

INVACARE CORP
Form DEF 14A
April 09, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934

Filed by the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
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Invacare Corporation

(Name of Registrant as Specified In Its Charter)

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- No fee required.
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(1) Title of each class of securities to which the transaction applies:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Invacare Corporation

One Invacare Way

Elyria, Ohio 44035

April 9, 2015

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 14, 2015, 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,

C. Martin Harris, M.D.

Interim Chairman of the Board of Directors

Invacare Corporation

Notice of Annual Meeting of Shareholders

To Be Held On May 14, 2015

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 14, 2015, at 10:00 A.M. (EDT), for the following purposes:

1. To elect nine directors for a one-year term expiring in 2016;
2. To ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for its 2015 fiscal year;
3. To reaffirm approval of the Invacare Corporation Executive Incentive Bonus Plan;
4. To approve Amendment No. 1 to the Invacare Corporation 2013 Equity Compensation Plan;
5. To hold an advisory vote to approve the compensation of the Company's named executive officers; and
6. 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 20, 2015 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 9, 2015

Important Notice Regarding the Availability of Proxy Materials
for the Shareholder Meeting to Be Held on May 14, 2015:

The Proxy Statement and the 2014 Annual Report are also available
at www.invacare.com/annualreport.

Invacare Corporation

Proxy Statement

For the Annual Meeting of Shareholders

May 14, 2015

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 14, 2015, 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 9, 2015.

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 20, 2015, 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 31,041,485 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 20, 2015, and ten votes for each outstanding Class B common share you own as of March 20, 2015.

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, 3, 4 and 5, 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?

The Board of Directors recommends that you vote:

•“For” the election of the nine director nominees for a one-year term expiring in 2016;

•“For” the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for its 2015 fiscal year;

•“For” reaffirming approval of the Invacare Corporation Executive Incentive Bonus Plan;

•“For” the approval of Amendment No. 1 to the Invacare Corporation 2013 Equity Compensation Plan; and

•“For” the approval of 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 amended and restated Code of Regulations, each as amended to date, 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 five 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 nominee or nominees indicated. Abstentions and broker non-votes will not be voted for 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 the Company's procedures, the Nominating and 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 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.

Reaffirming approval of the Invacare Corporation Executive Incentive Bonus Plan (Proposal No. 3). The reaffirmation of the Invacare Corporation Executive Incentive Bonus Plan 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 reaffirmation of approval of the plan and will not be counted in the number of votes cast on the proposal.

Approval of Amendment No. 1 to the Invacare Corporation 2013 Equity Compensation Plan (Proposal No. 4). The approval of Amendment No. 1 to the Invacare Corporation 2013 Equity Compensation Plan requires the affirmative vote of the holders of a majority of the votes cast on the proposal. The rules of the New York Stock Exchange require that any abstentions with respect to the proposal be included in the total votes cast on the proposal. Accordingly, abstentions will not be voted for or against the proposal but will have the same effect as a vote "Against" this proposal. Broker non-votes will not be voted for or against the proposal and will not be counted in the number of votes cast on the proposal.

Advisory Vote to Approve Executive Compensation (Proposal No. 5). 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.

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, 41,888,955 votes were represented by outstanding shares; therefore, shareholders representing at least 20,944,478 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 the Company's 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 2014 Annual Report on the Internet?

The Notice of Annual Meeting, Proxy Statement and 2014 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)

All director nominees are nominated for election to serve a one-year term until the annual meeting in 2016 or until their successors have been duly elected. Each of the nominees, other than Matthew E. Monaghan and Clifford D. Nastas, is presently a director of Invacare. Each of the nominees has indicated his or her willingness to serve as a director if elected.

In accordance with the director age limitations in the Company's Corporate Governance Guidelines, Charles S. Robb and Dan T. Moore, III will not stand for reelection and will retire from the Board upon the expiration of their current terms at the 2015 Annual Meeting. Additionally, Ellen O. Tauscher previously notified the Board of Directors of her decision to not stand for re-election at the 2015 Annual Meeting, at which time her term as a director will expire.

Messrs. Monaghan and Nastas have been nominated by the Board to fill the vacancies that will result from the retirement of Messrs. Moore and Robb. Upon the expiration of Ms. Tauscher's term as a director at the 2015 Annual Meeting, the Board of Directors has fixed the number of directors constituting the Board at nine.

Below is certain biographical information regarding our director nominees, as well as a discussion of the qualifications that led the Board of Directors to conclude that each 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.

Michael F. Delaney, 66, 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., 58, has been a director since 2003 and was appointed Invacare's Interim Chairman of the Board effective December 21, 2014, and has served as Lead Director since May 17, 2012. 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 as a director and member of the Audit Committee 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 and serves on the board of directors of Thermo Fisher Scientific Inc. (NYSE), Waltham, Massachusetts, which provides analytical instruments, equipment, reagents and consumables, software and services for research, manufacturing, analysis, discovery and diagnostics. Dr. Harris was on the board of directors of Sentillion Corporation, an Andover, Massachusetts healthcare software technology company until it 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 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. James L. Jones, 71, has been a director since 2010. General Jones is currently President of Jones Group International, a global consultancy. General Jones served as National Security Advisor to United States President Barack Obama from January 2009 to November 2010. Prior to joining President Obama's administration as National Security Advisor, 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 and organizational development 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, as well as organizational leadership and personnel management, make him a uniquely valuable resource to the Board of Directors in overseeing and evaluating the Company's strategic direction and management succession planning.

Dale C. LaPorte, 73, has been a director since 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 since risk management and governance practices continue to evolve.

Michael J. Merriman, 58, has been a director since May 2014. Mr. Merriman has been an Operating Advisor of Resilience Capital Partners LLC since June 2008. Resilience is a private equity firm focused on principal investing in lower middle market underperforming and turnaround situations. Mr. Merriman served as President and Chief Executive Officer of The Lamson & Sessions Co. (formerly, NYSE: LMS), Cleveland, Ohio, a manufacturer of thermoplastic conduit, fittings and electrical switch and outlet boxes from November 2006 until the company was sold in November 2007. Mr. Merriman served as Senior Vice President and Chief Financial Officer of American Greetings Corporation (formerly, NYSE: AM), Cleveland, Ohio, a designer, manufacturer and seller of greeting cards and other social expression products from September 2005 until November 2006. He was a director of American Greetings Corporation from 2006 through August 2013 when it became a private company. Prior to that, from August 1995 until April 2004, Mr. Merriman was the President and Chief Executive Officer of Royal Appliance Mfg. Co./ Dirt Devil Inc. (formerly, NYSE: RAM), a

manufacturer of a full line of cleaning products for home and commercial use. Mr. Merriman is a director of Nordson Corporation (Nasdaq: NDSN), Westlake, Ohio, a manufacturer of products and systems used for dispensing and processing adhesives, coatings, polymers, sealants and biomaterials; Regis Corporation (NYSE: RGS), Edina, Minnesota, a company that owns, franchises and operates beauty salons, hair restoration centers and cosmetology education; and OMNOVA Solutions Inc. (NYSE: OMN), Beachwood, Ohio, a technology-based company and an innovator of emulsion polymers, specialty chemicals, and decorative and functional surfaces. Mr. Merriman also served as a director of RC2 Corporation (formerly, NASDAQ: RCRC), Oak Brook, Illinois, a manufacturer of pre-school toys and infant products, from 2004 until its sale in April 2011.

The Board concluded that Mr. Merriman should serve as a director of the Company based on his experience and significant knowledge in executive management, strategy, corporate governance, acquisitions and divestitures, product development and investor relations, as well as his significant finance, financial reporting and accounting expertise, all developed through Mr. Merriman's prior experience as a public company chief executive officer and chief financial officer and as a certified public accountant, his current service on the boards of directors of three publicly traded companies, and his experience at Resilience.

A. Malachi Mixon, III, 74, has been a director since 1979. Mr. Mixon served the Company as Chief Executive Officer from 1979 through April 2010 and as President until 1996. He served as Chairman of the Board from 1983 until his retirement effective December 21, 2014. Mr. Mixon serves on the board of directors of Park-Ohio Holdings Corp. (NASDAQ), Cleveland, Ohio, a diversified manufacturing services and products holding company. 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 academic medical centers, and as Chairman of The Cleveland Institute of Music, a leading music conservatory. Mr. Mixon served on the board of directors of The Sherwin Williams Company (NYSE), Cleveland, Ohio, until April 2013.

The Board concluded that Mr. Mixon, a founder of Invacare, should serve as a director of the Company primarily due to his previous role as the leader of the Company from its inception until his December 2014 retirement 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 home 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 valuable perspective to oversee the Company and its strategy and business operations. Under the terms of Mr. Mixon's retirement agreement, the Company agreed to, absent compelling circumstances, nominate Mr. Mixon and recommend him for election as a director at the 2015 annual meeting. See "Certain Relationships and Related Transactions."

Matthew E. Monaghan, 47, was appointed as the Company's President and Chief Executive Officer effective April 1, 2015. Since January 2014, Mr. Monaghan has served as Senior Vice President, Global Hips and Reconstructive Research of Zimmer Holdings, Inc. (NYSE: ZMH), a company that designs, develops, manufactures and markets orthopedic reconstructive, spinal and trauma devices, dental implants, and related surgical products. Mr. Monaghan led the company's global hips business and large joint reconstruction research where he was responsible for the division's new product development, engineering, marketing, clinical studies, quality, regulatory affairs and results of the shared sales and supply chain functions. From December 2009 to January 2014, Mr. Monaghan served as Vice President and General Manager, Global Hips Business of Zimmer. Prior to joining Zimmer in 2009, Mr. Monaghan spent eight years as an operating executive for two leading private equity firms, Texas Pacific Group (TPG) and Cerberus Capital Management, where he led acquisitions and operational improvements of portfolio companies, which included the carve-out from Baxter Healthcare of a global medical device business, making significant improvements at a U.S. personal insurance business and running a consumer durable goods business spun off from Newell-Rubbermaid. While at Cerberus Capital, Mr. Monaghan served as Chief Operating Officer of Global Home Products LLC, a consumer durable goods business owned by Cerberus, from April 2004 to

November 2005. In April 2006, Global Home Products filed a voluntary petition to reorganize under Chapter 11 of the United States Bankruptcy Code. Global Home Products emerged from bankruptcy in February 2008. Over the 13 years prior to 2003, Mr. Monaghan held various positions at General Electric (NYSE: GE).

The Board concluded that Mr. Monaghan should be nominated to serve as a director of the Company primarily due to his role as Chief Executive Officer, as well as his considerable experience in managing and operating businesses, including most recently a medical device business subject to FDA regulation. The Board anticipates that Mr. Monaghan, in his role as Chief Executive Officer, will provide the Board with management perspective that will be valuable in overseeing the Company's business operations.

Clifford D. Nastas, 52, has been nominated by the Board for election as a director at the annual meeting. Since 2014, Mr. Nastas has been a director of Dan T. Moore Company, Inc., a holding company of diverse advanced materials manufacturing and technology businesses, and serves as the President of a group of its automotive and advanced materials operating companies. Mr. Nastas served as Chief Executive Officer and a director of Material Sciences Corporation (formerly, Nasdaq: MASC), Elk Grove Village, Illinois, a publicly traded diversified industrial manufacturing company providing high-value coated metal, acoustical and lightweight composite solutions from 2005 until the company was sold in March 2014. From 2001 to 2005, Mr. Nastas served in various capacities at Material Sciences, including as President and Chief Operating Officer. Prior to joining Material Sciences, Mr. Nastas served in various general management, sales, and manufacturing capacities with Honeywell International, formerly Allied Signal (NYSE: HON), Morris Township, New Jersey, Avery Dennison Corporation (NYSE: AVY), Glendale, California, and Ford Motor Company (NYSE: F), Dearborn, Michigan. From 2009 to 2010, Mr. Nastas was a director and member of the audit committee of Quixote Corporation (formerly, NASDAQ: QUIX), a publicly traded manufacturer of highway and transportation safety products, that was acquired in February 2011.

The Board concluded that Mr. Nastas should be nominated to serve as a director of the Company primarily due to his extensive business leadership and management expertise, which includes a broad range of experience in management, operations, sales, marketing, product development and engineering in a number of global businesses, including as the CEO of a publicly-traded company. The Board believes that Mr. Nastas' experience and background will enable him to provide the Board will valuable insight into numerous aspects of the Company's business.

Baiju R. Shah, 43, has been a director since 2011. Mr. Shah has been the CEO and a director of BioMotiv since August 2012. BioMotiv is a company focused on developing a portfolio of drug discoveries from research institutions into new medicines. Prior to that, Mr. Shah was President and CEO of BioEnterprise Cleveland from 2004 to August 2012, Senior Vice President from 2003 to 2004 and a Vice President from 2002 to 2003. BioEnterprise is a Cleveland-based business formation, recruitment and acceleration initiative designed to grow health care companies and commercialize biomedical technologies. Prior to BioEnterprise, Mr. Shah worked for McKinsey & Company, where he was a leader in its Growth and Business Building practice. In addition, Mr. Shah serves as a director of several privately held biomedical-related companies.

The Board concluded that Mr. Shah should serve as a director of the Company primarily due to his experience in the healthcare and biomedical industry gained through his leadership of BioMotiv and BioEnterprise. The business insight gained through his work at BioMotiv, BioEnterprise and McKinsey & Company, in particular his demonstrated abilities in advancing initiatives to help companies grow and expand, provides Mr. Shah with a perspective on healthcare business and growth initiatives that is invaluable to the Board.

Invacare's Board of Directors recommends that shareholders vote "FOR" the election of all nine director nominees for a term expiring in 2016.

**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, 2015. The Audit Committee and the Board of Directors are asking you to ratify this appointment. During the year ended December 31, 2014, 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 recommends that shareholders vote "FOR" the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the year ended December 31, 2015.

**REAFFIRMING APPROVAL OF THE INVACARE CORPORATION
EXECUTIVE INCENTIVE BONUS PLAN**
(Proposal No. 3)

The Company is asking its shareholders to reaffirm their approval of the Invacare Corporation Executive Incentive Bonus Plan (the "Executive Incentive Bonus Plan") so that the Company may remain eligible to deduct certain compensation paid under the Executive Incentive Bonus Plan. The Executive Incentive Bonus Plan previously was approved by the Board of Directors and the shareholders in 2010, and remains in effect. On March 25, 2015, the Executive Incentive Bonus Plan was amended to specify additional objective business criteria that may be used in establishing performance goals for incentive bonuses under the plan. A summary of the material terms of the Executive Incentive Bonus Plan is provided below, but is qualified in its entirety by the actual terms and conditions provided in the plan document, which is attached as Appendix A to this proxy statement.

Reason for Seeking Shareholder Reaffirmation of Approval

Section 162(m) of the Internal Revenue Code ("Section 162(m)") limits the Company's tax deduction to \$1,000,000 per executive per year for certain compensation paid to each of its chief executive officer and the other four highest compensated executives of the Company (other than its chief financial officer) at the end of the Company's taxable year (each a "Covered Employee"). In general, the regulations under Section 162(m) exempt from this limitation compensation that is, among other things, paid based on the achievement of objective performance criteria and awarded under a plan that has received shareholder approval. Further, regulations under the Code require that a plan such as the Executive Incentive Bonus Plan be reapproved by the shareholders at least every five years to remain eligible for this exemption. Five years has passed since the shareholders last approved the Executive Incentive Bonus Plan. Therefore, the Board recommends that shareholders reaffirm their approval of the Executive Incentive Bonus Plan so that the Company may, if all other requirements are met, be eligible to fully deduct, for U.S. federal income tax purposes, the payment of certain performance-based incentive awards to the Covered Employees under Section 162(m) of the Code.

Because the exception for performance-based compensation under Section 162(m) requires a review of individual facts, and there is limited binding guidance under Section 162(m), the Company cannot guarantee that the awards under the Executive Incentive Bonus Plan to Covered Employees will qualify for exemption under Section 162(m).

Executive Incentive Bonus Plan Summary

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 and Management Development Committee of the Board of Directors (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 a bonus payment 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, in which case the officer may receive a prorated payment. In 2014, there were eight employees who participated in the Executive Incentive Bonus Plan, which included Messrs. Gudbranson, Remmers and LaPlaca, and Ms. Stumpp. Messrs. Mixon and Blouch also participated prior to their respective retirements from employment with the Company.

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 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, which is payable based on the level(s) of achievement of a specified performance goal(s) for the performance period.

Performance Goals. The performance goal(s) for each performance period will provide for a targeted level or levels of performance using one or more of the following predetermined measurements: return on equity; earnings per share; net income; pre-tax income; operating income; revenue; earnings before interest and taxes; earnings before interest, taxes, depreciation and amortization; cash flow; free cash flow; economic profit; total earnings; earnings growth; return on capital; operating measures (including, but not limited to, operating margin and/or operating costs); return on assets; return on net assets; return on capital; return on invested capital; increase in the fair market value of the shares; or total shareholder return. For 2014, the bonus award was based upon satisfaction of established bonus targets described in the section entitled 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. However, to the extent any adjustment would cause a bonus award to fail to qualify for the exemption for performance-based compensation under Section 162(m), then the adjustment will apply only to participants who are not Covered Employees. 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 compensation 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).

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).

New Plan Benefits. The amount payable to an officer under the Executive Incentive Bonus Plan is subject to discretion as to the target amount, the performance goals selected and whether the amount resulting from achievement of such goal will actually be paid. The amount that will be paid in the future to any eligible officer is not presently determinable. No bonuses were earned by any participant in the Executive Incentive Bonus Plan in 2014. The table below shows, for the individuals listed, the target incentive amount for 2014 as a percentage of the individual's base salary under the Executive Incentive Bonus Plan. These awards are not necessarily indicative of awards that we may make in the future:

Name and Position (1)(2)	Fiscal 2014 Target Incentive Amount as Percentage of Base Salary
Robert K. Gudbranson - Interim President and Chief Executive Officer and Chief Financial Officer	75% (100% as CEO)
John M. Remmers - Executive Vice President & General Manager, North America and Global Product Development	75%
Anthony C. LaPlaca - Senior Vice President, General Counsel and Secretary	75%
Patricia A. Stumpp - Senior Vice President, Human Resources	62.5%
A. Malachi Mixon, III - Former Chairman of the Board	85%
Gerald B. Blouch - Former President and Chief Executive Officer	100%

Participants in the plan included Messrs. Gudbranson, Remmers, LaPlaca, Mixon and Blouch and Ms. Stumpp, (1) and the Company's former President - Invacare Technologies and Senior Vice President - Electronics and Engineering

(2) Non-employee directors and non-executive officers are not eligible to participate in the plan.

Reaffirmation of Approval of the Executive Incentive Bonus Plan

The Board of Directors believes that the Company's best interests will be served by the reaffirmation of approval of the Executive Incentive Bonus Plan. The Executive Incentive Bonus Plan will enable the Company to be eligible to preserve, where appropriate, the tax deductibility of performance-based awards to Covered Employees under the plan.

The Board of Directors recommends that shareholders vote "FOR"

the reaffirmation of approval of the Invacare Corporation Executive Incentive Bonus Plan.

APPROVAL AND ADOPTION OF AMENDMENT NO. 1 TO THE INVACARE CORPORATION 2013 EQUITY COMPENSATION PLAN (Proposal No. 4)

The fourth proposal to be acted upon at the annual meeting is the approval of Amendment No. 1 (the "Amendment") to the Invacare Corporation 2013 Equity Compensation Plan (the "2013 Plan"). The Amendment, if approved by shareholders, will modify certain plan limitations required under Internal Revenue Code Section 162(m) and specify additional objective factors that may be used as performance measures for awards under the 2013 Plan. Generally, Section 162(m) limits the Company's tax deduction, for U.S. federal income tax purposes, to \$1,000,000 per year for certain compensation paid to "Covered Employees," including each of its chief executive officer and the other four highest compensated executives of the Company (other than the chief financial officer) at the end of the Company's taxable year. However, compensation that qualifies as "performance-based compensation" under Section 162(m) is exempt from the limitation on deductions.

In order for compensation to qualify for the exemption under Section 162(m), the Company's shareholders must approve the material terms of the plan or arrangement providing for the compensation. One material term shareholders must approve is the maximum amount of "performance-based compensation" that may be paid under the plan. In order to satisfy this requirement, the 2013 Plan includes (and the shareholders approved) an annual limit on the number of shares that may be granted to a participant with respect to awards of restricted stock, restricted stock units or performance shares that are intended to qualify as "performance-based compensation" under Section 162(m). Currently, the annual limit for these awards is 50,000 shares per participant. The Amendment, if approved by shareholders, will increase the annual limit to 325,000 shares per participant.

Based on data reviewed by the Compensation Committee and the Board, the Board believes that increasing the annual limit will better align the 2013 Plan with current market practices, which will assist the Company in achieving its goals of attracting and retaining top executive talent through the 2013 Plan. In addition, increasing the annual limit will allow the Company to grant more performance-based compensation which is eligible to receive the corresponding tax deductions, assuming all requirements are met under Section 162(m).

Certain awards under the 2013 Plan may be eligible to qualify as "performance-based compensation" under Section 162(m) if they are conditioned on the achievement of certain objective performance targets established by the Compensation Committee. Shareholders must approve the objective factors that may be used to establish performance targets in order for awards to qualify for exemption under Section 162(m). The 2013 Plan includes (and the shareholders approved) various factors described under "Performance Targets and Performance Measures" below. The Amendment, if approved by shareholders, will add "revenue" and "free cash flow" as factors that may be used as performance measures. The Board believes that the addition of these factors will provide the Compensation Committee with useful further flexibility in establishing appropriate performance criteria for awards under the 2013 Plan.

The Amendment increases the annual limits for the number of shares of performance-based restricted stock, restricted stock units and performance shares intended to qualify for the exemption under Section

162(m). The Amendment also specifies additional objective factors that may be used as performance measures for awards under the 2013 Plan. The Amendment does not increase the overall number of shares available under the 2013 Plan or amend the plan or any outstanding awards in any other way.

Summary of the Amendment and 2013 Plan

The following summary of the Amendment and the material terms of the 2013 Plan is qualified in its entirety by reference to the full text of the Amendment and the 2013 Plan, which are set forth in Appendix B and Appendix C to this proxy statement, respectively.

Amendment - Material Changes

The Amendment increases the annual limit on the number of shares that may be granted to a participant with respect to awards of restricted stock, restricted stock units and performance shares intended to qualify as “performance-based compensation” under Section 162(m) from 50,000 shares to 325,000 shares. The Amendment also specifies "revenue" and "free cash flow" as additional objective factors that may be used as performance measures for awards under the 2013 Plan. The Amendment does not amend or modify any other provision of the 2013 Plan.

Material Terms of 2013 Plan, as amended by the Amendment

Eligibility and Types of Awards

The Compensation Committee, in its discretion, may grant an award under the 2013 Plan to any director or employee of the Company or an affiliate. All non-employee directors and approximately 240 employees who are eligible to participate in the 2013 Plan.

The 2013 Plan provides for the following types of awards with respect to shares of the Company's common shares: incentive stock options, nonqualified stock options, stock appreciation rights (“SARs”), restricted stock, restricted stock units, unrestricted stock, and performance shares. The Compensation Committee also may grant performance units that are payable in cash.

Common Shares Subject to the 2013 Plan

Available Shares

As of March 20, 2015, the total number of common shares available for awards under the 2013 Plan was 2,644,420 and the number of common shares subject to outstanding awards granted under the 2013 Plan was 835,525. These amounts assume, for purposes of this proposal, achievement of maximum targets for outstanding performance share awards, even though the actual payout amount may be less than maximum. The Amendment does not increase or otherwise modify the number of shares available under the 2013 Plan.

The maximum number of shares available for awards of incentive stock options is 3,800,000 shares.

Individual Limits for “Performance-Based Compensation” under Section 162(m)

The 2013 Plan sets annual limits with respect to awards that are intended to qualify as “performance-based compensation” under Section 162(m). Under the 2013 Plan, as amended by the Amendment,

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no participant will be granted stock options or SARs for more than 400,000 common shares, in the aggregate, during any calendar year;

no participant will be granted awards of restricted stock, restricted stock units, performance shares or performance units that are intended to qualify as “performance-based compensation” under Section 162(m) for more than 325,000 common shares, in the aggregate, during any calendar year;

no participant will receive any awards payable in cash that are intended to qualify as “performance-based compensation” under Section 162(m) and have an aggregate maximum value as of their respective grant dates in excess of \$5,000,000 during any calendar year; and

no non-employee director will be granted awards of restricted stock, restricted stock units, performance shares or performance units for more than 50,000 common shares, in the aggregate, during any calendar year.

Adjustments

In the event of any stock dividend, stock split, consolidation, reorganization, merger, spinoff, or similar transaction affecting the Company's common shares, the Compensation Committee will adjust the number of shares available for grants, the number of shares subject to the full-value award limits and individual limits, and the number of shares and price under outstanding grants made before the event, as provided in the 2013 Plan.

No Liberal Share Counting/Recycling Provisions

The 2013 Plan prohibits liberal share counting by requiring that no shares tendered in payment of a stock option's exercise price may be added back into the aggregate share limit. The 2013 Plan also provides that no shares withheld in satisfaction of tax withholding obligations may be added back into the aggregate share limit. The number of common shares covered by a SAR, to the extent that it is exercised and settled in common shares, and whether or not shares are actually issued to a participant upon exercise of the SAR, will be considered issued or transferred. Lastly, in the event that the Company repurchases common shares with stock option exercise proceeds, those shares will not be added to the aggregate plan limit.

Administration

The 2013 Plan is administered by the Compensation Committee, which has broad discretionary authority under the 2013 Plan. The Compensation Committee may delegate all or any part of its authority and powers under the 2013 Plan to one or more directors or officers of the Company. The Compensation Committee may not, however, delegate its authority and powers:

with respect to awards to persons covered by Section 16 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”);

in a way that would jeopardize the 2013 Plan's satisfaction of Rule 16b-3 of the Exchange Act; or

with respect to awards intended to qualify as “performance-based compensation” under Section 162(m).

Performance Targets and Performance Measures

So that certain awards under the 2013 Plan may be eligible to qualify as “performance-based compensation” for purposes of Section 162(m), the Compensation Committee may condition awards on the achievement of certain objective performance targets (“Performance Targets”) established by the Compensation Committee during the first 90 days of the award's performance period. The performance measures used to establish the Performance Targets will be based on any of the factors listed below, alone or in combination, as determined by the Compensation Committee.

Such factors may be applied on a corporate-wide or business-unit basis, include or exclude one or more of the Company's subsidiaries, may be in comparison with plan, budget, or prior performance, and/or may be on an absolute basis or in comparison

13

with peer-group performance. Performance measures may differ from participant to participant and from award to award. The factors that may be used as performance measures will be one or more of the following: return on equity; earnings per share; net income; pre-tax income; operating income; revenue; earnings before interest and taxes; earnings before interest, taxes, depreciation and amortization; cash flow; free cash flow; economic profit; total earnings; earnings growth; return on capital; operating measures (including, but not limited to, operating margin and/or operating costs); return on assets; return on net assets; return on capital; return on invested capital; increase in the fair market value of the Company's common shares; or total shareholder return.

The Compensation Committee may grant awards that are subject to the achievement of Performance Targets that are either intended to or not intended to qualify as "performance-based compensation" for purposes of Section 162(m).

In setting performance measures, the Compensation Committee may provide that any financial factor will be determined in accordance with U.S. Generally Accepted Accounting Principles ("GAAP") or will be adjusted to exclude any or all GAAP or non-GAAP items.

If the Compensation Committee determines that a change in the business, operations, corporate structure or capital structure of the Company, or the manner in which it conducts its business, or other events or circumstances render the Performance Targets unsuitable, the Compensation Committee may modify such performance measures or the related minimum acceptable level of achievement, except with respect to awards that the Compensation Committee intends to qualify as "performance-based compensation," to the extent such modification is not allowed under Section 162(m).

Minimum Vesting Periods

The 2013 Plan provides for a one-year minimum vesting period for performance-based full-value awards and a three-year minimum vesting period for time-based full value awards (which can vest in ratable tranches over the three-year period). Full-value awards include grants of restricted stock, restricted stock units, performance shares, performance units and unrestricted stock grants. However, a "basket" of shares is reserved in the 2013 Plan, out of which 10% of the shares available under the 2013 Plan can be used for awards that are not subject to the minimum vesting restrictions.

No Repricing

Repricing or replacement of underwater options and SARs is prohibited without shareholder approval under the 2013 Plan, except with respect to adjustments made in connection with certain corporate events or transactions described above in "Common Shares Subject to the 2013 Plan - Adjustments."

Description of Award Types

Subject to the limits imposed by the 2013 Plan, which are generally described in this proposal, the Compensation Committee, in its discretion, may award any of the following types of awards to a participant: incentive stock options; nonqualified stock options; stock appreciation rights; restricted stock; restricted stock units; performance shares; performance units; and unrestricted stock.

Stock Options

The Compensation Committee may grant nonqualified stock options and/or incentive stock options. The Compensation Committee establishes the exercise price, which may not be less than 100% of the fair market value of the common shares on the grant date. Stock options may not be re-priced without shareholder approval unless in connection with certain corporate events or transactions described above in "Common Shares Subject to the 2013 Plan

- Adjustments." The Compensation Committee establishes the vesting date and the term of the option, subject to a maximum term of 10 years. A participant may pay the exercise price

in cash, or if permitted by the Compensation Committee, by cashless exercise through a broker, by a net exercise, by delivering previously-owned Company common shares having a fair market value equal to the exercise price, any other manner permitted by the Compensation Committee and applicable law, or a combination of the foregoing. An award agreement for a stock option may provide that such option becomes exercisable in the event of the participant's death, disability or retirement.

Additional limits and rules apply to incentive stock options. For example, the Compensation Committee may not grant an employee incentive stock options to the extent that it would result in the employee first being able to exercise incentive stock options to purchase shares with an aggregate fair market value (determined as of the grant date) of more than \$100,000 in any year.

As of March 20, 2015, the closing price for one common share quoted on the New York Stock Exchange was \$19.31.

Stock Appreciation Rights (SARs)

The Compensation Committee may grant stock appreciation rights ("SARs"). The value of SARs is based on the increase in the value of the Company's common shares from the grant date to the date on which the employee exercises the SAR. The Compensation Committee determines the vesting and exercise periods for each SAR. A SAR must expire not later than 10 years after the grant date. SARs may be granted in connection with or separate from stock option grants. An award agreement for a SAR may provide that such SAR becomes exercisable in the event of the participant's death, disability or retirement or in connection with a change in control.

Restricted Stock

The Compensation Committee may grant restricted Company common shares or "restricted stock." At the time of grant, the Compensation Committee will specify the period of restriction, the number of shares granted, and the conditions of the award. At the time of the award, the Compensation Committee will establish the period that must lapse and/or the performance targets that must be satisfied for the restrictions to lapse. In the case of restricted stock intended to qualify as "performance-based" compensation under Section 162(m), the Compensation Committee will base Performance Targets on one or more of the performance measures listed under "Performance Targets and Performance Measures" above. An award agreement for restricted stock may provide for the earlier termination of restrictions on such restricted stock in the event of the participant's death, disability or retirement or in connection with a change in control.

Restricted Stock Units

The Compensation Committee may grant restricted stock units. Restricted stock units will be evidenced by an award agreement containing such terms and provisions, consistent with the 2013 Plan, as the Compensation Committee may approve. A grant of restricted stock units constitutes an agreement by the Company to deliver common shares or cash to the participant in the future in consideration of the performance of services, but subject to the fulfillment of such conditions during the restriction period as the Compensation Committee may specify. In the case of a restricted stock unit intended to qualify as "performance-based" compensation under Section 162(m), the Compensation Committee will base Performance Targets on one or more of the performance measures listed under "Performance Targets and Performance Measures" above. During the applicable restriction period, the participant will have no right to transfer any rights under his or her award, will have no rights of ownership in the common shares deliverable upon payment of the restricted stock units, and will have no right to vote the common shares. An award agreement for restricted stock units may provide for the earlier termination of restrictions on such restricted stock units in the event of the participant's death, disability or retirement.

Performance Shares/Units

The Compensation Committee may grant performance units and/or performance shares. In the case of performance shares or units intended to qualify as “performance-based compensation” under Section 162(m), the Compensation Committee will base Performance Targets on one or more of the performance measures listed under “Performance Targets and Performance Measures” above. Performance units and/or performance shares may be paid in the form of cash, shares, or a combination of cash and shares. An award agreement for performance shares or performance units may provide for the earlier lapse of restrictions or other modifications in the event of the participant's death, disability or retirement.

Unrestricted Share Grants

The Compensation Committee may grant common shares, without restrictions on the shares granted.

Dividends and Dividend Equivalents

The 2013 Plan specifies that dividends or dividend equivalents issued with respect to common shares subject to performance-based awards will be deferred until and paid contingent upon the achievement of the applicable Performance Target.

Change in Control

The treatment of outstanding awards upon a change in control would depend on whether or not the awards are assumed by the entity effecting the change in control. In general, a change in control will be deemed to have occurred under the 2013 Plan if: (i) a person or group acquires 30% or more of the voting power of the Company in the election of directors (excluding certain purchases by A. Malachi Mixon III or his affiliates or by the Company or its benefit plans); (ii) the Company experiences a turn-over (not approved by at least two-thirds of the Company's directors) of a majority of its directors during a two-year period; (iii) the Company consummates a reorganization, merger or consolidation resulting in a substantial change in ownership of 50% or more of the voting power of the Company; (iv) the Company consummates a sale of all or substantially all of its assets; or (v) the Company's shareholders approve a liquidation or dissolution of the Company.

Upon the occurrence of a change in control, any awards made to a participant under the 2013 Plan that are assumed by the surviving entity will continue to vest and become exercisable in accordance with the terms of the original grant unless, during the two-year period commencing on the date of the change in control, the participant's employment is involuntarily terminated by the Company for reasons other than for “cause” (as defined in the 2013 Plan) or the participant terminates his or her employment for “good reason” (as defined in the 2013 Plan) (a so-called “double trigger”). If a participant's employment is terminated under such circumstances, any outstanding stock options and SARs will become fully vested and exercisable, any restrictions that apply to awards made pursuant to the 2013 Plan will lapse, and any awards that are subject to Performance Targets will immediately be earned or vested and will become immediately payable (unless prohibited by Code Section 409A) in accordance with their terms as if all of the Performance Targets have been achieved at their target levels as of the date of termination.

Upon the occurrence of a change in control, any awards made under the 2013 Plan that are not assumed by the entity effecting the change in control will become fully vested and exercisable on the date of the change in control or will immediately vest and become immediately payable (unless prohibited by Code Section 409A) in accordance with their terms as if all of the applicable Performance Targets have been achieved at their target levels, and any restrictions that apply to such awards will lapse.

For each stock option and SAR that is not assumed in connection with a change in control, the holder will receive a payment equal to the difference between the consideration received by holders of common shares in the change in control transaction and the exercise price of the applicable stock option or SAR, if

16

such difference is positive. Any stock options or SARs with an exercise price that is higher than the per share consideration received by holders of common shares in connection with the change in control transaction will be canceled for no additional consideration.

For any awards of restricted stock, restricted stock units, performance shares or performance units that are not assumed in connection with the change in control, the holder of those awards will receive the consideration that he or she would have received in the change in control transaction had he or she been a holder of the number of common shares equal to the number of restricted stock units and/or shares of restricted stock covered by the award and the number of common shares payable for awards subject to Performance Targets (as if achieved at target levels).

If the payment or benefit underlying an award constitutes a deferral of compensation under Code Section 409A, then the payment or delivery will be made on the date of payment or delivery originally provided for such payment or benefit in the applicable award agreement.

Amendment and Termination

The Board of Directors may amend, suspend, or terminate the 2013 Plan at any time. Shareholder approval of an amendment will be required only to the extent necessary to satisfy applicable legal, regulatory agency and stock exchange rules.

Recoupment

Any awards or payments made under the 2013 Plan are subject to the Company's Executive Compensation Adjustment and Recapture Policy.

Compliance with Section 409A of the Internal Revenue Code

To the extent applicable, it is intended that the 2013 Plan and any grants made thereunder comply with or be exempt from the provisions of Code Section 409A so that the income inclusion provisions of Code Section 409A (a)(1) do not apply to the participants. The 2013 Plan and any grants made under the 2013 Plan will be administered in a manner consistent with this intent.

Federal Income Tax Consequences

Tax Consequences for the Participants

The federal income tax consequences to a participant vary depending upon the type of award granted under the 2013 Plan. Generally, there are no federal income tax consequences to an employee upon the grant or exercise of an incentive stock option. If the employee holds the shares purchased through the exercise of an incentive stock option for more than two years after the grant day and one year after the exercise date ("required holding period"), the employee will be eligible for capital gains treatment on any excess of the sales price over the option price upon selling the shares. However, if the employee sells the shares during the required holding period, he must recognize ordinary income on the date of sale equal to the difference between the option price and the fair market value of the shares on the exercise date. The balance of the employee's gain, if any, on the sale of the shares is subject to capital gains treatment.

The recipient of a non-qualified stock option realizes ordinary income upon exercising the option equal to the difference between the option price and the fair market value on the exercise date of the shares purchased. Upon the subsequent sale of any such shares by the recipient, any appreciation or depreciation in the value of the shares after the

exercise date will be treated as a capital gain or loss for the recipient.

A participant generally does not recognize income from the grant of restricted stock until the restrictions on the shares lapse. Pursuant to Code Section 83(b), a participant may elect to recognize income at the

17

time of the grant, based on the value of the shares at that time. Any dividends on restricted stock paid to a participant before the lapse of restrictions are taxable to the participant.

A participant generally does not recognize income from the grant of restricted stock units until the restrictions on the restricted stock units lapse. At that time, the participant must recognize as ordinary income an amount equal to the fair market value of the shares underlying the restricted stock units. Any dividend equivalents paid to a participant with respect to restricted stock units before the lapse of restrictions are taxable to the participant.

No income generally will be recognized upon the grant of performance shares or performance units. Upon payment in respect of the earn-out of performance shares or performance units, the recipient generally will be required to include as taxable ordinary income in the year of receipt an amount equal to the amount of cash received and the fair market value of any unrestricted common shares received.

In general, awards of unrestricted stock are taxable to the participants and deductible by the Company at the time paid.

Tax Consequences to the Company or Subsidiary

To the extent that a participant recognizes ordinary income in the circumstances described above, the Company or the subsidiary for which the participant performs services will be entitled to a corresponding deduction provided that, among other things, the income meets the test of reasonableness, is an ordinary and necessary business expense, is not an "excess parachute payment" within the meaning of Code Section 280G and is not disallowed by the \$1 million limitation on certain executive compensation under Section 162(m). In the case of grants of incentive stock options, the Company does not receive an income tax deduction, provided that the employee disposes of the shares after the required holding period.

Registration with the SEC

The Company filed a Registration Statement on Form S-8 relating to the issuance of common shares under the 2013 Plan with the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended, after the original approval of the 2013 Plan by the Company's shareholders.

New Non-Discretionary Plan Benefits

It is not possible to determine specific amounts and types of awards that may be awarded in the future under the 2013 Plan because the grant and actual payout of awards under the 2013 Plan is discretionary. However, the Company's current compensation program for directors described under the Compensation of Directors section contemplates that non-employee directors will be awarded restricted stock grants with a target value of \$90,000 on an annual basis. For any new director who joins the Board after June 30th in a given year the annual number of shares of restricted stock granted is reduced by 50% for such year. In addition, the Company's employment agreement with Matthew Monaghan provides that he will receive an initial annual equity award with a value of approximately \$1.4 million (70% of which will consist of performance shares and 30% of which will consist of restricted stock) and an additional one-time inducement award of restricted stock with a value of \$1 million. The following table sets forth the awards to (1) each of the seven non-employee directors who is standing for re-election at the 2015 annual meeting granted in March 2015 under the terms of the Company's current director compensation program; (2) Clifford D. Nastas as a newly-elected non-employee director under the Company's current director compensation program, to be granted in May 2015 if he is elected at the 2015 annual meeting; and (3) Mr. Monaghan granted in April 2015 under the terms of his employment agreement with the Company:

Name and Position	Dollar Value	Number of Common Shares
Non-Executive Director Group(1)	\$81,000	(2) 4,254 (3)
Clifford D. Nastas	\$81,000	(2) 4,254
Matthew E. Monaghan	\$2,406,250	125,784 (4)

The dollar value and number of common shares are presented on a per person basis. The Non-Executive Director (1) Group is currently comprised of the seven incumbent non-employee directors who are standing for re-election at the annual meeting.

The \$90,000 target value for the annual non-employee Director awards was discounted to 90% of target (or (2) \$81,000) to be consistent with the discount to 90% of market median for long-term equity grants awarded to the executive officers and key employees of the Company.

(3) Reflects \$81,000 divided by the closing price of \$19.04 on March 3, 2015, the date of the annual restricted stock grant to the Non-Executive Director Group.

(4) Reflects 51,457 target performance shares and 74,327 shares of restricted stock awarded under the terms of his employment agreement, based on the closing price of \$19.13 on April 1, 2015.

Invacare's Board of Directors recommends that shareholders vote "FOR"

the approval of Amendment No. 1 to the Invacare Corporation 2013 Equity Compensation Plan.

Equity Compensation Plan Information

The following table provides information as of December 31, 2014 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 2013 Equity Compensation Plan.

Plan Category	Column (a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	Column (b) Weighted-average exercise price of outstanding options, warrants and rights	Column (c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	3,676,532 (1)	\$22.74	3,578,026 (2)
Equity compensation plans not approved by security holders	2,023 (3)	—	—
Total	3,678,555	\$22.74	3,578,026

(1) The amount in column (a), for purposes of this table, assumes achievement of maximum targets for performance share awards, even though actual payout amount may be less than maximum.

Represents shares available under the Invacare Corporation 2013 Equity Compensation Plan. Performance and (2) restricted awards granted under the 2013 Plan reduce the number of securities remaining at a rate of 2 shares for each full value share awarded.

(3) 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.

ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION

(Proposal No. 5)

Pursuant to Section 14A of the Securities Exchange Act of 1934, as amended, the Company is providing its shareholders with the opportunity to cast an advisory 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. The shareholder vote on executive compensation is an advisory vote only, and it is not binding on the Company or the Board of Directors.

At its 2014 Annual Meeting of Shareholders, the Company provided its shareholders with the opportunity to cast an advisory vote to approve the compensation of its named executive officers as disclosed in the proxy statement for the 2014 Annual Meeting, and the Company's shareholders approved the proposal. As the Board of Directors views it as a good corporate governance practice, and because the Company's shareholders previously indicated they were in favor of an annual advisory vote, the Company is again asking its shareholders to approve the compensation of its named executive officers as disclosed in this proxy statement in accordance with the SEC's rules.

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 by an advisory vote at the 2015 Annual Meeting. 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 2015 Annual Meeting of Shareholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the compensation discussion and analysis, the compensation tables and any related material disclosed in this proxy statement."

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. The next say-on-pay vote will occur at the Company's 2016 Annual Meeting.

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

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 20, 2015, 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:

Name and business address of beneficial owner	Common Shares Beneficially Owned		Class B Common Shares Beneficially Owned *		Percentage of Total Voting Power Beneficially Owned
	Number of Shares	Percentage of Outstanding Shares	Number of Shares	Percentage of Outstanding Shares	
A. Malachi Mixon, III One Invacare Way Elyria, Ohio 44035(1)(2)	1,186,941	3.4%	703,912	64.9%	18.0%
Joseph B. Richey, II One Invacare Way Elyria, Ohio 44035(3)	779,128	2.3%	376,262	34.7%	10.1%
Heartland Advisors, Inc. 789 North Water Street Milwaukee, WI 53202(4)(5)	4,336,560	12.7%	—	—	9.6%
BlackRock, Inc. 55 E. 52nd Street New York, NY 10022(4)(6)	3,801,261	11.1%	—	—	8.2%
Dimensional Fund Advisors LP Palisades West, Building One 6300 Bee Cave Road Austin, TX 78746(4)(7)	2,209,138	6.5%	—	—	4.9%