting suggestions from Committee members, the executive Chairman of the Board, incumbent directors, senior management or others. The Committee also may retain a third-party executive search firm to identify candidates from time to time. Additionally, the Committee will consider any unsolicited recommendation for a potential candidate to the Board from Committee members, the Chairman of the Board, other Board members, management and shareholders. The Committee will accept shareholder recommendations regarding potential candidates for the Board, provided that shareholders send their recommendations to the Chairperson of the Nominating Committee, c/o Executive Officers, Invacare Corporation, One Invacare Way, Elyria, Ohio 44036, with the following information:

- The name and contact information for the candidate;
- A brief biographical description of the candidate, including his or her employment for at least the last five years, educational history, and a statement that describes the candidate’s qualifications to serve as a director;
- A statement describing any relationship between the candidate and the nominating shareholder, and between the candidate and any employee, director, customer, supplier, vendor or competitor of Invacare; and
- The candidate’s signed consent to be a candidate and to serve as a director if nominated and elected, including being named in Invacare’s proxy statement.

Once the Nominating Committee has identified a prospective candidate, the Committee makes a determination whether to conduct a full evaluation of the candidate. This initial determination is based primarily on the Board’s need to fill a vacancy or desire to expand the size of the Board, the likelihood that the candidate can meet the Nominating Committee’s evaluation criteria set forth below, as well as compliance with all other legal and regulatory requirements. The Nominating Committee will rely on public information about a candidate, personal knowledge of any committee or Board member or member of management regarding the candidate, as well as any information submitted to the Committee by the person recommending a candidate for consideration. The Nominating Committee, after consultation with the Chairman of the Board, will decide whether additional consideration of the candidate is warranted.

If additional consideration is warranted, the Nominating Committee may request the candidate to complete a questionnaire that seeks additional information about the candidate's independence, qualifications, experience and other information that may assist the Committee in evaluating the candidate. The Committee may interview the candidate in person or by telephone and also may ask the candidate to meet with senior management. The Committee then evaluates the candidate against the standards and qualifications set out in the Nominating Committee's charter. While the Board does not maintain a policy regarding the diversity of its members, the Nominating Committee charter specifies that a director should have a range of experience and knowledge relevant to the Company, and that diverse or unique life experiences are a manner in which such relevant experience and knowledge may be gained. The Nominating Committee and the Board believe that the current Board composition reflects a diverse group of individuals with relevant knowledge and experience that greatly benefits the Company. Additionally, the Nominating Committee shall consider other relevant factors as it deems appropriate (including independence issues and familial or related party relationships).

Before nominating an existing director for re-election at an annual meeting, the Committee will consider:

- The director's value to the Board; and
- Whether the director's re-election would be consistent with Invacare's governance guidelines.

After completing the Nominating Committee's evaluation of new candidates or existing directors whose term is expiring, if the Committee believes the candidate would be a valuable addition to the Board or the existing director is a valued member of the Board, then the Nominating Committee will make a recommendation to the full Board that such candidate or existing director should be nominated by the Board. The Board will be responsible for making the final determination regarding prospective nominees after considering the recommendation of the Committee. These procedures were adhered to with respect to nominees for election at this meeting, who were unanimously recommended by the Nominating Committee and the entire Board of Directors.

How can shareholders and other interested parties communicate with the Board?

Shareholders and other interested parties may communicate their concerns directly to the entire Board or specifically to non-management directors of the Board. Such communications may be confidential or anonymous, if so designated, and may be submitted in writing to the following address: Shareholder Communication, c/o Executive Offices, Invacare Corporation, One Invacare Way, Elyria, Ohio 44036. The status of all outstanding concerns addressed to the entire Board or only to non-management directors will be reported to the Chairman of the Board or to the chair of the Governance Committee, respectively, on a quarterly basis.

Certain Relationships and Related Transactions

The Company has adopted a written policy for the review of transactions with related persons. The policy generally requires review, approval or ratification of transactions involving amounts exceeding \$120,000 in which the Company is a participant and in which a director, director-nominee, executive officer, or a significant shareholder of the Company, or an immediate family member of any of the foregoing persons, has a direct or indirect material interest. These transactions must be reported for review by the Governance Committee. Following review, the Governance Committee determines to approve or ratify these transactions, taking into account, among other factors it deems appropriate, whether they are on terms no less favorable to the Company than those available with other unaffiliated parties and the extent of the related person's interest in the transaction. The Chairman of the Governance Committee has the authority to approve or ratify any related party transaction in which the aggregate amount involved is expected to be less than \$1,000,000. The policy provides for

standing pre-approval of certain related party transactions, even if the amounts involved exceed \$120,000, including certain transactions involving: compensation paid to executive officers and directors of the Company; other companies or charitable organizations where the amounts involved do not exceed \$1,000,000 or 2% of the organization's total annual revenues or receipts; proportional benefits to all shareholders; rates or charges determined by competitive bids; services as a common or contract carrier or public utility; and banking-related services.

During 2010, Invacare purchased travel services from a third party private aircraft charter company. One of the aircraft available for use by the charter company is owned by an entity owned by Mr. Mixon. Invacare paid approximately \$681,000 to the charter company in 2010 for use of the aircraft owned by Mr. Mixon. Invacare has confirmed that the transactions were on terms no less favorable than those Invacare would expect to obtain from unrelated parties.

The relationship described above has been reviewed and ratified in accordance with the Company's policy for review of transactions with related persons.

AUDIT COMMITTEE AND RELATED MATTERS

The following Report of the Audit Committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Company filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent the Company specifically incorporates this Report by reference therein.

Report of the Audit Committee

The Audit Committee assists the Board of Directors in its oversight and monitoring of:

- the integrity of the Company's financial statements;
- the independence, performance and qualifications of the Company's internal auditors and independent registered public accounting firm; and
- the Company's compliance with legal and regulatory requirements.

The Audit Committee's activities are governed by a written charter adopted by the Board of Directors which is available on the Company's website (www.invacare.com) by clicking on the Investor Relations tab and then the Corporate Governance link.

Each member of the Audit Committee satisfies the independence requirements set forth in the New York Stock Exchange listing standards and Rule 10A-3 of the Securities Exchange Act of 1934, as amended.

Management has the primary responsibility for the Company's financial statements and the reporting process, including the system of internal and disclosure controls. Ernst & Young LLP, the Company's independent registered public accounting firm for 2010, audited the annual financial statements prepared by management and expressed an opinion on the conformity of those financial statements with accounting principles generally accepted in the United States. Ernst & Young LLP also audited the Company's internal control over financial reporting as of December 31, 2010, and issued an opinion with respect to the Company's internal control over financial reporting as of December 31, 2010.

The Company's Director of Compliance and Internal Audit, together with a nationally-recognized third party firm, conducts the Company's internal audit processes. During 2010, the Audit Committee met with the third party firm, the Director of Compliance and Internal Audit and Ernst & Young LLP, with and without management present, to discuss their examinations, their continuing evaluation of the Company's internal and disclosure controls and the overall quality of the Company's internal procedures and controls over financial reporting.

As part of its oversight responsibilities described above, the Audit Committee met and held discussions with management, with Ernst & Young LLP and with its internal auditors relative to the Company's financial reporting. Management represented to the Audit Committee that the Company's financial statements were prepared in accordance with accounting principles generally accepted in the United States, and the Audit Committee reviewed and discussed the audited financial statements with management and Ernst & Young LLP, including a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of specific judgments and the clarity of disclosures in the financial statements. The Audit Committee also discussed with Ernst & Young LLP such other matters as are required to be discussed with the Audit Committee by Statement on Auditing Standards No. 61, as amended by Statement on Auditing Standards No. 90, (Communication with Audit Committees).

In addition, Ernst & Young LLP provided to the Audit Committee the written disclosures and letter required by PCAOB Ethics and Independence Rule 3526 (Communications With Audit Committees Concerning Independence), and by all relevant professional and regulatory standards, related to the auditors' independence. The Audit Committee discussed with Ernst & Young LLP its independence from the Company and its management and considered the compatibility of non-audit services with the independence of Ernst & Young LLP.

Based on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors, and the Board of Directors has approved, that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2010 for filing with the Securities and Exchange Commission.

The Audit Committee has appointed Ernst & Young LLP as the Company's independent registered public accounting firm for its 2011 fiscal year, and the Company is seeking ratification for such appointment at the 2011 Annual Meeting of Shareholders.

AUDIT COMMITTEE

William M. Weber, Chairman
James C. Boland
Dan T. Moore, III

Independent Registered Public Accounting Firm

The Audit Committee and the Board of Directors have selected Ernst & Young LLP to continue as the Company's independent registered public accounting firm and to audit the financial statements of Invacare for the fiscal year ending December 31, 2011. The Audit Committee is asking you to ratify this appointment.

Fees for services rendered by Ernst & Young LLP were:

	<u>2010</u>	<u>2009</u>
Audit Fees	\$3,391,000	\$3,414,000
Audit-Related Fees	11,000	15,000
Tax Fees		
Tax Compliance Services	786,000	769,000
Tax Advisory Services	771,000	835,000
	<u>1,557,000</u>	<u>1,604,000</u>
All Other Fees	—	—
Total	<u>\$4,959,000</u>	<u>\$5,033,000</u>

Audit Fees. Fees for audit services include fees associated with the audit of the Company's annual financial statements and review of the Company's quarterly financial statements, including fees for statutory audits that are required domestically and internationally and fees related to the completion and delivery of the auditors' attestation report on internal control over financial reporting required under Section 404 of the Sarbanes-Oxley Act. Audit fees also include fees associated with providing consents and review of documents filed with the SEC, other services in connection with statutory and regulatory filings or engagements, as well as accounting consultations billed as audit consultations and other accounting and financial reporting consultation and research work necessary to comply with generally accepted auditing standards.

Audit-Related Fees. Fees for audit-related services principally include fees associated with accounting consultations, audits in connection with proposed or completed acquisitions and other accounting advisory assistance.

Tax Fees. Fees for tax services include fees associated with tax compliance, advice and planning services.

Pre-Approval Policies and Procedures

The Audit Committee has adopted a policy that requires advance approval for all audit, audit-related, tax services, and other services performed by our independent registered public accounting firm. The policy provides for pre-approval by the Audit Committee of specifically defined audit and non-audit services. Unless the specific service has been previously pre-approved with respect to that year, the Audit Committee must approve the permitted service before the independent registered public accounting firm is engaged to perform it. The Audit Committee has delegated to the Chairperson of the Audit Committee authority to approve certain permitted services, provided that the Chairperson reports any such decisions to the Audit Committee at its next scheduled meeting. During 2010, no services were provided to the Company by Ernst & Young LLP other than in accordance with the pre-approval policies and procedures described above.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Executive Summary

This Compensation Discussion and Analysis describes our compensation programs and how they apply to our executives, including:

- A. Malachi Mixon, III, executive Chairman of the Board, who also served as Chief Executive Officer until April 2010;
- Gerald B. Blouch, President and Chief Executive Officer, who served as President and Chief Operating Officer during 2010 and as interim Chief Executive Officer from April 2010 through December 2010;
- Robert K. Gudbranson, Senior Vice President and Chief Financial Officer;
- Joseph B. Richey, II, President, Invacare Technologies and Senior Vice President, Electronics and Design Engineering; and
- Louis F.J. Slangen, Senior Vice President, Corporate Marketing and Chief Product Officer.

These five executives are referred to in this proxy statement as the “Named Executive Officers” and they are included in the Summary Compensation Table.

The past year has been one of transition at Invacare, as the Company continued its execution of a number of key business initiatives and, at same time, responded to the challenging economic environment and uncertain healthcare industry landscape. During the year, the Company’s management was reorganized, largely due to planned organizational restructuring, but partly as a result of unforeseen events. In April 2010, Mr. Mixon, who at the time was serving as Invacare’s Chairman and Chief Executive Officer, unexpectedly had to take a temporary medical leave of absence from the Company. In accordance with the Board’s long-standing succession plan, Mr. Blouch assumed the role of interim Chief Executive Officer at the time and remained in the role until being named President and Chief Executive Officer effective January 1, 2011. Mr. Mixon returned to the role of Chairman in July 2010 and, effective January 1, 2011, was named executive Chairman of the Board of the Company.

While global economic conditions and uncertainty in the healthcare industry have posed challenges to the Company’s business over the last few years, the overall design of the compensation program has remained fairly constant. The compensation program is designed to further the Company’s business goals, core values and shareholder interests by attracting and retaining the talented executive leadership necessary for the growth and success of the Company’s business and motivating its executives to exert the maximum possible effort to further the interests of shareholders.

The major components of the Company’s executive compensation program are base salary, annual cash bonuses, long-term equity compensation through stock options and restricted stock, and other employee and executive benefits. The Compensation Committee uses market compensation information to ensure that the executive compensation program is competitive relative to companies with which Invacare competes for executive talent.

Several significant developments are reflected in the compensation reported for 2010 for the Named Executive Officers, including:

- The Company’s 2010 adjusted earnings per share increased by 16% from 2009 and far exceeded the target performance goal of 10% improvement established by the Compensation Committee under the Executive Incentive Bonus Plan for 2010. As a result, the Named Executive Officers earned annual cash bonuses under the Executive Incentive Bonus Plan for 2010;

- All five Named Executive Officers received merit salary-related awards in 2010 in recognition of their individual performance over the year. Mr. Gudbranson received a merit salary increase of 4% and an additional increase of 6% in order to maintain his salary level relative to market compensation. Messrs. Mixon, Blouch and Slangen were provided lump sum merit awards equal to 3% of their respective salaries, and Mr. Richey was provided a lump sum merit award equal to 2% of his salary, in order to recognize their performance without increasing their respective annual base salary levels;
- In granting long-term equity compensation awards, the Compensation Committee continued its practice of awarding a mix of stock options and restricted stock weighted more heavily toward stock options in order to reinforce executives' focus on increasing shareholder value while still addressing retention and dilution considerations; and
- The Compensation Committee supplemented Mr. Blouch's 2010 compensation in recognition of his service as interim Chief Executive Officer during approximately eight months of 2010.

The Compensation Committee also developed and implemented modified compensation programs for Mr. Mixon and Mr. Blouch reflective of their roles as executive Chairman of the Board and as President and Chief Executive Officer, respectively, beginning in 2011.

Objectives of the Compensation Program

Invacare's compensation of key management is designed to further the Company's business goals, core values and shareholder interests by attracting and retaining the talented executive leadership necessary for the growth and success of the Company's business and motivating its executives to exert the maximum possible effort to further the interests of shareholders. To this end, the Company's executive compensation is intended to:

- reward its executives for sustained financial and operating performance and leadership excellence;
- align their interests with those of the Company's shareholders; and
- encourage them to remain with the Company for long and productive careers.

Design of the Compensation Program

The major components of the Company's executive compensation program, the primary purpose of each component and the form of compensation of each component are described in the following table.

Component	Primary Purpose	Form of Compensation
<i>Base Salary</i>	Provides base compensation for day-to-day performance of job responsibilities; recognizes individual skills, competencies and experience.	Cash.
<i>Annual Bonus</i>	Rewards performance over the year based on achieving annual performance goals	Cash.
<i>Long-Term Equity Compensation Awards</i>	Encourages improvement in the long-term performance of the Company, thereby aligning interests of executives with the interests of shareholders; attracts and retains executives.	Restricted stock and stock options, both of which fully vest over four years of continued service.

<u>Component</u>	<u>Primary Purpose</u>	<u>Form of Compensation</u>
<i>Other Employee and Executive Benefits</i>	Provides a broad-based executive compensation program for employee retention, retirement and health; provides management continuity in the event of an actual or threatened change in control.	Employee benefit plans, programs and arrangements generally available to all employees; executive retirement and savings programs; limited perquisites, executive life insurance program and executive long-term disability program; severance and change in control benefits.

The executives are compensated principally by using a combination of fixed and performance-based compensation, annual and long-term compensation and cash and equity-based compensation. The Compensation Committee does not have a specific policy on the desired mix between fixed and variable, short and long-term, and cash and equity compensation.

The Compensation Committee uses compensation data from pay surveys and from its comparative group, which is referred to as “market compensation” in this section, as well as input from the independent compensation consultant, the Chairman, the CEO and the Senior Vice President of Human Resources, to assist it in determining whether Invacare’s compensation is competitive and reasonable. While the Compensation Committee considers market compensation practices, it strives to incorporate flexibility in the Company’s compensation programs and in the assessment process in order to respond to and adjust for, if appropriate, the evolving business environment, including market conditions which may be beyond management’s control.

Base salaries and cash bonus targets are generally set at amounts that, when combined, provide executives with total cash compensation levels that are at or near the 75th percentile of market total cash compensation, if the Company meets demanding annual financial performance objectives. The Compensation Committee believes that approach:

- enhances the retention value of the Company’s compensation program;
- recognizes that the Compensation Committee typically sets demanding annual incentive bonus targets; and
- emphasizes the importance of achieving financial results that create shareholder value.

Including annual bonuses as a component of the program allows the Company to minimize fixed compensation costs while still providing executives with competitive cash compensation opportunities to the extent that the Company meets or exceeds annual performance goals.

Long-term equity compensation is awarded in a mix of stock options and restricted stock in combined amounts targeted at or slightly below the median value of market equity incentive compensation. Granting long-term equity incentives at or slightly below the median value of market incentive compensation drives the Company’s total compensation toward the median of market total compensation and helps manage the Company’s dilution and use of authorized equity plan shares, while still maintaining a compensation program that is competitive in attracting and retaining executives and is linked to the enhancement of shareholder value.

In awarding long-term equity compensation, the Company grants stock options and restricted stock. Stock options are primarily intended to motivate executives to increase shareholder value, as options benefit executives only to the extent the Company’s stock price increases. While restricted

stock also aligns executives' interests with those of shareholders, those awards provide immediate value that assists in executive retention. Both types of awards serve to build stock ownership by executives. The mix of stock options and restricted stock is intended to strike a balance that is oriented toward rewarding performance, while still addressing executive retention and managing shareholder dilution and compensation expense.

Compensation Decisions in 2010

The Compensation Committee's decisions are based on its assessment of each executive's performance during the year against a variety of factors which may include corporate and personal goals, leadership qualities, operational performance, business responsibilities, career with the Company, current compensation arrangements and long-term potential to enhance shareholder value. Among the factors which may be considered are key financial measurements, strategic objectives, product improvement and innovation, individual achievements, organizational leadership and high integrity. In annually setting an executive's target compensation, the Company does not necessarily adhere to rigid formulas or react immediately to short-term changes in business performance.

Base Salary. Base salary provides executives with a base level of income. The Company establishes salary levels reflective of the executive's skills, competencies, experience and individual performance. As a result, changes in salary focus primarily on an assessment of the executive's performance in relation to the executive's responsibilities. The Compensation Committee also takes into consideration the overall performance of the Company in the past year, using adjusted earnings per share as the primary financial measurement in that assessment. In addition, the Compensation Committee reviews market compensation data, which provides a comparison of the executive's salary level relative to the salary levels of the executive's peers.

In establishing 2010 salary levels for Messrs. Blouch, Richey, Gudbranson and Slangen, the Compensation Committee reviewed market compensation data, as well as recommendations from Mr. Mixon. The Compensation Committee also considered:

- how each executive performed in relation to the executive's responsibilities during the previous year;
- each executive's potential future contributions to the Company; and
- each executive's particular talents, unique skills, experience, length of service to the Company and depth of industry knowledge.

In determining Mr. Mixon's base salary for 2010, in addition to the factors considered by the Compensation Committee with respect to the other Named Executive Officers, the Compensation Committee took into account Mr. Mixon's government relations efforts, including his service as the leading spokesperson in Washington, DC on behalf of the home medical equipment industry, which has placed the Company in a position to directly and positively influence reimbursement outcomes for Invacare's customers and, thus, positively impact the demand for the Company's products.

In early 2010, the Compensation Committee performed its annual review of base salaries of the executives. The Compensation Committee determined that all five Named Executive Officers should receive merit salary-related awards in recognition of their individual performance over the prior year. In addition, the Compensation Committee's review of market compensation data indicated that the salary levels of Messrs. Mixon, Blouch, Richey and Slangen were above the market median, in large part due to their long tenure with the Company, and that Mr. Gudbranson's salary level was below the market median. Accordingly, the Compensation Committee approved a salary increase of 10% for Mr. Gudbranson, comprised of a 4% merit increase and a 6% increase to maintain his salary level relative to market compensation. After considering, in particular, their length of service, their salary

levels relative to market compensation and the recommendation of the independent compensation consultant, the Compensation Committee approved lump sum cash merit awards in lieu of salary increases to Messrs. Mixon, Blouch and Slangen equal to 3% of salary, and to Mr. Richey equal to 2% of salary, in order maintain their respective total cash compensation levels relative to their peers without increasing their salaries. The lump sum amounts are reported in the Bonus column of the Summary Compensation Table.

Annual Cash Bonus. The Company provides each executive with an opportunity to earn an annual cash bonus under the Company's shareholder-approved Executive Incentive Bonus Plan. All of the Company's executives participate in the bonus plan. The annual bonus plan is intended to compensate the executives for achieving challenging annual performance goals that are indicative of overall Company performance.

Each year, the Compensation Committee reviews and approves annual bonus plan performance goals. As it has in the past, the Compensation Committee approved potential payouts under the bonus plan for 2010 based on adjusted earnings per share targets. The Compensation Committee and senior management believe that adjusted earnings per share represents important bottom-line financial results that investors use to evaluate the Company's performance, that can directly influence the Company's stock price, and that provides a clear measurement of the Company's core earnings. Therefore, the Compensation Committee determined that, of the various financial measurements that could be used, adjusted earnings per share was the most appropriate metric for measuring the Company's operating performance for 2010 for purposes of the Executive Incentive Bonus Plan, and that significant improvements in adjusted earnings per share should result in the executive receiving commensurate bonus rewards.

In determining an appropriate target for 2010 adjusted earnings per share, the Compensation Committee reviewed and discussed previous years' results, the Company's forecasted annual operating plan and the recommendations of senior management. The Compensation Committee sought to establish a performance goal which would:

- reflect a meaningful improvement in overall business performance over the previous year;
- be challenging, but achievable; and
- if achieved, support paying executives total cash compensation targeted at the 75th percentile of market compensation.

For 2010, the Compensation Committee established (1) an adjusted earnings per share threshold greater than the Company's actual adjusted earnings per share for 2009, so that if performance for 2010 was equal to or below the performance achieved for 2009, it would result in no amounts being paid under the bonus plan, (2) an adjusted earnings per share target, at which 100% of the executive's target bonus amount would be paid under the bonus plan, and (3) graduated increases in payouts up to 150% of the executive's target bonus amount if the Company achieved adjusted earnings per share at or above the targeted threshold amount. The following table shows the Company's performance goals at threshold, target and maximum performance levels and the Company's actual performance for 2010.

<u>Performance Goal</u>	<u>Actual 2009 Performance</u>	<u>Threshold 20% Performance</u>	<u>Target 100% Performance</u>	<u>Maximum 150% Performance</u>	<u>Actual 2010 Performance</u>
Adjusted Earnings Per Share*	\$1.58	\$1.59	\$1.75	\$1.90	\$1.84

* Adjusted earnings per share is net earnings, excluding the impact of restructuring charges, amortization of the convertible debt discount (recorded in interest expense), changes in tax valuation allowances and loss on debt extinguishment including debt finance charges and fees, divided by adjusted weighted average shares outstanding — assuming dilution, which excludes the dilutive impact of the convertible debt.

The adjusted earnings per share target and maximum for 2010 represented a 10% and 20% increase, respectively, from the adjusted earnings per share achieved by the Company for 2009, which the Compensation Committee believes were demanding goals, the achievement of which would represent significant improvement in the Company's performance. The threshold performance amount was established at a level that would require improvement over the prior year's adjusted earnings per share before any bonus amounts would be earned under the plan.

The Compensation Committee determines target and maximum bonus levels for each executive when the executive first becomes eligible to participate in the Executive Incentive Bonus Plan. The Compensation Committee then annually reviews target and maximum annual bonus levels for each executive as a percentage of the executive's salary. In reviewing those percentages, the Compensation Committee targets total annual cash compensation for each executive at or near the 75th percentile of market compensation. Taking into account the same factors discussed above with respect to base salary, the Compensation Committee also considers whether the executive's individual performance and level of responsibilities warrant a change in the bonus target percentage from the previous level. The Compensation Committee does not take into account awards earned under other reward programs in determining annual bonus opportunities.

In establishing the 2010 target bonuses for each of the Named Executive Officers, the Compensation Committee reviewed the target amounts as a percentage of salary that had been used for each of these executives in prior years and determined to make no change. The following table shows the 2010 threshold, target, maximum and actual cash bonus levels, as a percentage of salary, for each Named Executive Officer based upon the Company achieving threshold, target and maximum adjusted earnings per share performance goals, and upon the actual adjusted earnings per share achieved by the Company for 2010.

<u>Named Executive</u>	<u>Incentive Amount as a Percentage of Salary</u>			
	<u>Threshold</u>	<u>Target</u>	<u>Maximum</u>	<u>Actual</u>
Mr. Mixon	20%	100%	150.0%	130.0%
Mr. Blouch	19	95	142.5	123.5
Mr. Gudbranson	15	75	112.5	97.5
Mr. Richey	15	75	112.5	97.5
Mr. Slangen	15	75	112.5	97.5

The bonus amounts paid to each Named Executive Officer for 2010 were based solely on the calculation of adjusted earnings per share and application of the individual bonus targets described above and not on an assessment of the executive's individual performance, which served to closely align the executives' efforts with the interests of shareholders.

Long-Term Equity Compensation Awards. The Company's long-term equity compensation program in 2010 provided grants of stock options and restricted stock under the Company's 2003 Performance Plan. The Compensation Committee approved a long-term equity compensation program for 2010 with values weighted 60% in stock options and 40% in restricted stock. The mix of equity awards is intended to provide an appropriate balance of increasing shareholder value, addressing executive retention and managing shareholder dilution and compensation expense.

In making equity awards in 2010, the Compensation Committee reviewed information provided by the independent compensation consultant regarding the median market value of long-term compensation awards. Minimum and maximum grant guidelines for each Named Executive Officer were developed around target grants equal to or slightly below the market median according to each executive's salary level, organizational level, reporting relationships and job responsibilities to maintain

internal equity in the grants among all equity award recipients and to provide the Company with some latitude to recognize individual performance and the recipient's role in contributing to the creation of long-term shareholder value. The assumed values for stock option grants are based on the Black-Scholes option valuation model, the same model used by the Company to determine its accounting cost with respect to the options. The assumed values for restricted stock grants are based on the Company's stock price at the time of grant and the estimated dividends to be received by the recipient over the vesting period.

The Compensation Committee then considered each Named Executive Officer's performance in 2009 utilizing the same factors considered in setting the executive's base salary levels, the capacity remaining available for grant under the 2003 Performance Plan and the relevant market overhang and the tax deductibility of the awards. The Compensation Committee also considered the recommendations of the Chairman and of the CEO with respect to awards to each other Named Executive Officer, and the recommendations of the Chairman regarding awards to the CEO. No particular weight was assigned to any one of these areas. Outstanding long-term equity awards granted in prior years and held by an executive generally are not considered when the Compensation Committee makes its determinations regarding new grants of long-term equity compensation.

The long-term equity compensation granted in 2010 to the Named Executive Officers resulted in annual grants of stock options and restricted stock at combined values within the targeted range for each of these individuals. Awards granted in 2010 to each of the Named Executive Officers are set forth in the Grants of Plan-Based Awards for Fiscal Year 2010 Table.

Stock Options. The stock options granted in 2010 were issued under the 2003 Performance Plan as non-qualified options with an exercise price equal to the Company's closing price on the New York Stock Exchange on the date of grant. The stock options become exercisable ratably over a four-year period to support retention, and they expire after ten years to reward long-term stock price appreciation.

Restricted Stock. The restricted stock granted in 2010 was issued at no cost to the recipient and vests ratably over four years to strengthen the retention value of the award. In order to enhance their retention value, the terms of the restricted stock allow the holder, subject to certain restrictions, to surrender a portion of the vested shares to the Company to cover any minimum tax withholding obligation. In November 2010, the Compensation Committee determined that future grants of restricted stock would provide that the holders of that restricted stock would be entitled to receive cash dividends declared and paid by the Company on the Company's outstanding common shares only to extent that the restricted stock is vested at the time of the dividend.

Interim CEO Compensation. As further described below under "Organizational Changes During 2010," Mr. Blouch served as interim Chief Executive Officer of the Company from April 2010 through December 2010. In considering Mr. Blouch's total compensation for 2010, the Compensation Committee determined that it would be appropriate to award discretionary bonus payments to Mr. Blouch outside of the annual bonus program established at the beginning of 2010 under the Executive Incentive Bonus Plan, in recognition of his additional duties, responsibilities and service as interim CEO. In determining this discretionary bonus for 2010, the Compensation Committee considered:

- the additional roles and responsibilities assumed by Mr. Blouch as interim CEO;
- the duration of Mr. Blouch's service as interim CEO;
- the total cash compensation opportunity provided to Mr. Blouch as compared to the market median level of target cash compensation provided to CEOs; and
- its subjective assessment of Mr. Blouch's performance as interim CEO.

Based on these factors, and after comparing Mr. Blouch's base salary to the market median base salary for CEOs and to the base salary of Mr. Mixon, the Compensation Committee approved a special cash award of \$200,000 for Mr. Blouch. In addition, the Compensation Committee approved a special discretionary cash bonus award of \$60,000 for Mr. Blouch based on the Company's 2010 adjusted earnings per share performance during his service as interim CEO, which amount represents the difference between Mr. Blouch's total target cash compensation and the market median total target cash compensation for CEOs, pro-rated for the approximately eight months Mr. Blouch served in the role of interim CEO. These amounts are reported in the Bonus column of the Summary Compensation Table.

The Compensation Committee also awarded Mr. Blouch in 2010 additional stock options to purchase 8,000 common shares, in recognition of his additional responsibilities for the approximately eight months Mr. Blouch served in the role of interim CEO. These stock options are included in the Grants of Plan-Based Awards For Fiscal Year 2010 Table.

Organizational Changes During 2010

Mr. Mixon, who started 2010 as the Company's Chairman and Chief Executive Officer, suffered a mild stroke at the end of April 2010 and took a medical leave. As a result, the Board of Directors implemented Invacare's long-standing succession plan, asking Mr. Blouch, the Company's long-serving President and Chief Operating Officer to serve as CEO on an interim basis and asking James C. Boland, the Company's independent Lead Director to serve as Chairman of the Board on an interim basis. At the end of July 2010, Mr. Mixon returned to the Company as Chairman of the Board, and Mr. Blouch continued to serve as interim CEO through the end of the year.

Beginning January 1, 2011, Mr. Blouch was named Invacare's President and Chief Executive Officer, and Mr. Mixon assumed the role of executive Chairman of the Board. In his role as Chairman of the Board, Mr. Mixon is an executive officer of the Company who leads the Company's government relations activities and oversees the Company's research and product innovation strategies. Mr. Mixon also is responsible for overseeing and directing the activities of the Board of Directors. Mr. Blouch's primary role is to plan, formulate and coordinate the development and execution of the Company's strategy, policies, goals and objectives.

In light of these changes, the Compensation Committee implemented new executive compensation programs for Mr. Mixon and Mr. Blouch for 2011 which reflect their new roles and responsibilities. The Compensation Committee retained the independent compensation consultant to identify the compensation paid to executive Chairs and to Chief Executive Officers at companies which have a separate executive Chairman and CEO that are comparable in size to Invacare. The independent compensation consultant identified a group of 46 relevant companies (which group is different than the comparative group used annually by the Compensation Committee in its review of Named Executive Officer compensation) and found that the executive Chairs at those companies typically received a base salary, participated in the company's annual cash bonus incentive plan and were eligible for long-term incentive compensation awards, usually in the form of stock options and restricted stock. The Compensation Committee sought to implement compensation programs for Mr. Mixon and Mr. Blouch that would be competitive with market compensation and reflective of each executive's tenure with the Company, experience and skills, the new responsibilities assumed by Mr. Blouch as CEO and the continued responsibilities and role of Mr. Mixon as executive Chairman. Consistent with the Company's long-standing practice, the Compensation Committee structured 2011 compensation for Mr. Mixon to include a base salary and cash bonus target that, when combined, provides him with a total cash compensation level that is at or near the 75th percentile of market total cash compensation, if the Company meets demanding annual financial performance objectives. Mr. Blouch's compensation is structured to provide him with total cash compensation at or near the

market median. The Compensation Committee also may award Mr. Mixon and Mr. Blouch long-term equity compensation during 2011 in a mix of stock options and restricted stock to maintain alignment of the executives' interests with those of shareholders and enhance the retention value of the compensation program.

The following table shows the 2011 base salary, target cash bonus as a percentage of salary and estimated value of possible stock option and restricted stock awards for Mr. Mixon and Mr. Blouch (which have not been granted)*, as compared to the 2010 amounts provided to each of them:

<u>Named Executive</u>	<u>Base Salary 2010</u>	<u>Target Bonus Percentage 2010</u>	<u>Estimated Value of Equity Awards 2010</u>	<u>Base Salary 2011</u>	<u>Target Bonus Percentage 2011</u>	<u>Estimated Value of Equity Awards 2011*</u>
Mr. Mixon	\$1,106,000	100%	\$1,968,000	\$850,000	100%	\$1,471,000
Mr. Blouch	\$ 694,000	95%	\$ 800,000	\$850,000	100%	\$1,800,000

* These amounts are estimates only, based on market data provided to the Compensation Committee at the time the new compensation programs for Mr. Mixon and Mr. Blouch were adopted; these are included for illustrative purposes only and ultimately may be granted in different amounts, or not granted at all.

Other Arrangements

The Compensation Committee believes the benefits summarized below are vital to the attraction and retention of talented executives and, thus, to the long-term success of the Company.

Deferred Compensation and Savings Plans. The Company maintains the plans described below to provide executives with the opportunity to address long-term financial and retirement planning with a degree of certainty and provide financial stability in the event the executives are impacted by unforeseeable factors that are beyond their control.

The Company maintains the Invacare Retirement Savings Plan, a qualified 401(k) defined contribution plan, for its employees, to which the Company has the discretion to make matching and quarterly contributions on behalf of the employees, including each of the Named Executive Officers. The amounts of the contributions made by the Company on behalf of each Named Executive Officer to the Invacare Retirement Savings Plan are set forth in a footnote to the Summary Compensation Table.

The Company provides its executives with the opportunity to participate in the Deferred Compensation Plus Plan ("DC Plus Plan"), a non-qualified contributory savings plan, which allows the executives to defer compensation above the amount permitted to be contributed to the Invacare Retirement Savings Plan and, thus, provides the executives with additional pre-tax savings opportunities for retirement. In addition to individual deferrals, the Company has the discretion to provide a matching contribution and additional quarterly contribution for participating executives which are similar in percentage to the Company contributions made to employees who participate in the Invacare Retirement Savings Plan. The amounts of the contributions made by the Company on behalf of each Named Executive Officer to the DC Plus Plan are set forth in the Non-Qualified Deferred Compensation Table and a footnote to the Summary Compensation Table. The terms of the DC Plus Plan are further described following the Non-Qualified Deferred Compensation for Fiscal Year 2010 Table.

The Company also provides a Supplemental Executive Retirement Plan, or "SERP," in which the Named Executive Officers participate, to supplement other savings plans offered by the Company and to provide replacement compensation for the executive in retirement. The purpose of this plan is to

provide for basic life and income security needs and recognize career contributions. The change in the present value of the accumulated benefit obligation to each Named Executive Officer is set forth in the Summary Compensation Table. The present value of the aggregate accumulated benefit obligation to each Named Executive Officer under the SERP is included in the Pension Benefits for Fiscal Year 2010 Table and the terms of the SERP are further described following that table.

Perquisites. The Company provided its Named Executive Officers certain limited perquisites in 2010, which the Compensation Committee believes are reasonable, commensurate with the types of benefits and perquisites provided to similarly situated executives within other companies of comparable size and useful in attracting and retaining executives. They are not tied to individual or Company performance. These perquisites include the payment of premiums on specified excess liability insurance, an annual physical exam and health screening, and the availability of corporate sporting event tickets for personal use, but do not include any gross-ups by the Company for associated tax liability. Perquisites are reported in the Summary Compensation Table.

Other Benefits. The Company offers certain other benefits to its executives in order to remain competitive with market benefit plan compensation, as described below.

The Named Executive Officers participate in the Invacare Executive Disability Income Plan. The plan, together with the coverage provided under the long-term disability plan provided by the Company to all of its employees, provides the executives with total disability coverage of up to 70% of the executive's annual salary up to a maximum of \$25,000 per month for long-term disability coverage. The Company is self-insured for long-term disability coverage for Mr. Mixon. In addition, if the Company is unable to secure enough coverage to pay the full \$25,000 per month benefit for Messrs. Blouch, Gudbranson, Richey and Slangen, then the Company would self-insure any shortfall in coverage to ensure that those executives receive their full benefit. The Company also maintains a death benefit only life insurance plan in which Messrs. Blouch, Gudbranson, Richey and Slangen participate, which is described in Other Potential Post-Employment Compensation. In addition, the Company also provides other benefits such as medical, dental and life insurance to each Named Executive Officer in a flexible benefits plan, which also is provided to all other eligible U.S. based employees of the Company.

In March 2000, in recognition of his long service and contributions to the success of the Company, the Compensation Committee established a Chairman and CEO Retirement Program for Mr. Mixon, which is described in Other Potential Post-Employment Compensation. In addition, Mr. Mixon has been granted a right of first refusal to assume the Company's rights and obligations with respect to the corporate suites and tickets it leases or has rights to at Cleveland-area professional sports arenas in the event that the Company determines not to renew one or more of the leases or the seat rights.

Severance Benefits. The Company has entered into agreements with Messrs. Blouch, Gudbranson, Richey and Slangen that provide for the payment of certain severance benefits upon terminations of employment other than terminations following a change of control of the Company. These agreements provide some level of income continuity should an executive's employment be terminated without cause by the Company or by the executive for good reason. These agreements are further described under Other Potential Post-Employment Compensation.

Change in Control Benefits. Each Named Executive Officer also has entered into an agreement with the Company that provides for certain benefits generally payable in the event of a termination following a change of control of the Company. The Company believes these agreements help retain executives and provide for management continuity in the event of an actual or threatened change in control. They also help to ensure that the interests of executives remain aligned with shareholders' interests during a time when their continued employment may be in jeopardy. Finally, they provide

some level of income continuity should an executive's employment be terminated without cause. The agreements provide for the payment and provision of certain benefits to the executives if there is a change of control of the Company and for additional benefits if there is a termination of the executive's employment with the surviving entity within three years after the change of control. These agreements are further described under Other Potential Post-Employment Compensation.

Policies, Guidelines and Practices Related to Compensation

Role of the Compensation Committee. The Compensation Committee is comprised of independent directors and is responsible for the approval and administration of the Company's existing and proposed executive compensation plans. You may learn more about the responsibilities of the Compensation Committee by reading the Compensation Committee's charter, which is available on the Company's website at www.invacare.com by clicking on the "Investor Relations" tab and then the "Corporate Governance" link. Additional information about the Compensation Committee is also included in this proxy statement under the caption "Corporate Governance — What are the principal functions of the Board committees?"

Role of the Compensation Committee's Independent Compensation Consultant. During 2010, the Compensation Committee retained and was advised by Towers Watson, and later by Pay Governance LLC (which was formed during 2010 by individuals formerly employed by or associated with Towers Watson), as an outside independent compensation consultant with respect to executive compensation matters. This engagement was a continuation of the Compensation Committee's work with Towers Perrin, which merged with Watson Wyatt to form Towers Watson effective January 1, 2010.

The independent compensation consultant's primary role is to analyze the competitiveness of, and provide recommendations to the Compensation Committee and management on, the structure and amounts of each element of the annual compensation to be paid to the Company's executives. During 2010, the independent compensation consultant attended two of the Compensation Committee's meetings. The independent compensation consultant's services included ongoing review, comment, consulting support, advice and/or recommendations related to:

- selected draft and final materials provided to the members of the Compensation Committee in connection with Compensation Committee meetings during 2010;
- compensation for the CEO and the other Named Executive Officers, including comparative information;
- annual and long-term incentive opportunities;
- policies and data related to governance and disclosure of executive compensation;
- conducting a risk assessment of the Company's compensation policies and practices for its employees;
- possible shareholder inquiries related to executive compensation;
- structuring compensation of the executive Chairman of the Board and the President and Chief Executive Officer in connection with the transition of management roles; and
- emerging trends in executive compensation.

Towers Watson did not, and Pay Governance LLC does not, provide the Company with any other consulting or other services outside of those associated with advising the Company on its executive compensation programs. In making its decision to retain the independent compensation consultant for 2010, the Compensation Committee considered the level of the consultant's fees, the quality of services it has provided to Invacare in the past and the anticipated ability of the consultant to provide

objective and independent assistance and advice to the Compensation Committee and to Company management.

Role of Executive Officers. The Chairman of the Board, the President and Chief Executive Officer and the Senior Vice President of Human Resources participate in meetings of the Compensation Committee to provide insight into the performance of individual executives and the impact of their respective contributions to the Company's overall performance and to make recommendations as to the structure and implementation of elements of executive compensation. The Chairman of the Board and the CEO assess the performance of each of the Company's other Named Executive Officers, and the Chairman of the Board assesses the performance of the CEO, and each of them provides recommendations to the Compensation Committee as to a proposed structure and targeted amounts of salary, cash bonus awards and equity incentive awards for such executive officers. In preparing these recommendations, the Chairman of the Board and the CEO review market compensation data provided by the independent compensation consultant and recommendations of the Senior Vice President of Human Resources. Prior to Compensation Committee meetings, these officers meet with the Chairman of the Compensation Committee to preview and discuss their recommendations and respond to questions. The Chairman of the Board and the CEO do not submit recommendations with respect to their own compensation. The Compensation Committee meets in executive session to review and discuss the performance of and compensation for the Chairman of the Board and the CEO.

The Chairman of the Board and the CEO also provide the Compensation Committee with recommendations, and participate in discussions with the Compensation Committee regarding suggested performance targets associated with the Company's annual cash bonus program. After the end of the year, the Chairman of the Board and the CEO meet with the Compensation Committee to review overall company performance relative to performance targets.

Market Compensation — Survey Data and Comparative Information. In order to gauge the competitiveness of Invacare's executive compensation levels and help ensure that the Company is positioned to attract and retain qualified executives in the face of competitive pressures, the Compensation Committee retains the independent compensation consultant to identify annually the compensation paid to executives who are comparable to Invacare's executives. This information is referred to in this section as "market compensation." The market compensation is derived from a combination of survey data and comparative information from a group of health care equipment and supply companies, as described below.

Survey Data. The independent compensation consultant annually reviews survey data from nationally recognized compensation and human resources consulting firms and identifies the compensation levels with respect to annual base salaries, cash bonus awards and long-term incentive awards for each executive position paid by multi-national, diversified manufacturing companies with revenues between \$1.5 billion and \$3 billion. The independent compensation consultant uses regression analysis to adjust for differences in company size in determining competitive compensation levels. This analysis assists the independent compensation consultant in translating data from companies within the surveys into information that can be more directly compared to the compensation levels for a company comparable in size to Invacare. The companies represented in the survey data include more companies than those represented in the peer group in the stock performance graph included in the Company's 2010 annual report, which reflects the Company's view that a broad range of companies of comparable size compete with Invacare for senior executive talent.

Comparative Information. In addition to survey data, the independent compensation consultant also annually prepares comparative information regarding annual base salaries, cash bonus awards and long-term incentive awards for the named executive officers of the group of 22 health care

equipment and supply companies of varying sizes both smaller and larger than Invacare listed in the following table. Generally, Invacare's annual revenue approximates the median annual revenue for the companies in the group.

Advanced Medical Optics, Inc.	Hill-Rom Holdings, Inc.	ResMed Inc.
Beckman Coulter, Inc.	Hologic, Inc.	St. Jude Medical, Inc.
Bio-Rad Laboratories, Inc.	Idexx Laboratories, Inc.	STERIS Corporation
C.R. Bard, Inc.	Kinetic Concepts, Inc.	Teleflex Incorporated
CONMED Corporation	Lincare Holdings Inc.	Varian Medical Systems, Inc.
The Cooper Companies, Inc.	Patterson Companies, Inc.	West Pharmaceutical Services, Inc.
DENTSPLY International Inc.	PSS World Medical, Inc.	Zimmer Holdings, Inc.
Edwards Lifesciences Corp.		

The companies in this group are regularly reviewed and changed from time to time to account for acquisitions, mergers and other business-related changes. The 2010 group of companies is unchanged from the group used in 2009.

When making compensation decisions for the Named Executive Officers, the Compensation Committee focuses on providing executives with target total cash compensation levels that are at or near the 75th percentile of market total cash compensation, if the Company meets demanding annual financial performance objectives, and long-term equity compensation targeted at or slightly below the median value of market equity incentive compensation. As a result, total direct compensation (base salary, target annual cash bonus and long-term equity compensation) is targeted to fall between the 50th and 75th percentile of market total direct compensation. For 2010, the target total direct compensation of Messrs. Mixon, Blouch, Gudbranson, Richey and Slangen fell between the 50th and 75th percentiles of market compensation.

Executive Compensation Adjustment and Recapture Policy. If the Board of Directors or any appropriate Board committee has determined that any fraud or intentional misconduct by a participant in the Executive Incentive Bonus Plan was a significant contributing factor to the Company having to restate all or a portion of its financial statement(s), the Board or committee may take such actions as it deems necessary, in its discretion, to remedy the misconduct and prevent its recurrence. In determining what remedies to pursue, the Board or committee will take into account all relevant factors, including whether the restatement was the result of fraud or intentional misconduct. The Board may, to the extent permitted by applicable law, in appropriate cases, require reimbursement of any bonus or incentive compensation paid to the participant for any fiscal period commencing on or after January 1, 2008 if and to the extent that (a) the amount of incentive compensation was calculated based upon the achievement of certain financial results that were subsequently reduced due to a restatement, (b) the participant engaged in any fraud or intentional misconduct that significantly contributed to the need for the restatement, and (c) the amount of the bonus or incentive compensation that would have been awarded to the participant had the financial results been properly reported would have been lower than the amount actually awarded. In addition, the Board may dismiss the participant, authorize legal action, or take such other action to enforce the participant's obligations to the Company as it may deem appropriate in view of all the facts surrounding the particular case.

The Board of Directors, at the recommendation of the Compensation Committee, adopted a policy providing the Board of Directors with the discretion to recover any equity compensation awarded to a participant on or after January 1, 2008 if the Board of Directors or any appropriate committee has determined that any fraud or intentional misconduct by the participant was a significant contributing factor to the Company having to restate all or a portion of its financial statement(s).

Equity Grant Practices. As has been its practice, the Compensation Committee expects to make annual grant determinations in August of each year, following the expected release of earnings for the

second fiscal quarter in late July or early August, without regard to whether the Company is in possession of material non-public information.

Equity-based grants also are made occasionally during the course of the year to new hires or to current employees in connection with a promotion. The terms of outstanding stock options or restricted stock also may be amended as part of a termination or retirement package offered to a departing employee. Any two of the President and CEO, Chief Financial Officer and the Senior Vice President of Human Resources may, subject to the approval and ratification of the Compensation Committee, grant stock options or restricted stock to an employee, other than an executive officer, in connection with an offer of employment or promotion, and they may amend any outstanding stock option or restricted stock grant made to an employee, other than an executive officer, in connection with a termination or retirement package, which amendments may include acceleration of vesting or extension of the employee's exercise rights up to the final termination date of the stock option or final vesting date of the restricted stock.

Equity Run Rate. In determining the total number of stock options and shares of restricted stock to be awarded each year, the Compensation Committee attempts to strike a reasonable balance between the benefits achieved by providing incentives to a wide range of key employees of the Company and the shareholder dilution that results from an equity incentive plan. While the Compensation Committee has not set a formal limit on the number of awards which may be granted in any year, over the past five years, the average annual "run rate" of equity awards granted by the Company was 2.3%. For these purposes, "run rate" is defined as the number of equity awards granted in a particular year compared to the total number of outstanding shares. As of December 31, 2010, the Company's outstanding equity awards were 13.9% of total shares outstanding while shares available for future awards under the 2003 Performance Plan amounted to another 7.7% of total shares outstanding. The Compensation Committee believes that the percentage of equity awards outstanding is higher than desired but is principally attributable to the length of the vesting period for equity awards (four years) and the exercise prices of a substantial portion of the outstanding stock options being above the Company's stock price over the last few years, which has generally resulted in fewer stock options being exercised. As of December 31, 2010, there were 4,484,195 stock options outstanding under the 2003 Performance Plan and its predecessor plans of which 2,617,111 or 58.4% were exercisable at prices less than the market price of Invacare common shares on that date. In order to reduce the amount of shareholder dilution attributable to grants of equity-based incentives, since 2005, the Compensation Committee has granted top level executives a significant component of restricted stock in lieu of stock options that would have otherwise been granted to this same group.

Tax Matters. Section 162(m) of the Internal Revenue Code generally provides that certain compensation in excess of \$1 million per year paid to a public company's chief executive officer and any of its four other highest paid executive officers is not deductible to the company unless the compensation qualifies for an exception. Section 162(m) provides an exception to the deductibility limit for "performance-based compensation" if certain procedural requirements, including shareholder approval of the material terms of the performance goal, are satisfied.

To the extent practicable in view of its compensation philosophy, the Company seeks to structure its executive compensation to satisfy the requirements for the performance-based compensation exception under Section 162(m). Nevertheless, based upon the Company's current compensation structure, the Compensation Committee believes that it is in the best interests of the Company and its shareholders for the Compensation Committee to retain flexibility in awarding discretionary incentive compensation that may not qualify for the exception for performance-based compensation. The Compensation Committee will continue to review and evaluate, as necessary, the impact of Section 162(m) on the Company and intends to make a determination with respect to this issue on an annual basis.

The Compensation Committee also considers the impact of Section 409A of the Internal Revenue Code, and the Company generally seeks to structure its compensation arrangements with its employees to comply with or qualify for an exemption from Section 409A to avoid possible adverse tax consequences that may result from noncompliance.

Stock Ownership Guidelines. The Company maintains stock ownership guidelines for its directors, Named Executive Officers and other executives for the purpose of aligning the interests of directors and key executives with those of the shareholders of the Company. The guidelines also reinforce the primary reason for offering long-term compensation awards. Moreover, it holds those executives most responsible for creating shareholder value more accountable than other employees.

Under the current guidelines of the stock ownership program, executives are expected to own shares equal in value to the following levels:

- Chairman of the Board — five times base salary
- President and CEO — five times base salary
- CFO — two times base salary
- Senior Vice Presidents — two times base salary

The number of shares required to be held by each executive is established by multiplying the applicable executive's salary by the applicable multiple and dividing by the Company's average daily stock price for the previous year. The number of shares required to be held by each non-employee director is 7,500 shares. "Stock ownership" is defined to include shares held directly or indirectly by the director or executive, all unvested restricted stock held by the director or executive and 30% of the shares underlying unexercised stock options held by the director or executive that are "in the money" by at least 20%. For purposes of this policy, ownership of the Company's Class B common shares is treated as ownership of common shares. Directors and executive officers are expected to reach their respective ownership levels under the stock ownership guidelines over five (5) years, beginning February 28, 2005, or from their date of hire thereafter, and maintain that level of stock ownership afterward. All of the directors and Named Executive Officers have either met the guidelines or are pursuing plans to meet the guidelines.

Derivatives Trading. As part of its policy relating to the trading of Invacare securities by Company insiders, the Company prohibits an insider from trading in any interest or position relating to the future price of the Company securities, such as a put, call or short sale.

Risk Assessment

The Compensation Committee, with the assistance of the independent compensation consultant, conducted a risk assessment of the Company's compensation policies and practices for its employees, including those related to the executive compensation programs discussed above. The Compensation Committee, in conducting the assessment, analyzed associated risks and considered mitigating factors. Based upon the assessment, the Compensation Committee believes that the Company's compensation policies and practices do not encourage excessive or unnecessary risk-taking and are not reasonably likely to have a material adverse effect on the Company.

Report of the Compensation and Management Development Committee on Executive Compensation

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with the Company's management. Based on that review and discussion, the Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Company's Annual Report on Form 10-K and in the Company's definitive proxy statement prepared in connection with its 2011 Annual Meeting of Shareholders.

COMPENSATION AND MANAGEMENT DEVELOPMENT COMMITTEE

James C. Boland, Chairperson
James L. Jones
Dan T. Moore, III

The above Report of the Compensation and Management Development Committee does not constitute soliciting material and should not be deemed filed with the Commission or subject to Regulation 14A or 14C (other than as provided in Item 407 of Regulation S-K) or to the liabilities of Section 18 of the Exchange Act, except to the extent that the Company specifically requests that the information in this Report be treated as soliciting material or specifically incorporates it by reference into a document filed under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act. If this Report is incorporated by reference into the Company's Annual Report on Form 10-K, such disclosure will be furnished in such Annual Report on Form 10-K and will not be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act as a result of furnishing the disclosure in this manner.

Compensation Committee Interlocks and Insider Participation

No member of the Compensation Committee was at any time during 2010 or at any other time an officer or employee of the Company or any of its subsidiaries. James C. Boland, Bernadine P. Healy, M.D. and William M. Weber were the non-employee directors who served on the Compensation Committee during 2010. Bernadine P. Healy, M.D. resigned as a director of the Company on January 27, 2011. In February 2011, the Board appointed James L. Jones and Dan T. Moore, III to the Compensation Committee in the positions previously held by Dr. Healy and Mr. Weber.

Summary Compensation Table

The following table presents the total compensation to the Chairman of the Board, the Chief Executive Officer, the Chief Financial Officer and the two other most highly compensated executive officers of the Company in 2010, 2009 and 2008 (the “Named Executive Officers”).

Name and Principal Position	Year	Salary \$(1)	Bonus \$(2)	Stock Awards \$(3)	Option Awards \$(4)	Non-Equity Incentive Plan Compensation \$(5)	Change in Pension Value and Nonqualified Deferred Compensation Earnings \$(6)	All Other Compensation \$(8)	Total (\$)
A. Malachi Mixon, III Chairman of the Board and Former Chief Executive Officer	2010	1,106,000	33,200	686,528	781,110	1,437,800	664,413	174,329(9)	4,883,380
	2009	1,106,000	—	912,279	1,029,895	1,327,200	333,162	135,365(9)	4,843,901
	2008	1,106,000	—	1,098,654	807,240	1,106,000	—(7)	144,422(9)	4,262,316
Gerald B. Blouch President and Chief Executive Officer	2010	694,000	287,800	292,784	394,500	857,090	575,221	103,572(10)	3,204,967
	2009	694,000	—	357,171	390,165	791,160	235,821	95,885(10)	2,564,202
	2008	694,000	—	384,271	282,720	659,300	721,839	93,841(10)	2,835,971
Robert K. Gudbranson Chief Financial Officer	2010	364,300	—	153,964	173,580	355,193	129,502	51,942(11)	1,228,481
	2009	338,500	—	182,272	214,415	304,650	226,215	45,972(11)	1,312,024
	2008	247,443	—	282,902	335,037	243,750	312,155	27,671(11)	1,448,958
Joseph B. Richey, II President — Invacare Technologies and Senior Vice President — Electronics and Design Engineering	2010	435,000	8,700	83,292	94,680	424,125	104,316	41,146(12)	1,191,259
	2009	435,000	—	98,304	115,995	391,500	49,892	38,029(12)	1,128,720
	2008	435,000	—	123,792	90,024	326,250	—(7)	46,072(12)	1,021,138
Louis F.J. Slangen Senior Vice President — Corporate Marketing and Chief Product Officer	2010	398,000	11,900	83,292	94,680	388,050	361,643	58,146(13)	1,395,711
	2009	398,000	—	109,773	115,995	358,200	148,735	53,915(13)	1,184,618
	2008	398,000	—	123,792	90,024	298,500	363,552	66,370(13)	1,340,238

- (1) Of the amounts disclosed in this column, the following Named Executive Officers deferred the following portions of such amounts into the DC Plus Plan during 2010: (i) Mr. Mixon: \$180,280; (ii) Mr. Blouch: \$27,654; (iii) Mr. Gudbranson: \$0; (iv) Mr. Richey: \$0; and (v) Mr. Slangen: \$23,043; during 2009: (i) Mr. Mixon: \$55,300; (ii) Mr. Blouch: \$27,760; (iii) Mr. Gudbranson: \$0; (iv) Mr. Richey: \$0; and (v) Mr. Slangen: \$11,940; and during 2008: (i) Mr. Mixon: \$65,910; (ii) Mr. Blouch: \$20,820; (iii) Mr. Gudbranson: \$0; (iv) Mr. Richey: \$0; and (v) Mr. Slangen: \$15,920.
- (2) The amounts disclosed in this column for Messrs. Mixon, Richey and Slangen represent merit cash awards for 2010 paid in lieu of merit salary increases. Of the amount disclosed in this column for Mr. Blouch, (i) \$27,800 is a merit cash award for 2010 paid in lieu of a merit salary increase; (ii) \$200,000 is a cash award as additional compensation for Mr. Blouch’s services as interim Chief Executive Officer of the Company during 2010; and (iii) \$60,000 is a discretionary cash bonus awarded to Mr. Blouch based on the performance of the Company during his service as interim Chief Executive Officer in 2010. For a further description of these awards, see Compensation Discussion and Analysis.
- (3) The values reported in this column represent the aggregate grant date fair value, calculated in accordance with ASC 718, *Compensation — Stock Compensation*, of all restricted stock awarded to each officer during the fiscal year. For a summary of the terms of these awards, see the Grants of Plan-Based Awards Table that follows. For a description of the assumptions made in computing the values reported in this column, see Shareholders’ Equity Transactions in the Notes to Consolidated Financial Statements contained in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2010.

- (4) The values reported in this column represent the aggregate grant date fair value, calculated in accordance with ASC 718, *Compensation — Stock Compensation*, of all stock options awarded to each officer during the fiscal year. For a summary of the terms of these awards, see the Grants of Plan-Based Awards Table that follows. For a description of the assumptions made in computing the values reported in this column, see Shareholders' Equity Transactions in the Notes to Consolidated Financial Statements contained in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2010.
- (5) The amounts for 2010 in this column represent compensation payable under the Executive Incentive Bonus Plan. For a description of the 2010 bonus opportunities established by the Compensation Committee under the Executive Incentive Bonus Plan, see footnote (3) to the Grants of Plan-Based Awards For Fiscal Year 2010 Table that follows.
- (6) The amounts reported in this column represent the amounts accrued as expense by the Company in 2010, 2009 and 2008 in accordance with the requirements of ASC 715, *Compensation — Retirement Benefits*, as they relate to the change in present value of the accumulated benefit obligation to the named executives under the SERP. No above market or preferential earnings on nonqualified deferred compensation were earned by any officer in 2010, 2009 or 2008.
- (7) As a result of the changes to the SERP adopted at the beginning of 2009, the amounts in this column for 2010 and 2009 represent the amounts contributed to the SERP by the Company on behalf of the Named Executive Officer during such fiscal year. Aggregate change in actuarial present value of the accumulated benefits under the SERP for Mr. Mixon in 2008 was a decrease of \$134,190. The aggregate change in the actuarial present value of the accumulated benefits under the SERP for Mr. Richey was a decrease of \$638,831 in 2008. These decreases in the SERP benefits were primarily due to the participant's age, the relationship between the rate of change in his annual compensation and the rate projected under the previously-existing benefit calculation factors and due to increasing plan offsets, which reduce SERP benefits. Beginning in 2009, these factors no longer applied to the executives. For a further description of the terms of the SERP, see Supplemental Executive Retirement Plan following the Pension Benefits for Fiscal Year 2010 Table.
- (8) Compensation reported in this column includes (i) the value of dividends earned on outstanding restricted stock awards; (ii) the value of Company contributions made in 2010, 2009 and 2008 on behalf of the officer to the Invacare Retirement Savings Plan and the DC Plus Plan; (iii) the value of premiums paid by the Company under the Company's Executive Disability Income Plan (or, in the case of Mr. Mixon, the value of the self-insured coverage provided by the Company to Mr. Mixon under the plan); and (iv) the incremental cost to the Company of perquisites provided by the Company, which include: the payment of premiums on excess liability insurance, an annual physical exam and health screening, and the availability of corporate sporting event tickets for personal use. Perquisites are valued on the basis of the aggregate incremental cost to the Company of providing the perquisite to the applicable officer. The value of personal use of corporate suites or tickets is the price shown on the ticket for the event and does not include annual fees or charges attributable to suite rental or ticket availability.
- (9) Other compensation for Mr. Mixon includes (i) in 2010, \$14,700 contributed by the Company to the Invacare Retirement Savings Plan and \$101,871 contributed by the Company to the DC Plus Plan; (ii) in 2009, \$14,700 contributed by the Company to the Invacare Retirement Savings Plan and \$78,243 contributed by the Company to the DC Plus Plan; and (iii) in 2008, \$13,800 contributed by the Company to the Invacare Retirement Savings Plan and \$94,568 contributed by the Company to the DC Plus Plan.
- (10) Other compensation for Mr. Blouch includes (i) in 2010, \$14,700 contributed by the Company to the Invacare Retirement Savings Plan and \$60,253 contributed by the Company to the DC Plus Plan; (ii) in 2009, \$14,700 contributed by the Company to the Invacare Retirement Savings Plan

and \$47,854 contributed by the Company to the DC Plus Plan; and (iii) in 2008, \$13,800 contributed by the Company to the Invacare Retirement Savings Plan and \$54,030 contributed by the Company to the DC Plus Plan.

- (11) Other compensation for Mr. Gudbranson includes (i) in 2010, \$14,700 contributed by the Company to the Invacare Retirement Savings Plan and \$16,958 contributed by the Company to the DC Plus Plan; (ii) in 2009, \$14,700 contributed by the Company to the Invacare Retirement Savings Plan and \$10,713 contributed by the Company to the DC Plus Plan, and (iii) in 2008, \$10,710 contributed by the Company to the Invacare Retirement Savings Plan.
- (12) Other compensation for Mr. Richey includes (i) in 2010, \$9,800 contributed by the Company to the Invacare Retirement Savings Plan and \$23,608 contributed by the Company to the DC Plus Plan; (ii) in 2009, \$9,800 contributed by the Company to the Invacare Retirement Savings Plan and \$20,650 contributed by the Company to the DC Plus Plan; and (iii) in 2008, \$13,800 contributed by the Company to the Invacare Retirement Savings Plan and \$22,471 contributed by the Company to the DC Plus Plan.
- (13) Other compensation for Mr. Slangen includes (i) in 2010, \$14,700 contributed by the Company to the Invacare Retirement Savings Plan and \$23,284 contributed by the Company to the DC Plus Plan; (ii) in 2009, \$14,700 contributed by the Company to the Invacare Retirement Savings Plan and \$17,961 contributed by the Company to the DC Plus Plan; and (iii) in 2008, \$13,800 contributed by the Company to the Invacare Retirement Savings Plan and \$22,011 contributed by the Company to the DC Plus Plan.

Grants of Plan-Based Awards For Fiscal Year 2010

The following table shows, for the Named Executive Officers, plan-based awards to those officers during 2010, including restricted stock awards and stock option grants, as well as other incentive plan awards.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (\$)
		Threshold (\$)	Target (\$)	Maximum (\$)				
A. Malachi Mixon, III	8/18/10				27,200(1)		\$25.24	
	8/18/10					99,000(2)	\$ 7.89	
	3/9/10(3)	221,200	1,106,000	1,659,000				
Gerald B. Blouch	8/18/10				11,600(1)		\$25.24	
	8/18/10					50,000(2)	\$ 7.89	
	3/9/10(3)	131,860	659,300	988,950				
Robert K. Gudbranson . . .	8/18/10				6,100(1)		\$25.24	
	8/18/10					22,000(2)	\$ 7.89	
	3/9/10(3)	54,645	273,225	409,838				
Joseph B. Richey, II	8/18/10				3,300(1)		\$25.24	
	8/18/10					12,000(2)	\$ 7.89	
	3/9/10(3)	65,250	326,250	489,375				
Louis F.J. Slangen	8/18/10				3,300(1)		\$25.24	
	8/18/10					12,000(2)	\$ 7.89	
	3/9/10(3)	59,700	298,500	447,750				

(1) Restricted shares granted pursuant to the Invacare Corporation 2003 Performance Plan (the "2003 Plan"). These shares vest in 25% increments over four years, commencing November 15,

2011. For shares awarded prior to November 2010, dividends accrue and are payable based on the total shares awarded as of the date of grant, irrespective of whether the shares have vested.

- (2) Stock options to purchase common shares of the Company granted under the 2003 Plan. These options become exercisable in 25% increments over four years, commencing September 30, 2011 and expire on August 18, 2020.
- (3) On March 9, 2010, the Compensation Committee established performance goals under the Executive Incentive Bonus Plan for the purpose of providing financial incentives for 2010 to certain key employees, including all of the officers included in the above table. See the Annual Cash Bonus discussion in Compensation Discussion and Analysis above for a description of the terms of these awards.

Restricted Stock and Stock Options

Each of the restricted stock awards and stock option grants set forth in the above table was awarded under the 2003 Plan. Under the 2003 Plan, and the restricted stock and option award agreements entered into in connection with the awards, the Compensation Committee may make certain adjustments to the awards and the awards may be terminated or amended, as further described below.

Adjustments. In the event of a recapitalization, stock dividend, stock split, reverse stock split, distribution to shareholders (other than cash dividends), or similar transaction, the Compensation Committee can adjust, in any manner that it deems equitable, the number and class of shares that may be issued under the 2003 Plan and the number and class of shares, and the exercise price, applicable to outstanding awards.

Termination of Awards. The Compensation Committee may cancel any awards if, without the Company's prior written consent, the participant (1) within 18 months after the date such participant terminates employment with the Company, renders services for an organization, or engages in a business, that is (in the judgment of the Compensation Committee) in competition with the Company, or (2) discloses to anyone outside of Invacare, or uses for any purpose other than Invacare's business, any confidential information relating to the Company. In addition, the Compensation Committee may, subject to certain conditions in the 2003 Plan and in its discretion, require the participant to return the economic value of any award that the participant realized or obtained prior to and after such participant engaged in any of the above activities.

Amendment of Awards. The Compensation Committee may, in its discretion, amend the terms of any award under the 2003 Plan, including to waive, in whole or in part, any restrictions or conditions applicable to, or to accelerate the vesting of, any award. This authority is subject to certain restrictions. In particular, the Compensation Committee may not amend an award in a manner that impairs the rights of any participant without his or her consent, or to reprice any stock options or stock appreciation rights at a lower exercise price, unless in accordance with an adjustment in the context of certain transactions described above.

In addition, in the event of a change in control of the Company, as defined in the 2003 Plan, unless the Board of Directors determines otherwise, (1) all outstanding stock options and stock appreciation rights will become fully exercisable, and (2) all restrictions and conditions applicable to restricted stock and other awards exercisable for common shares of the Company will be deemed to have been satisfied. Any other determination by the Board of Directors that is made after the occurrence of the change in control will not be effective unless a majority of the Directors then in office are "continuing directors" and the determination is approved by a majority of the "continuing directors" for this purpose (or is approved by a committee comprised solely of such "continuing directors"). "Continuing directors" are Directors who were in office prior to the change in control or were

recommended or elected to succeed “continuing directors” by a majority of the “continuing directors” then in office (or by a committee comprised solely of such “continuing directors” then in office).

If the Board of Directors or any appropriate committee has determined that any fraud or intentional misconduct by a participant in the 2003 Plan was a significant contributing factor to the Company having to restate all or a portion of its financial statement(s), the Board or committee may take, in its discretion, such actions as it deems necessary to remedy the misconduct and prevent its recurrence. In determining what remedies to pursue, the Board or committee will take into account all relevant factors, including whether the restatement was the result of fraud or intentional misconduct. The Board may, to the extent permitted by applicable law, in all appropriate cases, require forfeiture of any equity compensation awarded to the participant for any fiscal period commencing on or after January 1, 2008 if and to the extent that (1) the amount awarded was calculated, or the vesting of the award was, based upon the achievement of certain financial results that were subsequently reduced due to a restatement, (2) the participant engaged in any fraud or intentional misconduct that significantly contributed to the need for the restatement, and (3) the amount or vesting of the equity compensation award that would have been awarded to the participant had the financial results been properly reported would have been lower than the amount actually awarded. In addition, the Board may terminate the participant’s employment, authorize legal action, or take such other action to enforce the participant’s obligations to the Company as it may deem appropriate in view of all the facts surrounding the particular case.

Executive Incentive Bonus Plan

The Executive Incentive Bonus Plan was unanimously approved and adopted by the Compensation Committee as of March 2, 2005, was approved and adopted by the shareholders of the Company on May 25, 2005, and was reapproved by the shareholders of the Company on May 20, 2010 at the 2010 Annual Meeting. See the Compensation Discussion and Analysis for a discussion of awards under the Executive Incentive Bonus Plan during 2010.

Purpose. The Executive Incentive Bonus Plan is intended to provide an incentive to the Company’s executive officers to improve the Company’s operating results and to enable the Company to recruit and retain key officers by making the Company’s overall compensation program competitive with compensation programs of other companies with which the Company competes for executive talent.

Administration. The plan is administered by the Compensation Committee, which generally has the authority to determine the manner in which the Executive Incentive Bonus Plan will operate, to interpret the provisions of the plan and to make all determinations under the plan.

Eligibility and Participation. All officers of the Company are eligible to be selected to participate in the Executive Incentive Bonus Plan. The Compensation Committee has the discretion to select those officers who will participate in the plan in any given year. A participant must be employed by the Company on the payment date in order to receive an award under the Executive Incentive Bonus Plan, unless the officer’s employment terminated prior to the payment date as a result of death, disability, or retirement. Unless the Compensation Committee determines otherwise, an officer whose employment terminates for any other reason prior to the payment date will not be eligible to receive a bonus award. For 2010, the Compensation Committee determined that the eligible participants under the plan included Messrs. Mixon, Blouch, Gudbranson, Richey and Slangen, as well as the Company’s Senior Vice President, General Counsel and Secretary and the Senior Vice President of Human Resources.

Awards under the Executive Incentive Bonus Plan. Awards under the plan are designed to ensure that the compensation of the Company’s officers is commensurate with their responsibilities and contribution to the success of the Company based on market levels indicated by compensation

data obtained from time to time by the Company or the independent compensation consultant engaged by the Compensation Committee. For each calendar year or other predetermined performance period, the Compensation Committee will establish a target bonus for each eligible officer, payable if a specified performance goal is satisfied for such performance period.

Performance Goals. The performance goal for each performance period will provide for a targeted level or levels of performance using one or more of the following predetermined measurements: stock price, net sales, income from operations, earnings before income tax, earnings per share, cost controls, return on assets, and return on net assets employed. For 2010, the bonus award was based upon satisfaction of an adjusted earnings per share target, as further described in the footnotes to the Grants of Plan-Based Awards For Fiscal Year 2010 Table and in Compensation Discussion and Analysis.

The performance goal for a performance period is established in writing by the Compensation Committee on or before the latest date permissible to enable the bonus award to qualify as “performance based compensation” under Section 162(m) of the Internal Revenue Code. During this same time period, the Compensation Committee may adjust or modify the calculation of a performance goal for the performance period in order to prevent the dilution or enlargement of the rights of participants (1) in the event of, or in anticipation of, any unusual or extraordinary corporate item, transaction, event or development; (2) in recognition of, or in anticipation of, any other unusual or nonrecurring events affecting the Company, or the financial statements of the Company, or in response to, or in anticipation of, changes in applicable laws, regulations, accounting principles or business conditions; and (3) in view of the Compensation Committee’s assessment of the Company’s business strategy, performance of comparable organizations, economic and business conditions, and any other circumstances deemed relevant by the Compensation Committee. The Compensation Committee may establish various levels of bonus depending upon relative performance toward a performance goal.

The target bonus payable to any officer for a performance period is a specified percentage of the officer’s base salary for the performance period, but in no event will the bonus payable to any officer for a performance period exceed \$5,000,000. This maximum bonus amount was set in part to permit the Executive Incentive Bonus Plan to accommodate continued growth of the Company and also to comply with the requirements of Section 162(m) of the Internal Revenue Code. The Board of Directors believes that this limit will provide the Compensation Committee with sufficient flexibility to reward exceptional contributions toward the Company’s success. As described in the Compensation Discussion and Analysis elsewhere in this proxy statement, the Compensation Committee currently seeks to give each executive officer an opportunity to earn an annual cash bonus if the target is achieved that would result in total annual cash compensation to the executive officer that approximates the 75th market percentile of compensation paid by other employers with which the Company may compete for executive talent.

In the event of a change in control of the Company, the amount payable to each eligible participant in the plan at the time of such change in control would be equal to the greater of (1) the target bonus that would have been paid if the performance goal for the calendar year in which the change in control occurs had been achieved, or (2) the bonus that would have been paid to the participant if the performance goal that was actually achieved during the portion of the calendar year which occurs prior to the change in control is annualized for the entire calendar year.

If the Board of Directors or any appropriate committee has determined that any fraud or intentional misconduct by a participant in the Executive Incentive Bonus Plan was a significant contributing factor to the Company having to restate all or a portion of its financial statement(s), the Board or committee may take, in its discretion, such actions as it deems necessary to remedy the misconduct and prevent its recurrence. In determining what remedies to pursue, the Board or committee will take into account

all relevant factors, including whether the restatement was the result of fraud or intentional misconduct. The Board may, to the extent permitted by applicable law, in all appropriate cases, require reimbursement of any bonus or incentive compensation paid to the participant for any fiscal period commencing on or after January 1, 2008 if and to the extent that (1) the amount of incentive compensation was calculated based upon the achievement of certain financial results that were subsequently reduced due to a restatement, (2) the participant engaged in any fraud or intentional misconduct that significantly contributed to the need for the restatement, and (3) the amount of the bonus or incentive compensation that would have been awarded to the participant had the financial results been properly reported would have been lower than the amount actually awarded. In addition, the Board may terminate the participant's employment, authorize legal action, or take such other action to enforce the participant's obligations to the Company as it may deem appropriate in view of all the facts surrounding the particular case.

Amendment and Termination. The Company reserves the right, exercisable by the Compensation Committee, to amend the Executive Incentive Bonus Plan at any time and in any respect, or to terminate the plan in whole or in part at any time and for any reason. Amendments will be subject to the approval of the Company's shareholders in such manner and with such frequency as is required under Section 162(m) of the Internal Revenue Code.

Outstanding Equity Awards at December 31, 2010

The following table shows, for the Named Executive Officers, outstanding equity awards held by such officers at December 31, 2010.

Name	Option Awards					Stock Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
A. Malachi Mixon, III	112,800			\$33.50	10/31/11				
	122,400			\$36.40	8/21/12				
	137,900			\$37.70	8/20/13				
	142,000			\$44.30	8/24/14				
	120,800			\$41.87	9/8/15				
	88,100			\$22.66	8/23/16				
						8,800(1)	\$ 265,408		
	66,075	22,025(2)		\$23.71	8/22/17	21,300(3)	\$ 642,408		
	54,250	54,250(4)		\$25.79	8/20/18	33,405(5)	\$1,007,495		
	36,625	109,875(6)		\$20.48	8/19/19	27,200(7)	\$ 820,352		
	99,000(8)		\$25.24	8/18/20					
Gerald B. Blouch	50,600			\$33.50	10/31/11				
	55,000			\$36.40	8/21/12				
	58,700			\$37.70	8/20/13				
	56,300			\$44.30	8/24/14				
	45,400			\$41.87	9/8/15				
	35,500			\$22.66	8/23/16				
						3,550(1)	\$ 107,068		
	26,625	8,875(2)		\$23.71	8/22/17	7,450(3)	\$ 224,692		
	19,000	19,000(4)		\$25.79	8/20/18	13,080(5)	\$ 394,493		
	13,875	41,625(6)		\$20.48	8/19/19	11,600(7)	\$ 349,856		
	50,000(8)		\$25.24	8/18/20					
Robert K. Gudbranson	13,750	13,750(9)		\$22.38	4/1/18				
	11,150	11,150(4)		\$25.79	8/20/18				
						1,250(10)	\$ 37,700		
						4,400(3)	\$ 132,704		
	7,625	22,875(6)		\$20.48	8/19/19	6,675(5)	\$ 201,318		
	22,000(8)		\$25.24	8/18/20	6,100(7)	\$ 183,976			

Name	Option Awards					Stock Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Shares, Units or Other Rights That Have Not Vested (\$)
Joseph B. Richey, II	15,800			\$33.50	10/31/11				
	17,000			\$36.40	8/21/12				
	15,400			\$37.70	8/20/13				
	25,900			\$44.30	8/24/14				
	22,400			\$41.87	9/8/15				
	9,000			\$22.66	8/23/16				
						900(1)	\$ 27,144		
	6,750	2,250(2)		\$23.71	8/22/17				
	6,050	6,050(4)		\$25.79	8/20/18	2,400(3)	\$ 72,384		
	4,125	12,375(6)		\$20.48	8/19/19	3,600(5)	\$108,576		
					3,300(7)	\$ 99,528			
	12,000(8)		\$25.24	8/18/20					
Louis F.J. Slangen	20,000			\$33.50	10/31/11				
	21,800			\$36.40	8/21/12				
	21,500			\$37.70	8/20/13				
	25,900			\$44.30	8/24/14				
	22,400			\$41.87	9/8/15				
	9,000			\$22.66	8/23/16				
						900(1)	\$ 27,144		
	6,750	2,250(2)		\$23.71	8/22/17				
	6,050	6,050(4)		\$25.79	8/20/18	2,400(3)	\$ 72,384		
	4,125	12,375(6)		\$20.48	8/19/19	4,020(5)	\$121,243		
					3,300(7)	\$ 99,528			
	12,000(8)		\$25.24	8/18/20					

- (1) These restricted shares vest on November 15, 2011.
- (2) These stock options become exercisable in 25% increments over four years commencing September 30, 2008.
- (3) These restricted shares vest in 25% increments over four years commencing November 15, 2009.
- (4) These stock options become exercisable in 25% increments over four years commencing September 30, 2009.
- (5) These restricted shares vest in 25% increments over four years commencing November 15, 2010.
- (6) These stock options become exercisable in 25% increments over four years commencing September 30, 2010.
- (7) These restricted shares vest in 25% increments over four years commencing November 15, 2011.
- (8) These stock options become exercisable in 25% increments over four years commencing September 30, 2011.
- (9) These stock options become exercisable in 25% increments over four years commencing March 31, 2009.
- (10) These restricted shares vest in 25% increments over four years commencing May 15, 2009.

Option Exercises and Stock Vested During Fiscal Year 2010

The following table shows, for the Named Executive Officers, information regarding each exercise of a stock option and each vesting of restricted stock during 2010.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
A. Malachi Mixon, III	250,000	1,155,625	3,732	\$ 98,637
			8,800	\$ 243,848
			8,800	\$ 243,848
			10,650	\$ 295,112
			11,135	\$ 308,551
Gerald B. Blouch	—	—	2,309	\$ 61,027
			3,550	\$ 98,371
			3,550	\$ 98,371
			3,725	\$ 103,220
			4,360	\$ 120,816
Robert K. Gudbranson	—	—	625	\$ 16,294
			2,200	\$ 60,962
			2,225	\$ 61,655
Joseph B. Richey, II	—	—	900	\$ 24,939
			900	\$ 24,939
			1,200	\$ 33,252
			1,200	\$ 33,252
Louis F.J. Slangen	—	—	900	\$ 24,939
			900	\$ 24,939
			1,200	\$ 33,252
			1,340	\$ 37,131

Pension Benefits for Fiscal Year 2010

The following table presents certain information for each of the Named Executive Officers with respect to the SERP.

Name	Plan Name(1)	Number of Years Credited Service (#)	Present Value of Accumulated Benefit \$(2)	Payments During Last Fiscal Year \$(3)
A. Malachi Mixon, III	SERP	30	10,854,771(4)	—
Gerald B. Blouch	SERP	19	5,437,163	10,162
Robert K. Gudbranson	SERP	7(5)	667,879	4,999
Joseph B. Richey, II	SERP	26	1,625,523	—
Louis F.J. Slangen	SERP	23	2,460,161	3,817

(1) The SERP is the Company's original Supplemental Executive Retirement Plan, as amended and restated into a cash balance plan which is intended to work in tandem with the original plan to operate effectively as one plan, as further described below under Supplemental Executive Retirement Plan (collectively, the "SERP").

- (2) This column presents the actuarial present value of each officer's accumulated benefit under the SERP, computed as of the same pension plan measurement date used for financial statement reporting purposes. For purposes of this calculation, (i) Named Executive Officers are assumed to have worked until the normal retirement age as defined in the SERP, which is the attainment of age 65 and (ii) Messrs. Mixon and Richey are assumed to have retired at December 31, 2010, at ages 70 and 74, respectively.
- (3) Payments during the last fiscal year are equal to taxable distributions made from the executive's account balance under the plan to cover his or her FICA tax obligations due on the vested accrued benefit obligations as of December 31, 2010, and the related income tax on such distributions.
- (4) In recognition of Mr. Mixon's successful completion of management succession planning and his past contributions to the Company, in 2000, the Compensation Committee waived the "Company contribution offset" to his SERP balance.
- (5) In consideration of his rejoining the Company in 2008, Mr. Gudbranson was credited with five years of service under the SERP.

Supplemental Executive Retirement Plan

In 1995, the Company established the SERP for certain executive officers to supplement other savings plans offered by the Company so as to provide a specific level of replacement compensation for retirement. In order to comply with Section 409A of the Code, the Supplemental Executive Retirement Plan has been amended and restated, effective as of December 31, 2008, as the Invacare Corporation Cash Balance Supplemental Executive Retirement Plan, which is referred to in this proxy statement as the "SERP."

Prior to amendment, the SERP provided for an annual benefit equal to 50% of a participant's annual base salary and target bonus on the April 1 immediately preceding or coincident with the date of termination. The benefit was reduced if the participant had less than 15 years of service with the Company. As amended, the SERP provides a benefit stated as a hypothetical account balance. Current participants, who were participants in the SERP prior to amendment, receive annual credits in the amount and for a maximum number of years as specified in their participation agreements. For such participants, the annual credits, together with annual interest credits, are currently intended by the Compensation Committee to result in a benefit at normal retirement age that is substantially equivalent to the benefit that would have been provided at normal retirement age under the SERP prior to amendment. Future participants will receive annual credits that are a specified percentage (ranging from 8% to 35%, based on age at date of entry) of their annual base salary and target bonus for each year of employment, plus annual interest credits. The annual credits for such participants will not be made for any year in which the participant's account balance at June 30 is equal to or greater than 3.65 times that year's base salary and target bonus.

Normal retirement age is age 65 or attainment of age 62 with 15 years of service with the Company. Annual interest credits will continue as long as the participant retains an account under the SERP. The interest crediting rate currently is set at 6% per year, compounded annually, but may be changed from time to time by the Compensation Committee. A participant will vest in his benefit in 20% increments over 5 years; however, payment of a participant's benefit generally will be made no earlier than normal retirement age, even if a participant terminates employment with a vested benefit prior to reaching normal retirement age. Also, retirement benefits generally are delayed until at least the later of the seventh month or the January after termination of employment. Upon entry into the SERP, a participant can make an election to receive his benefit, when it is ultimately paid, either in the form of a lump sum payment or in annual installments over a period not to exceed 25 years.

Notwithstanding the foregoing, if a participant's employment is terminated within two years following a "change in control" (as such term is defined in the SERP), the participant's account will

become fully vested. In addition, his or her account will be credited with such additional amount as is necessary to bring the balance of the account to an amount equal to 3.65 times the greater of base salary plus target bonus for the year of termination or the preceding year, discounted from normal retirement age to the date of termination of employment (if earlier) at a rate of 6% compounded annually. Payment of the benefit to such participant shall be made six months after termination of employment. Furthermore, if a participant dies prior to distribution of his or her benefits, a lump sum payment of the greater of his account balance or his base salary and target bonus at the time of death will be paid to his beneficiary within 30 days after death. If a participant's employment is terminated by reason of "disability" (as defined in the SERP), the participant will be entitled to an enhanced retirement benefit of not less than 3.65 times base salary plus target bonus, prorated for less than 15 years of service.

The SERP is a nonqualified plan and, thus, the benefits accrued under this plan would be subject to the claims of the Company's general creditors if the Company were to file for bankruptcy. The benefits will be paid (1) from an irrevocable grantor trust which has been partially funded from the Company's general funds and/or (2) directly from the Company's general funds.

Nonqualified Deferred Compensation for Fiscal Year 2010

The following table presents information for each of the Named Executive Officers regarding contributions, earnings, withdrawals and balances under the DC Plus Plan.

Name	Executive Contributions in 2010 (\$)(1)	Company Contributions in 2010 (\$)(2)	Aggregate Earnings in 2010 (\$)(3)	Aggregate Withdrawals/ Distributions (\$)	Aggregate Balance at December 31, 2010 (\$)(4)
A. Malachi Mixon, III	180,280	101,871	49,993	—	1,068,364
Gerald B. Blouch	27,654	60,523	111,017	—	1,228,570
Robert K. Gudbranson	—	16,958	(8)	—	27,663
Joseph B. Richey, II	—	23,608	12,306	—	120,828
Louis F.J. Slangen	23,043	23,284	152,365	—	1,826,461

- (1) The amounts reported in this column represent the portion of the officer's salary and/or bonus, as reported in the "Salary" and "Non-Equity Incentive Plan Compensation" columns of the Summary Compensation Table, that was deferred into the plan.
- (2) The amounts reported in this column have been included with respect to each officer in the "All Other Compensation" column of the Summary Compensation Table above, as described in footnotes (8), (9), (10), (11), (12) and (13) to that table.
- (3) No portion of the amounts reported in this column that represent accrued interest has been included in the "Change in Pension Value and Nonqualified Deferred Compensation Earnings" column of the Summary Compensation Table, since none of the amounts reported in this column represent above-market or preferential interest or earnings accrued on the applicable plan. Please see the discussion below under DC Plus Plan for a description of how earnings under the plan are calculated.
- (4) Other than Company contributions (and the earnings thereon) made by the Company on behalf of each Named Executive Officer, the account balances shown in this column are solely attributable to deferrals by the Named Executive Officers of previously earned compensation and the earnings on these amounts.

DC Plus Plan

The DC Plus Plan is a non-qualified contributory savings plan for highly compensated employees. The program is offered to allow participants to defer compensation above the amount allowed in the

Invacare Retirement Savings Plan, the Company's qualified retirement plan, and to provide participants with additional pre-tax savings opportunities. The DC Plus Plan is the successor to a prior non-qualified plan, the 401(k) Plus Plan. In 2004, the Company froze what was originally established as the 401(k) Plus Plan and prohibited further deferrals and contributions to that plan for compensation earned after December 31, 2004. It then adopted the DC Plus Plan, effective January 1, 2005, in order to address the requirements of Section 409A of the Code. All benefits of the participants earned and vested in the 401(k) Plus Plan as of December 31, 2004 remain preserved under and subject to the existing plan provisions. These plans are referred to in this proxy statement collectively as the "DC Plus Plan."

The DC Plus Plan allows participants to defer all or any portion of their annual cash bonus compensation and up to 50% of their salary into the plan. The Company has the discretion to provide matching contribution credits on amounts deferred, in accordance with the matching contribution percentage formula provided under the Retirement Savings Plan. The Company also has the discretion to provide for quarterly contribution credits on amounts of compensation in excess of the qualified plan compensation limit, in accordance with the quarterly contribution formula under the Retirement Savings Plan. For 2010, if the participant deferred at least 3% of compensation to the DC Plus Plan, the match was 2% of compensation deferred under the DC Plus Plan. Quarterly contributions were 4% of compensation in excess of the qualified plan compensation limit, without regard to the amount of deferrals made under the DC Plus Plan. Effective January 1, 2011, the DC Plus Plan was amended to permit the Company to enter into agreements with individual executives to provide for special discretionary contributions to be made on behalf of the executive in the amount specified in the agreement, which contributions would be made in lieu of the executive's participation in the SERP.

Participants may allocate contributions among an array of funds representing a full range of risk/return profiles, including Company common shares reflected in phantom share units. Employee deferrals and contributions by the Company for the benefit of each employee are credited with earnings, gains or losses based on the performance of investment funds selected by the employee. Earnings under the DC Plus Plan in 2010 were based on the following funds, which had the following annual returns in 2010: Fidelity VIP Money Market SVC, 0.14%; PIMCO VIT Total Return Admin, 8.12%; PIMCO VIT Real Return Admin, 8.11%; T Rowe Price Equity Income I, 15.02%; Fidelity VIP Index 500 Initial, 15.02%; T. Rowe Price Blue Chip Growth, 16.39%; Janus Aspen Perkins Mid Cap Value Instl, 15.66%; Morgan Stanley UIF Mid Cap Growth I, 32.31%; Royce Capital Small Cap, 20.52%; Alger American Small Cap Growth, 25.29%; MFS VIT II International Value Initial, 9.11%; American Fund IS International 2, 7.23%; and Invacare common shares, 21.1%. This array of funds is comparable to the array of funds offered for investment under the Invacare Retirement Savings Plan. Participants do not have any direct interest in or ownership of the funds. Participants' contributions are always 100% vested and employer contributions vest according to a five year graduated scale.

Distributions under the DC Plus Plan may be made only upon termination of the participant's employment, death, or hardship, or at a time certain specified by the participant at the time of deferral in accordance with the terms of the plan. In contrast, amounts held under the original 401(k) Plus Plan may still be distributed at any time at the election of the participant, subject to the forfeiture by the participant of 5% of the amount distributed. All distributions under the DC Plus Plan are in the form of cash. Distributions due to termination of employment are made within 90 days after termination of employment (or the seventh month after termination of employment in the case of key employees (as that term is defined in the Code)). Distributions are paid in the form of a lump sum, except that a participant may elect to have payment made in annual installments over a period of up to 15 years if termination occurs after retirement age (age 55 with 10 years of service) and the account is over a minimum amount. Elections to participate in the DC Plus Plan must be made by the employee in accordance with the requirements of the plan and applicable law.

Other Potential Post-Employment Compensation

Severance and Change of Control Benefits

Upon termination of employment for certain reasons (other than a termination following a change of control of the Company) severance benefits may be paid to the Named Executive Officers. The severance benefits payable to Mr. Blouch are addressed in his Severance Protection Agreement, discussed below, and the severance benefits payable to Messrs. Gudbranson, Richey and Slangen are addressed in the description of each of their respective letter agreements below. Mr. Mixon is not covered under a general severance agreement, but is entitled to receive benefits under a change of control agreement (discussed below under Change of Control Agreements) like all of the other Named Executive Officers and under a Chairman Retirement Program (discussed below under Chairman Retirement Program).

Severance Protection Agreement

In 2002, the Company entered into a Severance Protection Agreement with Mr. Blouch. Under the terms of the agreement, if Mr. Blouch's employment is terminated by reason of death or disability, by the Company for cause (as defined in the agreement) or by Mr. Blouch other than for good reason (as defined in the agreement), he or his estate is entitled to receive payment of any compensation and benefits accrued but unpaid at the time of such termination. If Mr. Blouch's employment is terminated by the Company other than for cause or by Mr. Blouch for good reason (but not due to death or disability), he then is entitled to receive the following benefits:

- compensation equal to three times the amount of his then applicable annual base salary, to be paid in a lump sum no later than six months and a day following termination or, if earlier, by the 15th day of the third month following the calendar year in which termination occurred ("Short-term Date");
- 75% of his target bonus for the year in which employment ends, to be paid in a lump sum no later than the Short-term Date;
- any then-outstanding stock option grant or stock award shall immediately vest in full as of the date of termination of employment; and
- the exercise period of any unexercised stock option shall be extended until two years after the date of termination of employment (unless the option expires earlier by its terms). In addition, Mr. Blouch may exercise all options by means of a cashless exercise program, so long as (a) the program is permitted under applicable law, and (b) the Company is not required to recognize additional compensation expense as a result of the exercise.

In accordance with the terms described above, assuming that Mr. Blouch's employment with the Company was terminated by the Company other than for cause or by Mr. Blouch for good reason (but not due to death or disability) as of December 31, 2010, the amounts and/or values of the benefits he would be entitled to receive are as follows: (1) \$2,082,000 in respect of three times his applicable base salary; (2) \$494,475 in respect of 75% of his applicable target bonus; and (3) \$1,860,473 in respect of the present value of acceleration of vesting of outstanding unvested stock option grants and restricted stock awards and of the extension of the exercise periods of outstanding unexercised stock options, for a total of \$4,436,948. The agreement also provides that, if applicable, Mr. Blouch would be entitled to a lump sum payment as necessary to "gross up," on an after-tax basis, Mr. Blouch's compensation for all excise taxes and any penalties and interest imposed by Section 4999 of the Code.

The agreement contains provisions which restrict Mr. Blouch's ability to engage in any business that is competitive with the Company's business, or to solicit Company employees, customers or suppliers for a period of two years following the date of termination of his employment or two years

after the last payment due to Mr. Blouch pursuant to the severance provisions described above, whichever is later. The agreement also contains provisions requiring Mr. Blouch to maintain the confidentiality of non-public Company information during and after his employment and to assign to the Company any rights that he may have in any intellectual property developed in the course of his employment. The agreement will automatically terminate upon a change in control (as defined in the agreement).

Other Severance Arrangements

The Company has entered into letter agreements with each of Messrs. Gudbranson, Richey and Slangen which provide that, upon a termination of employment other than by the Company for cause, each executive will be entitled to continuation of his then-applicable base salary for one year, to receive a pro rata portion of his target bonus for the year in which his employment ends based on the date of termination, and to continuation of health insurance benefits until the earlier of the end of the severance period or such time as he obtains employment that provides such coverage.

In accordance with the terms described above, assuming that the employment of each of Messrs. Gudbranson, Richey and Slangen was terminated by the Company other than for cause as of December 31, 2010, and assuming that these individuals were not entitled to benefits under their change of control agreements, the amounts and/or values of the benefits they each would be entitled to receive are as follows: (1) Mr. Gudbranson would be entitled to \$364,300 in respect of the continuation of his current base salary for one year, \$273,225 in respect of his target bonus for the year and \$12,623 in respect of the continuation of his current health insurance benefits for one year, for a total of \$650,148; (2) Mr. Richey would be entitled to \$435,000 in respect of the continuation of his current base salary for one year, \$326,250 in respect of his target bonus for the year and \$5,659 in respect of the continuation of his current health insurance benefits for one year, for a total of \$766,909; and (3) Mr. Slangen would be entitled to \$398,000 in respect of the continuation of his current base salary for one year, \$298,500 in respect of his target bonus for the year and \$10,310 in respect of the continuation of his current health insurance benefits for one year, for a total of \$706,810.

The Company also has entered into a technical information and non-competition agreement with each of Messrs. Gudbranson, Richey and Slangen which contain provisions requiring each executive to maintain the confidentiality of non-public Company information during and after his employment and to assign to the Company any rights that he may have in any intellectual property developed in the course of his employment. The agreements also contain provisions which restrict each executive's ability to engage in any business that is competitive with the Company's business, or to solicit Company employees, customers or suppliers for a period of three years following the date of termination of his employment; provided that, if the executive is unable to obtain employment consistent with his training and education solely because of the non-competition provisions of the agreement, the provisions will be effective only for so long as the Company makes monthly payments to the executive equal to his monthly base salary at the time of termination of his employment with the Company (including payment of premiums for health and life insurance as generally provided to the Company's employees).

Change of Control Agreements

The Company has entered into change of control agreements with its executive officers, including each of the Named Executive Officers. The agreements continue through December 31 of each year and are automatically extended in one-year increments unless the Company gives prior notice of termination at least one year in advance. These agreements are intended to ensure the continuity of management and the continued dedication of the executives during any period of uncertainty caused by the possible threat of a takeover. Except for the payments described in the next paragraph,

Invacare's change of control agreements are so-called "double trigger" agreements in that they do not provide for benefits unless there is both a change of control of the Company and an executive is terminated without cause (as defined in the agreement) or resigns for good reason (as defined in the agreement) within three years after the change of control.

In the event that there is a change of control of the Company (as defined in the agreement), then on the first anniversary of the change of control, each covered executive (a) who is still employed by the Company, (b) whose employment was involuntarily terminated after the Change in Control for any reason other than cause (as defined in the agreement), death or disability, or (c) who terminated employment for good reason (as defined in the agreement) is entitled to receive a payment equal to the sum of (x) the highest annual base salary paid by the Company to the executive since the effective date of the agreement; and (y) the higher of the executive's target bonus in the year in which the change of control occurs or the target bonus in the preceding year (such sum being hereinafter referred to as "Base Compensation"). Assuming a change of control of the Company as of December 31, 2010, if each of the Named Executive Officers was entitled to the payment equal to his Base Compensation described in this paragraph, he would be entitled to receive the following: (1) Mr. Mixon: \$2,212,000; (2) Mr. Blouch: \$1,353,300; (3) Mr. Gudbranson: \$637,525; (4) Mr. Richey: \$761,250; and (5) Mr. Slangen: \$696,500.

In addition, if the executive is terminated without cause (as defined in the agreement) or resigns for good reason (as defined in the agreement) at any time during the three year period following a change of control under the conditions set forth in the agreements, the executive will receive, in addition to accrued but unpaid salary, bonus and vacation pay, the following:

- a lump sum amount equal to two times the executive's Base Compensation;
- a lump sum amount equal to three times the greatest contribution made by the Company to each of the Invacare Retirement Savings Plan and the DC Plus Plan on behalf of the executive for any year in the three years prior to the change of control, as well as a lump sum payment equal to the unvested portion of the executive's account under the Invacare Retirement Savings Plan;
- a lump sum amount equal to the sum of the contributions and interest that were scheduled to be added to the executive's account under the SERP during the three year period immediately following the date of termination of employment if the executive had continued to be employed by the Company for three years after termination of employment, as reflected in the executive's participation agreement under the SERP;
- continuing coverage under the Company's health, life and disability insurance programs (including those available only to executives and those generally available to employees of the Company) for three years after termination of employment; and
- a lump sum payment as necessary to "gross up," on an after-tax basis, the executive's compensation for all excise taxes and any penalties and interest imposed by Sections 4999 and 409A of the Code.

The Company's equity compensation plans, the 401(k) Plus Plan and the DC Plus Plan provide for the following upon a change in control:

- accelerated vesting of all outstanding unvested stock options, so that all options become exercisable in full;
- accelerated vesting of all outstanding restricted stock; and
- immediate vesting of the executive's rights under the 401(k) Plus Plan and the DC Plus Plan.

The change in control agreements also provide for these benefits if the executive is terminated without cause or resigns for good reason within three years after the change in control. Accordingly, the executive would receive the accelerated vesting of these benefits under the change in control

agreements upon a qualifying termination of employment if they were not otherwise provided for under the plans at the time of the change of control, as a result of the Board determining not to accelerate vesting or due to an amendment in the terms of the plans. The change in control agreements further provide that all vested options will continue to be exercisable for two years after termination (unless the option earlier expires by its terms). Finally, the change in control agreements generally provide that the agreements will automatically terminate upon a termination of employment prior to a change in control. However, if an executive is involuntarily terminated or terminates employment for good reason (as defined in the agreement) within the six months before, and primarily in anticipation of, a change in control, then effective as of the date of the change in control, the executive will be vested in and entitled to receive the same benefits to which he would have been entitled to if his termination of employment had occurred after the change in control.

The table below reflects the approximate amounts that would be payable to each Named Executive Officer under the individual change of control agreements assuming that the change of control occurred at December 31, 2010 and that such executive's employment was terminated in a manner triggering payment of the above benefits, including a gross-up for certain taxes in the event that any payments made in connection with a change in control would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code, and assuming that no payments would be subject to excise tax or penalties imposed by Section 409A of the Internal Revenue Code.

Name	Lump Sum Severance Amount(1)	Continuing Benefit Plan Coverage(2)	Early Vesting of Stock Options(3)	Early Vesting of Restricted Stock(3)	DBO Plan Coverage(4)	Estimated Tax Gross Up(5)	Total
A. Malachi Mixon, III	\$7,872,226	\$67,437	\$396,924	\$600,634	\$ —	\$ —	\$ 8,937,221
Gerald B. Blouch	\$6,117,219	\$65,102	\$167,554	\$239,636	\$1,353,300	\$2,759,456	\$10,702,267
Robert K. Gudbranson	\$2,441,778	\$63,929	\$ 97,274	\$125,231	\$ 652,575	\$1,266,843	\$ 4,647,630
Joseph B. Richey, II	\$2,516,578	\$23,060	\$ 45,704	\$ 68,394	\$ 761,250	\$ 996,521	\$ 4,411,507
Louis F. J. Slangen	\$2,682,788	\$60,616	\$ 45,704	\$ 71,236	\$ 696,500	\$1,431,564	\$ 4,988,408

- (1) This amount is comprised of (i) a lump sum amount equal to the executive's retention payment (which is equal to his Base Compensation) plus an additional amount which, together, equal three times the executive's Base Compensation (which is \$6,636,000 for Mr. Mixon, \$4,059,900 for Mr. Blouch, \$1,912,575 for Mr. Gudbranson, \$2,283,750 for Mr. Richey and \$2,089,500 for Mr. Slangen); (ii) a lump sum amount equal to three times the greatest contribution made by the Company on behalf of the executive for any year in the three years prior to the change of control to (A) the Invacare Retirement Savings Plan (which is \$44,100 for Messrs. Mixon, Blouch, Slangen and Gudbranson, and \$41,400 for Mr. Richey), (B) the DC Plus Plan (which is \$540,840 for Mr. Mixon, \$202,266 for Mr. Blouch, \$32,139 for Mr. Gudbranson, \$93,897 for Mr. Richey and \$84,342 for Mr. Slangen), and (iii) a lump sum amount equal to the sum of the contributions and credited interest which were scheduled to be added to the executive's account under the SERP during the three year period following the change of control if the executive had continued in the employ of the Company through the third anniversary of the change of control (which is \$651,286 for Mr. Mixon, \$1,810,953 for Mr. Blouch, \$452,964 for Mr. Gudbranson, \$97,531 for Mr. Richey and \$464,846 for Mr. Slangen).
- (2) This amount represents the present value of continuing coverage under the Company's health, life and disability insurance programs (including those available only to executives and those generally available to employees of the Company) for three years following the date of termination.
- (3) These awards would become vested and the amount shown represents the present value of the acceleration of vesting under Section 4999 of the Internal Revenue Code.
- (4) The amounts in this column are amounts that would be payable to beneficiaries of the Named Executive Officers under the Company's Death Benefit Only Plan if the executive subsequently died following a termination of his employment after a change of control on December 31, 2010. See Retirement and Other Post-Termination Benefits — Death Benefit Only Plan below.

- (5) The estimated tax gross-up is calculated assuming that a change of control of the Company and termination of the executive's employment occurred at December 31, 2010 and assuming that none of the payments made pursuant to the change of control agreements were made in consideration of past services.

Retirement and Other Post-Termination Benefits

The Company maintains other plans and arrangements with its Named Executive Officers which provide for post-employment benefits upon the retirement or death of the executives, as further described below.

Retirement Plans

The Company's Named Executive Officers are eligible to participate in the SERP and the DC Plus Plan. The SERP and the present value of the accumulated benefits of each Named Executive Officer under the SERP are described elsewhere in this proxy statement under the Pension Benefits Table. The DC Plus Plan and the aggregate account balance of each Named Executive Officer under the plan are described elsewhere in this proxy statement under the Non-Qualified Deferred Compensation Table.

Death Benefit Only Plan

The Company maintains a Death Benefit Only Plan ("DBO Plan") for its senior executives other than the executive Chairman of the Board. By participating in the DBO Plan, an executive agrees to limit his or her coverage under the Company's other group life insurance plans to a maximum of \$50,000. Under the DBO Plan, subject to certain limitations, if a participant dies while employed by the Company, his or her designated beneficiary shall receive a benefit equal to three times the executive's highest annual base salary plus target bonus as in effect on the April 1st preceding or coincident with his or her death. If a participant dies after attaining age 65 or after his or her employment with the Company is otherwise terminated following a change of control of the Company, a payment equal to his highest annual base salary plus target bonus as in effect on the April 1st preceding or coincident with such event will be payable on behalf of the participant. The Company may, in its discretion, pay an additional amount in order to "gross up" the participant for some or all of the income taxes that may result from the benefits described above. With respect to each Named Executive Officer, if the executive had died on December 31, 2010, the following amounts would have been payable on an after-tax basis under the DBO Plan: (1) \$4,059,900 to the beneficiaries of Mr. Blouch; (2) \$2,283,750 to the beneficiaries of Mr. Richey (who is over age 65); (3) \$2,089,500 to the beneficiaries of Mr. Slangen; and (4) \$1,957,725 to the beneficiaries of Mr. Gudbranson. Upon a change of control of the Company, the Company's obligations under the DBO Plan will be binding on any successor to the Company and the foregoing benefits would be payable to a participant under the DBO Plan in accordance with the terms described above upon the death of the participant following the change of control.

Chairman Retirement Program

In March 2000, the Company established a retirement program for Mr. Mixon. Under the program, upon his retirement, Mr. Mixon is to be provided with a spending account of \$200,000 per year for each of the five years following retirement for reimbursement of office and clerical support, financial and legal planning and other reasonable expenses incurred in an ongoing role as consultant to the Company. If, at the end of any year, any amounts remain in such account, the remaining amounts are to be paid to Mr. Mixon or his beneficiaries. The program further provides that, for each of the five years following his retirement, Mr. Mixon will be reimbursed for the cost of private or first class airfare of up to a maximum of \$30,000 per year, the cost of home security expenses of up to \$2,000 per year and the annual premium cost for medical insurance for Mr. Mixon and his spouse that is substantially

similar to that maintained by the Company on his behalf prior to his retirement. In addition, during the five years after his retirement, Mr. Mixon will continue to be eligible to participate, at the Company's cost, in such personal umbrella insurance coverage and medical check-up benefit plans as may be maintained by the Company for its senior executives. The program will terminate on the earlier of the fifth anniversary of Mr. Mixon's retirement from the Company or a change of control of the Company as defined under the Change of Control Agreements described above. The Company estimates that, assuming that Mr. Mixon retired from the Company at December 31, 2010, the total amount payable to Mr. Mixon in connection with the foregoing benefits over the five-year period following retirement would be equal to approximately \$1,305,733.

Compensation of Directors

Non-employee directors were paid a \$40,000 annual retainer in 2010, \$2,000 per Board meeting attended and \$1,500 per committee attended, or \$2,000 per committee meeting for the committee chairperson. If the Board or a committee met via teleconference, the directors attending the meeting received one-half of the normal Board or committee meeting attendance fee. The Company's Lead Director received an additional annual retainer of \$10,000 in 2010. In 2010, the Chairman of the Audit Committee received an additional annual retainer of \$7,500 and the Chairman of the Compensation Committee received an additional annual retainer of \$2,500. Upon joining the Board of Directors, a newly-elected director receives a one-time grant of stock options to purchase a number of shares equal to \$150,000 divided by the market price of Invacare common shares on the date of grant, vesting over a four-year term. In August 2010, each non-employee director was granted a restricted stock award of 2,800 shares.

Directors are eligible to defer compensation payable by the Company for their services as a director into discounted stock options granted under the 2003 Plan, exercisable at 75% of market value on the date of grant. Of the amounts reflected in the "Fees Earned or Paid in Cash" column in the table below, Mr. Boland deferred \$39,750 and Mr. Delaney deferred \$5,250 of their 2010 compensation and, as a result, each was issued stock options on December 11, 2009 with an exercise price per share discounted 25% from the closing price per share of the Company's common shares as quoted on the New York Stock Exchange on that date.

2010 Director Compensation Table

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)(1)	Option Awards (\$)(2)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation (\$)	Total
James C. Boland	80,500(3)	70,672	— (4)	—	—	255(18)	151,427
Michael F. Delaney	54,500(5)	70,672	9,307 (6)	—	—	—	134,479
C. Martin Harris, M.D.	52,750(7)	70,672	— (8)	—	—	125(18)	123,547
Bernadine P. Healy, M.D.	57,750(9)	70,672	—(10)	—	—	520(18)	128,942
Dale C. LaPorte	53,000(11)	70,672	—(12)	—	—	—	123,672
John R. Kasich	42,833(13)	70,672	—	—	—	—	113,505
Dan T. Moore, III	56,250(14)	70,672	—(15)	—	—	—	126,922
William M. Weber	76,250(16)	70,672	60,228(17)	—	—	1,268(18)	208,418
James L. Jones	3,333(19)	—	84,631(20)	—	—	—	87,964
Charles S. Robb	44,333(21)	70,672	145,097(22)	—	—	—	260,102

- (1) The values reported in this column represent the dollar amount of expense, calculated in accordance with ASC 718, *Compensation — Stock Compensation*, to be recognized for financial statement purposes over the respective vesting periods with respect to all restricted stock awarded to each director during 2010. For a summary of the terms of these awards, see the

discussion following the Grants of Plan-Based Awards Table. For a description of the assumptions made in computing the values reported in this column, see “Shareholders’ Equity Transactions” in the Notes to Consolidated Financial Statements contained in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2010.

- (2) The values reported in this column represent the dollar amount of expense, calculated in accordance with ASC 718, *Compensation — Stock Compensation*, to be recognized for financial statement purposes over the respective vesting periods with respect to all stock options awarded to each director during 2010. For a summary of the terms of these awards, see the discussion following the Grants of Plan-Based Awards Table. For a description of the assumptions made in computing the values reported in this column, see “Shareholders’ Equity Transactions” in the Notes to Consolidated Financial Statements contained in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2010.
- (3) The fees to Mr. Boland include a \$40,000 retainer, a \$10,000 additional retainer for his service as Lead Director, a \$2,500 additional retainer for his service as Chairman of the Compensation and Management Development Committee, \$8,000 for attendance at four Board meetings, \$2,000 for attendance at two Board teleconference meetings, \$4,000 for attendance at two meetings of the Compensation and Management Development Committee (as committee chairperson), \$2,000 for attendance at two teleconference meetings of the Compensation and Management Development Committee (as committee chairperson), \$2,000 for attendance at one meeting of the Governance Committee (as committee chairperson), \$1,000 for attendance at one teleconference meeting of the Governance Committee (as committee chairperson), \$6,000 for attendance at four meetings of the Audit Committee, and \$3,000 for attendance at four teleconference meetings of the Audit Committee. Mr. Boland deferred certain of his 2010 director fees, as further described above.
- (4) As of the end of the fiscal year, Mr. Boland held options to buy 54,282 common shares of the Company under the Invacare Corporation 1994 Performance Plan and the Invacare Corporation 2003 Performance Plan. All options were granted between February 1, 2001 and December 11, 2009, at exercise prices between \$10.695 to \$47.01 per share, will expire between February 1, 2011 and August 20, 2018, and became or will become exercisable between March 31, 2002 and January 1, 2013.
- (5) The fees to Mr. Delaney include a \$40,000 retainer, \$8,000 for attendance at four Board meetings, \$2,000 for attendance at two Board teleconference meetings, \$3,000 for attendance at two meetings of the Investment Committee and \$1,500 for attendance at two teleconference meetings of the Nominating Committee. Mr. Delaney deferred certain of his 2010 director fees, as further described above.
- (6) As of the end of the fiscal year, Mr. Delaney held options to buy 30,217 common shares of the Company under the Invacare Corporation 1994 Performance Plan and the Invacare Corporation 2003 Performance Plan. All options were granted between February 1, 2001 and December 22, 2010, at exercise prices between \$10.695 to \$47.01 per share, will expire between February 1, 2011 and August 20, 2018, and became or will become exercisable between March 31, 2002 and January 1, 2014.
- (7) The fees to Dr. Harris include a \$40,000 retainer, \$8,000 for attendance at four Board meetings, \$1,500 for attendance at one meeting of the Governance Committee, \$750 for attendance at one teleconference meeting of the Governance Committee, and \$1,500 for attendance at two teleconference meetings of the Nominating Committee.
- (8) As of the end of the fiscal year, Dr. Harris held options to buy 30,779 common shares of the Company under the Invacare Corporation 1994 Performance Plan and the Invacare Corporation 2003 Performance Plan. All options were granted between February 6, 2003 and August 20, 2008 at exercise prices between \$23.71 to \$47.01 per share, will expire between February 6, 2013 and August 20, 2018, and became or will become exercisable between January 24, 2004 and September 30, 2012.

- (9) The fees to Dr. Healy include a \$40,000 retainer, \$8,000 for attendance at four Board meetings, \$2,000 for attendance at two Board teleconference meetings, \$4,000 for attendance at two meetings of the Investment Committee (as committee chairperson), \$3,000 for attendance at two meetings of the Compensation and Management Development Committee, and \$750 for attendance at one teleconference meeting of the Compensation Management and Development Committee. Dr. Healy resigned as a director of the Company effective January 27, 2011 for personal reasons.
- (10) As of the end of the fiscal year, Dr. Healy held options to buy 37,763 common shares of the Company under the Invacare Corporation 1994 Performance Plan and the Invacare Corporation 2003 Performance Plan. All options were granted between February 1, 2001 and August 20, 2008, at exercise prices between \$23.71 to \$47.01 per share, will expire between February 1, 2011 and August 20, 2018, and became or will become exercisable between March 31, 2002 and September 30, 2012.
- (11) The fees to Mr. LaPorte include a \$40,000 retainer, \$8,000 for attendance at four Board meetings, \$2,000 for attendance at two Board teleconference meetings, and \$3,000 for attendance at two meetings of the Investment Committee.
- (12) As of the end of the fiscal year, Mr. LaPorte held options to buy 7,858 common shares of the Company under the Invacare Corporation 2003 Performance Plan. All options were granted on February 12, 2009 at an exercise price of \$19.09 per share, will expire on February 13, 2019, and will become exercisable between March 31, 2010 and September 30, 2013.
- (13) The fees to Mr. Kasich include a \$33,333 retainer (the prorated portion of his annual retainer through the date of his resignation from the Board), \$6,000 for attendance at three Board meetings, \$1,000 for attendance at one Board teleconference meeting, \$1,500 for attendance at one meeting of the Governance Committee and \$1,000 for attendance at one teleconference meeting of the Nominating Committee (as committee chairperson). Mr. Kasich resigned as a director of the Company effective November 3, 2010 as a result of his election as governor of the State of Ohio.
- (14) The fees to Mr. Moore include a \$40,000 retainer, \$6,000 for attendance at three Board meetings, \$4,500 for attendance at three meetings of the Audit Committee, \$3,000 for attendance at four teleconference meetings of the Audit Committee, and \$750 for attendance at one teleconference meeting of the Nominating Committee.
- (15) As of the end of the fiscal year, Mr. Moore held options to buy 31,327 common shares of the Company under the Invacare Corporation 1994 Performance Plan and the Invacare Corporation 2003 Performance Plan. All options were granted between February 1, 2001 and August 20, 2008, at exercise prices between \$23.71 to \$47.01 per share, will expire between February 1, 2011 and August 20, 2018, and became or will become exercisable between March 31, 2002 and September 30, 2012.
- (16) The fees to Mr. Weber include a \$40,000 retainer, a \$7,500 additional retainer for his service as Chairman of the Audit Committee, \$8,000 for attendance at four Board meetings, \$2,000 for attendance at two Board teleconference meetings, \$3,000 for attendance at two meetings of the Compensation and Management Development Committee, \$1,500 for attendance at two teleconference meetings of the Compensation and Management Development Committee, \$8,000 for attendance at four meetings of the Audit Committee (as committee chairperson), \$4,000 for attendance at four teleconference meetings of the Audit Committee (as committee chairperson), \$1,500 for attendance at one meeting of the Governance Committee, and \$750 for attendance at one teleconference meeting of the Governance Committee.
- (17) As of the end of the fiscal year, Mr. Weber held options to buy 40,043 common shares of the Company under the Invacare Corporation 1994 Performance Plan and the Invacare Corporation 2003 Performance Plan. All options were granted between February 1, 2001 and December 22, 2010, at exercise prices between \$10.695 to \$47.01 per share, will expire between February 1, 2011 and August 20, 2018, and became or will become exercisable between March 31, 2002 and January 1, 2015.

- (18) Other compensation includes personal use of corporate suites or tickets to sporting events. See the discussion in footnote 7 to the Summary Compensation Table for a description of the Company's methodology for determining the incremental cost of this perquisite.
- (19) General Jones was appointed to the Board of Directors effective December 1, 2010. The fees to General Jones represent a prorated portion of his annual retainer for service during 2010.
- (20) As of the end of the fiscal year, General Jones held option to buy 8,563 common shares of the Company under the Invacare Corporation 2003 Performance Plan. All options were granted between December 1, 2010 and December 22, 2010, at exercise prices between \$22.7025 to \$27.82 per share, will expire between December 31, 2014 and December 1, 2020, and will become exercisable between September 30, 2011 and January 1, 2016.
- (21) Senator Robb was appointed to the Board of Directors effective March 1, 2010. The fees to Senator Robb include a \$33,333 retainer (the prorated portion of his annual retainer beginning on the date he joined the Board), \$6,000 for attendance at three Board meetings, \$2,000 for attendance at two Board teleconference meetings, and \$3,000 for attendance at two meetings of the Investment Committee.
- (22) As of the end of the fiscal year, Senator Robb held options to buy 13,161 common shares of the Company under the Invacare Corporation 2003 Performance Plan. All options were granted between March 1, 2010 and December 22, 2010, at exercise prices between \$22.7025 to \$28.67 per share, will expire between December 31, 2015 and March 1, 2020, and will become exercisable between March 31, 2011 and January 1, 2015.

Equity Compensation Plan Information

The following table provides information as of December 31, 2010 about our common shares that may be issued upon the exercise of options, warrants and rights granted under all of our existing equity compensation plans, including the Invacare Corporation 2003 Performance Plan, the Invacare Corporation 1994 Performance Plan and the Invacare Corporation 1992 Non-Employee Directors Stock Option Plan.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	4,484,195	\$29.60	2,478,905(1)
Equity compensation plans not approved by security holders	3,601(2)	—	—
Total	<u>4,487,796</u>	<u>\$29.60</u>	<u>2,478,905</u>

- (1) Represents shares available under the Invacare Corporation 2003 Performance Plan. The Invacare Corporation 2003 Performance Plan allows for the granting of no more than 200,000 shares at an exercise price of not less than 75% of the market value on the date the option is granted. All other option grants must be made at not less than the market value on the date the option is granted.
- (2) Represents phantom share units in the 401(k) Plus Plan and the DC Plus Plan, which are allocated to participants' accounts at their discretion as their investment choice.

OTHER MATTERS

The Board of Directors does not know of any matters to be presented at the annual meeting other than those stated in the Notice of Annual Meeting of Shareholders. However, if other matters properly come before the annual meeting, it is the intention of the persons named in the accompanying proxy to vote based on their best judgment on any other matters unless instructed to do otherwise.

Any shareholder who wishes to submit a proposal for inclusion in the proxy material to be distributed by Invacare in connection with its annual meeting of shareholders to be held in 2012 must do so no later than December 9, 2011. To be eligible for inclusion in our 2012 proxy material, proposals must conform to the requirements of Regulation 14A under the Securities Exchange Act of 1934, as amended.

If a shareholder intends to present a proposal at Invacare's 2012 annual meeting without inclusion of that proposal in our 2012 proxy materials, the shareholder must give written notice of such proposal no less than 60 days nor more than 90 days prior to the first anniversary of the 2011 annual meeting, in accordance with the Code of Regulations, as amended. Unless we receive a notice of a shareholder proposal to be brought before the 2012 annual meeting by February 22, 2012, Invacare's proxy holders may vote all proxies in their discretion with respect to any shareholder proposal properly brought before such annual meeting.

Upon the receipt of a written request from any shareholder, Invacare will mail, at no charge to the shareholder, a copy of Invacare's 2010 Annual Report on Form 10-K, including the financial statements and schedules required to be filed with the Securities and Exchange Commission, for Invacare's most recent fiscal year. Written requests for any Reports should be directed to:

*Shareholder Relations Department
Invacare Corporation
One Invacare Way, P.O. Box 4028
Elyria, Ohio 44036-2125*

You are urged to sign and return your proxy promptly in the enclosed return envelope to make certain your shares will be voted at the annual meeting.

By Order of the Board of Directors,

ANTHONY C. LAPLACA
Secretary

