

INVACARE CORP
Form DEF 14A
April 09, 2012

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

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

Invacare Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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(1) Amount Previously Paid:

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(3) Filing Party:

(4) Date Filed:

Invacare Corporation

One Invacare Way

Elyria, Ohio 44035

April 9, 2012

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 17, 2012, 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. MALACHI MIXON, III

Chairman of the Board of Directors

Invacare Corporation

Notice of Annual Meeting of Shareholders

To Be Held On May 17, 2012

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 17, 2012, at 10:00 A.M. (EDT), for the following purposes:

1. To elect seven directors to the class whose one-year term will expire in 2013;
2. To ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for its 2012 fiscal year;
3. To hold an advisory vote to approve the compensation of the Company's named executive officers; and
4. 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 23, 2012 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, 2012

Important Notice Regarding the Availability of Proxy Materials

for the Shareholder Meeting to Be Held on May 17, 2012:

The Proxy Statement and the 2011 Annual Report are also available

at www.invacare.com/annualreport.

Invacare Corporation

Proxy Statement

For the Annual Meeting of Shareholders

May 17, 2012

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 17, 2012 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, 2012.

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 23, 2012, 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 30,735,171 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 23, 2012 and ten votes for each outstanding Class B common share you own as of March 23, 2012.

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 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 seven nominated directors to the class whose one-year term will expire in 2013;

For the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for its 2012 fiscal year; 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 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 three 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 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 to Approve 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.

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, 41,582,641 votes were represented by outstanding shares; therefore, shareholders representing at least 20,791,321 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 2011 Annual Report on the Internet?

The Notice of Annual Meeting, Proxy Statement and 2011 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, Invacare's 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. At the 2012 Annual Meeting, seven directors will be elected to serve a one-year term until the annual meeting in 2013 or until their successors have been duly elected. Five directors elected in the class of directors whose terms expire at the 2013 Annual Meeting of Shareholders will serve the balance of their terms. As previously disclosed, James C. Boland has informed the Board of Directors that he will not stand for reelection and will retire from the Board upon the expiration of his current term at the 2012 Annual Meeting of Shareholders. Effective upon Mr. Boland's retirement, the Board of Directors has fixed the number of directors constituting the Board at twelve. 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 2013

Michael F. Delaney, 63, 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., 55, 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 and on the board 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 Sewtillion Corporation, an Andover, Massachusetts 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, 71, 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, and Park-Ohio Holdings Corp (NASDAQ), Cleveland, Ohio, a provider of supply chain logistics services and a manufacturer of highly engineered 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 academic medical centers. Mr. Mixon previously served on the Board of Directors of The Lamson & Sessions Co. (NYSE), Cleveland, Ohio, a diversified manufacturer and distributor of thermoplastic electrical, consumer, telecommunications and engineered sewer products, from 1990 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.

Gerald B. Blouch, 65, 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, 72, 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 long time investor in 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, 72, has been a director since 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.

Baiju R. Shah, 40, has been a director since 2011. Mr. Shah has been President and CEO of BioEnterprise Cleveland since 2004. Prior to that, Mr. Shah was a Senior Vice President of BioEnterprise 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. In addition, Mr. Shah participates on several advisory boards including RBS Citizens/Charter One. Prior to BioEnterprise, Mr. Shah worked for McKinsey & Company, where he was a leader in its Growth and Business Building practice.

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 BioEnterprise. The business insight gained through his work at BioEnterprise and at 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.

Directors Whose Terms Will Expire in 2013

James L. Jones, 68, 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 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, 72, has been a director since 1980. Mr. Moore has been President of Dan T. Moore Co. since 1970 and is Chairman of seven advanced materials manufacturing companies: Soundwich, Inc., Team Wendy LLC, Impact Armor Technologies LLC, NatGasCar LLC, Delaware Dynamics LLC, Polyfill LLC and Tennessee Iron Products. 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, vice chairman of Cleveland State University and serves as a vice president on the Cleveland Metroparks Board of Park Commissioners. 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.

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, 75, has been a director since 1980 and, in September 1992, was named President-Invacare Technologies and Senior Vice President-Electronic and Design Engineering. Previously, Mr. Richey was Senior Vice President-Product Development from July 1984 to September 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. Mr. Richey previously served on the Board of Directors of Steris Corporation (NYSE), Mentor, Ohio, a developer of infection prevention and surgical products and services from 1987 to July 2009.

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, 70, 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 at a time when sound risk management and exemplary governance practices are essential.

Ellen O. Tauscher, 60, was elected as a director on February 9, 2012. Ms. Tauscher currently provides expert advice to the State Department on arms control, missile defense and civil nuclear cooperation. Previously, in March 2009, Ms. Tauscher was nominated by President Obama to serve as Under Secretary of State for Arms Control and International Security and served from her Senate confirmation in June 2009 to February 6, 2012. Prior to joining the State Department, Ms. Tauscher served from January 1997 to June 2009 as a member of the U.S. House of Representatives from California's 10th Congressional District. While a member of Congress, Ms. Tauscher served on the House Armed Services Committee, the House Transportation and Infrastructure Committee and most recently as Chairman of the House Armed Services Subcommittee on Strategic Forces. Prior to serving in Congress, Ms. Tauscher worked in investment banking and the financial industry in various roles for Bache Halsey Stuart Shields, Bear Stearns & Co., Drexel Burnham Lambert and as an officer of the American Stock Exchange. From 1977 to 1980, Ms. Tauscher was a member of the New York Stock Exchange representing Bache, Halsey Stuart Shields.

The Board concluded that Ms. Tauscher should serve as a director of the Company primarily due to her extensive experience in international and governmental affairs, developed through her outstanding career in the service of the U.S. State Department and as a member of Congress. Ms. Tauscher's government service, coupled with her experience in the financial industry, makes her a valuable resource to the Board in overseeing the Company's global strategy, strategic direction and operating performance.

Invacare's Board of Directors recommends that shareholders vote FOR the election of the seven directors to the class whose one-year term will expire in 2013.

**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, 2012. The Audit Committee and the Board of Directors are asking you to ratify this appointment. During the year ended December 31, 2011, 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 TO APPROVE 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.

At the 2011 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 2011 Annual Meeting, and the Company's shareholders overwhelmingly approved the proposal, with more than 98% of the votes cast on the proposal in favor of approval. At the 2011 annual meeting, the Company also asked its shareholders to indicate if the Company should hold an advisory vote on the compensation of its named executive officers every one, two or three years, with the Board of Directors recommending an annual advisory vote. As the Board of Directors views it as a good corporate governance practice, and because at the 2011 Annual Meeting more than 90% of the votes cast on the proposal 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. 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 2012 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.

**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.**

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, 2012, 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)	1,462,180	4.2%	703,912	64.9%	18.7%
Joseph B. Richey, II One Invacare Way, Elyria, Ohio 44035(3)	795,022	2.3	376,262	34.7	10.2
BlackRock, Inc. 40 E. 52nd Street New York, NY 10022(4)(5)	3,388,044	10.0			7.6
Heartland Advisors, Inc 789 North Water Street Milwaukee, WI 53202(4)(6)	3,172,535	9.4			7.1
Dimensional Fund Advisors LP. Palisades West, Building One 6300 Bee Cave Road Austin, TX 78746(4)(7)	2,160,109	6.4			4.8
The Vanguard Group, Inc. 100 Vanguard Blvd. Malvern, PA 19355(4)(8)	2,100,721	6.2			4.7
Allianz Global Investors of America, L.P. 680 Newport Center Drive, Suite 250 Newport Beach, CA 92660(4)(9)	1,906,849	5.6			4.3

* 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) The number of common shares beneficially owned by Mr. Mixon includes 878,675 common shares that may be acquired upon the exercise of stock options during the 60 days following February 23, 2012. 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 common shares shown as beneficially owned by Mr. Mixon also includes (i) 18,956 common shares owned by the trustee for the Invacare Retirement Savings Plan, (ii) 13,669 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) 129,970 common shares owned by the trustee for a 2009 grantor retained annuity trust created by Mr. Mixon, and (vi) 129,970 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 his spouse.

- (2) The number of Class B common shares shown as beneficially owned by Mr. Mixon includes (i) 123,500 Class B common shares owned by the trustee for a 2011 grantor retained annuity trust created by Mr. Mixon, and (ii) 123,500 Class B common shares owned by the trustee for a 2011 grantor retained annuity trust created by Mr. Mixon's spouse. Mr. Mixon disclaims beneficial ownership of the shares held by the grantor retained annuity trusts created by Mr. Mixon's spouse.
- (3) Includes 119,025 common shares, which may be acquired upon the exercise of stock options during the 60 days following February 23, 2012. 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.
- (4) 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, 2011, provided that the ownership percentages have been calculated by the Company based on the Company's issued and outstanding shares as of February 23, 2012.
- (5) Based on a Schedule 13G/A filed on January 10, 2012, by BlackRock, Inc., which has sole voting and dispositive power over 3,388,044 of the shares.
- (6) Based on a Schedule 13G/A filed on January 9, 2012 by Heartland Advisors, Inc., which does not have sole voting power over 3,147,035 shares and has shared dispositive power over 3,172,535 shares.
- (7) Based on a Schedule 13G/A filed February 14, 2012, which reports that Dimensional Fund Advisors LP (DFA) may be deemed to be the beneficial owner of 2,160,109 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 2,111,805 shares and sole dispositive power for 2,160,109 shares that are owned by the DFA Funds. DFA disclaims beneficial ownership of those common shares because they are owned by the DFA Funds.
- (8) Based on a Schedule 13G/A filed on February 8, 2012 by The Vanguard Group, Inc., which has sole voting power over 46,133 of the shares, sole dispositive power over 2,054,588 of the shares and shared dispositive power over 46,133 of the shares.
- (9) Based on a Schedule 13G/A filed February 13, 2012, 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 1,878,149 shares and dispositive power over 1,906,849 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, 2012, 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 of Outstanding Shares	Number of Shares	Percentage of Outstanding Shares	
Gerald B. Blouch(3)	572,682	1.7%			1.3%
James C. Boland(3)	61,366	*			*
Michael F. Delaney(3)	43,609	*			*
Robert K. Gudbranson(3)	93,997	*			*
C. Martin Harris, M.D.(3)	37,630	*			*
James L. Jones (3)	8,200	*			*
Dale C. LaPorte(3)	37,019	*			*
A. Malachi Mixon, III(1)	1,462,180	4.2	703,912	64.9	18.7
Dan T. Moore, III(3)	128,130	*			*
Joseph B. Richey, II(2)	795,022	2.3	376,262	34.7	10.2
Charles S. Robb(3)	17,026	*			*
Baiju R. Shah(3)(4)	4,805	*			*
Louis F.J. Slangen(3)	171,689	*			*
Ellen O. Tauscher(3)(5)		*			*
William M. Weber(3)(6)	103,380	*			*
All executive officers and Directors as a group (16 persons)(3)	3,683,908	10.3	1,080,174	99.6	31.1

* 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 and Footnote 2 to the preceding table.

(2) See Footnote 3 to the preceding table.

(3) The common shares beneficially owned by Invacare's executive officers and directors as a group include an aggregate of 1,827,458 common shares which may be acquired upon the exercise of stock options during the 60 days following February 23, 2012. 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, 2012 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, 355,150 shares; Mr. Boland, 38,242 shares; Mr. Delaney, 25,096 shares; Mr. Gudbranson, 64,975 shares; Dr. Harris, 29,049 shares; General Jones, 4,519; Mr. LaPorte, 5,893 shares; Mr. Mixon, 878,675 shares; Mr. Moore, 25,412 shares; Mr. Richey, 119,025 shares; Senator Robb, 10,545 shares; Mr. Shah, 1,124 shares; Mr. Slangen, 129,925 shares; Ms. Tauscher, 0 shares; and Mr. Weber, 31,053 shares.

(4) Baiju R. Shah was elected as a director of the Company effective May 19, 2011.

- (5) Ellen O. Tauscher was elected as a director of the Company effective February 9, 2012.

- (6) 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, 2011.

CORPORATE GOVERNANCE

How many times did the Board meet in 2011?

During the fiscal year ended December 31, 2011, the Board of Directors held four regular meetings, including an annual two-day strategic planning meeting, and seven special meetings. 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. Each director then serving on the Board 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	**				*
Baiju R. Shah				*	
Ellen O. Tauscher	*		*		

* 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 2011.

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, Dan T. Moore, III 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, and each of Messrs. Boland, Moore and Weber and Ms. Tauscher 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. The Nominating Committee met two times during 2011.

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. The Compensation and Management Development Committee met three times during 2011.

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. The Investment Committee met two times during 2011.

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. The Governance Committee met two times during 2011.

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 business, financial, operational, information technology, compliance and human capital 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?

The Company has an independent Lead Director who 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. James C. Boland serves as the Lead Director of the Board of Directors and will retire from the Board of Directors at the 2012 Annual Meeting. Upon Mr. Boland's retirement, the independent directors will appoint his successor as Lead Director.

Why are the positions of Chairman of the Board and Chief Executive Officer 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. If any relationship does not meet the categorical standards of immateriality set forth in clauses (i) and (ii) in the immediately preceding paragraph, Invacare will explain in its next proxy statement the basis for any Board of Directors determination that such relationship is immaterial.

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, LaPorte and Weber, Dr. Harris and Ms. Tauscher 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 Offices, 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 such relevant experience and knowledge may be gained through diverse or unique life experiences. 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 terms are 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 whether 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 2011, 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 \$670,000 to the charter company in 2011 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 2011, 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, 2011, and issued an opinion with respect to the Company's internal control over financial reporting as of December 31, 2011.

The Company's Vice President of Internal Audit, together with a nationally-recognized third party firm, conducts the Company's internal audit processes. During 2011, the Audit Committee met with the third party firm, the Vice President of 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, 2011 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 2012 fiscal year, and the Company is seeking ratification of such appointment at the 2012 Annual Meeting of Shareholders.

AUDIT COMMITTEE

William M. Weber, Chairman

James C. Boland

Dan T. Moore, III

Ellen O. Tauscher

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, 2012. The Audit Committee is asking shareholders to ratify this appointment.

Fees for services rendered by Ernst & Young LLP were:

	2011	2010
Audit Fees	\$ 3,412,400	\$ 3,391,000
Audit-Related Fees	2,800	11,000
Tax Fees		
Tax Compliance Services	1,050,000	786,000
Tax Advisory Services	578,600	771,000
	1,628,600	1,557,000
All Other Fees		
Total	\$ 5,043,800	\$ 4,959,000

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 2011, 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;

Gerald B. Blouch, President and Chief Executive Officer;

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.

In 2011, Invacare continued its execution of a number of key business initiatives and, at the same time, responded to the uncertain healthcare industry landscape. At the beginning of the year, Mr. Blouch was named President and Chief Executive Officer (after serving in those capacities on an interim basis since April 2010), and Mr. Mixon was named Chairman of the Board of the Company, after having served for decades in a long and storied career as the Company's Chief Executive Officer. Later in 2011, much of the Company's management resources were focused on responding to regulatory compliance matters, in particular the request by the U.S. Food and Drug Administration ("FDA") that the Company enter into a consent decree of injunction relating to the Company's corporate facility and its wheelchair manufacturing facility in Elyria, Ohio.

Global economic conditions and uncertainty in the healthcare industry have posed challenges to the Company's business over the last few years; however, the overall design of the compensation program has remained fairly constant over that time. The compensation program is designed to further the Company's business goals, core values and shareholder interests by enabling the Company to attract and retain 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 2011 for the Named Executive Officers, including:

The Company completed its first full year with Mr. Blouch in the roles of President and Chief Executive Officer and Mr. Mixon in the role of Chairman of the Board, with both of them being compensated under the new structures established by the Compensation Committee late in 2010;

The Company's 2011 adjusted earnings per share increased by 11.4% from 2010 and equaled the target performance goal established by the Compensation Committee under the Executive

Incentive Bonus Plan for 2011. In addition, the Company met its target performance goal of SKU complexity reduction in furtherance of its globalization initiative and achieved organic sales growth of 1.7%, which resulted in the executives earning approximately 71% of their target bonus amount attributable to that performance goal. As a result, the Named Executive Officers earned annual cash bonuses under the Executive Incentive Bonus Plan for 2011;

Three of the five Named Executive Officers received merit salary-related awards in 2011 in recognition of their individual performance over the year. Mr. Gudbranson received a merit salary increase of 4% and an additional increase of 3.2% in order to maintain his salary level relative to market compensation. Messrs. Slangen and Richey were provided lump sum merit awards equal to 3% and 2%, respectively, of their salaries, 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, which the Compensation Committee views as performance-based, and which reinforce executives' focus on increasing shareholder value, while still addressing retention and dilution considerations; and

In light of business challenges faced by the Company and as part of a broader Company expense reduction effort, the Compensation Committee, based on the recommendation of management, determined to reduce the discretionary quarterly contributions made by the Company into the Invacare Retirement Savings Plan and DC Plus Plan and to suspend the contributions by the Company and reduce the interest accrual rate under the SERP, all effective as of July 1, 2011.

Impact of Last Year's Say on Pay Vote. At the 2011 Annual Meeting, the Company's shareholders approved the compensation of the Company's Named Executive Officers, with more than 98% of the votes cast in favor of the proposal commonly known as say on pay. Also, more than 90% of the votes cast with respect to the frequency of say on pay at the 2011 Annual Meeting indicated the shareholders' preference for an annual say on pay vote. Immediately following the 2011 Annual Meeting, the Board of Directors determined that future say on pay votes would be held annually until the next vote on the frequency of say on pay votes.

The Compensation Committee considered the results of the 2011 say on pay vote and believes that the approval of the proposal indicated that shareholders are supportive of the Company's executive compensation program and its philosophy and objectives. The Compensation Committee will continue to consider the views of the Company's shareholders among the many factors it takes into account in making executive compensation decisions.

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, experience and tenure with the Company.	Fixed, short-term cash compensation.
<i>Annual Bonus</i>	Incentivizes and rewards performance over the year based on achieving aggressive annual performance goals.	Variable or performance-based, short-term cash compensation.
<i>Stock Options</i>	Encourages improvement in the long-term performance of the Company, particularly share price appreciation, thereby aligning interests of executives with the interests of shareholders.	Variable or performance-based, long-term equity compensation.
<i>Restricted Stock</i>	Attracts and retains executives and further aligns interests of executives with the interests of shareholders.	Fixed, long-term equity compensation.
<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 and annual and long-term compensation, which are delivered in cash and equity-based awards. 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 Compensation Committee's independent compensation consultant, from each of 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.

Compensation Decisions in 2011

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.

Beginning January 1, 2011, Mr. Blouch was named Invacare's President and Chief Executive Officer, and Mr. Mixon assumed the role of 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. Mr. Mixon, a founder of Invacare, and Mr. Blouch both have long experience with the Company, which has given each of them 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.

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, and that the executive Chairs' total compensation was generally less than that of the companies' Chief Executive Officer. The Compensation Committee sought to implement compensation programs for Mr. Mixon and Mr. Blouch that would (1) 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 Chairman and (2) over a multi-year period, result in increased total compensation for Mr. Blouch and reduced total compensation for Mr. Mixon so that their respective compensation levels relative to one another become consistent with market compensation for executive Chairs relative to Chief Executive Officers.

For each of the major components of the Company's executive compensation program, the following table summarizes the Company's target level of compensation relative to market compensation and the Company's actual level of compensation relative to market compensation for 2011.

Component	Target Level	Actual Level for 2011
<i>Base Salary</i>	50th percentile of market compensation, with more experienced executives between the 50th and 75th percentiles of market compensation.	CEO and CFO at 50th percentile; other Named Executive Officers at 75th percentile.

Component	Target Level	Actual Level for 2011
<i>Annual Bonus</i>	75th percentile of market compensation.	All Named Executive Officers at 75th percentile.
<i>Total Cash Compensation (Base Salary + Annual Bonus)</i>	75th percentile of market compensation.	CEO and CFO at 50th percentile; other Named Executive Officers at 75th percentile.
<i>Equity Compensation Awards (Stock Options + Restricted Stock)</i>	At or slightly below 50th percentile of market compensation.	All Named Executive Officers below 50th percentile.

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. 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 2011 salary levels for the Named Executive Officers, the Compensation Committee reviewed market compensation data, as well as recommendations from Messrs. Mixon and Blouch regarding Messrs. Richey, Gudbranson and Slangen. 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. For 2011, the Compensation Committee reduced Mr. Mixon's base salary by 23% and increased Mr. Blouch's base salary by 22% in connection with the new roles and responsibilities that they each assumed. The Compensation Committee intends, over a multi-year period, to further modify Mr. Mixon's compensation in order to achieve a base salary level at or around the 50th percentile of market compensation. The Compensation Committee determined that Messrs. Gudbranson, Richey and Slangen 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. 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 7.2% for Mr. Gudbranson, comprised of a 4% merit increase and a 3.2% 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. Slangen and Richey equal to 3% and 2%, respectively, of salary, in order to maintain their respective total cash compensation levels relative to their peers in the market compensation data 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 provide an opportunity and incentive 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. For 2011, the Compensation Committee approved potential payouts under the bonus plan, of which 40% were based on adjusted earnings per share targets, 30% were based on organic sales growth targets and 30% were based on SKU complexity reduction targets relating to the Company's globalization business initiative. 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. They also believe that organic sales growth is an important indicator of the Company's future earnings potential and that SKU reduction is a critical step in achieving the Company's globalization plans by reducing complexity, each of which the Company expects will help promote long-term shareholder value. A SKU is a stock keeping unit, which is used to identify the various products and components the Company sells. More SKUs lead to more complicated production processes, as more supplies, designs, inventory and tracking resources are required. Reducing the number of SKUs in use simplifies production, leading to greater efficiencies that should enhance profitability. In light of these factors, the Compensation Committee determined that, of the various financial measurements that could be used, adjusted earnings per share, organic sales growth and SKU reduction were the most appropriate metrics for measuring the Company's operating performance for 2011 for purposes of the Executive Incentive Bonus Plan, and that significant improvements in those metrics should result in the executive receiving commensurate bonus rewards.

In determining appropriate targets for 2011 adjusted earnings per share, organic sales growth and SKU reduction, the Compensation Committee reviewed and discussed several items, including previous years' results, the Company's forecasted annual operating plan, the globalization strategy and the recommendations of senior management. The Compensation Committee sought to establish performance goals 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.

The table below shows, for each of the Company's three performance goals, (1) the applicable threshold, target and maximum performance level, (2) the percentage of the weighted portion of the executive's target bonus amount that would be earned at the corresponding performance level and (3) the actual performance level achieved for 2011.

Performance Level	Adjusted Earnings Per Share(1) Weight: 40% of Bonus		Organic Net Sales Weight: 30% of Bonus		% SKU Reduction Weight: 30% of Bonus	
	Performance Goal (\$)	% of Target Bonus Earned	Performance Goal (\$ in millions)	% of Target Bonus Earned	Performance Goal	% of Target Bonus Earned
<Threshold	<1.85	0%	<1,722.1	0%	<20%	0%
Threshold(2)	1.85	2.5	1,722.1	50	<20	0
Target	2.05	100	1,791.0	100	20	100
Maximum	32.20	150	31,825.4	150	30	150
2011 Result	2.05	100	1,751.7	71.25(3)	20	100

Overall Funding Level (% of Target) 91.38%

- (1) Adjusted earnings per share is net earnings, excluding the impact of restructuring charges, amortization of the convertible debt discount recorded in interest, asset write-downs related to goodwill and intangibles, loss on debt extinguishment including debt finance charges and fees,

- one time tax benefit as a result of a tax settlement in Germany in 2011 and changes in tax valuation allowances, divided by adjusted weighted average shares outstanding assuming dilution, excluding the dilutive impact of convertible debt.
- (2) The threshold amount for adjusted earnings per share for 2011 equals a one cent per share improvement over actual 2010 results. The threshold amount for organic net sales equals actual 2010 results. The bonus plan provides that if earnings per share performance for 2011 is equal to or below the performance achieved for 2010, no amounts would be paid under the bonus plan, even with respect to those portions of the target bonus amount relating to organic sales growth and SKU reduction.
- (3) Calculated on a straight-line basis between threshold and target amounts.
- The Compensation Committee believes these were demanding goals, the achievement of which would represent significant improvement in the Company's performance:

the target and maximum adjusted earnings per share levels are equivalent to a 11% and 20% increase, respectively, over 2010 actual results, and a 17% and 26% increase, respectively, over the target and maximum adjusted earnings per share levels established for 2010; and

the target and maximum organic sales levels are equivalent to a 4% and 6% increase, respectively, over 2010 actual results. 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. Total annual cash compensation for Messrs. Blouch and Gudbranson is targeted at or near the market median, as both of them have been in their current roles for a relatively short period of time. The other Named Executive Officers have been in their respective roles for relatively long periods of time and, in recognition of the experience and deep industry knowledge that each of those executives brings to their respective roles, the Compensation Committee targets total annual cash compensation opportunity for each of them 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 2011 target bonuses for each of the Named Executive Officers, the Compensation Committee reviewed the target amounts as a percentage of salary that had been established for Messrs. Mixon and Blouch in late 2010 and that had been used for each of the other executives in prior years and determined to make no change. While their respective percentages were unchanged, the target dollar amounts for Mr. Mixon decreased by 23% and increased by 29% for Mr. Blouch, in connection with the changes in their respective roles and responsibilities in 2011. The following table shows the 2011 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 performance goals, and upon the actual results achieved by the Company for 2011.

Named Executive Officer	Incentive Amount as a Percentage of Salary			
	Threshold	Target	Maximum	Actual
Mr. Mixon	2.5%	100%	150.0%	91.38%
Mr. Blouch	2.5	100	150.0	91.38
Mr. Gudbranson	1.88	75	112.5	68.54
Mr. Richey	1.88	75	112.5	68.54
Mr. Slangen	1.88	75	112.5	68.54

The bonus amounts paid to each Named Executive Officer for 2011 were based solely on the calculation of the Company's performance relative to the performance goals established under the bonus plan and application of the individual bonus targets described above, and were not based on any subjective analysis or exercise of discretion by the Compensation Committee.

In December 2011, the FDA proposed to the Company a consent decree of injunction relating to inspectional observations at the Company's corporate facility and its wheelchair manufacturing facility in Elyria, Ohio, after which the Company's stock price declined substantially. Notwithstanding this event, the Company was able to achieve targeted levels of performance for adjusted earnings per share and SKU reduction, and organic sales growth at a level that resulted in the executives earning approximately 71% of their target bonus amount attributable to that performance goal. Accordingly, bonus amounts were paid under the 2011 bonus plan in accordance with the structure of the plan established by the Compensation Committee in early 2011. The Compensation Committee believes that making those payouts upon the achievement of stated objectives, even when an extraordinary event affects the Company, is important to maintaining the retention value of the Company's compensation program. The Compensation Committee also believes that the achievement of goals set out under the plan in 2011 will enhance shareholder value over time, and that the executives should be rewarded for achieving those goals.

Long-Term Equity Compensation Awards. The Company's long-term equity compensation program in 2011 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 2011 with values weighted 60% in stock options, which the Compensation Committee views as performance-based compensation, 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 2011, the Compensation Committee reviewed information provided by its 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 and target cash compensation 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 Company's stock price at the time of grant and are determined using the Black-Scholes option valuation model, the same model used by the Company to determine its accounting cost with respect to the options.

The Compensation Committee then considered each Named Executive Officer's performance utilizing the same factors considered in setting the executive's base salary levels, the capacity remaining available for grants 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 other Named Executive Officers, 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 2011 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 2011 to each of the Named Executive Officers are set forth in the Grants of Plan-Based Awards for Fiscal Year 2011 Table.

Stock Options. The stock options granted in 2011 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. The Compensation Committee views the stock options as being performance-based compensation, as the recipient recognizes value in the stock option only to the extent that the Company's stock price appreciates over the price of the Company's stock on the date of grant.

Restricted Stock. The restricted stock granted in 2011 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. The grants of restricted stock provide that the holders of that restricted stock will be entitled to receive cash dividends declared and paid by the Company on the Company's outstanding common shares only to the extent that the restricted stock is vested at the time of the dividend.

The Summary Compensation Table shows the aggregate grant date fair value of the stock options and restricted stock awarded to each of the Named Executive Officers over the past three years. While, in accordance with SEC rules, the grant date fair value of those awards is included in the total compensation reported in the Summary Compensation Table for the Named Executive Officers, those amounts are not necessarily indicative of the actual value of the awards to the recipients. The following table shows, for each Named Executive Officer, the equity awards received by the executive during the past three years, the combined grant date fair value of those awards, the estimated value to the executive of those awards as of a recent date and a comparison of the two values expressed as a percentage of the grant date fair value. In each case, the estimated value to the executive is significantly lower than the grant date fair value as a result of the relative decline in the Company's stock price over the same period.

Named Executive Officer	Year	Share Price on		Number of Shares Underlying Awards		Combined Fair Value on Date of Grant(2)	Estimated Current Value(3)	Estimated Current Value % of Fair Value on Date of Grant
		Date of Grant(1)		Stock Options	Restricted Stock			
Mr. Mixon	2011	\$ 24.45		61,300	16,200	\$ 991,926	\$ 280,098	28%
	2010	25.24		99,000	27,200	1,467,638	470,288	32
	2009	20.48		146,500	44,540	1,942,074	770,097	40
Mr. Blouch	2011	24.45		99,700	26,400	1,614,564	456,456	28
	2010	25.24		50,000	11,600	687,284	200,564	29
	2009	20.48		55,500	17,440	747,336	301,538	40
Mr. Gudbranson	2011	24.45		22,000	5,800	355,650	100,282	28
	2010	25.24		22,000	6,100	327,544	105,469	32
	2009	20.48		30,500	8,900	396,687	153,881	39
Mr. Richey	2011	24.45		11,200	3,000	182,214	51,870	28
	2010	25.24		12,000	3,300	177,972	57,057	32
	2009	20.48		16,500	4,800	214,299	82,992	39
Mr. Slangen	2011	24.45		11,200	3,000	182,214	51,870	28
	2010	25.24		12,000	3,300	177,972	57,057	32
	2009	20.48		16,500	5,360	225,768	92,674	41

- (1) Closing price per share of the Company's common shares on the New York Stock Exchange on the date of grant.
- (2) Aggregate grant date fair value of the stock options and restricted stock, calculated in accordance with ASC 718, *Compensation - Stock Compensation*.
- (3) Estimated value of stock options and restricted stock to the executive as of February 23, 2012, calculated based on the closing price per share of \$17.29 of the Company's common shares on

the New York Stock Exchange on February 23, 2012. Since all stock options referenced in this table have an exercise price per share in excess of \$17.29, all such stock options are assumed to have a value of zero for purposes of this comparison.

Other Arrangements

The Compensation Committee believes that 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, which contributions are consistent with the benefits provided to all other participants in the plan up to the regulatory limits imposed on the plan for highly compensated employees.

The Company provides its highly compensated employees, including the Named Executive Officers, 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. Thus, the DC Plus Plan provides the executives with the opportunity to save additional pre-tax funds for retirement up to the amount that the executive otherwise would have been able to save under the Invacare Retirement Savings Plan but for the regulatory limits imposed on that plan for highly compensated employees. In addition to individual deferrals, the Company has the discretion to provide matching contributions and additional quarterly contributions 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 2011 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 2011 Table, and the terms of the SERP are further described following that table.

In light of business challenges faced by the Company and as part of a broader Company expense reduction effort, the Compensation Committee, based on the recommendation of management, determined in 2011 to (1) reduce the discretionary quarterly contributions by the Company for all participants in the Invacare Retirement Savings Plan and DC Plus Plan from 4% to 1% of total cash compensation and (2) suspend the contributions by the Company for all participants in the SERP and reduce the interest accrual rate under the SERP from 6% to zero, all effective as of July 1, 2011 (resulting in a net 50% reduction in SERP contributions by the Company for 2011). The suspension and reductions will remain in effect indefinitely.

Perquisites. Consistent with prior years, the Company provided its Named Executive Officers certain limited perquisites in 2011, 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 the Company's 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 in control of the Company. The Company believes that 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 in 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 in 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 2011, the Compensation Committee retained and was advised by Pay Governance LLC, as an outside independent compensation consultant with respect to executive compensation matters. This engagement was a continuation of the Compensation Committee's work with Pay Governance LLC in 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 2011, the independent compensation consultant participated in 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 2011;

compensation for the Chairman, the CEO and the other Named Executive Officers, including comparative and peer group 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; and

emerging trends in executive compensation.

Pay Governance LLC does not provide the Company with any other consulting or other services outside of those associated with advising the Compensation Committee on the Company's executive compensation programs. In making its decision to retain the independent compensation consultant for 2011, the Compensation Committee considered the level of the consultant's fees, the expertise and 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 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. The Chairman of the Board assesses the performance of the CEO.

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. Neither the Chairman of the Board nor the CEO is present when the Compensation Committee meets to review and discuss the performance of and compensation for those executives.

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 ranging from \$1.8 billion to \$3 billion. The Compensation Committee bases its compensation decisions, in part, on survey data relating to compensation levels at companies with revenues similar to the Company's revenue for the most recently completed year. Survey data relating to compensation levels at companies with higher revenues than the Company are used to provide the Compensation Committee with perspective on how the compensation program could change as revenue grows. The independent compensation consultant uses regression analysis to adjust for differences in company size in determining competitive compensation levels for a company with revenue similar to the Company's. 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 more 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 2011 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 a peer group of 21 companies. All of the peer group companies are in the health care equipment and supply industry, which the Compensation Committee considers to be its primary market for executive talent, particularly for executives in key operations positions. In addition, peers are selected based on revenue, market capitalization and number of employees, and generally have revenue and market capitalization ranging from \$1 billion to \$4 billion and a number of employees ranging from 3,000 to 12,000. While Invacare's annual revenue and number of employees approximated the medians of the companies in the group, its market capitalization was below the median due to the relative decline in the Company's stock price.

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

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 2011 group of companies is unchanged from the group used in 2010, except for the removal of Advanced Medical Optics, Inc. from the group due to an acquisition.

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. Under the bonus plan, 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 or September 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 otherwise 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 by the Compensation Committee as part of a termination or retirement package offered to a departing employee. Any two of the President and CEO, the 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, 2011, the Company's outstanding equity awards were 14.0% of total shares outstanding while shares available for future awards under the 2003 Performance Plan amounted to another 6.0% 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, 2011, there were 4,455,365 stock options outstanding under the 2003 Performance Plan and its predecessor plans of which 19,308 or 0.4% 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 a potentially greater number of stock options that might otherwise have 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 from their date of hire or promotion, 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 2012 Annual Meeting of Shareholders.

COMPENSATION AND MANAGEMENT DEVELOPMENT COMMITTEE

James C. Boland, Chairperson

James L. Jones

Dan T. Moore, III

Ellen O. Tauscher

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 2011 or at any other time an officer or employee of the Company or any of its subsidiaries. James C. Boland, James L. Jones and Dan T. Moore, III were the non-employee directors who served on the Compensation Committee during 2011. Ellen O. Tauscher was appointed to the Compensation Committee effective upon her appointment to the Board of Directors on February 9, 2012.

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 2011, 2010 and 2009 (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 Earnings	All Other Compensation \$(7)	Total \$(8)
							\$(6)		
A. Malachi Mixon, III Chairman of the Board and Former Chief Executive Officer	2011	850,000		396,090	595,876	776,730	315,854	161,175(8)	3,095,725
	2010	1,106,000	33,200	686,528	781,110	1,437,800	664,413	174,329(8)	4,883,380
	2009	1,106,000		912,279	1,029,895	1,327,200	333,162	135,365(8)	4,843,901
Gerald B. Blouch President and Chief Executive Officer	2011	850,000		645,480	969,149	776,730	301,289	110,992(9)	3,653,640
	2010	694,000	287,800	292,784	394,500	857,090	575,221	103,572(9)	3,204,967
	2009	694,000		357,171	390,165	791,160	235,821	95,885(9)	2,564,202
Robert K. Gudbranson Chief Financial Officer	2011	400,000		141,810	213,854	274,160	68,196	52,146(10)	1,150,166
	2010	364,300		153,964	173,580	355,193	129,502	51,942(10)	1,228,481
	2009	338,500		182,272	214,415	304,650	226,215	45,972(10)	1,312,024
Joseph B. Richey, II President Invacare	2011	435,000	8,700	73,350	108,871	298,149	45,579	38,721(11)	1,008,370
	2010	435,000	8,700	83,292	94,680	424,125	104,316	41,146(11)	1,191,259
Technologies and Senior Vice President Electronics and Design Engineering	2009	435,000		98,304	115,995	391,500	49,892	38,029(11)	1,128,720
Louis F.J. Slangen Senior Vice President Corporate Marketing and Chief Product Officer	2011	398,000	12,000	73,350	108,871	272,789	103,510	64,001(12)	1,032,521
	2010	398,000	11,900	83,292	94,680	388,050	361,643	58,146(12)	1,395,711
	2009	398,000		109,773	115,995	358,200	148,735	53,915(12)	1,184,618

- 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 2011: (i) Mr. Mixon: \$25,500; (ii) Mr. Blouch: \$25,500; (iii) Mr. Gudbranson: \$0; (iv) Mr. Richey: \$0; and (v) Mr. Slangen: \$12,300; during 2010: (i) Mr. Mixon: \$113,920; (ii) Mr. Blouch: \$27,654; (iii) Mr. Gudbranson: \$0; (iv) Mr. Richey: \$0; and (v) Mr. Slangen: \$12,297; and 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.
- The amounts disclosed in this column for Messrs. Richey and Slangen represent merit cash awards for 2011 and 2010 paid in lieu of merit salary increases.
- 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, 2011.
- 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, 2011.

- (5) The amounts for 2011 in this column represent compensation payable under the Executive Incentive Bonus Plan. 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 2011: (i) Mr. Mixon: \$143,780; (ii) Mr. Blouch: \$27,513; (iii) Mr. Gudbranson: \$0; (iv) Mr. Richey: \$0; and (v) Mr. Slangen: \$11,642; and during 2010: (i) Mr. Mixon: \$66,360; (ii) Mr. Blouch: \$0; (iii) Mr. Gudbranson: \$0; (iv) Mr. Richey: \$0; and (v) Mr. Slangen: \$10,746; and during 2009: (i) Mr. Mixon: \$0; (ii) Mr. Blouch: \$0; (iii) Mr. Gudbranson: \$0; (iv) Mr. Richey: \$0; and (v) Mr. Slangen: \$0. For a description of the 2011 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 2011 Table that follows.
- (6) The amounts reported in this column represent the amounts accrued as expense by the Company in 2011, 2010 and 2009 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 2011, 2010 or 2009. As a result of the changes to the SERP adopted at the beginning of 2009, the amounts in this column for 2011, 2010 and 2009 represent the amounts contributed to the SERP by the Company on behalf of the Named Executive Officer during such fiscal year. For a further description of the terms of the SERP, see Supplemental Executive Retirement Plan following the Pension Benefits for Fiscal Year 2011 Table. For a description of the changes made relating to the Company's contributions to the SERP during 2011, see Compensation Discussion and Analysis.
- (7) 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 2011, 2010 and 2009 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.
- (8) Other compensation for Mr. Mixon includes (i) in 2011, \$14,700 contributed by the Company to the Invacare Retirement Savings Plan and \$114,767 contributed by the Company to the DC Plus Plan; (ii) 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; and (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.
- (9) Other compensation for Mr. Blouch includes (i) in 2011, \$14,700 contributed by the Company to the Invacare Retirement Savings Plan and \$73,007 contributed by the Company to the DC Plus Plan; (ii) 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; and (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.

- (10) Other compensation for Mr. Gudbranson includes (i) in 2011, \$14,700 contributed by the Company to the Invacare Retirement Savings Plan and \$17,472 contributed by the Company to the DC Plus Plan; (ii) 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; and (iii) 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.
- (11) Other compensation for Mr. Richey includes (i) in 2011, \$9,800 contributed by the Company to the Invacare Retirement Savings Plan and \$21,651 contributed by the Company to the DC Plus Plan; (ii) 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; and (iii) 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.
- (12) Other compensation for Mr. Slangen includes (i) in 2011, \$14,700 contributed by the Company to the Invacare Retirement Savings Plan and \$28,759 contributed by the Company to the DC Plus Plan; (ii) 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; and (iii) 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.

Grants of Plan-Based Awards For Fiscal Year 2011

The following table shows, for the Named Executive Officers, plan-based awards to those officers during 2011, 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 (\$/Sh)
		Threshold (\$)	Target (\$)	Maximum (\$)				
A. Malachi Mixon, III	8/18/11				16,200(1)		24.45	
	8/18/11					61,300(2)	24.45	
	3/9/11(3)	21,250	850,000	1,275,000			9.72	
Gerald B. Blouch	8/18/11				26,400(1)		24.45	
	8/18/11					99,700(2)	24.45	
	3/9/11(3)	21,250	850,000	1,275,000			9.72	
Robert K. Gudbranson	8/18/11				5,800(1)		24.45	
	8/18/11					22,000(2)	24.45	
	3/9/11(3)	7,500	300,000	450,000			9.72	
Joseph B. Richey, II	8/18/11				3,000(1)		24.45	
	8/18/11					11,200(2)	24.45	
	3/9/11(3)	8,156	326,250	489,375			9.72	
Louis F.J. Slangen	8/18/11				3,000(1)		24.45	
	8/18/11					11,200(2)	24.45	
	3/9/11(3)	7,463	298,500	447,750			9.72	

- (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, 2012.

- (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, 2012 and expire on August 18, 2021.
- (3) On March 9, 2011, the Compensation Committee established performance goals under the Executive Incentive Bonus Plan for the purpose of providing financial incentives for 2011 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 stock option grants and restricted stock awards set forth in the above table was awarded under the 2003 Plan. Under the 2003 Plan, the stock option and restricted stock 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 any outstanding 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 the Board 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 2011.

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, or unless the Compensation Committee determines otherwise. For 2011, 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, the Senior Vice President of Human Resources and the Senior Vice President of Global Commercial Operations.

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 specified performance goals are 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 2011, the bonus award was based upon satisfaction of three targets: (i) an adjusted earnings per share target, (ii) an organic sales growth target, and (iii) a SKU complexity reduction target, as further described in the footnotes to the Grants of Plan-Based Awards For Fiscal Year 2011 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.

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 the Board 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, 2011

The following table shows, for the Named Executive Officers, outstanding equity awards held by such officers at December 31, 2011.

Name	Option Awards					Stock Awards			Equity Incentive Plan Awards: Market or Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
	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 (\$)	Unearned Shares, Units or Other Rights That Have Not Vested (#)	
A. Malachi Mixon, III	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				
	88,100			23.71	8/22/17				
	81,375	27,125(2)		25.79	8/20/18	10,650(1)	162,839		
	73,250	73,250(4)		20.48	8/19/19	22,270(3)	340,508		
24,750	74,250(6)		25.24	8/18/20	20,400(5)	311,916			
	61,300(8)		24.45	9/2/21	16,200(7)	247,698			
Gerald B. Blouch	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				
	35,500			23.71	8/22/17				
	28,500	9,500(2)		25.79	8/20/18	3,725(1)	56,955		
	27,750	27,750(4)		20.48	8/19/19	8,720(3)	133,329		
12,500	37,500(6)		25.24	8/18/20	8,700(5)	133,023			
	99,700(8)		24.45	9/2/21	26,400(7)	403,656			
Robert K. Gudbranson	20,625	6,875(9)		22.38	4/1/18				
	16,725	5,575(2)		25.79	8/20/18				
						625(10)	9,556		
	15,250	15,250(4)		20.48	8/19/19	2,200(1)	33,638		
	5,500	16,500(6)		25.24	8/18/20	4,450(3)	68,041		
		22,000(8)		24.45	9/2/21	4,575(5)	69,952		
					5,800(7)	88,682			

Name	Option Awards					Stock Awards			Equity Incentive Plan Awards: Market or Payout Value of
	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 (\$)	Unearned Shares, Units or Other Rights That Have Not Vested (#)	Unearned Shares, Units or Other Rights That Have Not Vested (\$)
Joseph B. Richey, II	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				
	9,000			23.71	8/22/17				
	9,075	3,025(2)		25.79	8/20/18	1,200(1)	18,348		
	8,250	8,250(4)		20.48	8/19/19	2,400(3)	36,696		
	3,000	9,000(6)		25.24		2,475(5)	37,843		