

INVACARE CORP

Form DEF 14A

April 09, 2018

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

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(Name of Registrant as Specified In Its Charter)

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

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---

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April 9, 2018

Dear Shareholder,

Enclosed are Invacare's 2018 Proxy Statement and voting materials. We encourage you to use the proxy statement, along with other materials such as the Company's Form 10-K, to help you participate in this year's shareholder voting process. The proxy statement is a means for us to provide information about our Board of Directors and governance practices and to communicate the alignment of our executive compensation program with the interest of shareholders. This alignment is important, as we transform our Company from being a generalist durable medical equipment company to focusing on clinical solutions for complex rehabilitation and post-acute care.

This year's Annual Meeting of Shareholders will be held:

Thursday, May 17, 2018 at 10:00 A.M. EDT

You are invited to join the meeting in person at:

Lorain County Community College  
Spitzer Conference Center, Grand Room  
1005 North Abbe Road  
Elyria, OH 44035

After the business of the meeting is concluded, I will report on Invacare's transformation activities. A copy of this presentation will be posted at [www.invacare.com/investorrelations](http://www.invacare.com/investorrelations).

Please vote your proxy. Whether or not you expect to attend the Annual Meeting in person, please return the enclosed proxy card as soon as possible to ensure your shares are represented.

Sincerely,  
Matthew E. Monaghan  
Chairman of the Board  
President and Chief Executive Officer

Invacare Corporation  
One Invacare Way, Elyria, OH 44035 USA  
440-329-6000 [www.invacare.com](http://www.invacare.com)



Invacare Corporation  
Notice of Annual Meeting of Shareholders  
To Be Held On May 17, 2018

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, 2018, at 10:00 A.M. EDT, for the following purposes:

1. To elect seven Directors for a one-year term expiring in 2019;
2. To approve and adopt the Invacare Corporation 2018 Equity Compensation Plan;
3. To ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for its 2018 fiscal year;
4. To hold an advisory vote to approve the compensation of the Company's named executive officers; and
5. To transact any other business as may properly come before the Annual Meeting.

Holders of common shares and Class B common shares of record as of the close of business on Thursday, March 22, 2018 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, 2018

Important Notice Regarding the Availability of Proxy Materials  
for the Shareholder Meeting to Be Held on May 17, 2018:

The Proxy Statement and the 2017 Annual Report are also available  
at [www.invacare.com/annualreport](http://www.invacare.com/annualreport).

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Proxy Summary

PROXY SUMMARY

The Board of Directors is pleased to present this year's notice of Annual Meeting and Proxy Statement. (Shown above from left to right: Marc M. Gibeley, Barbara W. Bodem, Michael J. Merriman, Clifford D. Nastas, Matthew E. Monaghan, Susan H. Alexander, Baiju R. Shah, C. Martin Harris, M.D., and Anthony C. LaPlaca - Senior Vice President, General Counsel and Secretary)

To assist you in reviewing the proposals to be acted upon at the Annual Meeting, the Company is providing the following information on corporate governance highlights, Board composition, the Company's transformation strategy, and key executive compensation actions and decisions. This is a summary only and does not contain all the information that should be considered in connection with this proxy statement. For more complete information, please read this entire proxy statement and the Company's 2017 Annual Report on Form 10-K before voting.

Annual Meeting of Shareholders

Date and Time	May 17, 2018 at 10 A.M. EDT
Place	Lorain County Community College, Spitzer Conference Center, Grand Room 1005 North Abbe Road, Elyria, Ohio 44035
Record Date	March 22, 2018
Voting	Holders of outstanding common shares and Class B common shares as of the record date are entitled to vote at the Annual Meeting
Stock Symbol	IVC
Exchange	NYSE
Transfer Agent	EQ Shareowner Services

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## Proxy Summary

## Annual Meeting Proposals

Item of Business	Board's Recommendation	See Page(s)
(1) To elect seven Directors for a one-year term expiring in 2019	FOR all Nominees	9-16
(2) To approve and adopt the Invacare Corporation 2018 Equity Compensation Plan	FOR	29-37
(3) To ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for its 2018 fiscal year	FOR	38
(4) To hold an advisory vote to approve the compensation of the Company's named executive officers	FOR	42

## Corporate Governance Highlights

We are committed to good corporate governance, which we believe promotes the long-term interests of shareholders and strengthens Board and management accountability. We believe good governance also fosters trust in the Company by all stakeholders, including our customers, employees and the communities that we serve. Our Corporate Governance framework includes the following features:

- \* Annual election of Directors, with majority voting and resignation policy
- \* 6 of 7 Directors are independent
- \* Lead independent Director with oversight of independent Directors' executive sessions and information flow to the Board
- \* Shareholder majority voting standard to amend charter or regulations
- \* Policy restricting Directors to serve on no more than three other public company boards
- \* Board conducts annual evaluation of Chairman, President and CEO
- \* Annual self-assessments and evaluation of Board and committees
- \* No "poison pill" in place
- \* Formal Code of Conduct, ethics hotline, and ethics training and communications to reinforce Invacare's culture of compliance
- \* Risk oversight by full Board and designated committees
- \* Prohibition of hedging, pledging, and short sales by Executive Officers and Directors
- \* Annual Say-on-Pay vote

## Board Composition

Our Board has undergone a dramatic transformation in recent years. As of the 2018 Annual Meeting, if all nominees are elected, average Director tenure and age will be approximately 5 years and 55 years, respectively. This represents a significant turnover since January 2014, when average tenure and age were approximately 15 years and 66 years, respectively.

We are proud of the qualifications, breadth of leadership skills and industry experience, and the gender, racial and ethnic diversity of our Board.

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## Proxy Summary

## Board of Directors and Committees

Our Board is composed of individuals with the integrity, skills and expertise necessary to oversee the business. A strong philosophy of active engagement and constructive debate are guiding principles for how the Board conducts itself for the benefit of shareholders. The following table summarizes information about each of our Director nominees, whose qualifications are further described on Pages 10-16.

Name	Age	Director Since	Independent	Experience	Committee Membership
Susan H. Alexander	61	2016	Yes	Regulatory Affairs	Regulatory and Compliance (Chair effective May 17, 2018)
				Legal	
Barbara W. Bodem	50	2017	Yes	Corporate Governance	Nominating and Governance
				Financial Operations	
Barbara W. Bodem	50	2017	Yes	Global Healthcare	Audit
				Medical Device Experience	Nominating and Governance
Marc M. Gibeley	53	2015	Yes	Global Healthcare	Audit
				Consumerism	Compensation and Management Development
C. Martin Harris, M.D. (Lead Director)	61	2003	Yes	Corporate Governance	Compensation and Management Development
				Healthcare	
Matthew E. Monaghan	50	2015	No	Strategic Public Company General Management	N/A
				Medical Device Experience	
Clifford D. Nastas	55	2015	Yes	Public Company General Management	Audit (Chair effective May 17, 2018)
				Manufacturing & Operations	
Baiju R. Shah	46	2011	Yes	Biotech & Health Sciences	Compensation and Management Development (Chair)
				Strategic Planning	
					Regulatory and Compliance



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Proxy Summary

Executive Leadership Driving Business Transformation

Invacare designs, manufactures and distributes durable medical devices that assist people with congenital, acquired and degenerative conditions. In these circumstances, the people who use our devices may be otherwise challenged with basic needs of living, or may be immobile or dependent upon others for essential care. Our solutions help people with these challenges in four areas of care: move, breathe, rest, and essential hygiene.

In April 2015, we welcomed our new Chief Executive Officer, Matthew E. Monaghan, who has a breadth of general management, medical device and turnaround experience within global companies. Mr. Monaghan, along with the management team and Board of Directors, established a three-phase business transformation strategy to shift our focus from being a generalist durable medical equipment company to one that focuses our strong technical and innovation capabilities on solving complex clinical needs for post-acute care.

As of early 2018, we are in the second phase of our three-phase business transformation, which is expected to yield returns for re-investment and long-term growth.

We are using the following metrics, with directional trends we expect to see, to report on and track our progress through the three-phase transformation:

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Proxy Summary

Executive Compensation

Our executive compensation program is based on the following key principles:

- Pay for Performance Our executives are rewarded for meeting or exceeding financial and operating performance objectives and for leadership excellence, with increased at-risk compensation at higher more influential levels.
- Alignment with Shareholders' Interests Our performance goals are established with the long-term objective of restoring the Company's ability to generate sustainable and profitable growth. Compensation, together with other factors, enables us to attract key talent, to build our core
- Attraction of Top Talent businesses, leverage existing technology and expand as a healthcare technology company in meaningful ways.
- Retention of Talent Our compensation program is structured to encourage our executives to remain with the Company and continue making significant long-term contributions.

Compensation Governance Practices

We have several governance practices which we believe support the soundness and efficacy of our compensation programs. In short:

- | What We Do                                      | What We Don't Do                                    |
|---|---|
| þ Pay for Performance                           | ý No Gross-Ups for Excise Taxes in New Arrangements |
| þ Annual Say-on-Pay                             | ý No Repricing Stock Options                        |
| þ Clawback Policy                               | ý No Hedging or Pledging of Company Stock           |
| þ Short-Term and Long-Term Incentives           | ý No Dividend Equivalents on Unvested Equity Grants |
| þ Independent Compensation Consultant           |   |
| þ Stock Ownership Guidelines                    |   |
| þ Limited Perquisites and Related Tax Gross-Ups |   |
| þ Double-Trigger Change of Control Agreements   |   |
| þ Mitigate Inappropriate Risk Taking            |   |

Executive Compensation is Tied to Performance

To promote the strategic goals of our business transformation and considering the investments being made in the Company's long-term earnings potential which may not, by their nature each, result in immediate financial improvements, the performance-based elements of our executive compensation program are based on financial and non-financial metrics that are indicative of progress toward these goals.

Our corporate performance was a key factor in our 2017 named executive officer (NEO) compensation program.

Highlights of the alignment of our pay practices with performance are as follows:

▲ A substantial portion of the named executive officers' total compensation is "at risk" based on performance goals. We utilize both long-term and short-term awards, comprised of long-term equity-based awards and an annual cash bonus award.

▲ A significant percentage of long-term incentive awards are performance based.

The key metrics for our annual cash bonus awards were Free Cash Flow, which is an important indicator of the Company's overall financial performance, along with Adjusted Operating Income, which is a measure of operating performance.

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Proxy Summary

The key metric for performance share awards in 2017 was Average Gross Profit Percentage, which is a leading indicator of our transformation and represents a strategic shift in focus to higher margin, clinically complex products. The Company uses multiple performance measures and seeks to provide an appropriate mix of annual and long-term incentives that balance short-term and long-term objectives.

See Pages 43-79 for additional information regarding executive compensation.

Shareholder Engagement Program

Beginning in 2017, the Company initiated an investor outreach program in which the Chairman, President and Chief Executive Officer and other members of senior management, together with the independent Chair of the Compensation and Management Development Committee (the "Compensation Committee"), held telephonic meetings with most of the Company's top 25 institutional investors, which constituted over 60% of the holders of the outstanding common shares as of December 31, 2017. The Company also reached out to two major proxy advisory firms and conducted a telephonic meeting with one of them. During these meetings, the Company discussed its progress towards its transformation, its Board composition, and its responsible performance-based pay practices. The Company received valuable feedback and insights during this process and believes its practices are aligned with shareholder interests.

Response to Advisory Vote and Shareholder Feedback

Approximately 96% of the votes cast at the 2017 Annual Meeting of Shareholders on the non-binding advisory vote on the compensation of the Company's named executive officers were voted in support of the Company's executive compensation program. Advisory say-on-pay votes have been held annually since 2011, and the Board of Directors has determined that say-on-pay votes will continue to be held every year until the next shareholder vote on the frequency of say-on-pay votes. The Compensation Committee considered the results of the 2017 say on pay vote to be an indication of shareholder support for the structure of the Company's executive compensation program, its philosophy and objectives, the outcomes associated with the program and the Compensation Committee's overall governance of the executive compensation process.

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Questions and Answers

QUESTIONS & ANSWERS REGARDING ANNUAL MEETING

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, 2018, 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, 2018.

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. In addition, the Company may engage its proxy solicitation firm, Okapi Partners, to make solicitations by telephone, at the Company's expense. 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 22, 2018, the record date for the Annual Meeting, are entitled to receive notice of and to vote at the Annual Meeting. On this record date, there were 33,120,230 common shares and 6,357 Class B common shares outstanding and entitled to vote.

How many votes do I have?

On each voting item, you have one vote for each outstanding common share you own as of March 22, 2018, and ten votes for each outstanding Class B common share you own as of March 22, 2018.

Except as otherwise provided by Invacare's amended and restated Articles of Incorporation or amended and restated Code of Regulations, each as amended to date, or required by law, holders of common shares and Class B common shares will at all times vote on all matters, including the election of Directors, together as one class. The holders of common shares and Class B common shares will vote together as one class on all four proposals described in this proxy statement. No holder of shares of any class has cumulative voting rights in the election of Directors.

The Company's Class B common shares were authorized in 1987 and issued to then existing shareholders. Because of the transfer restrictions that apply to the Class B common shares, over time, substantially all of the Class B common shares have been converted to common shares. The Company is not permitted to issue any additional Class B common shares except in very limited circumstances, and the Company has no intention to do so. As of March 22, 2018, the remaining 6,357 shares of Class B common shares outstanding, with respect to which the Company has no right of redemption, represented approximately .19% of total voting power.

How do I vote?

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

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

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

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Questions and Answers

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. If you hold your common shares in street name through a broker or other nominee, you should follow their instructions on how to vote your shares, which may include electronic voting instructions.

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

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

What are the voting recommendations of the Board of Directors?

The Board of Directors recommends that you vote:

- “For” the election of the seven Director nominees for a one-year term expiring in 2019;
- “For” the approval and adoption of the Invacare Corporation 2018 Equity Compensation Plan;
- “For” the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for its 2018 fiscal year; and
- “For” the approval of the compensation of the named executive officers.

What constitutes a quorum?

A quorum of shareholders will be present at the Annual Meeting if at least a majority of the aggregate combined 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, 33,183,800 votes were represented by outstanding shares; therefore, shareholders representing at least 16,591,901 votes will be required to establish a quorum. Abstentions and broker non-votes will be counted for the purpose of determining the presence of a quorum.

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

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

Can I access the Notice of Annual Meeting, Proxy Statement and 2017 Annual Report on the Internet?

The Notice of Annual Meeting, Proxy Statement and 2017 Annual Report are available on the Internet at [www.invacare.com/annualreport](http://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, Elyria, Ohio 44035.

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 3 related to the ratification of the appointment of the Company's independent registered public accounting firm 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.

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## Election of Directors (Proposal 1)

## ELECTION OF DIRECTORS

(Proposal No. 1)

All Director nominees are nominated for election to serve a one-year term until the Annual Meeting in 2019 or until their successors have been duly elected. Each of the nominees has indicated his or her willingness to serve as a Director if elected.

Michael J. Merriman previously notified the Board of Directors of his decision to not stand for re-election at the 2018 Annual Meeting, at which time his term as a Director will expire. Upon the expiration of the term of Mr. Merriman as Director at the 2018 Annual Meeting, the Board of Directors has fixed the number of Directors constituting the Board at seven.

## Nominees

Name	Age	Position with the Company	Director Since
Matthew E. Monaghan	50	Chairman, President & CEO	2015
Susan H. Alexander	61	Independent Director	2016
Barbara W. Bodem	50	Independent Director	2017
Marc M. Gibeley	53	Independent Director	2015
C. Martin Harris, M.D.	61	Independent Director	2003
Clifford D. Nastas	55	Independent Director	2015
Baiju R. Shah	46	Independent Director	2011

## Votes Required

The nominees receiving the greatest number of votes will be elected. A proxy card marked “Withhold Authority” with respect to the election of one or more Directors will not be voted with respect to the nominee or nominees indicated. Abstentions and broker non-votes will not be voted for or withheld from the election of Directors and will not be counted for purposes of determining the number of votes cast in the election of Directors. However, please note that our majority voting Director resignation procedures under our Code of Regulations require any Director nominee who receives a greater number of votes marked “Withhold Authority” than marked “For” his or her election in an uncontested election of Directors to promptly tender his or her resignation to the Board following certification of the shareholder vote. Under the Company's procedures, the Nominating and Governance Committee, or another committee comprised entirely of independent Directors or the Board of Directors, will, within 90 days following the certification of the shareholder vote, consider, and the Board will determine, whether to accept the resignation. The Board's determination and explanation of its decision will be promptly disclosed in a press release or Form 8-K submitted to the SEC.

## Director Biographies and Qualifications

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

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Election of Directors (Proposal 1)

Susan H. Alexander

Age 61

Director Since 2016

Independent

\* Nominating and Governance Committee

\* Regulatory and Compliance Committee (Chair as of May 17, 2018)

**BACKGROUND**

Susan H. Alexander has been a Director since December 2016. Ms. Alexander serves as the Executive Vice President, Chief Legal, Corporate Services and Secretary of Biogen Inc. (NASDAQ: BIIB), a biopharmaceutical company, since March 2017. Ms. Alexander served as Executive Vice President, Chief Legal Officer and Corporate Secretary of Biogen from 2011 until March 2017 and as Executive Vice President, General Counsel and Corporate Secretary of Biogen from 2006 to 2011. Prior to joining Biogen, Ms. Alexander served as the Senior Vice President, General Counsel and Corporate Secretary of PAREXEL International Corporation (NASDAQ: PRXL), a biopharmaceutical services company from 2003 to 2006. From 2001 to 2003, Ms. Alexander served as General Counsel of IONA Technologies, a software company. From 1995 to 2001, Ms. Alexander served as Counsel at Cabot Corporation, a specialty chemicals and performance materials company. Prior to that, Ms. Alexander was a partner at the law firms of Hinckley, Allen & Snyder and Fine & Ambrogne.

**QUALIFICATIONS**

The Board concluded that Ms. Alexander should serve as a Director of the Company primarily due to her experience in the bio- and med-tech industries gained through her legal leadership roles in Biogen and PAREXEL International. Ms. Alexander has a broad range of corporate legal experience both from private law and general counsel positions in global med-tech, software and manufacturing companies and will bring strong cross-functional legal, regulatory and senior management expertise to the Board. The Board believes that Ms. Alexander's background and experience will be valuable in contributing to the Board's oversight of the Company's regulatory and compliance functions, particularly as the Company seeks to continue the transformation of its business and drive toward more clinically complex solutions in the health care industry.

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Election of Directors (Proposal 1)

Barbara W. Bodem

Age 50

Director Since 2017

Independent

\* Audit Committee

\* Nominating and Governance Committee

BACKGROUND

Barbara W. Bodem was appointed by the Board as Director effective August 18, 2017. Ms. Bodem has served as Senior Vice President of Finance for Mallinckrodt Pharmaceuticals plc (NYSE:MNK), a global specialty pharmaceutical company, since October 2015. Prior to joining Mallinckrodt in 2015, Ms. Bodem served as Vice President, Global Commercial Finance for Hospira (NYSE:HSP), a global pharmaceutical and medical device company. From 1997 to 2013, Ms. Bodem served in a variety of financial roles both in the US and in the UK for Eli Lilly and Company (NYSE:LLY), a global pharmaceutical company. Her most recent role at Eli Lilly was as CFO for the Lilly Oncology business.

QUALIFICATIONS

The Board concluded that Ms. Bodem should serve as a Director of the Company primarily based on her financial and operational executive management experience, including her significant finance, financial reporting and accounting expertise, gained as an international finance executive with companies in the branded pharmaceutical, generic pharmaceutical and similar markets. The Board believes that Ms. Bodem's strong background in financial and operational management of FDA-regulated public companies, strategic perspective and leadership experience will be valuable in contributing to the Board's oversight of the Company's business transformation, and financial condition and reporting, particularly through her service on the Audit Committee.



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Election of Directors (Proposal 1)

Marc M. Gibeley  
Age 53

Director Since 2015

Independent

- \* Audit Committee
- \* Compensation and Management Development Committee

**BACKGROUND**

Marc M. Gibeley has been a Director since November 2015. Mr. Gibeley served as Chief Executive Officer and Director of Scientific Intake Ltd. Co., a medical device and digital healthcare company focused on weight management and the prevention of obesity related chronic diseases, from October 2016 to January 2018. Prior to that, Mr. Gibeley served as Head of Diabetes Care North America for Roche Holding AG (SIX: RO), a leading research-focused pharmaceuticals and diagnostics healthcare company from 2011 through 2016. Mr. Gibeley served as the President and Chief Executive Officer of WaveRx, a venture-backed diabetes neuropathy medical device company, from 2008 through 2011. Prior to joining WaveRx, Mr. Gibeley worked for several consumer packaged goods companies, including Procter & Gamble (NYSE: PG), Eastman Kodak (NYSE: KODK) and Kraft Foods (NASDAQ: KHC).

**QUALIFICATIONS**

The Board concluded that Mr. Gibeley should serve as a Director of the Company primarily due to his extensive experience in leading and managing medical device companies that have undergone substantial changes and transformed to focus on marketing products directly to consumers. He has a wide range of management expertise, including in sales, marketing, finance, customer support and product launches, as well as in regulatory affairs, manufacturing, and operations and commercial development, which has been developed over a career in consumer products businesses at various stages of development. The Board believes that Mr. Gibeley's background and experience will be valuable in contributing to the Board's oversight of the Company's strategy, finance and operations, particularly as the Company seeks to continue the transformation of its business and responds to the drive toward consumerism in the health care industry.

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Election of Directors (Proposal 1)

C. Martin Harris, M.D.

Age 61

Director Since 2003

Independent

\* Lead Director

\* Nominating and Corporate Governance Committee (Chair)

\* Compensation and Management Development Committee

**BACKGROUND**

Dr. Harris has been a Director since January 2003 and Lead Director since May 2012. He also served as Invacare's Interim Chairman of the Board from December 2014 until May 2015. Since December 2016, Dr. Harris has served as the Associate Vice President of the Health Enterprise and Chief Business Officer of the Dell Medical School at The University of Texas, Austin. From 1996 until October 2016, Dr. Harris served as 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. Dr. Harris served from 2000 to 2016 as the Executive Director of e-Cleveland Clinic, a series of e-health clinical programs offered over the internet. Dr. Harris serves as a Director and member of the Audit Committee of HealthStream Inc. (NASDAQ: HSTM), 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. He also serves on the Boards of Directors of Thermo Fisher Scientific Inc. (NYSE: TMO), Waltham, Massachusetts, which provides analytical instruments, equipment, reagents and consumables, software and services for research, manufacturing, analysis, discovery and diagnostics and of Colgate Palmolive Company (NYSE: CL), New York, NY., a consumer products producer of household, dental and oral consumer products.

**QUALIFICATIONS**

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

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Election of Directors (Proposal 1)

Matthew E. Monaghan

Age 50

Director Since 2015

Chairman of the Board

President and Chief Executive Officer

**BACKGROUND**

Matthew E. Monaghan was appointed the Company's President and Chief Executive Officer in April 2015 and was elected Chairman of the Board in May 2015. Prior to joining Invacare, Mr. Monaghan served as a business unit leader at Zimmer Holdings (now Zimmer Biomet NYSE: ZBH), a major orthopedic implant company, serving first as Vice President and General Manager of the company's Global Hips business (December 2009 to January 2014) and later as Senior Vice President of Hips and Reconstructive Research (January 2014 until joining Invacare). While at Zimmer, Mr. Monaghan was responsible for the Hip Division's new product development, engineering, marketing, clinical studies, quality, regulatory affairs and results of the shared sales and supply chain functions. Later, those responsibilities also included directing research for various areas of material, process and product innovation. Prior to joining Zimmer in 2009, Mr. Monaghan spent eight years as an operating executive for two leading private equity firms, Texas Pacific Group (TPG) and Cerberus Capital Management, where he led acquisitions and operational improvements of portfolio companies in medical device and consumer industries. For the first 13 years of his career, Mr. Monaghan held various engineering, financial and management positions at General Electric (NYSE: GE). Since November 2016, Mr. Monaghan has served as a Director of Syneos Health (NASDAQ: SYNH), a contract research organization serving the needs of pharmaceutical clients.

**QUALIFICATIONS**

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

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Election of Directors (Proposal 1)

Clifford D. Nastas

Age 55

Director Since 2015

Independent

\* Audit Committee (Chair, as of May 17, 2018)

\* Regulatory and Compliance Committee (Chair, until May 17, 2018)

**BACKGROUND**

Clifford D. Nastas has been a Director since May 2015. Mr. Nastas has been the President and Chief Executive Officer of Radiac Abrasives Company, a manufacturer of conventional bonded and super abrasives in North America, since January 2016. Since 2014, Mr. Nastas has been a Director of Dan T. Moore Company, Inc., a holding company of diverse advanced materials manufacturing and technology businesses and became co-chairman in 2016. Also since 2014, Mr. Nastas has served as a Director of Shorr Packaging Corporation, an ESOP-owned company that distributes packaging supplies throughout North America. Mr. Nastas served as Chief Executive Officer and a Director of Material Sciences Corporation (formerly, Nasdaq: MASC), Elk Grove Village, Illinois, a publicly traded diversified industrial manufacturing company providing high-value coated metal, acoustical and lightweight composite solutions from 2005 until the company was sold in March 2014. From 2001 to 2005, Mr. Nastas served in various capacities at Material Sciences, including as President and Chief Operating Officer. Prior to joining Material Sciences, Mr. Nastas served in various general management, sales, and manufacturing capacities with Honeywell International, formerly Allied Signal (NYSE: HON), Morris Township, New Jersey, Avery Dennison Corporation (NYSE: AVY), Glendale, California, and Ford Motor Company (NYSE: F), Dearborn, Michigan.

**QUALIFICATIONS**

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

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Election of Directors (Proposal 1)

Baiju R. Shah

Age 46

Director Since 2011

Independent

\* Compensation and Management Development Committee (Chair)

\* Regulatory and Compliance Committee

**BACKGROUND**

Mr. Shah has been a Director since May 2011. Mr. Shah has been the Chief Executive Officer and a Director of BioMotiv, LLC, a company focused on developing a portfolio of drug discoveries from research institutions into new medicines, since August 2012. Prior to that, Mr. Shah served as President and Chief Executive Officer and a Director of BioEnterprise Cleveland from 2004 to August 2012, Senior Vice President from 2003 to 2004 and a Vice President from 2002 to 2003. BioEnterprise is a Cleveland-based business formation, recruitment and acceleration initiative designed to grow health care companies and commercialize biomedical technologies. Prior to BioEnterprise, Mr. Shah worked for McKinsey & Company, where he was a leader in its Growth and Business Building practice. In addition, Mr. Shah serves as a member of the Citizens Financial Group (NYSE: CFG) advisory board. Mr. Shah also serves as a Director of multiple privately held biomedical-related companies in which BioMotiv, LLC has investments.

**QUALIFICATIONS**

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

Invacare's Board of Directors recommends that shareholders vote "FOR" the election of all seven Director nominees for a term expiring in 2019.

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CORPORATE GOVERNANCE

Corporate Governance Guidelines

The Board has adopted Corporate Governance Guidelines which 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:

responsibilities and functions of the Board of Directors, such as meeting, orientation and continuing education guidelines;

the composition of the Board, including Director independence and other qualification requirements;

responsibilities of the 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;

Chief Executive Officer succession planning;

Board access to management, and evaluation of 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 the Company's website at [www.invacare.com](http://www.invacare.com) by clicking on the Investor Relations tab and then selecting the Corporate Governance link.

Director Independence

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 non-employee 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 non-employee 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 the Company or its affiliates;

(ii) has not had an immediate family member who has been employed by the Company 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 the Company 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);

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- (iv) is not a partner of the Company's present internal or external auditor;
  - (v) does not have an immediate family member who is a partner of Invacare's present internal or external auditor;
  - (vi) has not been a partner or employee of a present or former internal or external auditor of Invacare who worked on Invacare's audit;
  - (vii) does not have 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;
  - (viii) has not been employed, and does not have 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 does not have 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 any one of the three last fiscal years, 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 non-employee Director will be considered independent if he or she does not have any of the relationships described in clauses (i) - (ix) above, and:
- (A) 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
  - (B) does not serve, and does not have an immediate family member who serves, as an officer, Director or trustee of a 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 non-employee Director has a relationship of the type described in clauses (A) or (B) in the immediately preceding paragraph that falls outside of the "safe harbor" thresholds set forth in such clauses (A) and (B), 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 applicable affiliates. Based on this review, the Board affirmatively determined that each of the Directors, other than Mr. Monaghan, 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 and the NYSE Standards.

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Corporate Governance

Board Meetings, Annual Meeting of Shareholders and Attendance

During the fiscal year ended December 31, 2017, the Board of Directors held four regular quarterly meetings and three additional meetings. Each Director attended at least 75% of the aggregate of (1) the total number of meetings held by the Board of Directors and (2) the total number of meetings held by committees of the Board on which he or she served during 2017. 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.

Executive Sessions

Independent Directors meet in executive sessions, presided over by the Company's Lead Director, at the end of each of the regularly scheduled quarterly Board meetings. In addition, the Directors meet in director-only executive sessions, presided over by the Chairman of the Board, after the end of each of the regularly scheduled quarterly Board meetings.

Board Nominations and Shareholder Recommendations

The Nominating and Governance Committee has retained an internationally recognized third-party executive search firm to identify candidates for independent Director positions to augment board membership after Mr. Merriman's term expires at the annual meeting. The Committee also may solicit candidate suggestions from Committee members, the Chairman of the Board, incumbent Directors, senior management or others. In 2017, the Company retained an executive search firm which identified Ms. Bodem as a Board candidate.

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 or shareholders. The Committee will accept shareholder recommendations regarding potential candidates for the Board, provided that shareholders send their recommendations to the Chair of the Nominating and Governance Committee, c/o Executive Offices, Invacare Corporation, One Invacare Way, Elyria, Ohio 44035, 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 and Governance 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 and Governance Committee's evaluation criteria set forth below, as well as compliance with all other legal and regulatory requirements. The Nominating and Governance 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 and Governance 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 and Governance Committee may request the candidate to complete a questionnaire that seeks additional information about the candidate's independence,



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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 may ask the candidate to meet with senior management and/or other Directors. The Committee would then evaluate the candidate against the standards and qualifications set out in the Nominating and Governance Committee's charter. While the Board does not maintain a policy regarding the diversity of its members, the Nominating and Governance 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 and Governance 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 and Governance Committee will 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 and Governance 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 and Governance 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 and Governance Committee and the entire Board of Directors.

Independent Lead Director

The Company has an independent Lead Director who is responsible for coordinating the activities of the independent Directors. Dr. Harris served as Lead Director in 2017. The following are the specific responsibilities of the Lead Director set forth in the Company's Corporate Governance Guidelines:

- (i) advising the Chairman of the Board as to an appropriate schedule of Board meetings, seeking to ensure that the independent and non-executive 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 as to the quality, quantity and timeliness of the flow of information from Company management that is necessary for the independent and non-executive 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 chair of the Nominating and Governance Committee, all Board candidates, and making recommendations to the Nominating and Governance Committee and the Board;
- (v) assisting the Board and Company officers in assuring compliance with 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 and the Chairman and Chief Executive Officer on sensitive issues;

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## Corporate Governance

- (viii) evaluating, along with the members of the Compensation and Management Development Committee, the performance of the Chairman and Chief Executive Officer; meeting with the Chairman and Chief Executive Officer to discuss the Committee's evaluation of performance;
- (ix) discussing with the Chairman of the Board and the Nominating and 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 Nominating and Governance Committee in its role with the annual self-assessment and 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](http://www.invacare.com) by clicking on the Investor Relations tab and then the Corporate Governance link.

## Determination of Current Board Leadership Structure

The Board believes that the Chief Executive Officer is best situated to serve as Chairman of the Board because he is the Director most familiar with the Company's business and industry. The Board believes that combining the roles of Chief Executive Officer and Chairman of the Board provides an efficient and effective leadership model for Invacare by fostering clear accountability, effective decision-making, and alignment of corporate strategy. The Board's independent Directors bring experience, oversight and expertise from outside the Company and industry, while the Chief Executive Officer brings company and industry-specific experience and expertise. One of the key responsibilities of the Board is to develop strategic direction and hold management accountable for the execution of strategy once it is developed. The Board believes the combined role of Chief Executive Officer and Chairman, together with an independent Lead Director having the duties described above, is in the best interests of shareholders because it strikes an appropriate balance for the Company; with the Chief Executive Officer also serving as Chairman, there is unified leadership and a focus on strategic development and execution, while the Lead Director helps assure independent oversight of management.

## Members of the Board Committees

The current composition of the Board committees, as of April 9, 2018, is set forth below.

Director	Audit Committee	Nominating and Governance Committee	Compensation and Management Development Committee	Regulatory and Compliance Committee
Susan H. Alexander		Member		Member
Barbara W. Bodem	Member	Member		
Marc M. Gibeley	Member		Member	
C. Martin Harris, M.D. - Lead Director		Chair	Member	
Michael J. Merriman (*)	Chair	Member		
Clifford D. Nastas	Member			Chair
Baiju R. Shah			Chair	Member

\* Not standing for re-election



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Corporate Governance

Principal Functions of the Board Committees

The Board has an Audit Committee; a Nominating and Governance Committee; a Compensation and Management Development Committee; and a Regulatory and Compliance 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, (iii) Invacare's compliance with legal and regulatory requirements related to the Company's financial statements and accounting policies (iv) Invacare's risk assessment and management process. 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](http://www.invacare.com) by clicking on the Investor Relations tab and then the Corporate Governance link. The Audit Committee met five times during 2017. The Audit Committee met in executive session without management four times in 2017 at the end of its regularly scheduled quarterly meetings.

The 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 Michael J. Merriman, the Chair of the Audit Committee, Clifford D. Nastas and Barbara W. Bodem each qualifies as an "audit committee financial expert" as that term is defined in Item 407(d)(5) of Regulation S-K. Ms. Bodem joined the Board of Directors and the Audit Committee on August 18, 2017.

**Nominating and Governance Committee.** The Nominating and Governance Committee assists the Board (i) in identifying and recommending individuals qualified to become Directors and will consider all qualified nominees recommended by shareholders, and (ii) 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 Nominating and 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 Nominating and Governance Committee, which is available at [www.invacare.com](http://www.invacare.com) by clicking on the Investor Relations tab and then the Corporate Governance link. The Nominating and Governance Committee met three times during 2017 and did not meet in executive session. Michael F. Delaney and Dale C. LaPorte each served on the Nominating and Governance Committee until their retirement from the Board of Directors on May 18, 2017, at which time they were replaced by Susan H. Alexander and Michael J. Merriman. Barbara W. Bodem joined the Board of Directors and the Nominating and Governance Committee on August 18, 2017.

**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, equitable and aligned with the interests of shareholders 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" 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, including the standards in Rule 303A.02(a)(ii), 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](http://www.invacare.com) by clicking on the Investor Relations tab and then the Corporate Governance link. The Compensation and Management Development Committee met eight times during 2017 and met five times in executive session without management present after a Committee meeting during the year. Michael J. Merriman served on the Compensation and Management Development Committee until May 18, 2017, at which time he was replaced by Marc M. Gibeley.

**Regulatory and Compliance Committee.** The Regulatory and Compliance Committee assists the Board in its oversight of the Company's legal and regulatory compliance matters, including medical device regulatory compliance. Each of the current members of the Regulatory and Compliance Committee is



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### Corporate Governance

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 Regulatory and Compliance Committee, which is available at [www.invacare.com](http://www.invacare.com) by clicking on the Investor Relations tab and then the Corporate Governance link. The Regulatory and Compliance Committee met seven times during 2017 and met three times in executive session without management present after a Committee meeting during the year. Dale C. LaPorte served on the Regulatory and Compliance Committee until his retirement from the Board of Directors on May 18, 2017.

#### Board Role in Risk Oversight

Risk is inherent in any business, and the Company's management is responsible for the day-to-day management of risks that it faces. 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 quarterly 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 the Company's 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, including oversight of the Company's enterprise risk management process and its assessment and management of risk in the areas of financial reporting, internal controls, business and operations, financial statements and accounting policies and information systems. Enterprise risk assessment reports of the various business, financial, operational, information technology, compliance and human capital risks faced by the Company are provided to the Audit Committee by management and the Company's internal auditors on a quarterly basis. The Regulatory and Compliance Committee assists the Board in its oversight of the Company's legal and regulatory compliance matters generally, including medical device regulatory compliance matters. The Compensation and Management Development Committee assists the Board in fulfilling its oversight responsibilities with respect to the management of risks arising from the Company's compensation policies and programs, talent management and succession planning for executive officers and employment related risks. The Nominating and 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, as well as overseeing the membership and independence of the Board of Directors. From time to time, the Board may establish special committees to assist it in the monitoring and oversight of certain risks. However, 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.

#### Codes of Ethics

Invacare has adopted a Code of Business Conduct and Ethics that applies to all Directors, officers and employees. Invacare has also adopted a separate Financial Code of Ethics that applies to its Chief Executive Officer (its principal executive officer), its Chief Financial Officer (its principal financial officer and principal accounting officer) and its controller or persons performing similar functions. Investors can find both codes on the Company's website at [www.invacare.com](http://www.invacare.com) by clicking on the Investor Relations tab and then selecting the Corporate Governance link. Invacare 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 its website.



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Corporate Governance

Employees have been notified that if they have any questions or concerns regarding financial integrity, legal or regulatory compliance, ethical business conduct, or activities that may be improper under the Company's Code of Business Conduct and Ethics, or otherwise have work related concerns, they are invited to speak with their supervisor, or any other member of management at any time. They also may report any concerns in writing to the Chief Executive Officer or the Chair of the Audit Committee, or submit a report to the Company's EthicsPoint ethics and compliance hotline reporting service, which is used to consolidate and summarize reports received. All EthicsPoint reports are reviewed by the Audit Committee.

The Company's EthicsPoint service is not intended to replace other communication channels already in place. However, if employees have a concern regarding a financial integrity, legal or regulatory compliance, or ethics related matter, or believe they cannot communicate effectively using existing internal channels, they may report the concern through the Company's EthicsPoint hotline reporting service by telephone or online at <http://invacare.ethicspoint.com>. Reports through EthicsPoint may be made anonymously and without reprisals for matters reported in good faith.

Compensation Committee Interlocks and Insider Participation

No member of the Compensation Committee was at any time during 2017 or at any other time an officer or employee of the Company or any of its subsidiaries. In addition, during 2017, none of the Company's executive officers served as a member of the board of directors or the compensation committee of any other entity that has one or more executive officers serving on the Company's Board or Compensation Committee. Marc M. Gibeley, C. Martin Harris, M.D., Michael J. Merriman and Baiju R. Shah were the non-employee Directors who served on the Compensation Committee during 2017.

Director Orientation Program

Each new Director is provided an orientation to become acquainted with the Company's business, history, strategy, plans, financial statements, compliance programs, Corporate Governance Guidelines, Code of Business Conduct and Ethics, Insider Trading Policy, and public reporting and disclosure requirements and the Company's related policies and practices. Each new Director is also introduced to the Company's senior leadership team, internal auditors, and independent auditors. In addition, from time to time, Directors receive information and updates on legal and regulatory changes that affect the Company, its employees and the operation of the Board. The Nominating and Governance Committee from time to time makes other recommendations regarding further educational opportunities for Directors.

Communications 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 44035. 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 Nominating and Governance Committee, respectively, on a quarterly basis.



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## Director Compensation and Stock Ownership

## DIRECTOR COMPENSATION AND STOCK OWNERSHIP GUIDELINES

## Director Compensation Program

The Compensation Committee is responsible for reviewing and making recommendations to the Board regarding all matters pertaining to compensation paid to non-employee Directors for Board, committee and committee chair services. In making non-employee Director compensation recommendations, the Compensation Committee takes various factors into consideration, including, but not limited to, the responsibilities of Directors generally, as well as committee chairs, and the form and amount of compensation paid to Directors by comparable companies. The Director compensation program is intended to be equitable based on the work required of non-employee Directors serving a healthcare technology company of our size and scope, and to tie a significant portion of non-employee Directors' compensation to shareholder interests through the grant of restricted stock units.

In 2017, the Compensation Committee reviewed the compensation paid to our non-employee Directors relative to our peer group (see Compensation Discussion and Analysis), which indicated that our total non-employee Director compensation was significantly below the median compensation paid by our peers. Based on this review, the value of each non-employee Director's compensation was increased by \$15,000 in 2017 through the issuance of restricted stock units, and a similar increase also was made for 2018. The Compensation Committee periodically reviews our non-employee Director compensation and such compensation may be adjusted in the future as appropriate based on our peer group information and Company performance.

The Company's 2017 Director compensation program provided that non-employee Directors were paid the following:

Annual Cash Retainer	\$60,000
Lead Director Additional Fee	20,000
Committee Chair Additional Fees:	
Audit	15,000
Compensation and Management Development	15,000
Regulatory and Compliance	15,000
Nominating and Governance	10,000
Fee per meeting in excess of 24 meetings	1,500

Additionally, in March 2017, each non-employee Director, other than Messrs. Delaney and LaPorte, both of whom retired from the Board of Directors in May 2017, was granted a restricted stock unit award of 8,606 shares, which vests in full on May 15, 2018. In accordance with the Director compensation program, Ms. Bodem received a grant of 5,020 shares, which was a pro-rated portion of the annual restricted stock unit grant, upon joining the Board during August 2017.

## Director Stock Ownership Guidelines

The Company maintains stock ownership guidelines for its non-employee Directors for the purpose of aligning the interests of the Directors with those of the shareholders of the Company. Under the current guidelines of the stock ownership program, non-employee Directors are expected to own at least 7,500 common shares.

“Stock ownership” is defined to include shares held directly or indirectly by the Director, all unvested restricted stock held by the Director and 30% of the shares underlying unexercised stock options held by the Director that are “in the money” by at least 20%.

Directors are expected to reach their respective ownership levels under the stock ownership guidelines over five (5) years from the date they join the Board of Directors, and maintain that level of stock ownership

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Director Compensation and Stock Ownership

afterward. The guidelines provide that Directors are required to hold their “net shares” from equity awards until they reach their applicable minimum ownership level, and once they reach the minimum level, they must hold their net shares from equity awards for at least one (1) year after such shares have vested, in the case of restricted stock awards, or have been acquired upon the exercise of stock options. “Net shares” means the difference between the actual shares awarded and any shares sold, surrendered or withheld to pay for taxes or to finance the cost of exercising a stock option.

All of the Directors have either met the guidelines or are pursuing goals to meet the guidelines within the established timeframe.

Director Deferred Compensation Plan

All non-employee Directors may participate in the Company’s Director Deferred Compensation Plan, which permits participants to defer all or a part of their annual cash compensation and all or a part of their annual restricted stock unit grant. Participants may choose to defer either until they leave the Board of Directors or for a specified number of years, with a minimum of two years and a maximum of ten years, as specified at the time of the participant’s deferral election.

Deferred cash compensation may be credited to a “stock-unit” account that is deemed invested in the Company’s common shares or to an account that earns interest at a rate specified by the Compensation Committee. Deferred restricted stock unit grants are credited to the stock-unit accounts. Stock-unit accounts are credited with dividend equivalent units based on the number of vested stock units credited to the account as of the applicable dividend record date. The value in a Director’s account balance is distributed to the Director in a lump sum promptly following the end of the applicable deferral period. The value in a Director’s stock-unit account is determined by multiplying the number of units credited to the account by the fair market value of the Company’s common shares at the end of the deferral period, and is paid to the Director in an equivalent number of common shares of the Company issued under the Invacare Corporation 2013 Equity Compensation Plan (the “2013 Equity Plan”). Partial shares are rounded up or down to the nearest whole share. The value in a Director’s interest-bearing account will be paid to the Director in cash. In 2016, Mr. Merriman and Mr. Shah each elected to defer 100% of their respective 2017 restricted stock unit grants with Mr. Merriman deferring until his separation from the Board and Mr. Shah deferring until the earlier of January 2027 or his separation from the Board.

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## Director Compensation and Stock Ownership

## Fiscal 2017 Director Compensation Table

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)(1)	Total (\$)
Susan H. Alexander	60,000	(2) 104,133	164,133
Barbara W. Bodem	25,000	(3) 67,268	92,268
Michael F. Delaney	25,000	(4) —	25,000
Marc M. Gibeley	60,000	(2) 104,133	164,133
C. Martin Harris, M.D.	90,000	(5) 104,133	194,133
Dale C. LaPorte	31,250	(6) —	31,250
Michael J. Merriman	78,000	(7) 104,133	182,133
Clifford D. Nastas	70,000	(8) 104,133	174,133
Baiju R. Shah	75,000	(9) 104,133	179,133

The values reported in this column represent the dollar amount of expense, calculated in accordance with ASC 718, Compensation - Stock Compensation, to be recognized for financial statement purposes over the respective vesting periods with respect to all restricted stock units awarded to each Director during 2017. These time-based restricted stock units were granted pursuant to the Invacare Corporation 2013 Equity Compensation Plan (the "2013 Equity Plan"), and vest in full on May 15, 2018, except for the award to Ms. Bodem which vests in full on August 15, 2018. For a description of the assumptions made in computing the values reported in this column, see "Equity Compensation" 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, 2017.

(1) Annual \$60,000 retainer earned.

(2) The fees earned by Ms. Bodem in 2017 include a pro-rata portion of the annual retainer.

(3) The fees earned by Mr. Delaney are a pro-rata portion of the \$60,000 annual retainer.

(4) The fees earned by Dr. Harris include a \$60,000 retainer, a \$20,000 additional fee for his service as Lead Director and an \$10,000 fee for his service as Chair of the Nominating and Governance Committee.

(5) The fees earned by Mr. LaPorte include a \$18,750 pro-rata portion of the annual retainer and a \$12,500 pro-rata fee for his service as Chair of the Regulatory and Compliance Committee.

(6) The fees earned by Mr. Merriman include a \$60,000 retainer and a \$15,000 fee for his service as Chair of the Audit Committee and \$3,000 for his attendance at two meetings in excess of the 24 meetings held in 2017.

(7) The fees earned by Mr. Nastas represent a \$60,000 retainer, a \$10,000 pro-rata fee for his service as Chair of the Regulatory and Compliance Committee

(8) The fees earned by Mr. Shah represent a \$60,000 retainer, a \$15,000 fee for his service as Chair of the Compensation and Management Development Committee.

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## Director Compensation and Stock Ownership

## Outstanding Director Equity Awards at December 31, 2017

The following table shows outstanding equity awards held by each Director at December 31, 2017.

Name	Option Awards		Stock Awards	
	Number of Securities Underlying Unexercised Options Exercisable (#)	Option Exercise Price (\$) 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 (\$)
Susan H. Alexander			2,839(1)	47,837
Barbara Bodem			8,606(2)	145,011
Michael F. Delaney	6,919	25.79 8/20/2018	5,020(3)	84,587
Marc M. Gibeley			4,254(4)	71,680
			8,606(2)	145,011
C. Martin Harris, M.D.	6,919	25.79 8/20/2018	2,127(4)	35,840
			8,606(2)	145,011
Dale C. LaPorte	7,858	19.09 2/12/2019	4,254(4)	71,680
Michael J. Merriman	8,977	16.71 5/15/2024	4,254(4)	71,680
			8,606(2)	145,011
Clifford D. Nastas			4,254(4)	71,680
			8,606(2)	145,011
Baiju R. Shah	4,496	33.36 5/19/2021	4,254(4)	71,680
			8,606(2)	145,011
			4,254(4)	71,680

- (1) The restricted stock unit award vests in full on February 20, 2018 after a one-year "cliff" vesting period.
- (2) The restricted stock unit award vests in full on May 15, 2018 after a one-year "cliff" vesting period.
- (3) The restricted stock unit award vests in full on August 15, 2018 after a one-year "cliff" vesting period.
- (4) The restricted stock unit award vests in full on May 15, 2018 after a three-year "cliff" vesting period.

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Approval and Adoption of Equity Compensation Plan (Proposal 2)

APPROVAL AND ADOPTION OF  
INVACARE CORPORATION 2018 EQUITY COMPENSATION PLAN  
(Proposal No. 2)

The second proposal to be acted upon at the Annual Meeting is the approval of the Invacare Corporation 2018 Equity Compensation Plan (the “2018 Equity Plan”), adopted on March 27, 2018 by the Company's Board of Directors (the “Board”). The Board's adoption of the 2018 Equity Plan is subject to approval by the shareholders at the Annual Meeting. If the 2018 Equity Plan is approved by shareholders, it will become effective on the day following the Annual Meeting.

The Board believes that equity-based compensation payable under the 2018 Equity Plan will enable the Company to continue to attract and retain talented directors and employees and provide an incentive for those directors and employees to increase the Company's value. In addition, the Board believes stock ownership is important because it aligns the interests of the Company's key employees with the interests of its shareholders.

The Board adopted the 2018 Equity Plan because equity compensation is a vital component of the Company's overall compensation program and the Company requires additional common shares to be available for grant as equity compensation in order to continue to provide appropriate incentives in accordance with its compensation philosophy. In addition, the Company's existing equity compensation plan, the Invacare Corporation 2013 Equity Compensation Plan (the “2013 Equity Plan”) is structured to meet the requirements of Section 162(m) of the Internal Revenue Code (the “Code”), and revisions to the Code resulting from the U.S. Tax Cuts and Jobs Act of 2017 altered Code Section 162(m) such that certain tax deductions based on qualification as “performance-based compensation” under Code Section 162(m) are no longer available to the Company for compensation awards made after November 2, 2017. Accordingly, the 2018 Equity Plan reflects these changes to Code Section 162(m). The Company may continue to grant awards under the 2013 Equity Plan until approval of the 2018 Equity Plan by shareholders, at which time the Company will transfer any common shares remaining for issuance under the 2013 Equity Plan into the 2018 Equity Plan. Awards granted prior to the 2013 Equity Plan's expiration will remain in effect under their original terms.

Summary of the 2018 Equity Plan

The following summary of the material features of the 2018 Equity Plan is qualified in its entirety by reference to the full text of the 2018 Equity Plan, which is set forth in Appendix A to this proxy statement.

Eligibility and Types of Awards

The Compensation and Management Development Committee of the Board (the “Compensation Committee”), in its discretion, may grant an award under the 2018 Equity Plan to any director or employee of the Company or an affiliate. There are six non-employee directors and approximately 150 employees who would be eligible to participate in the 2018 Equity Plan as of March 20, 2018.

The 2018 Equity Plan provides for the following types of awards with respect to the common shares of the Company: incentive stock options, nonqualified stock options, stock appreciation rights (“SARs”), restricted stock, restricted stock units, unrestricted stock, and performance shares. The Compensation Committee also may grant performance units that are payable in cash.

Common Shares Subject to the 2018 Equity Plan

Available Shares

The maximum number of the Company common shares, without par value, available for issuance under the 2018 Equity Plan will not exceed the sum of the following:

• 1,800,000 shares; plus

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Approval and Adoption of Equity Compensation Plan (Proposal 2)

any shares remaining for issuance under the 2013 Equity Plan at the time of approval of the 2018 Equity Plan by shareholders; plus

any shares covered by an award under the 2018 Equity Plan, the 2013 Equity Plan or the Invacare Corporation Amended and Restated 2003 Performance Plan (the "2003 Equity Plan") that are forfeited or remain unpurchased or undistributed upon termination or expiration of the award.

The maximum number of shares available for awards of incentive stock options is 1,800,000 shares.

Fungible Share-Counting Method

The 2018 Equity Plan uses a fungible share-counting method, under which:

each common share underlying an award of stock options or SARs will count against the number of total shares available under the 2018 Equity Plan as one share; and

each common share underlying any award other than a stock option or a SAR will count against the number of total shares available under the 2018 Equity Plan as two shares.

Any common shares that are added back to the 2018 Equity Plan as the result of the cancellation or forfeiture of an award granted under the 2018 Equity Plan or the 2013 Equity Plan will be added back in the same manner such shares were originally counted against the total number of shares available under the 2018 Equity Plan or 2013 Equity Plan, as applicable. Each common share that is added back to the 2018 Equity Plan due to a cancellation or forfeiture of an award granted under the 2003 Equity Plan will be added back as one common share.

Individual Limits on Awards

The 2018 Equity Plan sets annual limits with respect to awards, as follows:

no participant will be granted stock options or SARs for more than 800,000 common shares, in the aggregate, during any calendar year;

no participant will be granted awards of restricted stock, restricted stock units or performance shares for more than 650,000 common shares, in the aggregate, during any calendar year;

no nonemployee director will be granted awards of restricted stock, restricted stock units or performance shares for more than 100,000 common shares, in the aggregate, during any calendar year;

no participant will receive any awards payable in cash that have an aggregate maximum value as of their respective grant dates in excess of \$7,500,000 during any calendar year; and

no nonemployee director will receive any awards payable in cash that have an aggregate maximum value as of their respective grant dates in excess of \$2,000,000 during any calendar year.

Outstanding Common Shares and Awards

As of March 22, 2018 and including the company's March 16, 2018 equity awards, there were:

33,120,230 of the Company's common shares outstanding;

608,753 stock options granted under the 2013 Equity Plan (and no SARs) outstanding, 599,776 of which are performance-based stock options with an average exercise price of \$12.15 and average remaining term of 9.0 years and 8,977 of which are stock options with an average exercise price of \$16.71 and average remaining term of 6.2 years;

a total of 1,752,513 full-value awards granted under the 2013 Equity Plan outstanding, 807,550 of which are service-based restricted stock awards that are included in the number of the Company's common shares outstanding, 281,920 of which are service-based restricted stock unit

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Approval and Adoption of Equity Compensation Plan (Proposal 2)

awards, 612,926 of which are performance-based share awards and 50,115 of which are performance-based share units;

2,022,816 stock options granted under the 2003 Equity Plan (and no SARs) outstanding, with an average exercise price of \$21.89 and average remaining term of 2.4 years;

no full-value awards granted under the 2003 Equity Plan outstanding; and

1,012,993 common shares remaining available for issuance under the Company's equity compensation plans, all of which are under the 2013 Equity Plan.

After March 22, 2018 and prior to shareholder approval of the 2018 Equity Plan, the Company may grant awards under the 2013 Equity Plan to the extent that common shares remain available for issuance under the 2013 Equity Plan. After shareholder approval of the 2018 Equity Plan, the Company will transfer any common shares that remain available for issuance under the 2013 Equity Plan into the 2018 Equity Plan, and any shares covered by an outstanding award under the 2013 Equity Plan that are subsequently forfeited or remain unpurchased or undistributed upon termination or expiration of the award will become available for issuance under the 2018 Equity Plan. The 2003 Equity Plan has expired and no further awards may be made. Any shares covered by an outstanding award under the 2003 Equity Plan that are subsequently forfeited or remain unpurchased or undistributed upon termination or expiration of the award will become available for issuance under the 2018 Equity Plan.

Adjustments

In the event of any stock dividend, stock split, consolidation, reorganization, merger, spinoff, or similar transaction affecting the Company's common shares, the Compensation Committee will adjust the number of shares available for grants, the number of shares subject to the full-value award limits and individual limits, and the number of shares and price under outstanding grants made before the event, as provided in the 2018 Equity Plan.

No Liberal Share Counting/Recycling Provisions

The 2018 Equity Plan prohibits liberal share counting by requiring that no shares tendered in payment of a stock option's exercise price may be added back into the aggregate share limit. The 2018 Equity Plan also provides that no shares withheld in satisfaction of tax withholding obligations may be added back into the aggregate share limit. The number of common shares covered by a SAR, to the extent that it is exercised and settled in common shares, and whether or not shares are actually issued to a participant upon exercise of the SAR, will be considered issued or transferred. Lastly, in the event that the Company repurchases common shares with stock option exercise proceeds, those shares will not be added to the aggregate plan limit.

Administration

The 2018 Equity Plan will be administered by the Compensation Committee, which has broad discretionary authority under the 2018 Equity Plan. The Compensation Committee may delegate all or any part of its authority and powers under the 2018 Equity Plan to one or more directors or officers of the Company. The Compensation Committee may not, however, delegate its authority and powers:

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

in a way that would jeopardize the 2018 Equity Plan's satisfaction of Rule 16b-3 of the Exchange Act.

Performance Targets and Performance Measures

The Compensation Committee may condition awards on the achievement of certain objective performance targets ("Performance Targets") established by the Compensation Committee. The performance

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Approval and Adoption of Equity Compensation Plan (Proposal 2)

measures used to establish the Performance Targets will be based on any of the factors listed below, alone or in combination, as determined by the Compensation Committee. Such factors may be applied on a corporate-wide or business-unit basis, include or exclude one or more of the Company's affiliates or subsidiaries, may be in comparison with plan, budget, or prior performance, and/or may be on an absolute basis or in comparison with peer-group performance. Performance measures may differ from participant to participant and from award to award. The factors that may be used as performance measures will be one or more of the following: return on equity; earnings per share; net income; pre-tax income; operating income; revenue; earnings before interest and taxes; earnings before interest, taxes, depreciation and amortization; cash flow; free cash flow; economic profit; total earnings; earnings growth; return on capital; operating measures (including, but not limited to, operating margin and/or operating costs); return on assets; return on net assets; return on capital; return on invested capital; increase in the fair market value of the Company's common shares; or total shareholder return.

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

If the Compensation Committee determines that a change in the business, operations, corporate structure or capital structure of the Company, or the manner in which it conducts its business, or other events or circumstances render the Performance Targets unsuitable, the Compensation Committee may modify such performance measures or the related minimum acceptable level of achievement.

Minimum Vesting Periods

The 2018 Equity Plan provides for a one-year minimum vesting period for stock options, SARs and performance-based full-value awards and time-based full value awards. Full-value awards include grants of restricted stock, restricted stock units, performance shares, performance units and unrestricted stock grants. However, up to 5% of the shares available under the 2018 Equity Plan can be used for awards that are not subject to the minimum vesting restrictions.

No Repricing

Repricing or replacement of underwater options and SARs is prohibited without shareholder approval under the 2018 Equity Plan, except with respect to adjustments made in connection with certain corporate events or transactions described above in "Common Shares Subject to the 2018 Equity Plan - Adjustments."

Description of Award Types

Subject to the limits imposed by the 2018 Equity Plan, which are generally described in this proposal, the Compensation Committee, in its discretion, may award any of the following types of awards to a participant: incentive stock options; nonqualified stock options; stock appreciation rights; restricted stock; restricted stock units; performance shares; performance units; and unrestricted stock.

Stock Options

The Compensation Committee may grant nonqualified stock options and/or incentive stock options. The Compensation Committee establishes the exercise price, which may not be less than 100% of the fair market value of the common shares on the grant date. Stock options may not be re-priced without shareholder approval unless in connection with certain corporate events or transactions described above in "Common Shares Subject to the 2018 Equity Plan - Adjustments." The Compensation Committee establishes the vesting date and the term of the option, subject to a maximum term of 10 years. A participant may pay the exercise price in cash, or if permitted by the Compensation Committee, by cashless exercise through a broker, by a net exercise, by delivering previously-owned Company common shares having a fair market value equal to the exercise price, any other manner permitted by the Compensation Committee and applicable law, or a combination of the foregoing. An award agreement for a stock option may provide that such option becomes exercisable in the event of the participant's death, disability or retirement.





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Approval and Adoption of Equity Compensation Plan (Proposal 2)

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

As of March 22, 2018, the closing price for one common share quoted on the New York Stock Exchange was \$17.45. Stock Appreciation Rights (SARs)

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

Restricted Stock

The Compensation Committee may grant restricted Company common shares or “restricted stock.” At the time of grant, the Compensation Committee will specify the period of restriction, the number of shares granted, and the conditions of the award. At the time of the award, the Compensation Committee will establish the period that must lapse and/or the performance targets that must be satisfied for the restrictions to lapse. An award agreement for restricted stock may provide for the earlier termination of restrictions on such restricted stock in the event of the participant's death, disability or retirement.

Restricted Stock Units

The Compensation Committee may grant restricted stock units. Restricted stock units will be evidenced by an award agreement containing such terms and provisions, consistent with the 2018 Equity Plan, as the Compensation Committee may approve. A grant of restricted stock units constitutes an agreement by the Company to deliver common shares or cash to the participant in the future in consideration of the performance of services, but subject to the fulfillment of such conditions during the restriction period as the Compensation Committee may specify. During the applicable restriction period, the participant will have no right to transfer any rights under his or her award, will have no rights of ownership in the common shares deliverable upon payment of the restricted stock units, and will have no right to vote the common shares. An award agreement for restricted stock units may provide for the earlier termination of restrictions on such restricted stock units in the event of the participant's death, disability or retirement.

Performance Shares/Units

The Compensation Committee may grant performance units and/or performance shares that may be subject to the achievement of Performance Targets based on one or more of the performance measures listed under “Performance Targets and Performance Measures” above. Performance units and/or performance shares may be paid in the form of cash, shares, or a combination of cash and shares. An award agreement for performance shares or performance units may provide for the earlier lapse of restrictions or other modifications in the event of the participant's death, disability or retirement.

Unrestricted Share Grants

The Compensation Committee may grant common shares, without restrictions on the shares granted. However, no more than 5% of the shares available under the 2018 Equity Plan can be used for awards that are not subject to the plan's minimum vesting restrictions.

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Approval and Adoption of Equity Compensation Plan (Proposal 2)

Dividends and Dividend Equivalents

The 2018 Equity Plan specifies that no dividends, dividend equivalents or other distributions will be paid currently on any award of restricted stock, restricted stock units, performance shares or performance units before the lapse of restrictions on the award. However, the award may provide that any dividends, dividend equivalents or other distributions otherwise payable on the award before the lapse of restrictions be automatically deferred contingent upon the vesting of the underlying common shares or reinvested in additional restricted stock, restricted stock units, performance shares or performance units, as the case may be, which will be subject to the same restrictions as the underlying award. No dividends, dividend equivalents or other distributions will be paid currently on any award of stock options or SARs before the exercise of the award.

Change in Control

The treatment of outstanding awards upon a change in control would depend on whether or not the awards are assumed by the entity effecting the change in control. In general, a change in control will be deemed to have occurred under the 2018 Equity Plan if: (i) a person or group acquires 30% or more of the voting power of the Company in the election of directors (excluding certain purchases by the Company or its benefit plans); (ii) the Company experiences a turn-over (not approved by at least two-thirds of the Company's directors) of a majority of its directors during a two-year period; (iii) the Company consummates a reorganization, merger or consolidation resulting in a substantial change in ownership of 50% or more of the voting power of the Company; (iv) the Company consummates a sale of all or substantially all of its assets; or (v) the Company's shareholders approve a liquidation or dissolution of the Company.

Upon the occurrence of a change in control, any awards made to a participant under the 2018 Equity Plan that are assumed by the surviving entity will continue to vest and become exercisable in accordance with the terms of the original grant unless, during the two-year period commencing on the date of the change in control, the participant's employment is involuntarily terminated by the Company for reasons other than for "cause" (as defined in the 2018 Equity Plan) or the participant terminates his or her employment for "good reason" (as defined in the 2018 Equity Plan) (a so-called "double trigger"). If a participant's employment is terminated under such circumstances, any outstanding stock options and SARs will become fully vested and exercisable, any restrictions that apply to awards made pursuant to the 2018 Equity Plan will lapse, and any awards that are subject to Performance Targets will immediately be earned or vested in a prorated amount and the prorated amount will become immediately payable (unless prohibited by Code Section 409A) in accordance with their terms as if all of the Performance Targets have been achieved at their target levels as of the date of termination. For these purposes, the "prorated amount" will be based on the actual level of achievement against the award's Performance Targets during the performance period up to the date of the change of control and the number of full months that elapsed during the award's performance period up to and including the date of the change of control. The Compensation Committee may, in good faith, adjust Performance Targets to account for the shortened performance period.

Upon the occurrence of a change in control, any awards made under the 2018 Equity Plan that are not assumed by the entity effecting the change in control and are not subject to Performance Targets will become fully vested and exercisable on the date of the change in control. A prorated amount (as defined above) of any awards made under the 2018 Equity Plan that are subject to Performance Targets will immediately vest and become immediately payable (unless prohibited by Code Section 409A) in accordance with their terms.

For each stock option and SAR that is not assumed in connection with a change in control, the holder will receive a payment equal to the difference between the consideration received by holders of common shares in the change in control transaction and the exercise price of the applicable stock option or SAR, if such difference is positive. Any stock options or SARs with an exercise price that is higher than the per share consideration received by holders of common shares in connection with the change in control transaction will be canceled for no additional consideration.

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Approval and Adoption of Equity Compensation Plan (Proposal 2)

For any awards of restricted stock, restricted stock units, performance shares or performance units that are not assumed in connection with the change in control, the holder of those awards will receive the consideration that he or she would have received in the change in control transaction had he or she been a holder of the number of common shares equal to the number of restricted stock units and/or shares of restricted stock covered by the award and the number of common shares payable for awards subject to Performance Targets (unless prohibited by Code Section 409A) earned or vested in a prorated amount (as defined above) in accordance with their terms as if all of the Performance Targets have been achieved at their target levels as of the date of the change in control.

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

Amendment and Termination

The Board of Directors may amend, suspend, or terminate the 2018 Equity Plan at any time. Shareholder approval of an amendment will be required only to the extent necessary to satisfy applicable legal, regulatory agency and stock exchange rules.

Clawback Rights

Any awards or payments made under the 2018 Equity Plan are subject to the Company's Executive Compensation Adjustment and Recapture Policy.

Compliance with Section 409A of the Internal Revenue Code

To the extent applicable, it is intended that the 2018 Equity Plan and any grants made thereunder comply with or be exempt from the provisions of Code Section 409A so that the income inclusion provisions of Code Section 409A (a)(1) do not apply to the participants. The 2018 Equity Plan and any grants made under the 2018 Equity Plan will be administered in a manner consistent with this intent.

Federal Income Tax Consequences

Tax Consequences for the Participants

The federal income tax consequences to a participant vary depending upon the type of award granted under the 2018 Equity Plan. Generally, there are no federal income tax consequences to an employee upon the grant or exercise of an incentive stock option. If the employee holds the shares purchased through the exercise of an incentive stock option for more than two years after the grant day and one year after the exercise date ("required holding period"), the employee will be eligible for capital gains treatment on any excess of the sales price over the option price upon selling the shares. However, if the employee sells the shares during the required holding period, he or she must recognize ordinary income on the date of sale equal to the difference between the option price and the fair market value of the shares on the exercise date. The balance of the employee's gain, if any, on the sale of the shares is subject to capital gains treatment.

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

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

A participant generally does not recognize income from the grant of restricted stock units until the restrictions on the restricted stock units lapse. At that time, the participant must recognize as ordinary income an amount equal to the fair market value of the shares underlying the restricted stock units.

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Approval and Adoption of Equity Compensation Plan (Proposal 2)

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

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

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

Registration with the SEC

The Company intends to file a Registration Statement on Form S-8 relating to the issuance of common shares under the 2018 Equity Plan with the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended, as soon as practicable after approval of the 2018 Equity Plan by the Company's shareholders.

New Non-Discretionary Plan Benefits

It is not possible to determine specific amounts and types of awards that may be awarded in the future under the 2018 Equity Plan because the grant and actual pay-out of awards under such plans are discretionary. However, the Company's current compensation program for directors described under the Compensation of Directors section contemplates that non-employee directors will be awarded restricted stock grants with a target value of \$120,000 on an annual basis. Any new director who joins the Board receives an award of a pro-rated number of shares of the most recent annual grant based on the months remaining until the next annual grant. The following table sets forth the awards granted in March 2018 under the terms of the Company's current director compensation program to each of the six non-employee directors who is standing for re-election at the 2018 annual meeting:

Name and Position	Dollar Value	Number of Common Shares
Non-Executive Director Group (1)	\$ 120,000	6,708 (2)

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

(2) Reflects \$120,000 divided by \$17.89, which was the 30-day average closing price per share as of February 28, 2018.

The Company's Board of Directors unanimously recommends a vote “FOR” the approval and adoption of the Invacare Corporation 2018 Equity Compensation Plan.

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## Approval and Adoption of Equity Compensation Plan (Proposal 2)

## EQUITY COMPENSATION PLAN INFORMATION

The following table provides information as of December 31, 2017 about our common shares that may be issued upon the exercise of options, warrants and rights granted under all of our existing equity compensation plans, including the Invacare Corporation 2013 Equity Compensation Plan.

Plan Category	Column (a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	Column (b) Weighted-average exercise price of outstanding options, warrants and rights	Column (c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))	
Equity compensation plans approved by security holders	2,631,569	\$19.44	2,131,355	(1)
Equity compensation plans not approved by security holders	584	(2) —	—	
Total	2,632,153	\$19.44	2,131,355	

Represents shares available under the Invacare Corporation 2013 Equity Compensation Plan. This amount reflects (i) an aggregate of 2,045,888 shares underlying restricted share and restricted share unit awards outstanding at December 31, 2017 and (ii) an aggregate of 1,999,706 shares underlying performance share and performance share unit awards outstanding at December 31, 2017, which amount, for purposes of this table, assumes achievement of maximum targets for performance share awards, even though the actual payout under such awards may be less than maximum. Performance share and share unit and restricted share and share unit awards granted under the 2013 Equity Plan reduce the number of securities remaining at a rate of 2 shares for each full value share awarded. In addition, an aggregate of 1,073,226 shares underlie awards outstanding under the 2003 Performance Plan at December 31, 2017; such shares may become available under the 2013 Equity Plan to the extent such awards are forfeited or expire unexercised.

(2) Represents phantom share units in the DC Plus Plan or a predecessor plan, which were allocated to participants' accounts at their discretion as their investment choice.

## Votes Required (Proposal 2)

The approval and adoption of the Invacare Corporation 2018 Equity Compensation Plan requires the affirmative vote of the holders of a majority of the votes cast on the proposal. Abstentions and broker non-votes will not be voted for or against the proposal and will not be counted in the number of votes cast on the proposal. Accordingly, abstentions and broker non-votes will have no effect on the outcome of the vote.

Invacare's Board of Directors recommends that shareholders vote "FOR" the approval and adoption of the Invacare Corporation 2018 Equity Compensation Plan.

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Auditor Ratification (Proposal 3)

RATIFICATION OF APPOINTMENT OF  
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM  
(Proposal No. 3)

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, 2018. The Audit Committee and the Board of Directors are requesting shareholders to ratify this appointment. During the year ended December 31, 2017, 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.

Votes Required (Proposal 3)

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.

Invacare's Board of Directors recommends that shareholders vote "FOR" the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the year ended December 31, 2018.

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Report of the Audit Committee

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 Company's enterprise risk management process;
- 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 related to the Company's financial statements and accounting policies.

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](http://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 and assessing the effectiveness of internal control over financial reporting. Ernst & Young LLP, the Company's independent registered public accounting firm for 2017, 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 2017, and issued an opinion with respect to the Company's internal control over financial reporting as of 2017.

The Company's Vice President of Internal Audit, together with a nationally-recognized third-party auditing firm, as well as other outside expert consulting firms, conduct the Company's internal audit processes. During 2017, the Audit Committee met with 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 the Company's Vice President of Internal Audit relative to the Company's financial reporting. The Audit Committee reviewed with Ernst & Young LLP, which is responsible for expressing an opinion on the conformity of the audited consolidated financial statements and related schedules with US generally accepted accounting principles, its judgments as to the quality, not just the acceptability, of the Company's accounting principles and such other matters as are required to be discussed with the Committee by the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), including PCAOB Auditing Standard No. 1301, Communications With Audit Committees, the rules of the Securities and Exchange Commission, and other applicable regulations. In addition, the Committee has discussed with Ernst & Young LLP the firm's independence from Company management and the Company, including the matters in the letter from the firm required by PCAOB Rule 3526, Communication with Audit Committees Concerning Independence, and considered the compatibility of non-audit services with Ernst & Young LLP's independence.



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Report of the Audit Committee

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 2017 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 2018 fiscal year, and the Company is seeking ratification of such appointment at the 2018 Annual Meeting of Shareholders.

AUDIT COMMITTEE

Michael J. Merriman, Chair

Barbara W. Bodem

Marc M. Gibeley

Clifford D. Nastas

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## Independent Registered Public Accounting Firm

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM  
FEES AND SERVICES

## Independent Registered Public Accounting Firm and Fees

The Audit Committee has 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, 2018. The Audit Committee and the Board of Directors are requesting shareholders to ratify this appointment. Fees for services rendered by Ernst & Young LLP in 2017 and 2016 were:

	2017	2016
Audit Fees	\$2,933,750	\$2,803,900
Audit-Related Fees	197,500	281,200
Tax Fees		
Tax Compliance Services	655,700	770,200
Tax Advisory Services	529,000	750,100
	1,184,700	1,520,300
All Other Fees	—	—
Total	\$4,315,950	\$4,605,400

**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. The increase in fees is attributable to additional audit work related to the Company's convertible debt issuance.

**Tax Fees.** Fees for tax services include fees associated with tax compliance, advice and planning services. The increase in fees is attributable to additional tax audits and tax work related to the Company's convertible debt issuance.

**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 the Company's 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 Chair of the Audit Committee authority to approve certain permitted services, provided that the Chair reports any such decisions to the Audit Committee at its next scheduled meeting. During 2017, no services were provided to the Company by Ernst & Young LLP other than in accordance with the pre-approval policies and procedures described above.

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Advisory Vote on Executive Compensation (Proposal 4)

ADVISORY VOTE ON EXECUTIVE COMPENSATION

(Proposal No. 4)

Pursuant to Section 14A of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Company is providing its shareholders with the opportunity to cast an advisory vote at the Annual Meeting to approve the compensation of the named executive officers, as disclosed in this proxy statement pursuant to the Securities and Exchange Commission's compensation disclosure rules. The shareholder vote on executive compensation is an advisory vote only, and it is not binding on the Company or the Board of Directors.

At its 2017 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 2017 Annual Meeting, and the Company's shareholders approved the proposal. As the Board of Directors views it as a good corporate governance practice, and because the Company's shareholders previously indicated they were in favor of an annual advisory vote, the Company is again requesting its shareholders to approve the compensation of its named executive officers as disclosed in this proxy statement in accordance with the SEC's rules.

This proposal, commonly known as a "say-on-pay" proposal, gives the shareholders the opportunity to express their views on the Company's named executive officers' compensation by an advisory vote at the 2018 Annual Meeting. This vote is not intended to address any specific item of compensation, but rather the overall compensation of the Company's named executive officers and the philosophy, policies and practices described in this proxy statement. Accordingly, the Company will recommend that its shareholders 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 2018 Annual Meeting of Shareholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the compensation discussion and analysis, the compensation tables and any related material disclosed in this proxy statement."

The say-on-pay vote is advisory, and therefore not binding on the Company, the Compensation and Management Development Committee or the Board of Directors. The Compensation and Management Development Committee values the opinions of the shareholders, and to the extent there is any significant vote against the named executive officer compensation as disclosed in this proxy statement, the Company will consider its shareholders' concerns, and the Compensation and Management Development Committee will evaluate whether any actions are necessary to address those concerns. The next say-on-pay vote will occur at the Company's 2019 Annual Meeting.

Votes Required (Proposal 4)

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.

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

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Executive Compensation

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Executive Summary

This Compensation Discussion and Analysis ("CD&A") describes our compensation philosophy and programs and compensation decisions made under those programs for our named executive officers for fiscal year 2017, who are listed below.

Name	Title
Matthew E. Monaghan	Chairman, President and Chief Executive Officer
Kathleen P. Leneghan	Senior Vice President and Chief Financial Officer
Robert K. Gudbranson	Former Senior Vice President and Chief Financial Officer
Dean J. Childers	Senior Vice President and General Manager, North America
Anthony C. LaPlaca	Senior Vice President, General Counsel and Secretary
Ralf Ledda	Senior Vice President and General Manager, EMEA

Principles of Our Compensation Program

Pay For Performance	A key principle of our compensation philosophy is pay for performance. We reward our executives for meeting or exceeding financial and operating performance objectives and for leadership excellence, with increased at-risk compensation at higher more influential levels.
Alignment with Shareholders' Interests	We reward performance that meets or exceeds the performance goals that the Compensation Committee establishes for the Company with the long-term objective of restoring sustainable and profitable growth.
Attraction of Top Talent	Compensation, in combination with a meaningful mission, modern workplace and professional environment, enables us to attract key talent to build our core businesses, leverage existing technology and expand as a healthcare technology company in meaningful ways.
Retention of Talent	We structure our compensation program to incentivize our important talented employees to remain with the Company and continue making significant long-term contributions.

Compensation Program Highlights

What We Do

**Pay for Performance:** A significant portion of each named executive officer's target annual compensation is tied to corporate performance.

**Annual Say-on-Pay Vote:** We conduct an annual Say-on-Pay advisory vote by our shareholders. At our 2017 Annual Meeting, approximately 96% of the votes cast on the Say-on-Pay proposal were in favor of the 2016 compensation of our named executive officers.

**Clawback Policy:** We have a policy that allows our Board to require reimbursement of any incentive compensation paid to our executive officers if and to the extent that the financial results on which the compensation was based are restated due to the fraud or intentional misconduct of the executive officer.

**Short-Term and Long-Term Incentives:** Our annual and long-term plans provide a balance of cash and equity-based incentives. We use different performance metrics for our annual and long-term plan awards tied to business objectives over the respective periods.

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Executive Compensation

**Independent Compensation Consultant:** The Compensation Committee engages a compensation consultant, who is independent of the Company and management.

**Stock Ownership Guidelines:** To further align to the interests of shareholders, we have significant stock ownership guidelines, which require our Chief Executive Officer to hold five times and our other named executive officers to hold two times their respective annual base salaries in Company shares.

**Limited Perquisites and Related Tax Gross-Ups:** We provide limited perquisites and no related tax gross-ups.

**Double-Trigger Change of Control Arrangements:** Our change of control and equity award agreements generally require a qualifying termination of employment in addition to a change of control before change of control benefits or accelerated equity vesting are triggered.

**Mitigate Inappropriate Risk Taking:** In addition to our clawback policy, stock ownership guidelines and prohibition of hedging, we structure our compensation program in an effort to minimize inappropriate risk taking by our executive officers and other employees, including using multiple performance metrics and multi-year performance periods and capping our annual incentive bonus plan and performance share awards.

**What We Don't Do**

**Gross-ups for Excise Taxes in New Agreements:** Our change of control agreements with our CEO and our other recently-appointed named executive officers do not contain a gross-up for excise taxes that may be imposed as a result of severance or other payments deemed made in connection with a change of control.

**Reprice Stock Options:** Our equity incentive plan generally prohibits the repricing of stock options and stock appreciation rights without prior shareholder approval.

**Hedging and Pledging:** Our insider trading policy prohibits all key personnel and Directors from hedging or pledging their economic interest in the Company common shares they hold.

**Dividend Equivalents:** Our equity awards provide that holders of restricted shares will be entitled to receive cash dividends only on vested shares.

**Business Transformation and Key Indicators of Progress**

Leading up to 2015, market changes driven by regulatory pressures, shifting customer preferences and lower reimbursement challenged the Company's historic business model. The financial results had declined to the point that the Company had negative operating income and negative cash flow. The FDA had imposed a significantly impactful consent decree related to quality practices in a major operation. The confluence of these and other factors put the Company in a state of poor financial performance and in need of significant change. With leadership changes in 2015, including a new Chief Executive Officer, the Company undertook a major shift across the business. The work has been divided into a three-phase transformation plan, which commenced in mid-2015 and which is predicted to continue into 2020. This shift has required changes to commercial practices and production, an improvement in our quality culture, an emphasis on a mix of product more highly valued in the market and many layers of consequential changes. Along the way, the financial results of the business have reflected the interim view of a work in progress. The Company's multi-year transformation plan converts our business from being a generalist durable home medical equipment company to one more focused on solutions for clinically complex and post-acute care with the objective of returning the company to sustainable profitable long-term growth. The strategy focuses on leveraging our strong technical capabilities for solving complex clinical needs, with the expectation of generating better returns for re-investment and growth. At the same time, the plan de-emphasizes less clinically valuable products that provide a return below an internal benchmark. As a result, the ongoing business is being retooled to transact differently, our R&D teams are focused on more sophisticated products, production has been reoriented to emphasize this product mix and significant changes in quality procedures

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Executive Compensation

and our supporting functions are shifting to align to these changes. The magnitude of the transformation has required us to make significant investments to achieve our long-term objectives that have impacted our short-term earnings results, which do not reflect certain other improvements made for long-term shareholder benefit, such as lifting of sales restrictions under the consent decree, our emphasis on quality, gross margin expansion, new product launches and business restructuring. We monitor certain key financial indicators of progress toward the transformation, and the trends that we expect to see as the transformation progresses are reflected in the table below:

Normally in a proxy statement, a company would describe the consistent progress of market value, the higher earnings per share or other metrics to demonstrate the results of management's work and therefore the tie to compensation. The Company is still at an intermediate point in its turnaround, and thus, we will discuss the intermediate results of our transformation efforts, which we believe are contributing to an ever-increasing Company value and future earnings and growth potential. This renovation is materializing ahead of normal positive financial results, and is expected to be that way for potentially some period of time as the three-phase plan is executed.

To promote the strategic goals of the transformation, the Compensation Committee has adapted the performance-based elements of our executive compensation program to be based on financial and non-financial metrics that are indicative of progress toward these goals.

Summary of 2017 Company Performance

During 2017, the Company made substantial progress toward its long-term transformation objectives as it worked through the adverse impact of product portfolio reductions, which it undertook in the second half of 2016. The portfolio reductions were necessary to best deploy the Company's resources on quality and product development projects in 2017. By July 2017, the Company had remediated its processes, documentation and demonstrated compliance to FDA sufficiently to remove consent decree restrictions. As a result of remediation, new products and commercial effectiveness, North America/HME segment had sequential sales growth in third quarter after years of transformative changes and decline. The Company's gross margin continued to improve during the year, reflecting a strong set of differentiated higher margin products and commercial and supply chain effectiveness. The Company launched a number of significant products and service offerings, two very notable items of which were: 1) a new high-end complex power wheelchair with the industry's first wireless programmable capabilities, remote diagnostics and touch screen user interface, and, 2) the industry's first portable oxygen concentrator with connectivity that interact with smart mobile devices to enhance a user's experience and provide more cost-effective support capabilities to equipment providers. The Company also executed a number of restructuring activities which are projected to reduce annual cost by approximately \$23,000,000. These actions included facility closures, functional consolidation and headcount reductions. Our long-term objective is to continue to drive efficiencies in our business and lower cost. The Company improved cash flow over the prior year and continued to add new talent and spread a culture of quality excellence. By all accounts, the Company made substantial

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### Executive Compensation

improvements to its long-term earnings potential in alignment with shareholder interest as linked by long-term incentives.

#### How 2017 Executive Compensation is Tied to Performance

Our corporate performance was a key factor in our 2017 named executive officer compensation program:

#### Link to Company Performance

For 2017, 76.3% of our Chief Executive Officer's target compensation was performance-based and 60.2% of the average of our other named executive officers' target compensation was performance-based.

#### Utilize Long- and Short-term Awards

Each named executive officer's performance-based compensation comprises an annual cash bonus opportunity and a long-term equity incentive award consisting of performance shares and restricted stock. In 2017, compensation for named executives also included a special one-time equity award consisting primarily of performance-based stock options. For the annual cash bonus, the target award is established at the beginning of the fiscal year and the actual award is determined based on performance against pre-established goals. Performance shares and performance-based stock options provide the opportunity for vesting at the end of the three-year performance period if pre-established financial goals are met. Time-based restricted stock enhances our ability to retain executives and provides value based on the Company's stock price performance.

#### Focus on Corporate Performance Metrics

**Cash Bonus:** For 2017, Adjusted Operating Income and Free Cash Flow were the key metrics for our annual cash bonus awards. These metrics are described below under the heading "Corporate Goals and Results for 2017." Actual performance for Adjusted Operating Income and Free Cash Flow exceeded the established thresholds for payment, and were below target because some elements of performance did not reach predetermined targets. The combination of these factors resulted in the annual cash bonus award for named executive officers paying out generally at 91% of target.

**Long-Term Incentive:** Vesting of the awards is based on two mechanisms, a financial performance threshold at or above which the program is funded at a maximum level and a second basket of performance metrics that the Compensation Committee will select and use to determine the value at or below the funded maximum which will vest. Average Gross Profit was established as the performance metric for our performance-based long-term awards in 2017. The final number of shares awarded pursuant to a performance share award, and the number of stock options vested pursuant to a performance-based stock option, are dependent on meeting the required funding threshold of average Gross Margin over the three-year performance period (2017-2019) applicable to the award. As described below under the headings "Performance Shares Granted in 2017" and "Special Performance Options Granted in 2017," the Compensation Committee set an average Gross Margin target that would fund the performance share awards at 150% of target and the performance-based stock options awards at 100% of target. The Compensation Committee retains discretion to reduce, but not increase, the awards if it deems a reduction to be appropriate based on its evaluation of the Company's progress in its transformation based on relevant business performance metrics. Our 2017 Gross Margin was above the average target level established for the end of the 2017-2019 period but must be sustained in order for awards to be funded.

Due to the unusual financial results of the Company expected during the period of transformation, the heightened sustained effort required to complete the company's transformation, and the need for enhanced focus on meeting the transformation goals, the Compensation Committee elected to award a special one-time performance-based equity grant. These special equity awards were made to a select group of senior executives including the named executive officers. The special

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Executive Compensation

awards consist of a combination of performance stock options and performance shares granted to the Chief Executive Officer, and performance stock options granted to the other named executive officers. Significant effort on the part of the named executive officers will be required in order to achieve the results necessary to successfully implement the transformation and achieve the results that will trigger vesting of the awards. As described above, the special equity awards are subject to the same performance targets as the regular annual equity awards made in 2017.

The performance shares previously awarded in 2015 completed their three-year performance period on December 31, 2017. Performance shares to be earned pursuant to these awards were based on pre-tax adjusted earnings per share targets for the 2017 fiscal year. As described below under the heading “Results of Performance Shares Granted in 2015,” performance was below the minimum threshold for vesting, and therefore no performance shares were earned under these awards.

The performance shares previously awarded in 2014 completed their three-year performance period on December 31, 2016. Similar to the 2015 awards, no performance shares were earned under the awards made in 2014 for the 2014-2016 performance period.

Say-on-Pay

At the 2017 Annual Meeting, the Company’s shareholders approved the compensation of the Company’s Named Executive Officers, with holders of approximately 96% of the votes cast voting in favor of the proposal commonly known as “say-on-pay.” The Board of Directors has determined that say-on-pay votes will be held annually until the next shareholder vote on the frequency of say-on-pay votes.

The Compensation Committee considered the results of the 2017 say-on-pay vote to be an indication of shareholder support for the structure of the Company’s executive compensation program, its philosophy and objectives, the outcomes associated with the program and the Compensation Committee’s overall governance of the executive compensation practices. Accordingly, the Compensation Committee believes that its executive compensation decisions in 2017 are consistent with the principles that the Company’s shareholders supported in their 2017 say-on-pay vote.

Setting Executive Compensation

Compensation Committee Administration

The Compensation Committee is comprised of independent Directors and is responsible for approving and administering the Company’s executive compensation plans.

Setting Goals

Each year, the Compensation Committee reviews the compensation program and pay practices. This review, includes determining whether the Company’s compensation levels are competitive with its peer group and whether any changes should be made to remain competitive and effective.

At the beginning of each year, the Compensation Committee determines the principal components of compensation for the named executive officers and sets the performance goals for each performance-based compensation component. The Compensation Committee then meets regularly throughout the year and reviews the Company’s performance to date against the performance goals.

As discussed under “Risk Assessment,” when establishing the annual compensation program for named executive officers, the Compensation Committee takes into consideration the potential risks associated with the program and structures it to provide appropriate incentives without encouraging excessive risk taking.



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### Executive Compensation

#### Making Determinations

The Compensation Committee's decisions to award compensation 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, current compensation arrangements and long-term potential to enhance shareholder value. Among the factors which may be considered are financial and non-financial measures such as revenue, profit, cash flow, product innovations, individual achievements, and improvements that create value such as improvements in quality systems. To set executive target compensation, the Company does not necessarily adhere to rigid formulae or react immediately to short-term changes in business performance.

In making its decisions, the Compensation Committee reviews input from management and from the independent compensation consultant who provides the Compensation Committee with analysis and recommendations regarding base salary adjustments, payout levels under annual incentive plans and equity awards. The Chief Executive Officer does not provide recommendations regarding his own compensation programs, and the compensation decisions concerning the Chief Executive Officer are deliberated by the Committee in the absence of the Chief Executive Officer.

#### Role of Independent Consultant

In 2017, the Compensation Committee continued its engagement of Pay Governance LLC ("Pay Governance") as its independent compensation consultant to advise it on executive and non-employee director compensation matters. The Compensation Committee has the sole discretion to retain and replace, as necessary, compensation consultants to provide it with independent advice.

Pay Governance's primary role is to analyze the competitiveness of, and provide recommendations on, the structure and amounts of each major element of compensation for the Company's executives. During 2017, representatives of Pay Governance participated in five of the Compensation Committee's meetings. In 2017, Pay Governance provided no services to the Company other than to advise the Compensation Committee on executive and non-employee Director compensation matters. In addition, in early 2017, the Compensation Committee conducted an evaluation of the independence of Pay Governance and, based on this review, did not identify any conflict of interest raised by the work performed by Pay Governance. When conducting this evaluation, the Compensation Committee took into consideration the factors set forth in Exchange Act Rule 10C-1 and the NYSE's listing standards.

#### Compensation Philosophy and Objectives

##### Philosophy

The Company's executive compensation is intended to:

- reward its executives for leading improvements that contribute to shareholder value with sustained financial and operating performance and leadership excellence;
- align the executives' interests with those of the Company's shareholders;
- enable the company to attract needed talent in key positions; and
- encourage executives to remain with the Company and continue making significant long-term contributions.

##### Market Compensation - Survey Data and Peer Group

To gauge the competitiveness of the Company's executive compensation levels and to help ensure that the Company is positioned to attract and retain qualified executives in the face of competitive pressures, the Compensation Committee engages Pay Governance annually to identify the compensation paid to executives of other companies which are determined to be comparable to the Company based on various factors. This information is referred to in this CD&A as "market compensation." The market compensation

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## Executive Compensation

is derived from a combination of survey data and comparative information from a peer group of companies, as described below.

## Survey Data

Pay Governance 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 companies in the survey. The Compensation Committee bases its compensation decisions, in part, on survey data. Survey data is comprised of similar companies in terms of revenue, industry, multinational operations and number of employees.

## Peer Group

In addition to survey data, Pay Governance 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 companies, which in 2017 comprised data from 21 companies. All of the peer group companies are in the health care equipment and supply industry or life sciences industry, or have businesses in similar or related industries. The Compensation Committee considers these industries to be its primary market for executive talent, particularly for executives in key operations positions. Peers are selected based on revenue, market capitalization and number of employees. Companies in the peer group generally have annual revenue ranging from \$500 million to \$2.5 billion, market capitalization ranging from \$570 million to \$9.5 billion and a number of employees ranging from 1,200 to 12,200. While the Company's annual revenue and number of employees approximated the medians of the companies in the group, its market capitalization was below the median.

In 2017, the Company's peer group consisted of the following 21 companies:

Analogic Corporation*	DexCom, Inc.*	Masimo Corporation
Bio-Rad Laboratories, Inc.	Haemonetics Corporation	MSA Safety Incorporated
Bruker Corporation*	Halyard Health, Inc.*	NuVasive, Inc.*
Cantel Medical Corp.*	Hill-Rom Holdings, Inc.	PerkinElmer, Inc.*
Chart Industries, Inc.	IDEXX Laboratories, Inc.	ResMed Inc.
CONMED Corporation	Integer Holdings Corporation*	Teleflex Incorporated
The Cooper Companies, Inc.	Integra LifeSciences Hldg Corp.*	West Pharmaceutical Services, Inc.

\* Denotes new addition to peer group for 2017 compensation.

The companies in this group are reviewed from time to time and may be changed to account for differences between the company and specific peers. For 2017 compensation, the Compensation Committee changed the peer group, based upon the recommendation of Pay Governance, by adding the above-noted companies. To better align the peer group with the Company's size and business, DENTSPLY International Inc., STERIS and Varian Medical Systems, Inc. were removed due to increases in size relative to the Company. Sirona Dental Systems, Inc. was removed due to its merger with DENTSPLY.

## Competitive Positioning

The Compensation Committee used 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 Pay Governance and from the Chief Executive Officer and Human Resources, to assist it in determining whether the Company's compensation is competitive and reasonable. The Compensation Committee considers market compensation practices and incorporates flexibility in the Company's compensation programs and in the assessment process so adjustments can be made in an evolving business environment, including market conditions, which may be beyond management's control. Philosophically, the Compensation Committee strives to maintain compensation, both overall and by individual element, within a reasonable range around the market median.

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## Executive Compensation

## Components of Executive Compensation

The major components of the Company's 2017 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
Base Salary	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.
Annual Bonus	Incentivizes and rewards performance over the year based on achieving annual Company performance goals set by the Board.	Variable or performance-based, short-term cash compensation.
Performance Share and Performance-Based Option Awards	Encourages improvement in the long-term performance of the Company, both in financial performance relative to internal long-term strategic goals and in share price appreciation, thereby aligning interests of executives with the interests of shareholders.	Variable or performance-based, long-term equity compensation, which vests at the end of a three-year period based upon the achievement of financial performance goals.
Time-Based Restricted Stock	Strengthens the retention value of the compensation program and further aligns interests of executives with the interests of shareholders.	Fixed, long-term equity compensation, which vests ratably over a three-year period.
Other Employee and Executive Benefits	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 of control.	Employee benefit plans, programs and arrangements generally available to all employees; executive retirement and savings programs; limited perquisites; severance and change of control benefits.

The executives are compensated principally by using a combination of fixed and performance-based compensation and annual and multi-year 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.

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 2017.

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## Executive Compensation

Component	Target Level	Actual Level for 2017
Base Salary	50th percentile of market.	Named executive officers at approximately 50th percentile.
Annual Bonus	50th percentile of market, based on achieving target performance goals.	Target bonuses at 50th percentile. Actual bonuses paid to named executive officers approximately 50th percentile.
Total Cash Compensation (Base Salary + Annual Bonus)	50th percentile of market if target goals achieved.	Target compensation at 50th percentile. Actual cash compensation paid to named executive officers approximately 50th percentile.
Long-Term Equity Incentive Awards (Performance Share Awards + Time-Based Restricted Stock)	50th percentile of market if target goals achieved.	Target awards granted to named executive officers at approximately 50th percentile. No shares earned under prior performance share awards.
Special One-Time Equity Incentive Awards (Primarily Performance-Based Stock Options)	1x the target level of the executive's regular annual long-term equity award amount.	Target awards granted to named executive officers in amounts capped at target level due to equity plan share limitations.

## 2017 Base Salary and Incentive Compensation

The executive compensation program ties a substantial portion of the named executive officers' overall target annual compensation to corporate performance goals. The Compensation Committee uses multiple measures to provide an appropriate mix of annual and long-term incentives that balance short-term and long-term objectives, based on the Company's compensation philosophy and market compensation. The mix is not subject to any pre-determined formula.

CEO Compensation Mix	Other NEO Compensation Mix*
Salary 11.0%	Salary 30.9%
Restricted Shares 12.7%	Restricted Shares 8.9%
Target Annual Bonus 11.1%	Target Annual Bonus 15.1%
Target Performance Shares 34.7%	Target Performance Shares 20.8%
Target Special Equity Awards 30.5%	Target Special Equity Awards 24.3%
= 76.3% at risk	= 60.2% at risk

\* Other NEO Compensation Mix includes compensation and equity grants to Mr. Gudbranson, who served as Chief Financial Officer until November 26, 2017.

## Fiscal Year 2017 Compensation

## Base Salary

Each year, the Compensation Committee sets salaries that reflect the executives' skills, competencies, experience and 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 data, which provides a comparison of the executive's salary relative to the salary of executives in the company's peer group. The Compensation Committee also considers executive performance related to specific responsibilities and other factors such as the individuals' potential for future contributions, specific talents, unique skills, depth of industry knowledge and experience. The financial impact of changes in compensation are also considered.

Based on these considerations, the Compensation Committee determined that it was appropriate to approve a nominal 2.75% increase in the salary of each named executive officer, other than Mr. Ledda, who

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## Executive Compensation

had previously received an increased salary in connection with his promotion in late 2016 and Ms. Leneghan who, prior to being named as Chief Financial Officer, received a nominal increase of 1.25%. The 2017 base salaries of the named executive officers are set forth in the Summary Compensation Table.

## Annual Cash Incentive

Incentive Bonus Plan Target Percentage. During 2017, each named executive officer had an opportunity to earn an annual cash bonus under the Company's shareholder-approved Executive Incentive Bonus Plan. Each named executive officer's potential award was expressed as a percentage of his or her base salary. After the end of the fiscal year, the Compensation Committee determined the amount of each named executive officer's actual annual cash bonus based upon the achievement of a combination of pre-determined corporate goals.

Corporate Goals. The annual bonus plan is intended to provide an incentive to the named executive officers for achieving challenging annual performance goals that are indicative of overall Company performance. A primary objective of the plan is to provide significant reward opportunities for the achievement of targets that require substantial effort to achieve. For 2017, the Compensation Committee established performance targets under the bonus plan based on Free Cash Flow and Adjusted Operating Income. Adjusted Operating Income is a general metric of operating performance, while Free Cash Flow is a metric used by the Company as an important indicator of the overall financial performance of the Company and its ability to repay debt and fund continuing operations. The Compensation Committee established threshold amounts for each of these metrics before annual cash bonuses would be paid to the named executive officers for 2017. Once both of the threshold performance goals were exceeded, each named executive officer became eligible to receive a cash bonus, which amount may not have exceeded a maximum value. The actual amounts awarded were determined by proportional achievement to these goals, if the minimum performance thresholds were met.

In light of the Company's primary focus on executing its significant transformation plan, the Compensation Committee established bonus targets for 2017 based on two factors.

- The Company's achievement of a minimum annual Free Cash Flow goal was a prerequisite to the payout of any bonus; and

- The amount of the bonus paid was determined by the Company's achievement of certain Adjusted Operating Income goals.

The Compensation Committee selected the Adjusted Operating Income and Free Cash Flow performance measures because they were important indicators of progress in the Company's transformation. This Committee believed these factors appropriately balanced incentives to improved operating performance and manage cash flow during the on-going substantial renovation of the business.

For Mr. Childers and Mr. Ledda, the Adjusted Operating Income goal was based partially (75%) on a goal for their respective regional segments and partially (25%) on the consolidated corporate goal. For the Chief Executive Officer and the other named executive officers other than Messrs. Childers and Ledda, annual cash bonuses were dependent entirely on consolidated corporate goals.

## Corporate Goals and Results for 2017

The Compensation Committee approved the corporate performance metrics, structure, targets and payouts for 2017 included in the table below.

The specific performance goals for each of threshold, target and maximum level of achievement, as well as the actual level of performance achieved for 2017 are displayed in the following table (in millions, except percentages). The threshold and target were set with consideration to the Company's 2016 financial performance and progress along the multi-year business transformation plan.

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## Executive Compensation

Metric	Threshold	Below Target	Target	Above Target	Maximum
Free Cash Flow* (Prerequisite)	\$(45.0)	\$(45.0)	\$(45.0)	\$(30.0)	\$(30.0)
Adjusted Operating Income**	\$(32.0)	\$(28.6)	\$(21.0)	\$(13.5)	\$0.0
Payout as a % of Target	0%	90%	100%	110%	140%
Actual Combined Result	91%				

\* To determine payout percentages under the bonus plan for 2017, Free Cash Flow was defined as net cash used by operating activities, less capital expenditures with no add-back for restructuring expenses.

\*\* To determine payout percentages under the bonus plan for 2017, Adjusted Operating Income was defined as operating income (loss) from continuing operations excluding the impact of restructuring charges, intangible asset write-downs, and any non-cash income statement impact of the mark-to-market of the derivatives associated with the convertible notes issued in 2016 and 2017.

## Actual Annual Cash Incentive Awards for 2017

The actual payouts under the annual cash bonus plan were computed based on the Company's actual corporate performance relative to the goals established under the plan for 2017, as outlined above. The 2017 annual cash bonus payments to named executive officers are included in the "Non-Equity Incentive Plan Compensation" column of the Summary Compensation Table included in this proxy statement, and are set forth below:

	2017 Target Award (% of Base Salary)	2017 Actual Payout (% of Target)	2017 Actual Payout Amount
Mr. Monaghan	100%	91%	\$710,508
Ms. Leneghan	40%	91%	\$99,808
Mr. Gudbranson*	75%	0%	\$0
Mr. Childers**	75%	22.75%	\$67,754
Mr. LaPlaca	75%	91%	\$276,388
Mr. Ledda***	50%	105.25%	\$208,650

\* Mr. Gudbranson ceased being employed during 2017 and was not eligible for a bonus payment.

\*\* 75% North America results and 25% consolidated corporate results.

\*\*\* 75% Europe results and 25% consolidated corporate results.

## Long-Term Incentive Compensation (Equity)

The Company's long-term equity compensation program for named executive officers includes performance share awards, referred to as "performance shares", and time-based restricted stock awards, referred to as "restricted stock." In 2017, the program also included a one-time special equity award consisting primarily of performance-based stock options, referred to as "performance options." The program is intended to promote the Company's long-term success and increase shareholder value by further aligning the named executive officers' total compensation with the interests of shareholders.

The Compensation Committee approved a long-term equity compensation program with regular annual awards for 2017 having values weighted 70% in performance shares and 30% in restricted stock for each of the named executive officers. This mix of equity awards was intended to enhance the performance-based incentives to increase shareholder value in the program by emphasizing awards tied to achieving long-term financial objectives that will support future value creation while managing shareholder dilution and compensation expense. The Compensation Committee also approved a special one-time equity award to the named executive officers that was 100% performance-based, to further enhance the incentives for

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## Executive Compensation

executives to meet the significant and challenging goals of the transformation, and enhance the retention value of the overall compensation program.

In making equity awards in 2017, the Compensation Committee reviewed information provided by Pay Governance regarding the median market value of long-term compensation awards, as well as median market value of total direct compensation. Equity award guidelines for the regular annual awards to named executive officers were generally developed around target grant values at 100% of the market median according to each executive's salary and target cash compensation level, organizational level, reporting relationships and job responsibilities, in order to link executive compensation and the achievement of various long-term Company goals. The special equity awards were intended to be double the value of the named executive officers' regular annual long-term equity awards.

The Compensation Committee considered each named executive officer's performance, the Company's overall performance, and the potential dilutive effect of the equity awards when determining the actual grant value of the 2017 awards of performance shares and restricted stock of each named executive officer. The regular equity awards approximated the targeted range for each named executive officer. The special equity awards also approximated the targeted amounts for each named executive officer, but were awarded without the ability to earn additional shares based on over achievement relative to the performance goals, in order to fit within the share limitations of the Company's shareholder-approved equity compensation plan. The Awards granted in 2017 to each of the named executive officers are set forth in the Grants of Plan-Based Awards for Fiscal Year 2017 Table.

The following outlines the Company's long-term incentive plan structure and the key elements of each type of award for the named executive officers:

## Long-Term Incentive Plan ("LTIP") Mix

	Performance Shares + Options	Restricted Stock
	Vest at end of 3-year period based on achievement of Average Gross Margin goal, which measures the progress of the transformation	3-year time-based vesting period; One-third of shares vest each year
Regular LTIP Mix	70% (Shares)	30%
Special LTIP Mix*	100% (Options)	0%

\* The special equity award made to the Chief Executive Officer was weighted 87.8% in performance options and 12.2% in performance shares, in order to fit within the limitations of the Company's shareholder-approved equity compensation plan.

## Performance Shares Granted in 2017

The performance shares granted in 2017 vest based on the levels of achievement of pre-defined performance goals established by the Compensation Committee, for the three-year performance period beginning January 1, 2017 and ending December 31, 2019. The performance shares granted in 2017 may be earned in a range between 0% and 150% of the number of shares specified in the applicable award agreement, depending on the Company's performance for the performance period compared to the initial performance goals. Meeting or exceeding the initial performance goal will fund the performance share awards at 150% of target, however the Compensation Committee retained discretion to reduce the awards based on actual performance over the three-year period and its evaluation of the Company's progress towards its transformation. The Compensation Committee adopted this approach due to the difficulty of setting specific financial performance goals in the early stages of the Company's transformation. Each vested performance share represents the right to receive one common share of the Company.

The threshold goal that determines whether the performance shares are made available for the 2017 performance awards is based on a minimum three-year average annual Gross Margin percentage ("Average Gross Margin Percentage") over the three-year performance period ending December 31, 2019. The Compensation Committee decided to base the initial funding performance goal on Average Gross Margin





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### Executive Compensation

Percentage, as an indicator of the Company's progress in executing its business transformation and long-term strategy. This measure also differentiated the performance metrics for these awards from those used for the annual cash incentive.

Because the 2017 performance shares may vest based on the Average Gross Margin Percentage performance over three years and because the Compensation Committee will have only discretion to reduce awards if it decides it to be appropriate, it is difficult to predict the amount of performance shares that may vest, if any, at the end of the performance period. The Compensation Committee intends to consider the Company's financial and non-financial results against transformation goals and related business objectives in determining to what extent to exercise negative discretion. The Company's Gross Margin performance in 2017 was above the average target level established for the three-year period.

#### Results of Performance Shares Granted in 2015

The three-year performance period for performance shares granted to the Company's named executive officers in 2015 concluded on December 31, 2017. The performance goal for the 2015-2017 cycle was based on a target for pre-tax adjusted earnings per share ("EPS"). For 2017, Pre-Tax Adjusted EPS was below the minimum threshold of \$0.25. Accordingly, no performance shares were earned under the 2015 awards, and the awards were forfeited by the recipients without vesting.

#### Results of Performance Shares Granted in 2016

The three-year performance period for performance shares granted to the Company's named executive officers in 2016 will conclude on December 31, 2018. Similar to the performance shares granted to the named executive officers in 2017, the initial funding performance goal for the 2016-2018 cycle was based on a target for the Average Gross Margin percentage over three years. Meeting or exceeding the initial funding performance goal would fund the performance share awards at 150% of target, and the Compensation Committee retained discretion only to reduce the awards if it deems it to be appropriate, based on actual performance over the three-year period and progress towards the transformation goals. Accordingly, it is difficult to predict the amount of performance shares that may vest, if any, at the end of the performance period. The Company's Gross Margin performance in 2016 and 2017 was above the average target level established for the three-year period.

#### Restricted Stock Granted in 2017

The restricted stock granted in 2017 was issued at no cost to the recipient and vests ratably over three years based on continued service by the recipient. To further enhance its 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 vested at the time of the dividend.

#### Special Performance Options Granted in 2017

In the Compensation Committee approved a special one-time award of performance options to each of the named executive officers. The performance options have an exercise price of \$12.15 per share and, similar to the performance shares awarded in 2017, vest depending on the Company's performance for the three-year performance period ending December 31, 2019 compared to the Average Gross Margin percentage target. Meeting or exceeding the initial funding performance goal would result in vesting of the stock options at 100% of target. The Compensation Committee retained discretion to only reduce the amount vested if it deems appropriate, based on its consideration of the Company's actual progress in achieving the goals of its transformation plan and related business and financial objectives.

The Compensation Committee approved the special one-time awards of performance options to the named executive officers to provide further incentive to meet the goals of the transformation. Significant effort on the part of the named executive officers will be required to achieve the results necessary to



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Executive Compensation

successfully implement the transformation, and the Committee determined the special performance awards were commensurate with that required effort.

Retirement and Other Benefits

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

The Company maintains the Invacare Retirement Savings Plan, a qualified 401(k) defined contribution plan, for its eligible employees, to which the Company has the discretion to make matching and quarterly contributions on behalf of participants, including each of the named executive officers. The amounts of the contributions made by the Company to the Invacare Retirement Savings Plan on behalf of named executive officers are set forth in a footnote to the Summary Compensation Table, and are consistent with the benefits provided to all other employees who participate in the plan, up to the regulatory limits imposed on the plan for highly compensated employees. The Company provides its highly compensated U.S. employees, including the named executive officers, 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. As a result, highly compensated employees are eligible to save for retirement at the same rate (based on percentage of compensation) as other 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's contributions 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 2017 Table.

The Company also provides a Supplemental Executive Retirement Plan, or “SERP,” to named executive officers who were in their respective roles prior to 2011, to supplement other savings plans offered by the Company and to provide replacement compensation for the executive in retirement. The change in the present value of the accumulated benefit obligation to each named executive officer who participates in the SERP 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 2017 Table, and the terms of the SERP are further described following that table.

Effective July 1, 2011, the Compensation Committee, based on the recommendation of management, (1) reduced 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) suspended the contributions by the Company for all participants in the SERP and reduced the interest accrual rate under the SERP from 6% to 0%. The reductions will remain in effect indefinitely, until such time as the Company or, in the case of the SERP, the Compensation Committee determines to restore them. The Compensation Committee closed the SERP to new participants in 2011, so the only named executive officers participating in the SERP were Messrs. Gudbranson and LaPlaca.

Perquisites and Other Personal Benefits

The Company provided named executive officers certain limited perquisites in 2017, which the Compensation Committee believes are reasonable, competitive and useful in attracting and retaining executives. They are not tied to individual or Company performance. The named executive officers do not receive any “gross-up” payments to cover the taxes associated with any perquisites. These include certain



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### Executive Compensation

benefits provided to all eligible U.S.-based employees of the Company, such as medical, dental, life and disability insurance, and certain non-core benefits such as an annual physical exam and health screening. Perquisites are reported in the Summary Compensation Table.

Under Mr. Monaghan's employment agreement, he is entitled to reimbursement of expenses (no greater than the cost of a refundable business class air ticket) related to his use of his personal airplane for Company business travel under certain circumstances. Mr. Monaghan did not use his personal aircraft in 2017 for Company business travel.

The Company maintains a death benefit only plan in which certain of the named executive officers participate, which is described in Other Potential Post-Employment Compensation.

#### Severance and Change of Control Benefits

**Severance Benefits.** The Company has entered into agreements with each of the named executive officers 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 of Control Benefits.** Each named executive officer also has entered into an agreement with the Company that provides for certain benefits generally payable in the event of a termination following a change of control of the Company. The Company believes that these agreements help retain executives and provide for management continuity in the event of an actual or threatened change of 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 following a change of control. The "double-trigger" nature of the agreements provide for the payment and provision of certain benefits to the executives if there is a change of control of the Company and a termination of the executive's employment with the surviving entity within two years (three years in the case of Mr. LaPlaca, which includes a one-year retention benefit upon a change of control) after the change of control. These agreements are further described under Other Potential Post-Employment Compensation.

#### Equity Grant Practices and Other Policies

##### Equity Grant Practices

The Compensation Committee's practice is to make annual grant determinations in March of each year, following the expected release of earnings for the prior fiscal year in late January or early February, without regard to whether the Company otherwise is in possession of material non-public information. Accordingly, the Company made its annual grant determinations for 2017 in March 2018.

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 or other special recognition. The terms of outstanding equity-based awards 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 Chief Executive Officer, the Chief Financial Officer and the Senior Vice President of Human Resources may, subject to the approval and ratification of the Compensation Committee, grant equity-based awards to an employee, other than an executive officer, in connection with an offer of employment or promotion, and they may amend any outstanding equity-based 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, in the case of a stock option, or the final vesting date, in the case of restricted stock.

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Equity Run Rate

In determining the total number of equity-based grants 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 2.6%. For these purposes, “run rate” is defined as the number of equity awards granted in a year compared to the total number of outstanding shares in that same year. As of December 31, 2017, the Company’s outstanding equity awards were 11.8% of total shares outstanding while shares available for future awards under the 2013 Equity Compensation Plan amounted to another 6.5% 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 (three years versus what was previously, four years), the term of stock options when granted (10 years), and the exercise prices of a substantial portion of the outstanding stock options being above the Company’s stock price over the last several years, which has generally resulted in fewer stock options being exercised. As of December 31, 2017, there were 3,865,968 equity awards outstanding under the 2013 Equity Compensation Plan and its predecessor plans of which 801,992 or 20.7% were exercisable at prices higher than the market price of the Company’s common shares on that date.

Stock Ownership Guidelines

The Company maintains stock ownership guidelines for its Directors, named executive officers and other executives to align 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 with that alignment 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:

- Chief Executive Officer - five times base salary
- Chief Financial Officer - two times base salary
- Other Executive Officers - 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 multiplier 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 where the option strike price is at least 20% below the market closing price at the evaluation date.

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 to maintain at least that level of stock ownership contiguously thereafter while employed. Each of the Directors and named executive officers has either met the guidelines or are pursuing the goals to meet the guidelines within the expected time.

Holding Period. The share ownership guidelines provide that Directors and executive officers subject to the guidelines are required to hold their “net shares” until they reach their applicable minimum ownership level, and once they reach the minimum level, they must hold their net shares from equity awards for at least one (1) year after such shares have vested, in the case of restricted stock awards, or have been acquired upon the exercise of stock options. “Net shares” means the difference between the actual shares awarded

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and any shares sold, surrendered or withheld to pay for taxes or to finance the cost of exercising a stock option.

Hedging and Pledging Prohibition

As part of its policy relating to the trading of Invacare securities by Company insiders, the Company prohibits insiders from hedging the economic risk of their ownership, pledging their shares, or trading in any interest or position relating to the future price of the Company securities, such as a put, call or short sale.

Policy Regarding Clawback of Incentive Compensation

If the Board of Directors or any appropriate Board committee has determined that 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 such committee may take actions it deems necessary, in its discretion, to remedy the misconduct and to prevent its recurrence. In determining what remedies to pursue, the Board or appropriate committee would take into account all relevant factors, including whether the restatement was the result of fraud or intentional misconduct. The Executive Incentive Bonus Plan provides that 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 deems 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 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).

Tax Implications - Deductibility of Executive Compensation

Section 162(m) of the Internal Revenue Code has generally provided 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 by the company, subject to an exception to the deductibility limit for "performance-based compensation" that met certain procedural requirements.

To the extent practicable in view of its compensation philosophy, the Company has historically sought to structure its executive compensation to satisfy the requirements for the performance-based compensation exception under Section 162(m), while retaining the flexibility to award discretionary incentive compensation that may not qualify for the exception for performance-based compensation.

As part of the 2017 Tax Cuts & Jobs Act (the "Tax Act"), the ability to rely on the performance-based compensation exception was eliminated. As a result of the Tax Act, the Company will no longer be able to deduct any compensation paid to its named executive officers in excess of \$1 million after November 2, 2017. The Compensation Committee will assess the impact of the Tax Act, and the amendments to Section 162(m) included in that legislation, to determine what adjustments to executive compensation practices, if any, it considers appropriate. The Compensation Committee has the discretion to provide compensation which may not be deductible by reason of Section 162(m).

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

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comply with or qualify for an exemption from Section 409A to avoid possible adverse tax consequences that may result from noncompliance.

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 its review of the assessment and of the material developments in the Company's compensation policies and practices since 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 Compensation 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 2018 Annual Meeting of Shareholders.

COMPENSATION AND MANAGEMENT DEVELOPMENT COMMITTEE

Baiju R. Shah, Chair

Marc M. Gibeley

C. Martin Harris, M.D.

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.



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## Executive Compensation

## Summary Compensation Table

The following table presents the total compensation for the years indicated for the named executive officers of the Company.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)(5)	Option Awards (\$)(5)	Incentive Plan Compensation (\$)	Change in Non-Equity Value and All Other Compensation (\$)(7)	Non-Compensation Earnings (\$)(6)	Total Compensation (\$)
Matthew E. Monaghan Chairman, President and Chief Executive Officer	2017	780,778	—	4,532,327	2,151,724	710,508	—	14,838	(8) 8,190,175
	2016	765,000(1)	—	3,107,953	—	168,300	—	50,368	(8) 4,091,621
	2015	562,500	—	2,390,778	—	562,500	—	114,867	(8) 3,630,645
Kathleen P. Leneghan Interim Senior Vice President and Chief Financial Officer	2017	274,197(2)	18,000 (9)	120,600	—	99,808	—	20,021	(10) 532,626
					—				
Robert K. Gudbranson Former Senior Vice President, Chief Financial Officer and Treasurer	2017	445,668(3)	—	939,602	576,452	—	—	12,823	(11) 1,974,545
	2016	484,500(3)	—	909,772	—	79,943	—	14,668	(11) 1,488,883
	2015	543,750	—	1,206,161	—	454,688	—	13,353	(11) 2,217,952
Dean J. Childers Senior Vice President and General Manager, North America	2017	397,095(4)	—	393,923	241,709	67,754	—	9,582	(12) 1,110,063
	2016	387,600(1)(4)	—	409,292	—	25,582	—	20,454	(12) 772,136
	2015	241,276	100,000(13)	325,596	—	253,340	—	24,965	(12) 1,271,991
Anthony C. LaPlaca Senior Vice President, General Counsel and Secretary	2017	404,964	—	393,923	241,709	276,388	—	15,039	(14) 1,332,023
	2016	396,780	—	409,292	—	65,469	—	14,398	(14) 885,939
	2015	389,000	—	325,596	—	291,750	—	13,018	(14) 1,019,364
Ralf Ledda Senior Vice President and General Manager (EMEA)	2017	397,429	—	393,923	241,709	208,650	—	71,598	(15) 1,313,309

The increases in salary amounts for Mr. Monaghan and Mr. Childers from 2015 to 2016 are primarily a result of (1) their full year of employment with the Company in 2016, as they joined the Company in April and May of 2015, respectively.

(2) Ms. Leneghan was appointed Senior Vice President and Chief Financial Officer on February 22, 2018, after having served as Interim Chief Financial Officer since November 2017. As a result of her appointment as Senior Vice President and Chief Financial Officer, Ms. Leneghan's annual salary was increased to \$395,000 per year and her target bonus percentage was increased to 65% of her annual salary. In addition, she was awarded an initial equity grant on February 22, 2018 of 7,500 shares of restricted stock under the Company's 2013 Equity Compensation Plan.

(3) The decline in salary for Mr. Gudbranson from 2016 to 2017 is a result of his resignation, effective November 2017, while the decline from 2015 to 2016 was the result of serving as interim CEO from August 1, 2014 until March 31, 2015.

(4) Mr. Childers deferred \$2,558 during 2017 and \$11,268 during 2016 into the DC Plus Plan.

(5) 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 and performance share awards awarded to each officer during the fiscal year. The value of performance share awards was estimated, as of the grant date, assuming that achievement of the performance targets would be 150% of target; however, the Compensation Committee retained discretion to reduce payouts under the awards if it deems appropriate, based on the actual performance over the three-year period and progress towards the transformation. With respect to the amounts disclosed for Mr. Monaghan and Mr. Childers for 2015, \$993,206 of Mr. Monaghan's amount and \$221,210 of Mr. Childers' amount was attributable to an inducement grant to attract them to join the Company. For a

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## Executive Compensation

description of the assumptions made in computing the values reported in this column, see Equity Compensation 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, 2017.

There were no changes in the present value of the accumulated benefit obligations to those named executive (6) officers who participate in the SERP in 2017, 2016 or 2015. No above market or preferential earnings on nonqualified deferred compensation were earned by any named executive officer in 2017, 2016 or 2015.

Compensation reported in this column includes (i) the value of Company contributions made in each fiscal year on behalf of the officer to the Invacare Retirement Savings Plan or Swiss Retirement Plan (in the case of Mr. Ledda) and the DC Plus Plan; (ii) in the case of Mr. Ledda and Ms. Leneghan, amounts paid for car allowances, (iii) in the (7) case of Messrs. Monaghan, Childers and Ledda, amounts for relocation and (iv) the incremental cost to the Company of perquisites provided by the Company, which include: an annual physical exam and health screening. Perquisites are valued on the basis of the aggregate incremental cost to the Company of providing the perquisite to the applicable officer.

Other compensation for Mr. Monaghan includes (i) in 2017, \$8,100 contributed by the Company to the Invacare Retirement Savings Plan and \$6,738 contributed by the Company to the DC Plus Plan; (ii) in 2016, \$33,705 paid (8) by the Company for relocation, \$7,950 contributed by the Company to the Invacare Retirement Savings Plan and \$8,713 contributed by the Company to the DC Plus Plan and (iii) in 2015, \$80,557 paid by the Company for relocation.

Ms. Leneghan earned a bonus of \$9,000 per month while serving as Interim CFO for November and December of (9) 2017.

Other compensation for Ms. Leneghan includes (i) \$12,000 paid for car allowances, \$7,388 contributed by the (10) Company to the Invacare Retirement Savings Plan and \$633 contributed by the Company to the DC Plus Plan. Other compensation for Mr. Gudbranson includes (i) in 2017, \$8,100 contributed by the Company to the Invacare Retirement Savings Plan and \$3,011 contributed by the Company to the DC Plus Plan; (ii) in 2016, \$7,950 (11) contributed by the Company to the Invacare Retirement Savings Plan and \$6,718 contributed by the Company to the DC Plus Plan; and (iii) in 2015, \$7,950 contributed by the Company to the Invacare Retirement Savings Plan and \$3,475 contributed by the Company to the DC Plus Plan.

Other compensation for Mr. Childers includes (i) in 2017, \$8,100 contributed by the Company to the Invacare Retirement Savings Plan and \$1,482 contributed by the Company to the DC Plus Plan (ii) in 2016, \$9,568 paid by (12) the Company for relocation, \$7,950 contributed by the Company to the Invacare Retirement Savings Plan and \$2,936 contributed by the Company to the DC Plus Plan and (iii) in 2015, \$24,015 paid by the Company for relocation and \$950 contributed by the Company to the Invacare Retirement Savings Plan.

Amount received by Mr. Childers as an inducement bonus used to offset a required reimbursement to his prior (13) employer.

Other compensation for Mr. LaPlaca includes (i) in 2017, \$7,724 contributed by the Company to the Invacare Retirement Savings Plan and \$1,977 contributed by the Company to the DC Plus Plan; (ii) in 2016, \$7,950 (14) contributed by the Company to the Invacare Retirement Savings Plan and \$4,216 contributed by the Company to the DC Plus Plan; (iii) in 2015, \$7,950 contributed by the Company to the Invacare Retirement Savings Plan and \$3,152 contributed by the Company to the DC Plus Plan.

Other compensation for Mr. Ledda includes \$33,324 for relocation, \$31,374 contributed by the Company to the (15) Swiss Retirement Plan and \$6,900 as a car allowance.

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## Grants of Plan-Based Awards For Fiscal Year 2017

The following table shows, for the named executive officers, plan-based awards to those officers during 2017, including restricted stock and performance share awards, as well as other incentive plan awards under the Executive Incentive Bonus Plan.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under 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 (\$)	Threshold hold (#)	Target (#)	Maximum (#) (3)				
Matthew E. Monaghan	3/16/2017(1)							73,770			12.06
	3/16/2017(2)				2,020	202,033	303,050				12.02
	3/16/2017(4)				4,000	400,000	400,000				5.38
	3/16/2017(5)	7,860	786,038	1,100,453							
Kathleen P. Leneghan	3/16/2017(1)							10,000			12.06
	3/16/2017(5)	1,097	109,679	153,550							
Robert K. Gudbranson	3/16/2017(1)							17,376			12.06
	3/16/2017(2)				405	40,491	60,736				12.02
	3/16/2017(4)				1,072	107,161	107,161				5.38
	3/16/2017(5)	3,734	373,368	522,715							
Dean J. Childers	3/16/2017(1)							7,296			12.06
	3/16/2017(2)				170	16,968	25,452				12.02
	3/16/2017(4)				449	44,933	44,933				5.38
	3/16/2017(5)	2,987	298,694	418,172							
Anthony C. LaPlaca	3/16/2017(1)							7,296			12.06
	3/16/2017(2)				170	16,968	25,452				12.02
	3/16/2017(4)				449	44,933	44,933				5.38
	3/16/2017(5)	3,058	305,769	428,077							
Ralf Ledda	3/16/2017(1)							7,296			12.06
	3/16/2017(2)				170	16,968	25,452				12.02
	3/16/2017(4)				449	44,933	44,933				5.38
	3/16/2017(5)	2,013	201,250	281,750							

Time-Based Restricted Shares granted pursuant to the Invacare Corporation 2013 Equity Compensation Plan (the (1) "2013 Equity Plan"). These shares are scheduled to vest in one-third installments on each of May 15, 2018, May 15, 2019 and May 15, 2020, respectively.

(2) Performance Share Awards granted under the 2013 Equity Plan. These performance shares are scheduled to vest on December 31, 2019 based on and subject to achieving performance targets. See the Long-Term Incentive

Compensation discussion in Compensation Discussion and Analysis above for a description of the terms of these awards.

- (3) Meeting or exceeding the initial performance goal will fund the performance share awards at 150% and the performance options at 100% of target which is reflected as the maximum number of shares which could be earned; however, the Compensation Committee retained discretion to reduce payouts under the awards if it deems it to be appropriate, based on actual performance over the three-year period and progress towards the transformation.
- (4) Performance Option Awards granted under the 2013 Equity Plan. These performance options are scheduled to vest on December 31, 2019 based on and subject to achieving performance targets. See

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the Long-Term Incentive Compensation discussion in Compensation Discussion and Analysis above for a description of the terms of these awards.

On March 2, 2017, the Compensation Committee established performance goals under the Executive Incentive Bonus Plan for the purpose of providing financial incentives for 2017 to certain key employees, including the (5) named executive officers. As Mr. Gudbranson ceased being employed during 2017, he was not eligible for this payment. See the Annual Cash Incentive discussion in Compensation Discussion and Analysis above for a description of the terms of these awards.

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Restricted Stock and Performance Share and Performance Option Awards

Each restricted stock and performance share and performance option award set forth in the above table was awarded under the 2013 Equity Plan. Under the 2013 Equity Plan and the performance share, restricted stock and Performance option award agreements entered into in connection with the awards, the Compensation Committee may make certain adjustments to the awards and the awards may be terminated or amended, as further described below.

**Vesting.** Shares of restricted stock granted in 2017 generally are scheduled to vest in one-third increments over a three-year period on each of May 15, 2018, 2019 and 2020. Shares of restricted stock granted in 2016 generally are scheduled to vest in one-third increments over a three-year period on each of May 15, 2017, 2018 and 2019. Shares of restricted stock granted in 2015 generally are scheduled to vest in one-third increments over a three-year period on each of May 15, 2016, 2017 and 2018. Certain awards granted in 2015 are scheduled to vest in full on May 15, 2018 after a three-year "cliff" vesting. If the recipient's employment terminates for any reason other than the recipient's death, then he or she will forfeit the unvested restricted shares. If the recipient dies during the vesting period, then his or her estate (or designated beneficiary) will become vested in a prorated amount of restricted shares.

Performance shares and performance options generally vest after a three-year performance period, based on the level of achievement of predetermined performance goals. The performance shares granted in 2017 and 2016 may be earned in a range between 0% and 150%, and the performance options granted in 2017 may be earned in a range of between 0% and 100%, of the number of shares specified in the applicable award agreement, depending on the Company's performance for the performance period compared to the initial performance goal. Meeting or exceeding the initial performance goal will fund the performance share awards at 150% of target and the performance options at 100% of target, however the Compensation Committee retained discretion to reduce the awards if it deems it to be appropriate, based on actual performance over the three-year period and progress towards the transformation. The Compensation Committee determined to take this approach due to the difficulty of setting specific financial performance goals in the early stages of the Company's business transformation. Performance goals for performance shares granted in 2017 and 2016 and performance options granted in 2017 are based on gross margin percentage. Recipients may be entitled to a prorated number of shares, based on actual performance, if their employment terminates during the performance period due to death, disability or retirement.

**Dividends and Dividend Equivalents.** Recipients are not entitled to receive any dividends that are paid with respect to the Company's common shares prior to the vesting of their restricted stock or performance shares. Following the vesting of the restricted stock or performance shares, the recipient will become entitled to any dividends that are paid with respect to the vested portion of the shares underlying their restricted stock or performance shares after the applicable vesting date.

**Adjustments.** In the event of a recapitalization, stock dividend, stock split, reverse stock split, distribution to shareholders (other than cash dividends), or a similar transaction, the Compensation Committee will adjust, in any manner that it deems equitable, the number and class of shares that may be issued under the 2013 Equity Plan and the number and class of shares 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) 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 the Company, or uses for any purpose other than the Company's business, any confidential information relating to the Company.

**Amendment of Awards.** The Compensation Committee may, subject to certain restrictions, amend the terms of any award under the 2013 Equity Plan, including to waive, in whole or in part, any restrictions or conditions applicable to, or to accelerate the vesting of, any award. 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 corporate transactions described above.





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### Executive Compensation

In the event of a change of control of the Company (as defined under the 2013 Equity Plan), the restricted shares, performance shares and performance options will continue under their original vesting or performance schedule if the awards are assumed or replaced by the new entity. If, however, the awards are not assumed by the new entity, then, upon the change of control, the restricted stock will fully vest and the performance shares and performance options will vest as if a target level of performance was achieved. If the recipient's employment is terminated without cause or by the recipient for good reason (as both terms are defined in the 2013 Equity Plan) following a change of control, then he or she will fully vest in the restricted shares and vest in the target number of performance shares and performance options.

**Clawback.** If the Board of Directors or any appropriate Board committee has determined that 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 such committee may take actions it deems necessary, in its discretion, to remedy the misconduct and to prevent its recurrence. In determining what remedies to pursue, the Board or appropriate committee would take into account all relevant factors, including whether the restatement was the result of fraud or intentional misconduct. The Executive Incentive Bonus Plan provides that 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 deems appropriate in view of all the facts surrounding the particular case.

### 2013 Equity Compensation Plan

The Invacare Corporation 2013 Equity Compensation Plan, which was amended in May 2015, is referred to in this proxy statement as the "2013 Equity Plan". The 2013 Equity Plan is the Company's shareholder-approved equity compensation plan, and is the successor to the Company's 2003 Performance Plan, which expired in 2013. Under the 2013 Equity Plan, Directors and employees of the Company and its affiliates may be granted the following types of awards with respect to the Company's common shares: incentive stock options, nonqualified stock options, stock appreciation rights, restricted stock, restricted stock units, unrestricted stock, and performance shares. The maximum number of Company common shares, without par value, available for issuance under the 2013 Equity Plan will not exceed the sum of the following: 3,800,000 shares, plus any shares covered by an award under the 2013 Equity Plan or the Company's expired 2003 Performance Plan that are forfeited or remain unpurchased or undistributed upon termination or expiration of the award. As of December 31, 2017, there were 2,131,355 shares available for issuance under the 2013 Equity Plan and 1,073,226 shares covered by outstanding awards under the 2003 Plan.

### Executive Incentive Bonus Plan

The Executive Incentive Bonus Plan 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 and again on May 14, 2015. See the Compensation Discussion and Analysis for a discussion of awards under the Executive Incentive Bonus Plan during 2017.

**Purpose.** The Executive Incentive Bonus Plan is intended to provide an incentive to the Company's executive officers to improve the Company's inherent value, 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.



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## Executive Compensation

**Eligibility and Participation.** All officers of the Company are eligible to be selected to participate in the Executive Incentive Bonus Plan. The Compensation Committee has the discretion to select those officers who will participate in the plan in any given year. A participant must be employed by the Company on the payment date in order to receive a bonus payment under the Executive Incentive Bonus Plan, unless the officer's employment is terminated prior to the payment date as a result of death, disability, or retirement, in which case the officer may receive a prorated payment. In 2017, there were five participants in the Executive Incentive Bonus Plan, including the named executive officers.

**Awards under the Executive Incentive Bonus Plan.** Awards under the plan are designed to ensure that the compensation of the Company's officers is commensurate with their responsibilities and contribution to the success of the Company based on market levels indicated by compensation data obtained from time to time by the Company or the independent consultant engaged by the Compensation Committee. For each calendar year or other predetermined performance period, the Compensation Committee will establish a target bonus for each eligible officer, which is payable based on the level(s) of achievement of a specified performance goal(s) for the performance period. When making final payout determinations, the Compensation Committee may exercise negative discretion to award less than the maximum potential cash bonus amount.

**Performance Goals.** The performance goal(s) for each performance period will provide for a targeted level or levels of performance using one or more of the following predetermined measurements: return on equity; earnings per share; net income; pre-tax income; operating income; revenue; earnings before interest and taxes; earnings before interest, taxes, depreciation and amortization; cash flow; free cash flow; economic profit; total earnings; earnings growth; return on capital; operating measures (including, but not limited to, operating margin and/or operating costs); return on assets; return on net assets; return on capital; return on invested capital; increase in the fair market value of the shares; or total shareholder return. For 2017, the bonus award was based upon satisfaction of established bonus targets described in the section entitled Compensation Discussion and Analysis.

The performance goal for a performance period is established in writing by the Compensation Committee on or before the latest date permissible to enable the bonus award to qualify as "performance based compensation" under Section 162(m) of the Internal Revenue Code ("Section 162(m)"). During this same time period, the Compensation Committee may adjust or modify the calculation of a performance goal for the performance period in order to prevent the dilution or enlargement of the rights of participants (1) in the event of, or in anticipation of, any unusual or extraordinary corporate item, transaction, event or development; (2) in recognition of, or in anticipation of, any other unusual or nonrecurring events affecting the Company, or the financial statements of the Company, or in response to, or in anticipation of, changes in applicable laws, regulations, accounting principles or business conditions; and (3) in view of the Compensation Committee's assessment of the Company's business strategy, performance of comparable organizations, economic and business conditions, and any other circumstances deemed relevant by the Compensation Committee. However, to the extent any adjustment would cause a bonus award to fail to qualify for the exemption for performance-based compensation under Section 162(m), then the adjustment will apply only to participants who are not Covered Employees. The Compensation Committee may establish various levels of bonus depending upon relative performance toward a performance goal.

The target bonus payable to any officer for a performance period is a specified percentage of the officer's compensation for the performance period, but in no event will the bonus payable to any officer for a performance period exceed \$5,000,000. This maximum bonus amount was set in part to permit the Executive Incentive Bonus Plan to accommodate continued growth of the Company and also to comply with the requirements of Section 162(m). In the event of a change in control of the Company, the amount payable to each eligible participant in the plan at the time of such change in control would be equal to the greater of (1) the target bonus that would have been paid if the performance goal for the calendar year in which the change in control occurs had been achieved, or (2) the bonus that would have been paid to the participant if the performance goal that was actually achieved during the portion of the calendar year which occurs prior to the change in control is annualized for the entire calendar year.



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Executive Compensation

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

Amendment and Termination. The Company reserves the right, exercisable by the Compensation Committee, to amend the Executive Incentive Bonus Plan at any time and in any respect, or to terminate the plan in whole or in part at any time and for any reason.

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## Executive Compensation

## Outstanding Equity Awards at December 31, 2017

The following table shows, for the named executive officers, outstanding equity awards held by such officers at December 31, 2017.

Name	Option Awards				Stock Awards			
	Number of Securities Underlying Unexercised Options (a)	Number of Securities Underlying Exercisable Options (b)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have not Vested (#)	Market Value of Units of Stock That Have not Vested (\$)	Equity Incentive Plan Awards: Number of Shares, Units or Rights That Have not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Rights That Have not Vested (\$)
Matthew E. Monaghan					17,423	(1) 293,578		
					22,053	(2) 371,593		
					35,749	(3) 602,371	188,802	(4) 3,181,314
	400,000		(5) 12.15	03/16/27			303,050	(6) 5,106,393
					73,770	(7) 1,243,025		
Kathleen P. Leneghan	11,300		25.79	08/20/18				
	11,300		20.48	08/19/19				
	7,200		25.24	08/18/20				
	6,600		24.45	09/02/21				
	8,000		13.37	08/14/22				
	8,000		14.49	03/18/23				
					2,967	(1) 49,994		
					6,000	(3) 101,100		
					10,000	(7) 168,500		
Robert K. Gudbranson	27,500		22.38	04/01/18				
	22,300		25.79	08/20/18				
	30,500		20.48	08/19/19				
	22,000		25.24	08/18/20				
	22,000		24.45	09/02/21				
	30,000		13.37	08/14/22				
	30,000		14.49	03/18/23				
					3,667	(1) 61,789		
Dean J. Childers					20,000	(2) 337,000	20,536	(4) 346,032
					3,912	(3) 65,917		

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	44,933	(5)12.15	03/16/27			
				7,296	(7)122,938	25,452 (6)428,866
Anthony C. LaPlaca	20,000	16.55	10/28/18			
	16,500	20.48	08/19/19			