

EPSTEIN JEFFREY E
Form 4
October 10, 2008

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

OMB Number: 3235-0287
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
EPSTEIN JEFFREY E

(Last) (First) (Middle)

C/O DELPHI ASSET MGMT CORPORATION, 6005 PLUMAS STREET, SUITE 100

(Street)

RENO, NV 89519

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
ORACLE CORP [ORCL]

3. Date of Earliest Transaction (Month/Day/Year)
10/08/2008

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

___ Director ___ 10% Owner
 Officer (give title below) ___ Other (specify below)
CFO and Executive VP-Ops

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)		
				(A) or (D)	Code	V	Amount	(D)	Price

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative	2. Conversion	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if	4. Transaction	5. Number of Derivative	6. Date Exercisable and Expiration Date	7. Title and Amount of Underlying Security
------------------------	---------------	--------------------------------------	-------------------------------	----------------	-------------------------	---	--

Edgar Filing: EPSTEIN JEFFREY E - Form 4

Security (Instr. 3)	or Exercise Price of Derivative Security	any (Month/Day/Year)	Code (Instr. 8)	Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	(Month/Day/Year)	(Instr. 3 and 4)	
			Code V	(A) (D)	Date Exercisable	Expiration Date	Title
Non-Qualified Stock Option (right to buy)	\$ 16.88	10/08/2008	A	1,000,000	<u>(1)</u>	10/08/2018	Common Stock

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
EPSTEIN JEFFREY E C/O DELPHI ASSET MGMT CORPORATION 6005 PLUMAS STREET, SUITE 100 RENO, NV 89519			CFO and Executive VP-Ops	

Signatures

By: /s/ Rita Dickson, Attorney in Fact For: Jeffrey Epstein (POA filed 9/16/08) 10/10/2008

__Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
 - ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Option vests 25% annually on anniversary of grant date.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. "ARIAL" SIZE="2">Each of the restricted stock awards and stock option grants set forth in the above table was awarded under the 2003 Plan. Under the 2003 Plan, and the restricted stock and option award agreements entered into in connection with the awards, the Compensation Committee may make certain adjustments to the awards and the awards may be terminated or amended, as further described below.

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

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

Amendment of Awards. The Compensation Committee may, in its discretion, amend the terms of any award under the 2003 Plan, including to waive, in whole or in part, any restrictions or conditions applicable to, or to accelerate the vesting of, any award. This

Edgar Filing: EPSTEIN JEFFREY E - Form 4

authority is subject to certain restrictions. In particular, the Compensation Committee may not amend an award in a manner that impairs the rights of any participant without his or her consent, or to reprice any stock options or stock appreciation rights at a lower exercise price, unless in accordance with an adjustment in the context of certain transactions described above.

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

If the Board of Directors or any appropriate committee has determined that any fraud or intentional misconduct by a participant in the 2003 Plan was a significant contributing factor to the Company having to restate all or a portion of its financial statement(s), the Board or committee may take, in its

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

The above description highlights certain terms and conditions applicable to the restricted stock and option awards set forth in the Grants of Plan-Based Awards Table above. This summary is not a complete description of the 2003 Plan and is qualified in its entirety by reference to the 2003 Plan, and to the form of Stock Option Agreement under the 2003 Plan and the form of Restricted Stock Agreement under the 2003 Plan, which are included as Exhibits 10(y) and 10(x), respectively, to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2007.

Executive Incentive Bonus Plan

The Executive Incentive Bonus Plan was unanimously approved and adopted by the Compensation Committee as of March 2, 2005 and was approved and adopted by the shareholders of the Company on May 25, 2005. See the Compensation Discussion and Analysis for a discussion of awards under the Executive Incentive Bonus Plan during 2008.

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

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

Eligibility and Participation. All officers of the Company are eligible to be selected to participate in the Executive Incentive Bonus Plan. The Compensation Committee has the discretion to select those officers who will participate in the plan in any given year. A participant must be employed by the Company on the payment date in order to receive an award under the Executive Incentive Bonus Plan, unless the officer's employment terminated prior to the payment as a result of death, disability, or retirement. Unless the Compensation Committee determines otherwise, an officer whose employment terminates for any other reason prior to the payment date will not be eligible to receive a bonus award. For 2008, the Compensation Committee determined that the eligible participants under the plan included Messrs. Mixon, Blouch, Gudbranson, Richey and Slangen, as well as the Company's Senior Vice President, General Counsel and Secretary and the Senior Vice President of Human Resources.

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

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

Performance Goals. The performance goal for each performance period will provide for a targeted level or levels of performance using one or more of the following predetermined measurements: stock price, net sales, income from operations, earnings before income tax, earnings per share, cost controls, return on assets, and return on net assets employed. For 2008, the bonus award was based upon satisfaction of an adjusted earnings per share target, as further described above in the footnotes to the Grants of Plan-Based Awards table.

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. The Compensation Committee may during this same time period adjust or modify the calculation of a performance goal for the performance period in order to prevent the dilution or enlargement of the rights of participants (1) in the event of, or in anticipation of, any unusual or extraordinary corporate item, transaction, event or development; (2) in recognition of, or in anticipation of, any other unusual or nonrecurring events affecting the Company, or the financial statements of the Company, or in response to, or in anticipation of, changes in applicable laws, regulations, accounting principles or business conditions; and (3) in view of the Compensation Committee's assessment of the Company's business strategy, performance of comparable organizations, economic and business conditions, and any other circumstances deemed relevant by the Compensation Committee. The Compensation Committee may establish various levels of bonus depending upon relative performance toward a performance goal.

The target bonus payable to any officer for a performance period is a specified percentage of the officer's 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) of the Internal Revenue Code. The Board of Directors believes that this limit will provide the Compensation Committee with sufficient flexibility to reward exceptional contributions toward the Company's success. As described in the Compensation Discussion and Analysis elsewhere in this proxy statement, the Compensation Committee currently seeks to give each executive officer an opportunity to earn an annual cash bonus if the target is achieved that would result in total annual cash compensation to the executive officer that approximates the 75th market percentile of compensation paid by other employers with which the Company may compete for executive talent.

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

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

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

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

Outstanding Equity Awards at December 31, 2008

The following table shows, for the Named Executive Officers, outstanding equity awards held by such officers at December 31, 2008.

Name	Option Awards					Stock Awards			Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	
A. Malachi Mixon III	149,500			\$ 23.6875	3/1/09				
	176,600			\$ 18.6875	8/31/09				
	250,000			\$ 23.4375	3/6/10				
	141,300			\$ 25.1250	8/24/10				
	112,800			\$ 33.50	10/31/11				
	122,400			\$ 36.40	8/21/12				
	137,900			\$ 37.70	8/20/13				
	142,000			\$ 44.30	8/24/14				
	120,800		\$ 41.87	9/8/15	2,712(1)	\$ 42,090			
					7,464(2)	\$ 115,841			
					17,600(3)	\$ 273,152			
	44,050	44,050(4)		\$ 22.66	8/23/16	26,400(5)	\$ 409,728		
	22,025	66,075(6)		\$ 23.71	8/22/17	42,600(7)	\$ 661,152		
		108,500(8)		\$ 25.79	8/20/18				

Edgar Filing: EPSTEIN JEFFREY E - Form 4

Name	Option Awards					Stock Awards		Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unearned Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	
Gerald B. Blouch	63,700			\$ 23.6875	3/1/09			
	75,300			\$ 18.6875	8/31/09			
	100,000			\$ 23.4375	3/6/10			
	63,300			\$ 25.1250	8/24/10			
	50,600			\$ 33.50	10/31/11			
	55,000			\$ 36.40	8/21/12			
	58,700			\$ 37.70	8/20/13			
	56,300			\$ 44.30	8/24/14			
	45,400			\$ 41.87	9/8/15	1,679(1)	\$ 26,058	
						4,620(2)	\$ 71,702	
					7,100(3)	\$ 110,192		
	17,750	17,750(4)	\$ 22.66	8/23/16				
	8,875	26,625(6)	\$ 23.71	8/22/17	10,650(5)	\$ 165,288		
		38,000(8)	\$ 25.79	8/20/18	14,900(7)	\$ 231,248		
Robert K. Gudbranson		27,500(9)	\$ 22.38	4/1/18				
		22,300(8)	\$ 25.79	8/20/18				
						2,500(10)	\$ 38,800	
					8,800(7)	\$ 136,576		
Joseph B. Richey III	25,500			\$ 18.6875	8/31/09			
	21,600			\$ 23.6875	3/1/09			
	21,000			\$ 25.1250	8/24/10			
	15,800			\$ 33.50	10/31/11			
	17,000			\$ 36.40	8/21/12			
	15,400			\$ 37.70	8/20/13			
	25,900			\$ 44.30	8/24/14			
	22,400			\$ 41.87	9/8/15			
	4,500	4,500(4)	\$ 22.66	8/23/16	1,800(3)	\$ 27,936		
	2,250	6,750(6)	\$ 23.71	8/22/17	2,700(5)	\$ 41,904		
	12,100(8)	\$ 25.79	8/20/18	4,800(7)	\$ 74,496			
Louis F.J. Slangen	21,800			\$ 23.6875	3/1/09			
	21,000			\$ 25.1250	8/24/10			
	20,000			\$ 33.50	10/31/11			
	21,800			\$ 36.40	8/21/12			
	21,500			\$ 37.70	8/20/13			
	25,900			\$ 44.30	8/24/14			
	22,400			\$ 41.87	9/8/15			
	4,500	4,500(4)	\$ 22.66	8/23/16	1,800(3)	\$ 27,936		
2,250	6,750(6)	\$ 23.71	8/22/17	2,700(5)	\$ 41,904			
					4,800(7)	\$ 74,496		

Explanation of Responses:

Edgar Filing: EPSTEIN JEFFREY E - Form 4

12,100(8)

\$ 25.79

8/20/18

**Gregory C.
Thompson(11)**

- (1) These restricted shares vest on May 1, 2009.
- (2) Half of these restricted shares vest on May 1, 2009, with the remaining half to vest on May 1, 2010.

60

- (3) Half of these restricted shares vest on November 15, 2009, with the remaining half to vest on November 15, 2010.
- (4) These stock options become exercisable in 25% increments over four years commencing September 30, 2007.
- (5) These restricted shares vest in approximate 1/3 increments over three years starting November 15, 2009.
- (6) These stock options become exercisable in 25% increments over four years commencing September 30, 2008.
- (7) These restricted shares vest in 25% increments over four years commencing November 15, 2009.
- (8) These stock options become exercisable in 25% increments over four years commencing September 30, 2009.
- (9) These stock options become exercisable in 25% increments over four years commencing March 31, 2009.
- (10) These restricted shares vest in 25% increments over four years commencing May 15, 2009.
- (11) Mr. Thompson resigned as Chief Financial Officer of the Company effective March 1, 2008. Mr. Thompson forfeited all restricted shares held by him that were not vested as of the date of resignation. The unvested portion of stock options held by Mr. Thompson terminated as of the date of his resignation, and the vested portion of such stock options terminated three months after the date of Mr. Thompson's resignation.

Option Exercises and Stock Vested During Fiscal Year 2008

The following table shows, for the Named Executive Officers, information regarding each exercise of a stock option and each vesting of restricted stock during 2008.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
A. Malachi Mixon III	120,750	110,486	2,627	\$ 49,177
			2,711	\$ 50,750
			3,732	\$ 69,863
			8,800	\$ 137,720
			8,800	\$ 137,720
Gerald B. Blouch	57,600	52,704	1,627	\$ 30,457
			1,678	\$ 31,412
			2,310	\$ 43,243
			3,550	\$ 50,558
			3,550	\$ 50,558
Robert K. Gudbranson				
Joseph B. Richey III	17,900	33,205	900	\$ 14,085
			900	\$ 14,085
Louis F.J. Slangen	18,600	21,483	900	\$ 14,085
			900	\$ 14,085

Gregory C. Thompson(1)

(1) Mr. Thompson resigned as Chief Financial Officer of the Company effective March 1, 2008.

Pension Benefits for Fiscal Year 2008

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

Name	Plan Name(1)	Number of Years Credited Service (#)	Present Value of Accumulated Benefit \$(2)	Payments During Last Fiscal Year \$(3)
A. Malachi Mixon III	SERP	28	9,660,708(4)	246,481
Gerald B. Blouch	SERP	17	4,619,282	117,855
Robert K. Gudbranson	SERP	5(5)	304,388	7,766
Joseph B. Richey II	SERP	24	1,446,710	36,911
Louis F.J. Slangen	SERP	21	2,049,847	52,299
Gregory C. Thompson	SERP	10(6)	923,024	

- (1) The SERP is the Company's original Supplemental Executive Retirement Plan, as amended and restated into a cash balance plan which is intended to work in tandem with the original plan to operate effectively as one plan, as further described below under Supplemental Executive Retirement Plan (collectively, the SERP).
- (2) This column presents the actuarial present value of each officer's accumulated benefit under the SERP, computed as of the same pension plan measurement date used for financial statement reporting purposes. For purposes of this calculation, (i) Named Executive Officers are assumed to have worked until the normal retirement age as defined in the SERP, which is the attainment of age 65 and (ii) Messrs. Mixon and Richey are assumed to have retired at December 31, 2008, at ages 68 and 72, respectively.
- (3) Payments during the last fiscal year are equal to taxable distributions made from the executive's account balance under the plan to cover his or her FICA tax obligations due on the vested accrued benefit obligations as of December 31, 2008, and the related income tax on such distributions.
- (4) In recognition of Mr. Mixon's successful completion of management succession planning and his past contributions to the Company, in 2000, the Compensation Committee waived the Company contribution offset to his SERP balance.
- (5) In consideration of his joining the Company in 2008, Mr. Gudbranson was credited with five years of service under the SERP.
- (6) In consideration of his joining the Company in 2002, Mr. Thompson was credited with five years of service under the SERP. Mr. Thompson resigned as Chief Financial Officer of the Company effective March 1, 2008.

Supplemental Executive Retirement Plan

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

Edgar Filing: EPSTEIN JEFFREY E - Form 4

Prior to amendment, the SERP provided for an annual benefit equal to 50% of a participant's annual base salary and target bonus on the April 1 immediately preceding or coincident with the date of termination. The benefit was reduced if the participant had less than 15 years of service with the Company. As amended, the SERP provides a benefit stated as a hypothetical account balance. Current participants, who were participants in the SERP prior to amendment, receive annual credits in the amount and for a maximum number of years as specified in their participation agreements. For

such participants, the annual credits, together with annual interest credits, are currently intended by the Compensation Committee to result in a benefit at normal retirement age that is substantially equivalent to the benefit that would have been provided at normal retirement age under the SERP prior to amendment. Future participants will receive annual credits that are a specified percentage (ranging from 8% to 35%, based on age at date of entry) of their annual base salary and target bonus for each year of employment, plus annual interest credits. The annual credits for such participants will not be made for any year in which the participant's account balance at June 30 is equal to or greater than 3.65 times that year's base salary and target bonus.

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

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

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

Nonqualified Deferred Compensation for Fiscal Year 2008

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

Name	Executive Contributions in 2008 \$(1)	Registrant Contributions in 2008 \$(2)	Aggregate Earnings in 2008 \$(3)	Aggregate Withdrawals/ Distributions \$(4)	Aggregate Balance at December 31, 2008 \$(5)
A. Malachi Mixon III	107,445	99,168	(395,688)	(23,619)	605,087
Gerald B. Blouch	20,820	58,630	(136,361)	(46,159)	783,380
Robert K. Gudbranson					
Joseph B. Richey II	9,500	27,071	(27,373)	(597,273)	61,196
Louis F.J. Slangen	15,920	26,611	(334,081)	(19,948)	1,355,079
Gregory C. Thompson(6)	93,613	11,367	(7,999)	(241,081)	

- (1) The amounts reported in this column represent the portion of the officer's salary and/or bonus, as reported in the Salary and Non-Equity Incentive Plan Compensation columns of the Summary Compensation Table, that was deferred into the plan.
- (2) The amounts reported in this column have been included with respect to each officer in the All Other Compensation column of the Summary Compensation Table above, as described in footnote (7) to that Table.
- (3) No portion of the amounts reported in this column that represent accrued interest has been included in the Change in Pension Value and Nonqualified Deferred Compensation Earnings column of the Summary Compensation Table, since none of the amounts reported in this column represent above-market or preferential interest or earnings accrued on the applicable plan. Please see the discussion below under DC Plus Plan for a description of how earnings under the plan are calculated.
- (4) The distributions shown for each of Messrs. Mixon, Blouch, Thompson, Richey and Slagen reflect a transfer to the officer's account under the tax-qualified Invacare Retirement Savings Plan up to the amount allowed by IRS limitations, pursuant to the terms of the DC Plus Plan. The remaining amount of the distributions shown for Messrs. Thompson, Blouch, and Richey reflect their election during 2008 to withdraw a portion of the balance of their accounts pursuant to the terms of the plan.
- (5) Other than registrant contributions (and the earnings thereon) made by the Company on behalf of each Named Executive Officer, the account balances shown in this column are solely attributable to deferrals by the Named Executive Officers of previously earned compensation and the earnings on these amounts.
- (6) Mr. Thompson resigned as Chief Financial Officer of the Company effective March 1, 2008.

DC Plus Plan

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

The DC Plus Plan allows participants to defer all or any portion of their annual cash bonus compensation and up to 50% of their salary into the plan. The Company provides matching contribution credits on amounts deferred of up to an annual maximum of 2% of salary, in accordance with the matching contribution percentage formula provided under the Retirement Savings Plan, and reduced by the matching contributions under that plan. The Company also provides for quarterly contribution credits in accordance with the quarterly contribution formula under the Retirement Savings Plan, of up to 4% of salary in excess of the qualified plan compensation limit. Participants may allocate contributions among an array of funds representing a full range of risk/return profiles, including Company common shares reflected in phantom share units. Employee deferrals and contributions by the Company for the benefit of each employee are credited with earnings, gains or losses based on the performance of investment funds selected by the employee. Earnings under the DC Plus Plan in 2008 were based on the following underlying funds, which had the following annual returns in 2008:

Managed Income Portfolio, 0.21%; PIMCO Total Return Fund, 4.56%; Dodge & Cox Balanced Fund, (46.69%); Fidelity Equity-Income Fund, (10.98%); Spartan U.S. Equity Index Fund, (8.40%); Harbor Small Cap Value Fund, (33.03%); Fidelity Growth Company Fund, (3.92%); Harbor Small Cap Growth Fund, (40.42%); Fidelity Diversified International Fund, (10.23%); and Invacare Common Stock, 22.05%. This array of funds is comparable to the array of funds offered for investment under the Invacare Retirement Savings Plan. Participants do not have any direct interest in or ownership of the funds. Participant s contributions are always 100% vested and employer contributions vest according to a five year graduated scale. Distributions under the DC Plus Plan may be made only upon termination of the participant s employment, death, or hardship, or at a time certain specified by the participant at the time of deferral in accordance with the terms of the plan. In contrast, amounts held under the original 401(k) Plus Plan may still be distributed at any time at the election of the participant, subject to the forfeiture by the participant of 5% of the amount distributed. All distributions under the DC Plus Plan are in the form of cash. Distributions due to termination of employment are made approximately 90 days after termination of employment (or the seventh month after termination of employment in the case of key employees (as that term is defined in the Code)). Distributions are paid in the form of a lump sum, except that a participant may elect to have payment made in installments over a period of up to 15 years if termination occurs after retirement age (age 55 with 10 years of service) and the account is over a minimum amount. Elections to participate in the DC Plus Plan must be made by the employee in accordance with the requirements of the plan and applicable law.

Other Potential Post-Employment Compensation

Severance and Change of Control Benefits

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

Severance Protection Agreement

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

compensation equal to three times the amount of his then applicable annual base salary, to be paid in a lump sum no later than six months and a day following termination or, if earlier, by the 15th day of the third month following the calendar year in which termination occurred (Short-term Date);

75% of his target bonus for the year in which employment ends, to be paid in a lump sum no later than the Short-term Date;

any then-outstanding stock option grant or stock award shall immediately vest in full as of the date of termination of employment; and

the exercise period of any unexercised stock option shall be extended until two years after the date of termination of employment (unless the option expires earlier by its terms). In addition, Mr. Blouch may exercise all options by means of a cashless exercise program, so long as (a) the program is permitted under applicable law, and (b) the Company is not required to recognize additional compensation expense as a result of the exercise.

In accordance with the terms described above, assuming that Mr. Blouch's employment with the Company was terminated by the Company other than for cause or by Mr. Blouch for good reason (but not due to death or disability) as of December 31, 2008, the amounts and/or values of the benefits he would be entitled to receive are as follows: (1) \$2,082,000 in respect of three times his applicable base salary; (2) \$494,475 in respect of 75% of his applicable target bonus; and (3) \$604,488 in respect of the present value of acceleration of vesting of outstanding unvested stock option grants and restricted stock awards and of the extension of the exercise periods of outstanding unexercised stock options, for a total of \$3,180,963. The agreement also provides that, if applicable, Mr. Blouch would be entitled to a lump sum payment as necessary to gross up, on an after-tax basis, Mr. Blouch's compensation for all excise taxes and any penalties and interest imposed by Section 4999 of the Code.

The agreement contains provisions which restrict Mr. Blouch's ability to engage in any business that is competitive with the Company's business, or to solicit Company employees, customers or suppliers for a period of two years following the date of termination of his employment or two years after the last payment due to Mr. Blouch pursuant to the severance provisions described above, whichever is later. The agreement also contains provisions requiring Mr. Blouch to maintain the confidentiality of non-public Company information during and after his employment and to assign to the Company any rights that he may have in any intellectual property developed in the course of his employment. The agreement will automatically terminate upon a change in control (as defined in the agreement).

Other Severance Arrangements

The Company has entered into letter agreements with each of Messrs. Gudbranson, Richey and Slangen which provide that, upon a termination of employment other than by the Company for cause or following a change of control of the Company, each executive will be entitled to continuation of his then-applicable base salary for one year, to receive a pro rata portion of his target bonus for the year in which his employment ends based on the date of termination, and to continuation of health insurance benefits until the earlier of the end of the severance period or such time as he obtains employment that provides such coverage. The Company had entered into a similar letter agreement with Mr. Thompson, which terminated in connection with Mr. Thompson's resignation as the Company's Chief Financial Officer effective March 1, 2008.

In accordance with the terms described above, assuming that the employment of each of Messrs. Gudbranson, Richey and Slangen was terminated by the Company other than for cause as of December 31, 2008, and assuming that these individuals were not entitled to benefits under their change of control agreements, the amounts and/or values of the benefits they each would be entitled to receive are as follows: (1) Mr. Gudbranson would be entitled to \$325,000 in respect of the continuation of his current base salary for one year, \$243,750 in respect of his target bonus for the year and \$12,956 in respect of the continuation of his current health insurance benefits for one year, for a total of \$581,706; (2) Mr. Richey would be entitled to \$435,000 in respect of the continuation of his current base salary for one year, \$326,250 in respect of his target bonus for the year and \$6,252 in respect of the continuation of his current health insurance benefits for one year, for a total of \$767,502; and (3); Mr. Slangen would be entitled to \$398,000 in respect of the continuation of his current base salary for one year, \$298,500 in respect of his target bonus for the year and \$12,956 in respect of the continuation of his current health insurance benefits for one year, for a total of \$709,456.

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

Change of Control Agreements

The Company has entered into change of control agreements with its executive officers, including each of the Named Executive Officers. The change of control agreement between the Company and Mr. Thompson terminated in connection with his resignation as the Company's Chief Financial Officer effective March 1, 2008. The agreements continue through December 31 of each year and are automatically extended in one-year increments unless the Company gives prior notice of termination at least one year in advance. These agreements are intended to ensure the continuity of management and the continued dedication of the executives during any period of uncertainty caused by the possible threat of a takeover. Except for the payments described in the next paragraph, Invacare's change of control agreements are so-called "double trigger" agreements in that they do not provide for benefits unless there is both a change of control of the Company and an executive is terminated without cause (as defined in the agreement) or resigns for good reason (as defined in the agreement) within three years after the change of control.

In the event that there is a change of control of the Company (as defined in the agreement), then on the first anniversary of the change of control, each covered executive (a) who is still employed by the Company, (b) whose employment was involuntarily terminated after the Change in Control for any reason other than cause (as defined in the agreement), death or disability, or (c) who terminated employment for good reason (as defined in the agreement) is entitled to receive a payment equal to the sum of (x) the highest annual base salary paid by the Company to the executive since the effective date of the agreement; and (y) the higher of the executive's target bonus in the year in which the change of control occurs or the target bonus in the preceding year (such sum being hereinafter referred to as "Base Compensation"). Assuming a change of control of the Company as of December 31, 2008, if each of the Named Executive Officers was entitled to the payment equal to his Base Compensation described in this paragraph, he would be entitled to receive the following: (1) Mr. Mixon: \$2,212,000; (2) Mr. Blouch: \$1,353,300; (3) Mr. Gudbranson: \$568,750; (4) Mr. Richey: \$761,250; and (5) Mr. Slangen: \$696,500.

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

a lump sum amount equal to two times the executive's Base Compensation;

a lump sum amount equal to three times the greatest contribution made by the Company to each of the Invacare Retirement Savings Plan and the DC Plus Plan on behalf of the

executive for any year in the three years prior to the change of control, as well as a lump sum payment equal to the unvested portion of the executive's account under the Invacare Retirement Savings Plan;

a lump sum amount equal to the sum of the contributions and interest that were scheduled to be added to the executive's account under the SERP during the three year period immediately following the date of termination of employment if the executive had continued to be employed by the Company for three years after termination of employment, as reflected in the executive's participation agreement under the SERP;

continuing coverage under the Company's health, life and disability insurance programs (including those available only to executives and those generally available to employees of the Company) for three years after termination of employment; and

a lump sum payment as necessary to gross up, on an after-tax basis, the executive's compensation for all excise taxes and any penalties and interest imposed by Sections 4999 and 409A of the Code.

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

accelerated vesting of all outstanding unvested stock options, so that all options become exercisable in full;

accelerated vesting of all outstanding restricted stock; and

immediate vesting of the executive's rights under the 401(k) Plus Plan and the DC Plus Plan.

The change in control agreements also provide for these benefits if the executive is terminated without cause or resigns for good reason within three years after the change in control. Accordingly, the executive would receive the accelerated vesting of these benefits under the change in control agreements upon a qualifying termination of employment if they were not otherwise provided for under the plans at the time of the change of control, as a result of the Board determining not to accelerate vesting or due to an amendment in the terms of the plans. The change in control agreements further provide that all vested options will continue to be exercisable for two years after termination (unless the option earlier expires by its terms). Finally, the change in control agreements generally provide that the agreements will automatically terminate upon a termination of employment prior to a change in control. However, if an executive is involuntarily terminated or terminates employment for good reason (as defined in the agreement) within the six months before, and primarily in anticipation of, a change in control, then effective as of the date of the change in control, the executive will be vested in and entitled to receive the same benefits to which he would have been entitled to if his termination of employment had occurred after the change in control.

The table below reflects the approximate amounts that would be payable to each Named Executive Officer (other than Mr. Thompson, who resigned as the Company's Chief Financial Officer effective March 1, 2008) under the individual change of control agreements assuming that the change of control occurred at December 31, 2008 and that such executive's employment was terminated in a manner triggering payment of the above benefits, including a gross-up for certain taxes in the event that any payments made in connection with a change in control would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code, and assuming that no payments would be subject to excise tax or penalties imposed by Section 409A of the Internal Revenue Code.

Name	Lump Sum Severance Amount(1)	Retirement Plan Enhancement(2)	Continuing Benefit Plan Coverage(3)	Early Vesting of Stock Options(4)	Early Vesting of Restricted Stock(4)	DBO Plan Coverage(5)	Estimated Tax Gross Up(6)	Total
A. Malachi Mixon III	\$ 8,682,131	\$	\$ 71,031	\$	\$ 404,785	\$	\$	\$ 9,157,947
Gerald B. Blouch	\$ 5,779,818	\$	\$ 68,406	\$	\$ 154,403	\$ 1,353,300	\$ 2,303,960	\$ 9,659,887
Robert K. Gudbranson	\$ 2,278,723	\$ 466,541	\$ 27,067	\$	\$ 49,341	\$ 568,750	\$ 1,533,518	\$ 4,923,940
Joseph B. Richey II	\$ 2,505,850	\$ 1,174,576	\$ 24,840	\$	\$ 42,201	\$ 761,250	\$ 1,389,242	\$ 5,898,049
Louis F. J. Slangen	\$ 2,870,164	\$	\$ 80,206	\$	\$ 42,201	\$ 696,500	\$ 1,316,004	\$ 5,005,075

- (1) This amount is comprised of (i) a lump sum amount equal to the executive's retention payment (which is equal to his Base Compensation) plus an additional amount equal to two times the executive's Base Compensation (which is \$6,636,000 for Mr. Mixon, \$4,059,900 for Mr. Blouch, \$1,706,250 for Mr. Gudbranson, \$2,283,750 for Mr. Richey and \$2,089,500 for Mr. Slangen); (ii) a lump sum amount equal to three times the greatest contribution made by the Company on behalf of the executive for any year in the three years prior to the change of control to (A) the Invacare Retirement Savings Plan (which is \$41,400 for Messrs. Mixon, Blouch, Richey and Slangen and \$32,131 for Mr. Gudbranson), (B) the DC Plus Plan (which is \$351,081 for Mr. Mixon, \$202,266 for Mr. Blouch, \$2,094 for Mr. Gudbranson, \$93,897 for Mr. Richey and \$84,342 for Mr. Slangen), and (iii) a lump sum amount equal to the sum of the contributions and credited interest which were scheduled to be added to the executive's account under the SERP during the three year period following the change of control, if the executive had continued in the employ of the Company through the third anniversary of the change of control (which is \$1,653,650 for Mr. Mixon, \$1,476,252 for Mr. Blouch, \$538,248 for Mr. Gudbranson, \$86,803 for Mr. Richey and \$654,922 for Mr. Slangen).
- (2) This amount is comprised of (i) the difference between (a) the present value of the retirement benefit payable to the executive under the SERP assuming that the executive's SERP account includes such additional amounts as would be credited upon a termination of employment following a change of control of the Company and (b) the retirement benefit currently payable to the executive under the SERP without acceleration; (ii) the present value of the difference between (a) the amount of the executive's vested account balance under the Invacare Retirement Savings Plan, assuming 100% vesting of all contributions, and (b) the amount of the executive's currently vested account balance under the Invacare Retirement Savings Plan; (iii) the present value of the difference between (a) the amount of the executive's vested account balance under the 401(k) Plus Plan, assuming 100% vesting of all contributions and (b) the amount of the executive's currently vested account balance under the 401(k) Plus Plan; and (iv) the present value of the difference between (a) the amount of the executive's vested account balance under the DC Plus Plan, assuming 100% vesting of all contributions and (b) the amount of the executive's currently vested account balance under the DC Plus Plan. All Named Executive Officers are each currently 100% vested in the 401(k) Plus Plan and DC Plus Plan. The retirement benefits payable under the SERP to each of Messrs. Mixon, Blouch and Slangen are such that each of them would receive no additional benefits under the SERP as a result of a change of control.
- (3) This amount represents the present value of continuing coverage under the Company's health, life and disability insurance programs (including those available only to executives and those generally available to employees of the Company) for three years following the date of termination.
- (4) These awards would become vested and the amount shown represents the present value of the acceleration of vesting under Section 4999 of the Internal Revenue Code. The early vesting of stock options would provide no present value as all such stock options are exercisable at exercise prices that are above the closing market price of the Company's common shares as of December 31, 2008.
- (5) The amounts in this column are amounts that would be payable to beneficiaries of the Named Executive Officers under the Company's Death Benefit Only Plan if the executive subsequently died following a termination of his employment after a change of control on December 31, 2008. See Retirement and Other Post-Termination Benefits Death Benefit Only Plan below.

- (6) The estimated tax gross-up is calculated assuming that a change of control of the Company and termination of the executive's employment occurred at December 31, 2008 and assuming that none of the payments made pursuant to the change of control agreements were made in consideration of past services.

Retirement and Other Post-Termination Benefits

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

Retirement Plans

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

Death Benefit Only Plan

The Company maintains a Death Benefit Only Plan (DBO Plan) for its senior executives other than the CEO. By participating in the DBO Plan, an executive agrees to limit his coverage under the Company's other group life insurance plans to a maximum of \$50,000. Under the DBO Plan, subject to certain limitations, if a participant dies while employed by the Company, his designated beneficiary shall receive a benefit equal to three times the executive's highest annual base salary plus target bonus as in effect on the April 1st preceding or coincident with his death. If a participant dies after attaining age 65 or after his employment with the Company is otherwise terminated following a change of control of the Company, a payment equal to his highest annual base salary plus target bonus as in effect on the April 1st preceding or coincident with such event will be payable on behalf of the participant. The Company may, in its discretion, pay an additional amount in order to gross up the participant for some or all of the income taxes that may result from the benefits described above. With respect to each Named Executive Officer (other than Mr. Thompson), if the executive had died on December 31, 2008, the following amounts would have been payable on an after-tax basis under the DBO Plan: (1) \$4,059,900 to the beneficiaries of Mr. Blouch; (2) \$791,700 to the beneficiaries of Mr. Richey (who is over age 65); (3) \$2,089,500 to the beneficiaries of Mr. Slangen; and (4) \$1,706,250 to the beneficiaries of Mr. Gudbranson. Upon a change of control of the Company, the Company's obligations under the DBO Plan will be binding on any successor to the Company and the foregoing benefits would be payable to a participant under the DBO Plan in accordance with the terms described above upon the death of the participant following the change of control.

Chairman and CEO Retirement Program

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

and the annual premium cost for medical insurance for Mr. Mixon and his spouse that is substantially similar to that maintained by the Company on his behalf prior to his retirement. In addition, during the five years after his retirement, Mr. Mixon will continue to be eligible to participate, at the Company's cost, in such personal umbrella insurance coverage and medical check-up benefit plans as may be maintained by the Company for its senior executives. The program will terminate on the earlier of the fifth anniversary of Mr. Mixon's retirement from the Company or a change of control of the Company as defined under the Change of Control Agreements described above. The Company estimates that, assuming that Mr. Mixon retired from the Company at December 31, 2008, the total amount payable to Mr. Mixon in connection with the foregoing benefits over the five-year period following retirement would be equal to approximately \$1,319,420.

Compensation of Directors

Non-employee directors were paid a \$35,000 annual retainer in 2008, \$2,000 per Board meeting attended and \$1,500 per committee meeting attended, or \$2,000 per committee meeting for the committee chairperson. If the Board or a committee meets via teleconference, the directors attending the meeting receive one-half of the normal Board or committee meeting attendance fee. In February 2008, the Company established the new position of Lead Director, who received an additional annual retainer of \$10,000 in 2008. The Chairman of the Audit Committee received an additional annual retainer of \$5,000 in 2008. Upon joining the Board of Directors, a newly-elected director receives a one-time grant of a stock options to purchase a number of shares equal to \$150,000 divided by the market price of Invacare common shares on the date of grant, vesting over a four-year term. In addition, all non-employee directors have historically received annual stock option grants vesting over a four-year term. In August, 2008, each non-employee director was granted a stock option to purchase 6,919 shares.

Directors are eligible to defer compensation payable by the Company for their services as a director into discounted (to 75% of market value on the date of grant) stock options granted under the 2003 Plan. Of the amounts reflected in the "Fees Earned or Paid in Cash" column in the table below, Mr. Boland deferred \$29,000, Mr. Delaney deferred \$4,600, General Jones deferred \$47,500 and Mr. Weber deferred \$33,000 of their 2008 compensation and, as a result, each was issued stock options on December 14, 2007 with an exercise price per share discounted 25% from the closing price per share of the Company's common shares as quoted on the New York Stock Exchange on that date.

2008 Director Compensation Table

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards (\$)(1)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation (\$)	Total (\$)
James Boland	70,000(2)		21,578(3)				91,578
Michael Delaney	46,000(4)		21,578(5)				67,578
Dr. C. Martin Harris	46,000(6)		21,578(7)				67,578
Dr. Bernadine Healy	52,250(8)		21,578(9)				73,828
General James L. Jones	44,750(10)		21,578(11)				66,328
John Kasich	44,250(12)		21,578(13)				65,828
Dan T. Moore	52,750(14)		21,578(15)				74,328
William Weber	66,750(16)		21,578(17)			850(18)	89,178

- (1) The values reported in this column represent the dollar amount of expense recognized for financial statement purposes for the fiscal year ended December 31, 2008 in accordance with FAS 123R with respect to all stock options awarded to each director during or prior to 2008. The grant date fair value

per share of the stock options granted to each of the directors in 2008 was between \$6.59 and \$8.97. For a description of the assumptions made in computing the values reported in this column, see Shareholders Equity Transactions in the Notes to Consolidated Financial Statements contained in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008. The values reported in this column do not reflect expense relating to discounted (to 75% of market value on the date of grant) stock options granted to Mr. Boland, Mr. Delaney and Mr. Weber in December 2008 in respect of deferred compensation payable by the Company for their services as a director in 2009.

- (2) The fees to Mr. Boland include a \$35,000 retainer, a \$10,000 additional retainer for his service as Lead Director, \$8,000 for attendance at four Board meetings, \$6,000 for attendance (as committee chairperson) at three meetings of the Compensation, Management Development and Corporate Governance Committee, \$6,000 for attendance at four meetings of the Audit Committee, \$3,000 for attendance at four teleconference meetings of the Audit Committee, \$1,000 for attendance (as committee chairperson) at one teleconference meeting of the Governance Committee, and \$1,000 for attendance (as committee chairperson) at one teleconference meeting of the Compensation Committee. Mr. Boland deferred certain of his 2008 director fees, as further described above.
- (3) As of the end of the fiscal year, Mr. Boland held options to buy 74,755 common shares of the Company under the Invacare Corporation 1994 Performance Plan and the Invacare Corporation 2003 Performance Plan. All options were granted between March 2, 1999 and December 11, 2008, at exercise prices between \$10.695 to \$47.01 per share, will expire between March 2, 2009 and August 20, 2018, and became or will become exercisable between December 31, 1999 and September 30, 2012.
- (4) The fees to Mr. Delaney include a \$35,000 retainer, \$8,000 for attendance at four Board meetings, and \$3,000 for attendance at two meetings of the Investment Committee. Mr. Delaney deferred certain of his 2008 director fees, as further described above.
- (5) As of the end of the fiscal year, Mr. Delaney held options to buy 32,634 common shares of the Company under the Invacare Corporation 1994 Performance Plan and the Invacare Corporation 2003 Performance Plan. All options were granted between March 2, 1999 and December 11, 2008, at exercise prices between \$10.695 to \$47.01 per share, will expire between March 2, 2009 and August 20, 2018, and became or will become exercisable between March 31, 2000 and January 1, 2013.
- (6) The fees to Dr. Harris include a \$35,000 retainer, \$8,000 for attendance at four Board meetings, and \$3,000 for attendance at two meetings of the Investment Committee.
- (7) As of the end of the fiscal year, Dr. Harris held options to buy 35,998 common shares of the Company under the Invacare Corporation 1994 Performance Plan and the Invacare Corporation 2003 Performance Plan. All options were granted between February 5, 2003 and August 20, 2008 at exercise prices between \$22.68 to \$47.01 per share, will expire between February 15, 2009 and August 20, 2018, and became or will become exercisable between December 31, 2003 and September 30, 2012.
- (8) The fees to Dr. Healy include a \$35,000 retainer, \$8,000 for attendance at four Board meetings, \$4,000 for attendance at two meetings of the Investment Committee (as committee chairperson), \$4,500 for attendance at three meetings of the Compensation, Management Development and Corporate Governance Committee and \$750 for attendance at one teleconference meeting of the Compensation Committee.
- (9) As of the end of the fiscal year, Dr. Healy held options to buy 52,006 common shares of the Company under the Invacare Corporation 1994 Performance Plan and the Invacare Corporation 2003 Performance Plan. All options were granted between March 2, 1999 and August 20, 2008, at exercise prices between \$16.03 to \$47.01 per share, will expire between March 2, 2009 and August 20, 2018, and became or will become exercisable between December 31, 1999 and September 30, 2012.

-
- (10) The fees to General Jones include a \$35,000 retainer, \$6,000 for attendance at three Board meetings, \$3,000 for attendance at two meetings of the Investment Committee, and \$750 for attendance at one teleconference meeting of the Governance Committee. General Jones deferred certain of his 2008 director fees, as further described above.
- (11) As of the end of the fiscal year, General Jones held options to buy 28,319 common shares of the Company under the Invacare Corporation 2003 Performance Plan. All options were granted between July 9, 2007 and August 20, 2008, at exercise prices between \$18.23 to \$25.79 per share. As a result of his resignation as a director effective January 19, 2009, all of General Jones' unexercised stock options terminated in accordance with their terms.
- (12) The fees to Mr. Kasich include a \$35,000 retainer, \$6,000 for attendance at three Board meetings, \$1,000 for attendance (as committee chairperson) at one teleconference meeting of the Nominating Committee, \$1,500 for attendance at one meeting of the Investment Committee, and \$750 for attendance at one teleconference meeting of the Governance Committee.
- (13) As of the end of the fiscal year, Mr. Kasich held options to buy 57,175 common shares of the Company under the Invacare Corporation 1992 Non-Employee Directors Stock Option Plan, the Invacare Corporation 1994 Performance Plan and the Invacare Corporation 2003 Performance Plan. All options were granted between March 1, 2001 and August 20, 2008, at exercise prices between \$18.1875 to \$47.01 per share, will expire between February 20, 2009 and August 20, 2018, and became or will become exercisable between March 31, 2002 and September 30, 2012.
- (14) The fees to Mr. Moore include a \$35,000 retainer, \$8,000 for attendance at four Board meetings, \$6,000 for attendance at four meetings of the Audit Committee, \$3,000 for attendance at four teleconference meetings of the Audit Committee, and \$750 for attendance at one teleconference meeting of the Nominating Committee.
- (15) As of the end of the fiscal year, Mr. Moore held options to buy 45,522 common shares of the Company under the Invacare Corporation 1994 Performance Plan and the Invacare Corporation 2003 Performance Plan. All options were granted between March 2, 1999 and August 20, 2008, at exercise prices between \$16.3125 to \$47.01 per share, will expire between March 2, 2009 and August 20, 2018, and became or will become exercisable between March 31, 2000 and September 30, 2012.
- (16) The fees to Mr. Weber include a \$35,000 retainer, a \$5,000 additional retainer for his service as Chairman of the Audit Committee, \$8,000 for attendance at four Board meetings, \$4,500 for attendance at three meetings of the Compensation, Management Development and Corporate Governance Committee, \$8,000 for attendance (as committee chairperson) at four meetings of the Audit Committee, \$4,000 for attendance (as committee chairperson) at four teleconference meetings of the Audit Committee, \$750 for attendance at a teleconference meeting of the Nominating Committee, \$750 for attendance at one teleconference meeting of the Governance Committee and \$750 for attendance at one teleconference meeting of the Compensation Committee. Mr. Weber deferred certain of his 2008 director fees, as further described above.
- (17) As of the end of the fiscal year, Mr. Weber held options to buy 45,996 common shares of the Company under the Invacare Corporation 1994 Performance Plan and the Invacare Corporation 2003 Performance Plan. All options were granted between March 2, 1999 and December 11, 2008, at exercise prices between \$10.695 to \$47.01 per share, will expire between March 2, 2009 and August 20, 2018, and became or will become exercisable between March 31, 2000 and September 30, 2012.
- (18) Other compensation includes personal use of corporate suites or tickets to sporting events. See the discussion in footnote 7 to the Summary Compensation Table for a description of the Company's methodology for determining the incremental cost of this perquisite.

Equity Compensation Plan Information

The following table provides information as of December 31, 2008 about our common shares that may be issued upon the exercise of options, warrants and rights granted under all of our existing equity compensation plans, including the Invacare Corporation 2003 Performance Plan, the Invacare Corporation 1994 Performance Plan and the Invacare Corporation 1992 Non-Employee Directors Stock Option Plan.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	4,910,547	\$ 29.37	746,320(1)
Equity compensation plans not approved by security holders	11,211(2)		
Total	4,921,758	\$ 29.37	746,320

- (1) Represents shares available under the Invacare Corporation 2003 Performance Plan. The Invacare Corporation 2003 Performance Plan allows for the granting of no more than 300,000 shares at an exercise price of zero and no more than 200,000 shares at an exercise price of not less than 75% of the market value on the date the option is granted. All other option grants must be made at not less than the market value on the date the option is granted.
- (2) Represents phantom share units in the 401(k) Plus Plan and the DC Plus Plan, which are allocated to participants' accounts at their discretion as their investment choice.

OTHER MATTERS

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

Any shareholder who wishes to submit a proposal for inclusion in the proxy material to be distributed by Invacare in connection with its annual meeting of shareholders to be held in 2010 must do so no later than _____, 2009. To be eligible for inclusion in our 2010 proxy material, proposals must conform to the requirements of Regulation 14A under the Securities Exchange Act of 1934, as amended.

Unless we receive a notice of a shareholder proposal to be brought before the 2010 annual meeting by _____, 2010, then Invacare may vote all proxies in its discretion with respect to any shareholder proposal properly brought before such annual meeting. Upon the receipt of a written request from any shareholder, Invacare will mail, at no charge to the shareholder, a copy of Invacare's 2008 Annual Report on Form 10-K, including the financial statements and schedules required to be filed with the Securities and Exchange Commission, for Invacare's most recent fiscal year. Written requests for any Reports should be directed to

Upon the receipt of a written request from any shareholder, Invacare will mail, at no charge to the shareholder, a copy of Invacare's 2008 Annual Report on Form 10-K, including the financial statements and schedules required to be filed with the Securities and Exchange Commission, for Invacare's most recent fiscal year. Written requests for any Reports should be directed to:

Shareholder Relations Department

Invacare Corporation

One Invacare Way, P.O. Box 4028

Elyria, Ohio 44036-2125

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

By Order of the Board of Directors,

ANTHONY C. LAPLAGA
Secretary

Under Proposal 2, the Company proposes to amend its Amended and Restated 2003 Performance Plan to add the following bold language, with deleted text struck through:

INVACARE CORPORATION
AMENDED AND RESTATED 2003 PERFORMANCE PLAN

1. Purpose

The Invacare Corporation 2003 Performance Plan (the Plan), is designed to foster the long-term growth and performance of the Company by: (a) enhancing the Company s ability to attract and retain highly qualified employees, (b) motivating employees to serve and promote the long-term interests of the Company and its shareholders through stock ownership and performance-based incentives, and (c) strengthening the Company s ability to attract, retain and incentivize highly qualified non-employee Directors and aligning the interests of such Directors with the interests of shareholders through stock ownership. To achieve this purpose, the Plan provides authority for the grant of Stock Options, Restricted Stock, Stock Equivalent Units, Stock Appreciation Rights, and other stock and performance-based incentives.

2. Definitions

- (a) *Affiliate* means Affiliate within the meaning given such term in Rule 12b-2 under the Exchange Act.
- (b) *Award* means the grant of Stock Options, Restricted Stock, Stock Equivalent Units, Stock Appreciation Rights, and other stock and performance-based incentives under this Plan, or any combination thereof.
- (c) *Award Agreement* means any agreement between the Company and a Participant that sets forth terms, conditions, and restrictions applicable to an Award.
- (d) *Board of Directors* means the Board of Directors of the Company.
- (e) *Change of Control* ~~means, at any time after the date of the adoption of this Plan, the occurrence of any one or more of the following~~ **a Change of Control shall be deemed to have occurred at the first time on which, after the effectiveness of approval of the amendments to the Plan by the Company s shareholders at the Company s 2009 Annual Shareholder Meeting:**

~~(i) Any Person (other than any employee benefit plan or employee stock ownership plan of the Company, or any Person organized, appointed, or established by the Company, for or pursuant to the terms of any such plan), alone or together with any of its Affiliates or Associates, becomes the Beneficial Owner of 30% or more of the total outstanding voting power of the Company, as reflected by the power to vote in connection with the election of Directors, or commences a tender offer or exchange offer, the consummation of which would result in the Person becoming the Beneficial Owner of 30% or more of the total outstanding voting power of the Company as reflected by the power to vote in connection with the election of Directors. For purposes of this~~

~~Section 2(e)(i), the terms Affiliates, Associates, and Beneficial Owner, will have the meanings given to them in the Rights Agreement, dated as of April 2, 1991, between Invacare Corporation and National City Bank, as Rights Agent, as amended from time to time, or in any restatement thereof, or in any replacement Rights Agreement.~~

(i) There is a report filed on Schedule 13D or Schedule 14D-1 (or any successor schedule, form, or report), each as adopted under the Securities Exchange Act of 1934, as amended, disclosing the acquisition, in a transaction or series of transactions, by any person (as the term person is used in Section 13(d) and Section 14(d)(2) of the Securities Exchange Act of 1934, as amended), other than (1) A. Malachi Mixon and/or any Affiliate of A. Malachi Mixon, (2) the Company or any of its subsidiaries, (3) any employee benefit plan or employee stock ownership plan or related trust of the Company or any of its subsidiaries, or (4) any person or entity organized, appointed or established by the Company or any of its subsidiaries for or pursuant to the terms of any such plan or trust, of such number of shares of the Company as entitles that person to exercise 30% or more of the voting power of the Company in the election of Directors; or

~~(ii) At any time during a~~ **During any** period of 24 consecutive **calendar** months, individuals who ~~were Directors at the beginning of the such period no longer constitute the Directors of the Company cease for any reason to constitute at least~~ a majority of the members of the Board of Directors of the Company, unless the election, ~~or the nomination for election by the Company's~~ shareholders, of each **new Director who was not a Director at the beginning of the period is of the Company (over such period) was approved or recommended by the vote of** at least a majority two-thirds of the Directors **of the Company who are then still** in office ~~at the time of the election or nomination and who either were Directors of the Company at the beginning of the period or are Continuing Directors (or such nomination is approved by a committee comprised solely of such Directors); or~~

~~(iii) A record date is established for determining shareholders entitled to vote upon (A) a merger or consolidation of Invacare Corporation with another corporation (which is not an affiliate of Invacare Corporation in which Invacare Corporation is not the surviving or continuing corporation or in which all or part of the outstanding Common Shares are to be converted into or exchanged for cash, securities, or other property, (B) a sale or other disposition of all or substantially all of the assets of Invacare Corporation, or (C) the reorganization, dissolution or liquidation (but not partial liquidation) of Invacare Corporation.~~

(iii) There is a merger, consolidation, combination (as defined in Section 1701.01(Q), Ohio Revised Code), majority share acquisition (as defined in Section 1701.01(R), Ohio Revised Code), or control share acquisition (as defined in Section 1701.01(Z)(1), Ohio Revised Code, or in the Company's Second Amended and Restated Articles of Incorporation, as the same may be hereafter amended) involving the Company and, as a result of which, the holders of shares of the Company prior to the transaction become, by reason of the transaction, the holders of such number of shares of the surviving or acquiring corporation or other entity as entitles them to exercise less than fifty percent (50%) of the voting power of the surviving or acquiring corporation or other entity in the election of Directors; or

~~(iv) The occurrence of any other event or series of events, which, in the opinion of the Board of Directors, will, or is likely to, if carried out, result in a change of control of Invacare Corporation.~~

(iv) There is a sale, lease, exchange, or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company, but only if the transferee of the assets in such transaction is not a subsidiary of the Company; or

(v) The shareholders of the Company approve any plan or proposal for the liquidation or dissolution of Invacare, but only if the transferee of the assets of the Company in such liquidation or dissolution is not a subsidiary of the Company.

- (f) *Code* means the Internal Revenue Code of 1986, or any law that supersedes or replaces it, as amended from time to time. A reference to any provision of the Code includes a reference to any lawful regulation or pronouncement promulgated thereunder and to any successor provision.
- (g) *Committee* means the Compensation and Management Development Committee of the Board of Directors, or any other committee of the Board of Directors that the Board of Directors or the Compensation and Management Development Committee authorizes to administer all or any aspect of this Plan.
- (h) *Common Shares* means Common Shares, without par value, of Invacare Corporation, including authorized and unissued Common Shares and treasury Common Shares.
- (i) *Company* means Invacare Corporation, an Ohio corporation, and its direct and indirect subsidiaries, or any successor entity.
- (j) *Continuing Director* means a Director who was a Director prior to a Change in Control or was recommended or elected to succeed a Continuing Director by a majority of the Continuing Directors then in office (or by a committee comprised solely of Continuing Directors).
- (k) *Director* means any individual who is a member of the Board of Directors of the Company.
- (l) *Exchange Act* means the Securities Exchange Act of 1934, and any law that supersedes or replaces it, as amended from time to time.
- (m) *Fair Market Value* of Common Shares means the value of the Common Shares determined by the Committee, or pursuant to rules established by the Committee.
- (n) *Incentive Stock Option* means a Stock Option that meets the requirements of Section 422 of the Code, or any successor or replacement provision.
- (o) *Notice of Award* means any notice by the Committee to a Participant that advises the Participant of the grant of an Award or sets forth terms, conditions, and restrictions applicable to an Award.
- (p) *Participant* means any person to whom an Award has been granted under this Plan.
- (q) *Performance Objectives* means the achievement of performance objectives established pursuant to this Plan. Performance Objectives may be described in terms of Company-wide objectives or objectives that are related to the performance of the individual Participant or the subsidiary, division, department or function within the Company in respect of which the Participant performs services during a specified time period. Any Performance Objectives applicable to Awards intended to qualify as performance-based compensation under Section 162(m) of the Code (the Performance-Based Exception) shall be limited to specified levels of or increases in the Company's, or subsidiary's, or division's, or department's, or function's return on equity, earnings per Common Share, total earnings, earnings growth, return on capital, operating measures (including, but not limited to, operating margin and/or operating costs), return on assets, or increase in the Fair Market Value of the Common Shares. Except in the case of such an Award intended to qualify under Section 162(m) of the Code, if the 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 Objectives unsuitable, the Committee may modify such Performance Objectives or the related minimum acceptable level of achievement, in whole or in part, as the Committee deems appropriate and equitable.

The Committee shall have the discretion to adjust the determinations of the degree of attainment of the pre-established Performance Objectives; provided, however, that Awards which are designed to qualify for the Performance-Based Exception, may not be adjusted upward (the Committee shall retain the discretion to adjust such Awards downward).

In the event that applicable tax and/or securities laws change to permit Committee discretion to alter the governing performance measures without obtaining shareholder approval of such changes, the Committee shall have sole discretion to make such changes without obtaining shareholder approval. In addition, in the event that the Committee determines that it is advisable to grant Awards which shall not qualify for the Performance-Based Exception, the Committee may make such grants without satisfying the requirements of Code Section 162(m).

(r) *Person* means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture or other entity, or a governmental authority.

(s) *Plan* means this Invacare Corporation 2003 Performance Plan, as set forth herein and as hereafter may be amended from time to time in accordance with the terms hereof.

(t) *Restricted Stock* means an Award of Common Shares that are subject to restrictions or risk of forfeiture based on time and/or performance.

(u) *Rule 16b-3* means Rule 16b-3 under the Exchange Act, or any rule that supersedes or replaces it, as amended from time to time.

(v) *Stock Appreciation Right* means any rights granted pursuant to an Award described in Section 6(b)(i).

(w) *Stock Award* means Awards granted in Section 6(b)(ii).

(x) *Stock Equivalent Unit* means an Award that is valued by reference to the value of Common Shares.

(y) *Stock Option* means an option to purchase Common Shares as described in Section 6(b)(iii).

3. Eligibility

All Directors and employees of the Company and its Affiliates are eligible for the grant of Awards. The selection of any such persons to receive Awards will be within the discretion of the Committee. More than one Award may be granted to the same person.

Notwithstanding the foregoing, any individual who renounces in writing any right that he or she may have to receive Awards under the Plan shall not be eligible to receive any Awards hereunder.

4. Common Shares Available for Awards; Adjustment

(a) *Number of Common Shares.* The aggregate number of Common Shares that may be subject to Awards, including specifically Incentive Stock Options, granted under this Plan during the term of this Plan will be equal to ~~Three Million Eight Hundred Thousand (3,800,000)~~ **Six Million Eight Hundred Thousand (6,800,000)** Common Shares, subject to any adjustments made in accordance with the terms of this Section 4.

The assumption of obligations in respect of awards granted by an organization acquired by the Company, or the grant of Awards under this Plan in substitution for any such awards, will not reduce the number of Common Shares available in any fiscal year for the grant of Awards under this Plan.

Common Shares subject to an Award that is forfeited, terminated, or canceled without having been exercised (other than Common Shares subject to a Stock Option that is canceled upon the exercise of a related Stock Appreciation Right) will again be available for grant under this Plan, without reducing the number of Common Shares available in any fiscal year for grants of Awards under this Plan, except to the extent that the availability of those Common Shares would cause this Plan or any Awards granted under this Plan to fail to qualify for the exemption provided by Rule 16b-3. **Common Shares that are used to pay all or any part of the exercise price or taxes associated with an Award, whether by the transfer of Common Shares or the surrender of all or part of an Award (including the Award being exercised), may not be available for grant under this Plan without reducing the number of Common Shares available for grants of Awards hereunder.**

(b) *No Fractional Common Shares.* No fractional Common Shares will be issued, and the Committee will determine the manner in which the value of fractional Common Shares will be treated.

(c) *Adjustment.* In the event of any change in the Common Shares by reason of a merger, consolidation, reorganization, recapitalization, or similar transaction, including any transaction described under Section 424(a) of the Code, or in the event of a stock dividend, stock split, reverse stock split, or distribution to shareholders (other than normal cash dividends), the Committee will have authority to adjust, in any manner that it deems equitable, the number and class of Common Shares that may be issued under this Plan, the number and class of Common Shares subject to outstanding Awards, the per share exercise price applicable to outstanding Awards, and the Fair Market Value of the Common Shares and other value determinations applicable to outstanding Awards (i.e., Stock Equivalent Units, for example), including as may be allowed or required under Section 424(a) of the Code.

5. Administration

(a) *Committee.* This Plan will be administered by the Committee; provided, however, that the Board of Directors may, in its discretion, at any time and from time to time, administer the Plan in which case the term Committee shall be deemed to be the Board of Directors. The Committee will, subject to the terms of this Plan, have the authority to: (i) select the eligible employees who will receive Awards, (ii) grant Awards, (iii) determine the number and types of Awards to be granted to eligible employees, (iv) determine the terms, conditions, vesting periods, and restrictions applicable to Awards, including timing, price, and, if applicable, Performance Objectives, subject to, and consistent with, the provisions of the Plan, (v) adopt, alter, and repeal administrative rules and practices governing this Plan, (vi) interpret the terms and provisions of this Plan and any Awards granted under this Plan, including, where applicable, determining the method of valuing any Award and certifying as to the satisfaction of such Awards, (vii) prescribe the forms of any Notices of Award, Award Agreements, or other instruments relating to Awards, (viii) supervise the administration of this Plan, and (ix) make all other determinations and take all other actions as the Committee deems necessary for the administration and operation of the Plan. The Committee may employ attorneys, consultants, accountants, or other professional advisors to assist it in the administration of the Plan.

(b) *Delegation.* The Committee may delegate any of its authority to any other person or persons that it deems appropriate.

(c) *Decisions Final.* All decisions by the Committee, and by any other Person or Persons to whom the Committee has delegated authority, to the extent permitted by law, will be final and binding on all Persons.

(d) *No Liability.* Neither the Committee nor any of its members shall be liable for any act taken by the Committee pursuant to the Plan. No member of the Committee shall be liable for the act of any other member.

6. Awards

(a) *Grant of Awards.* The Committee will determine the type or types of Awards to be granted to each Participant and will set forth in the related Notice of Award or Award Agreement the terms, conditions, vesting periods, and restrictions applicable to each Award. Awards may be granted singly or in combination or tandem with other Awards. Awards may also be granted in replacement of, or in substitution for, other awards granted by the Company, whether or not granted under this Plan; ~~without limiting the foregoing,~~ **provided, however, that** if a Participant pays all or part of the exercise price or taxes associated with an Award by the transfer of Common Shares or the surrender of all or part of an Award (including the Award being exercised), the Committee may, ~~in its discretion,~~ **not** grant a new Award to replace the Common Shares that were transferred or the Award that was surrendered. The Company may assume obligations in respect of awards granted by any Person acquired by the Company or may grant Awards in replacement of, or in substitution for, any such awards. In no event shall any Stock Option or Stock Appreciation Right be granted to a Participant in exchange for the Participant's agreement to permit the cancellation of one or more Stock Options or Stock Appreciation Rights previously granted to such Participant if the exercise price of the new grant is lower than the exercise price of the cancelled grant. Moreover, in no event shall a previously granted Stock Option or Stock Appreciation Right be amended to reduce the exercise price, except in accordance with an adjustment pursuant to Section 4(c).

(b) *Types of Awards.* Awards may include, but are not limited to, the following:

(i) *Stock Appreciation Right* means a right to receive a payment, in cash or Common Shares, equal to the excess of (A) the Fair Market Value, or other specified valuation, of a specified number of Common Shares on the date the right is exercised over (B) the Fair Market Value, or other specified valuation, of such Common Shares on the date the right is granted, all as determined by the Committee. The right may be conditioned upon the occurrence of certain events, such as a Change in Control of the Company, or may be unconditional, as determined by the Committee. **The term of each Stock Appreciation Right shall be fixed by the Committee, but in no event shall the term exceed ten years after the date such Stock Appreciation Right is granted.**

(ii) *Stock Award* means an Award that is made in Common Shares, Restricted Stock, or Stock Equivalent Units or that is otherwise based on, or valued in whole or in part by reference to, the Common Shares, but does not include Stock Options. All or part of any Stock Award may be subject to conditions (including, but not limited to, the passage of time or the achievement of Performance Objectives), restrictions, and risks of forfeiture, as and to the extent established by the Committee. Stock Awards may be based on the Fair Market Value of the Common Shares, or on other specified values or methods of valuation, as determined by the Committee.

(iii) *Stock Option* means a right to purchase a specified number of Common Shares, during a specified period, and at a specified exercise price, all as determined by the Committee. A Stock Option may be an Incentive Stock Option or a Stock Option that does not qualify as an Incentive Stock Option. The term of each Stock Option shall be fixed by the Committee, but in no event shall the term exceed ten years after the date such Stock Option is granted. In addition to the terms, conditions, vesting periods, and restrictions established by the Committee, Incentive Stock Options must comply with the requirements of Section 422 of the Code and regulations promulgated thereunder, including, but not limited to, the requirements that Incentive Stock Options (A) may not be granted to non-employee Directors, and (B) the aggregate Fair Market Value of the Common Shares that first becomes exercisable in any calendar year shall not exceed

\$100,000 (measured as of the effective grant date of the Award). The exercise price of a Stock Option may not be less than 100% of the Fair Market Value on the date the Stock Option is granted; provided, however, up to 200,000 Common Shares for which Stock Options that do not qualify as Incentive Stock Options may be granted may have an exercise price of not less than 75% of the Fair Market Value on the date such Stock Option is granted, subject to adjustment in accordance with Section 4(c) hereof.

(c) *Limits on Awards under the Plan.* The maximum aggregate number of Common Shares that may be granted during the term of this Plan pursuant to all Awards, other than Stock Options, is ~~300,000~~ **1,300,000** Common Shares, subject to adjustment in accordance with Section 4(c) hereof.

(d) *Limits on Individual Awards.* The maximum aggregate number of Common Shares for which Stock Options may be granted to any particular employee during any calendar year during the term of this Plan is 400,000 Common Shares, subject to adjustment in accordance with Section 4(c) hereof. The maximum aggregate number of Common Shares for each of (i) Stock Appreciation Rights and (ii) other Stock Awards which may be granted to any particular employee during any calendar year during the term of this Plan is 50,000 Common Shares (or 100,000 Common Shares in the aggregate), subject to adjustment in accordance with Section 4(c) hereof.

7. Deferral of Payment

With the approval of the Committee, the delivery of the Common Shares, cash, or any combination thereof subject to an Award, or the Award itself, may be deferred, either in the form of installments or a single future delivery, so long as the deferral is in compliance with Section 409A of the Internal Revenue Code (Section 409A). The Committee also may permit selected Participants to defer the receipt of some or all of their Awards, as well as other compensation, in accordance with procedures established by the Committee, including to assure that the recognition of taxable income is deferred under the Code, so long as the deferral is Section 409A compliant. Deferred amounts may, to the extent permitted by the Committee, be credited as cash or Stock Equivalent Units. The Committee also may establish rules and procedures for the crediting of interest on deferred cash payments and dividend equivalents on Stock Equivalent Units.

8. Payment of Exercise Price

The exercise price of a Stock Option (other than an Incentive Stock Option) and any Stock Award for which the Committee has established an exercise price may be paid in cash, by the transfer of Common Shares, by the surrender of all or part of an Award (including the Award being exercised), or by a combination of these methods, as and to the extent permitted by the Committee. The exercise price of an Incentive Stock Option may be paid in cash, by the transfer of Common Shares, or by a combination of these methods, as and to the extent permitted by the Committee but may not be paid by the surrender of all or part of an Award. The Committee may prescribe any other method of paying the exercise price that it determines to be consistent with applicable law and the purpose of this Plan.

In the event Common Shares that are Restricted Stock are used to pay the exercise price of a Stock Award to the extent provided by the Committee, then that number of the Common Shares issued upon the exercise of the Award equal to the number of Common Shares that are Restricted Stock that have been used to pay the exercise price will be subject to the same restrictions as the Restricted Stock.

9. Taxes Associated with Award

Prior to the payment of an Award or upon the exercise or release thereof, the Company may withhold, or require a Participant to remit to the Company, an amount sufficient to pay any Federal, state, and local taxes associated with the Award. The Committee may, in its discretion and subject to

such rules as the Committee may adopt, permit a Participant to pay any or all taxes associated with the Award (other than an Incentive Stock Option) in cash, by the transfer of Common Shares, by the surrender of all or part of an Award (including the Award being exercised), or by a combination of these methods. The Committee may permit a Participant to pay any or all taxes associated with an Incentive Stock Option in cash, by the transfer of Common Shares, or by a combination of these methods or by any other method which does not disqualify the option as an Incentive Stock Option under applicable provisions of the Code. If Common Shares are used to satisfy withholding tax obligations, such Common Shares shall be valued based on the Fair Market Value thereof as of the date when the withholding for taxes is required to be made. Notwithstanding the foregoing, except as otherwise provided by the Committee or in the terms of the Award, the Company shall have the right to require a Participant to pay cash to satisfy withholding taxes as a condition to the payment of any Award (whether in cash or Common Shares) under the Plan.

10. Termination of Employment

If the employment of a Participant terminates for any reason, all unexercised, deferred, and unpaid Awards may be exercisable or paid only in accordance with rules established by the Committee or as specified in the particular Award Agreement or Notice of Award. Such rules may provide, as the Committee deems appropriate, for the expiration, continuation, or acceleration of the vesting of all or part of the Awards, provided that any such rules shall comply with Section 422 of the Code to the extent such Award is intended to qualify as an Incentive Stock Option.

11. Termination of Awards Under Certain Conditions

The Committee may cancel any unexpired, unpaid, or deferred Awards at any time if the Participant is not in compliance with all applicable provisions of this Plan or with any Notice of Award or Award Agreement. Further, if the Participant, without the prior written consent of the Company, engages in any of the following activities:

- (i) Within eighteen (18) months after the date a Participant terminates his or her employment with the Company or its Affiliates for any reason, the Participant then accepts employment with any competitor of the Company, or otherwise renders services for an organization, or engages in a business, that is, in the judgment of the Committee, in competition with the Company, or
- (ii) Discloses to anyone outside of the Company, or uses for any purpose other than the Company's business any confidential information or material relating to the Company, whether acquired by the Participant during or after employment with the Company, in a fashion or with a result that the Committee, in its judgment, deems is or may be injurious to the best interests of the Company;

then the Committee may, in its discretion, at any time thereafter, cancel any unexpired, unpaid or deferred Awards or may require the Participant to return the economic value of any Award that the Participant realized or obtained (as of the date of exercise, vesting or payment) during the time period commencing six months prior to such Participant's termination date and ending after the date when all of the Committee members discover that the Participant engaged in any activities referred to in clauses (i) and (ii) above.

The Committee may, in its discretion and as a condition to the exercise of an Award, require a Participant to acknowledge in writing that he or she is in compliance with all applicable provisions of this Plan and of any Notice of Award or Award Agreement and has not engaged in any activities referred to in clauses (i) and (ii) above.

12. Change of Control

In the event of a Change of Control of the Company, unless and only then to the extent otherwise determined by the Board of Directors or as otherwise prescribed in an Award Agreement, (i) all Stock Appreciation Rights and Stock Options then outstanding will become fully exercisable ~~as of~~ **immediately prior to** the date of the Change of Control, and (ii) all restrictions and conditions applicable to Restricted Stock and other Stock Awards will be deemed to have been satisfied ~~as of~~ **immediately prior to** the date of the Change of Control. Any such determination by the Board of Directors that is made after the occurrence of a Change of Control will not be effective unless a majority of the Directors then in office are Continuing Directors and the determination is approved by a majority of the Continuing Directors.

13. Amendment, Suspension, or Termination of this Plan; Amendment of Outstanding Awards

(a) *Amendment, Suspension, or Termination of this Plan.* The Board of Directors may amend, suspend, or terminate this Plan at any time and from time to time in such respects as the Board of Directors may deem necessary or appropriate; provided, however, that in no event, without the approval of the Company's shareholders, shall any action of the Committee or the Board of Directors result in increasing, except as provided in Section 4(c) hereof, the maximum number of Common Shares that may be subject to Awards granted under the Plan.

(b) *Amendment of Outstanding Awards.* The Committee may, in its discretion, amend the terms of any Award, prospectively or retroactively, but no such amendment may impair the rights of any Participant without his or her consent, or reduce the exercise price of any Stock Option or Stock Appreciation Right, except in accordance with an adjustment pursuant to Section 4(c). The Committee may, in whole or in part, waive any restrictions or conditions applicable to, or accelerate the vesting of, any Award.

14. Awards to Foreign Nationals and Employees Outside the United States

To the extent that the Committee deems appropriate to comply with foreign law or practice and to further the purpose of this Plan, the Committee may, without amending this Plan, (i) establish special rules applicable to Awards granted to Participants who are foreign nationals, are employed outside the United States, or both, including rules that differ from those established under this Plan, and (ii) grant Awards to such Participants in accordance with those rules.

15. Miscellaneous Terms

(a) *Nonassignability.* Unless and except to the extent otherwise determined by the Committee (which may be contained in the applicable Award Agreement or Notice of Award), (i) no Award granted under the Plan may be transferred or assigned by the Participant to whom it is granted other than by will or pursuant to the laws of descent and distribution, and (ii) an Award granted under this Plan may be exercised, during the Participant's lifetime, only by the Participant or guardian or other legal representative.

(b) *No Rights as Employees/Shareholders.* Nothing in the Plan or in any Award Agreement or Notice of Award shall confer upon any Participant any right to continue in the employ of the Company or an Affiliate, or to serve as a member of the Board of Directors or to be entitled to receive any remuneration or benefits not set forth in the Plan or such Award Agreement or Notice of Award, or to interfere with or limit either the right of the Company or an Affiliate to terminate the employment of such Participant at any time or the right of the shareholders of the Company to remove him or her as a member of the Board of Directors with or without cause. Nothing contained in the Plan or in any Award

Agreement or Notice of Award shall be construed as entitling any Participant to any rights of a shareholder as a result of the grant of an Award until such time as Common Shares are actually issued to such Participant pursuant to the exercise of a Stock Option, Stock Appreciation Right or other Stock Award.

(c) *Unfunded Plan.* The Plan shall be unfunded and the Company shall not be required to segregate any assets that may at any time be represented by Awards under the Plan. Any liability of the Company to any person with respect to any Award under the Plan shall be based solely upon any contractual obligations that may be effected pursuant to the Plan. No such obligation of the Company shall be deemed to be secured by any pledge of, or other encumbrance on, any property of the Company.

(d) *Other Company Benefit and Compensation Programs.* Payments and other benefits received by a Participant under an Award made pursuant to the Plan shall not be deemed a part of a Participant's regular, recurring compensation for purposes of any termination indemnity or severance pay law of any country and shall not be included in, nor have any effect on, the determination of benefits under any pension or other employee benefit plan or similar arrangement provided by the Company or any Affiliate, unless (i) expressly so provided by such other plan or arrangement or (ii) the Committee expressly determines that an Award or a portion thereof should be included as recurring compensation. Nothing contained in the Plan shall prohibit the Company or any Affiliate from establishing other special awards, incentive compensation plans, compensation programs and other similar arrangements providing for the payment of performance, incentive or other compensation to employees. Payments and benefits provided to any employee under any other plan shall be governed solely by the terms of such other plan.

(e) *Securities Law Restrictions.* In no event shall the Company be obligated to issue or deliver any Common Shares or other Awards if such issuance or delivery shall constitute a violation of any provisions of any law or regulation of any governmental authority or securities exchange. No Common Shares or other Awards shall be issued under the Plan unless counsel for the Company shall be satisfied that such issuance will be in compliance with all applicable Federal and state securities laws and regulations and all requirements of any securities exchange on which the Common Shares are listed.

(f) *Invalidity.* In the event any provision of the Plan shall be held to be invalid or unenforceable for any reason, such invalidity or unenforceability shall not affect the remaining provisions of the Plan.

(g) *Successors.* All obligations of the Company with respect to Awards granted under the Plan are binding on any successor to the Company, whether as a result of a direct or indirect purchase, merger, consolidation or otherwise of all or substantially all of the business and/or assets of the Company.

(h) *Governing Law.* The interpretation, validity, and enforcement of this Plan will, to the extent not otherwise governed by the Code or the securities laws of the United States, be governed by the laws of the State of Ohio.

16. Effective and Termination Dates

(a) *Effective Date.* This Plan will be effective on May 21, 2003, upon approval by the shareholders of the Company at the 2003 annual meeting of shareholders.

(b) *Termination Date.* This Plan will continue in effect until midnight on May 20, 2013; provided, however, that Awards granted on or before that date may extend beyond that date and restrictions and other terms and conditions imposed on Restricted Stock or any other Award granted on or before that date may extend beyond such date.

Excerpts from the Company's Code of Regulations Indicating Proposed Amendments Discussed in Proposal 3

The Company's Code of Regulations would be amended to include the following as new Article IIA, Section 1:

ARTICLE IIA.

Section 1. Majority Vote Director Resignation Procedures.

(a) Majority Vote Director Resignations. Any nominee for Director in an Uncontested Election (as defined below) who receives a greater number of votes withheld or against his or her election than votes for such election, with abstentions and Broker Non-Votes (as defined below) not counted as votes cast with respect to such nominee's election, shall, promptly following certification of the Shareholder vote, offer his or her resignation to the Board to be conditioned upon acceptance by the Board. Such resignation shall be considered in accordance with the following procedures of this Section 1.

(b) Procedures.

(1) Committee Consideration of Resignation. The Committee (as defined below) shall consider whether accepting the resignation is in the best interests of the Corporation and shall recommend to the Board the action to be taken with respect to such offered resignation (which action can include accepting the resignation, maintaining the Director but addressing what the Committee believes to be the underlying cause of the withheld votes, resolving that the Director will not be re-nominated in the future for election, or rejecting the resignation). In reaching its recommendation, the Committee shall consider all factors it deems relevant, including, as it deems appropriate, any stated reasons why Shareholders withheld votes from such Director; any alternatives for curing the underlying cause of the withheld votes; the Director's tenure; the Director's qualifications; the Director's past and expected future contributions to the Corporation; the overall composition of the Board, including whether accepting the resignation would cause the Corporation to fail to meet any applicable regulatory or stock exchange listing requirements (including, for example, board composition regarding independence or financial expertise qualifications); whether the resignation would trigger defaults or other adverse consequences under material contracts or acceleration of change in control provisions or other rights in severance, employment or other compensation arrangements, or under other agreements entered into by the Corporation, and under the Corporation's charter documents; whether the quorum present and voting in the Uncontested Election was significantly less than the quorum present and voting in prior elections; and whether accepting the resignation is in the best interests of the Corporation.

(2) Participation. A Director who is required to offer his or her resignation in accordance with this Section 1 shall not be present during deliberations or voting of the Committee or the Board regarding whether to accept his or her resignation or, except as otherwise provided below, a resignation offered by any other Director in accordance with this Section 1 with respect to the same Uncontested Election. Prior to voting, the Committee and the Board will afford the affected Director an opportunity to provide the Committee or the Board with any information or statement that he or she deems relevant to such deliberations.

(3) Timing/Board Action. Subject to any applicable legal or regulatory requirements, the members of the Board will take action on the Committee's recommendation within 90 days following the submission of the Director's resignation. In considering the Committee's

recommendation, the Board will consider the factors considered by the Committee and such additional information and factors the Board deems to be appropriate. If the Board is unable to reach a decision on a timely basis, it will promptly publicly disclose the reasons therefor in the manner prescribed in Section 1(b)(4). The Board also may elect to delay acceptance of a resignation for a specified period to provide it with an opportunity to address the underlying Shareholder concerns, to recruit a new Director or for any other reason it believes appropriate.

(4) Disclosure. Following the Board's determination, the Corporation shall promptly publicly disclose in a widely-disseminated press release or a document furnished or filed with the Securities and Exchange Commission the Board's decision of whether to accept the resignation offer including, if applicable, the reasons for rejecting the offered resignation.

(c) Definitions. For purposes of this Section 1, the following terms shall have the meanings ascribed to them as follows:

Broker Non-Votes means proxies received from brokers or nominees holding shares for a beneficial owner indicating that the broker or nominee is not voting on a particular proposal because the broker or nominee has not received instructions from the beneficial owner(s) and does not have discretionary voting power with respect to that item.

Committee means (i) the Governance Committee of the Board, provided such committee then consists of at least three Directors, each of whom is an independent Director (as defined in accordance with the Corporation's Corporate Governance Guidelines) and none of whom is a Director who is required to offer his or her resignation in accordance with this Section 1 with respect to the same Uncontested Election or (ii) if clause (i) is not satisfied, a committee of at least three Directors designated by the Board, each of the members of which committee is an independent Director and none of the members of which is a Director who is required to offer his or her resignation in accordance with this Section 1 with respect to the same Uncontested Election; provided, however, that if there are fewer than three independent Directors then serving on the Board who are not required to offer their resignations in accordance with this Section 1 with respect to the same Uncontested Election then the entire Board (other than the Director whose resignation is being considered who shall recuse himself or herself from the Board's deliberations and voting with respect to his or her individual offer to resign) will make the determination to accept or reject each respective tendered resignation without any recommendation from the Committee and without the creation of a Committee.

Uncontested Election means any meeting of Shareholders at which Directors are to be elected and with respect to which the number of nominees for election, as of the last date by which Shareholders may submit notice to nominate a person for election as a Director, does not exceed the number of Directors to be elected.

(d) Status. If any incumbent Director's offer of resignation is not accepted by the Board, such Director shall continue to serve until the expiration of such Director's then current term and until his or her successor is duly elected and qualified, subject only to such Director's earlier death, resignation, disqualification or removal in accordance with Article III, Section 2 of these Regulations. If a Director's offer of resignation is accepted by the Board pursuant to this Section 1 or if a nominee for Director is not elected and the nominee is not an incumbent Director, then the remaining Directors may fill any resulting vacancy. If the Board does not accept one or more such resignations, it may elect to address any specific stated reasons why Shareholders withheld votes from or voted against the Directors or take such other actions that the Board deems appropriate and in the best interests of the Corporation.

Excerpts from the Company's Code of Regulations Indicating Proposed Amendments Discussed in Proposal 4

(1) The Company's Code of Regulations would be amended to include the following as new Article IIA, Section 2:

Section 2. Notice of Shareholder Business and Nominations.

(a) Annual Meetings. (1) Nominations of persons for election to the Board of Directors and the proposal of other business to be considered by the Shareholders may be made at an annual meeting of the Shareholders only as follows: (A) pursuant to the Corporation's notice of meeting, (B) by or at the direction of the Board of Directors or (C) by any Shareholder who (i) was a Shareholder of record at the time of giving of notice provided for in this Section 2 and at the time of the annual meeting, (ii) is entitled to vote at the meeting and (iii) complies with the notice procedures set forth in this Section 2 as to such business or nomination. In order to assure that Shareholders and the Corporation have a reasonable opportunity to consider nominations and other business proposed to be brought before a meeting of Shareholders and to allow for full information to be distributed to Shareholders, clause (C) of this Section 2(a)(1) shall be the exclusive means for a Shareholder to make nominations or submit other business (other than matters properly brought under Rule 14a-8 under the Securities and Exchange Act of 1934, as amended (the Exchange Act)), and included in the Corporation's notice of meeting) before an annual meeting of the Shareholders.

(2) Without qualification, for any nominations or any other business to be properly brought before an annual meeting by a Shareholder pursuant to Section 2(a)(1)(C), the Shareholder must have given timely notice thereof in proper written form to the Secretary of the Corporation and such other business must otherwise be a proper matter for Shareholder action. To be timely, a Shareholder's notice shall be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation not later than the close of business on the 60th day nor earlier than the close of business on the 90th day prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, notice by the Shareholder to be timely must be so delivered not earlier than the close of business on the 90th day prior to such annual meeting and not later than the close of business on the later of the 60th day prior to such annual meeting or the 10th day following the day on which public announcement of the date of such meeting is first made by the Corporation. In no event shall any adjournment of an annual meeting or the announcement thereof commence a new time period for the giving of a Shareholder's notice as described above. To be in proper written form, a Shareholder's notice (whether given pursuant to this Section 2(a)(2) or Section 2(b)) to the Secretary of the Corporation must:

(A) set forth, as to the Shareholder giving the notice and the beneficial owner(s), if any, on whose behalf the nomination or proposal is made (i) the name and address of such Shareholder, as they appear on the Corporation's books, and the name and address of such beneficial owner(s), (ii) the class and number of shares of the Corporation which are held of record by such Shareholder as of the date of the notice, (iii) the class and number of shares of the Corporation which are held of record or are beneficially owned (within the meaning of Section 13(d) of the Exchange Act) by each such beneficial owner as of the date of the notice, (iv) any other information relating to such Shareholder and beneficial owner(s), if any, that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of Directors in a contested election pursuant to Section 14 of the Exchange Act and the rules

and regulations promulgated thereunder, and (v) the written consent of such Shareholder and beneficial owner(s) to the public disclosure of information provided to the Corporation pursuant to this Section 2;

(B) set forth, as to the Shareholder giving the notice or, if given on behalf of a beneficial owner or owners, as to each beneficial owner on whose behalf the nomination or proposal is made (i) any agreements, arrangements or understandings entered into by the Shareholder or beneficial owner(s), as appropriate, and its affiliates and associates with respect to equity securities of the Corporation, including any put or call arrangements, derivative securities, short positions, borrowed shares, swap or similar arrangements or other transactions the value of which are determined by reference to the price, value or volatility of any class of shares of the Corporation or which provide the opportunity to profit from any increase or decrease in the price or value of any class of shares of the Corporation, specifying in each case the effect of such agreements, arrangements or understandings on any voting or economic rights of equity securities of the Corporation, in each case as of the date of the notice and in each case describing any changes in voting or economic rights which may arise pursuant to the terms of such agreements, arrangements or understandings, (ii) any pending or threatened litigation in which the Shareholder or beneficial owner(s), as appropriate, and its affiliates and associates is a party or material participant involving the Corporation or any of its officers or directors, or any affiliate of the Corporation, (iii) any material transaction occurring during the prior twelve months between the Shareholder or beneficial owner(s), as appropriate, and its affiliates and associates, on the one hand, and the Corporation, any affiliate of the Corporation or any principal competitor of the Corporation, on the other hand, and (iv) to the extent not covered in clauses (i), (ii) and (iii) of this Section 2(a)(2)(B), any disclosures that would be required pursuant to Item 5 or Item 6 of Schedule 13D (regardless of whether the requirement to file a Schedule 13D is applicable to the Shareholder or beneficial owner);

(C) if the notice relates to any business other than a nomination of a Director or Directors that the Shareholder proposes to bring before the meeting, set forth (i) a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such Shareholder and each beneficial owner, if any, in such business and (ii) a reasonably detailed description of all agreements, arrangements and understandings between such Shareholder and each beneficial owner, if any, and any other person or persons (including their names) in connection with the proposal of such business by such Shareholder;

(D) set forth, as to each person, if any, whom the Shareholder proposes to nominate for election or reelection to the Board of Directors (i) all information relating to such person that is (or would be) required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of Directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder (including such person's written consent to being named in the proxy statement as a nominee and to serving as a Director if elected) and (ii) a reasonably detailed description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among such Shareholder and each beneficial owner, if any, and their respective affiliates and associates, or others acting in concert therewith, on the one hand, and each proposed nominee, and his or her respective affiliates and associates, or others acting in concert therewith, on the other hand, including without limitation all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K if the Shareholder making the nomination and any beneficial owner on whose behalf the nomination is made, if any, or any affiliate or associate therewith or person acting in concert therewith, were the registrant for purposes of such rule and the nominee were a director or executive officer of such registrant;

(E) set forth a representation that such Shareholder intends to appear at the annual meeting to bring such nomination or other business before the annual meeting; and

(F) set forth such other information as may reasonably be required by the Board of Directors as described in the Corporation's proxy statement for the preceding year's annual meeting.

The Shareholder giving notice shall further update and supplement such notice, if necessary, so that the information provided or required to be provided in such notice pursuant to this Section 2 shall be true and correct as of the record date for the meeting and as of the date that is 10 business days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation not later than five business days after the record date for the meeting (in the case of the update and supplement required to be made as of the record date), and not later than eight business days prior to the date of the meeting, if practicable (or, if not practicable, on the first practicable date prior to) any adjournment or postponement thereof (in the case of the update and supplement required to be made as of ten business days prior to the meeting or any adjournment or postponement thereof).

The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent Director of the Corporation or that could be material to a reasonable Shareholder's understanding of the independence, or lack thereof, of such nominee. The Corporation also may require any proposed nominee to provide to the Corporation a written questionnaire with respect to the background and qualification of such proposed nominee and a written representation and agreement (in a form provided by the Secretary of the Corporation) that such proposed nominee (i) is not and will not become a party to (x) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such proposed nominee, if elected as a Director, will act or vote on any issue or question (a Voting Commitment) that has not been disclosed to the Corporation or (y) any Voting Commitment that could limit or interfere with such proposed nominee's ability to comply, if elected as a Director, with such proposed nominee's fiduciary duties under applicable law, (ii) is not, and will not become a party to, any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a Director that has not been disclosed to the Corporation and (iii) in such proposed nominee's individual capacity and on behalf of the Shareholder (or the beneficial owner(s), if different) on whose behalf the nomination is made, would be in compliance, if elected as a Director, and will comply with applicable publicly disclosed corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the Corporation.

(3) Notwithstanding anything in the second sentence of Section 2(a)(2) to the contrary, in the event that the number of Directors to be elected to the Board of Directors at an annual meeting is increased and there is no public announcement by the Corporation naming all of the nominees for Director or specifying the size of the increased Board of Directors at least 100 days prior to the first anniversary of the preceding year's annual meeting, a Shareholder's notice required by this Section 2 also shall be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the Corporation.

(b) Special Meetings. Only such business shall be conducted at a special meeting of the Shareholders as shall have been brought before the meeting pursuant to the notice of meeting and, other than nominations for election to the Board of Directors made in accordance with the following provisions, no Shareholder may bring before a special meeting of the Shareholders any business other than the business specified by the person or persons calling such special meeting in accordance with this Code of Regulations. Nominations of persons for election to the Board of Directors may be made at a special meeting of Shareholders at which Directors are to be elected pursuant to the notice of meeting (1) by or at the direction of the Board of Directors or (2) provided that the election of Directors is a matter specified in such notice of meeting, by any Shareholder who (A) is a shareholder of record at the time of giving of notice provided for in this Section 2 and at the time of the special meeting, (B) is entitled to vote at the meeting and (C) complies with the notice procedures set forth in this Section 2 as to such nomination. In the event the Corporation calls a special meeting of the Shareholders for the purpose of electing one or more Directors to the Board of Directors, any such Shareholder may nominate a person or persons (as the case may be), for election to such position(s) as specified in the Corporation's notice of meeting, if the Shareholder's notice required by Section 2(a)(2) (with respect to an annual meeting) with respect to any nomination by such Shareholder shall be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation not earlier than the close of business on the 90th day prior to such special meeting and not later than the close of business on the later of the 60th day prior to such special meeting or the 10th day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed to be elected at such meeting by the person or persons calling such meeting. In no event shall any adjournment of a special meeting or the announcement thereof commence a new time period for the giving of a Shareholder's notice as described above.

(c) General. (1) Notwithstanding any other provisions of this Code of Regulations to the contrary, only such persons who are nominated in accordance with the procedures set forth in this Section 2 shall be eligible to be elected by the Shareholders to serve as Directors and only such business shall be conducted at a meeting of Shareholders as shall have been brought before the meeting in accordance with all of the applicable procedures set forth in this Section 2. Except as otherwise provided by law, the Articles or these Regulations, the presiding officer shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made, or proposed, as the case may be, in accordance with all of the procedures set forth in this Section 2 and, if any proposed nomination or business is not in compliance with any applicable requirement of this Section 2, to declare that such non-compliant proposal or nomination shall be disregarded.

(2) For purposes of this Section 2, public announcement shall mean disclosure in a press release reported by a national news service or in a document publicly filed or furnished by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act and the rules and regulations promulgated thereunder.

(3) Notwithstanding the foregoing provisions of this Section 2, a Shareholder also shall comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 2; provided, however, that any references in this Section 2 to the Exchange Act or the rules promulgated thereunder are not intended to and shall not limit the requirements applicable to nominations or proposals as to any other business to be considered pursuant to Section 2(a)(1)(C) or Section 2(b). Nothing in this Section 2 shall be deemed to affect any rights of Shareholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act by satisfying the notice and other requirements of Rule 14a-8 in lieu of satisfying the requirements of this Section 2.

(2) Section 2(c) of Article III of the Company's Code of Regulations would be amended to add the following bold language:

(c) Election. Subject to the rights of Directors to elect additional Directors in accordance with Section 2(a) or Section 3(d), the Directors of the appropriate class shall be elected at the Annual Meeting of Shareholders, or if not so elected, at a Special Meeting of Shareholders called for that purpose. The Directors to be elected at each such Annual or Special Meeting of Shareholders shall be the class whose term in office then expires; provided, however that the Shareholders may, in their discretion, also elect Directors to fill any vacancies in other classes without regard to how such vacancies were created. At any meeting of Shareholders at which Directors are to be elected, only persons nominated as candidates **in accordance with the procedures set forth in Article IIA, Section 2 of this Code of Regulations** shall be eligible for election, and the candidates receiving the greatest number of votes shall be elected.

C-5

INVACARE CORPORATION

PROXY FOR COMMON SHARES AND CLASS B COMMON SHARES

Annual Meeting of Shareholders May 21, 2009

This Proxy is solicited on behalf of the Board of Directors

The undersigned hereby (i) appoints GERALD B. BLOUCH and ANTHONY C. LAPLACA, and each of them, as Proxy holders and attorneys, with full power of substitution, to appear and vote all the Common Shares and Class B Common Shares of INVACARE CORPORATION (the Company), which the undersigned shall be entitled to vote at the Annual Meeting of Shareholders of the Company, to be held at the Lorain County Community College, Spitzer Conference Center, Grand Room, 1005 North Abbe Road, Elyria, Ohio on Thursday, May 21, 2009 at 10:00 A.M. (EDT) and at any adjournments thereof, hereby revoking any and all Proxies heretofore given, and (ii) authorizes and directs said Proxy holders to vote all the Common Shares and Class B Common Shares of the Company represented by this Proxy on the reverse side.

Dated: _____, 2009

Signature

(Signature if held jointly)

Your signature to the Proxy form should be exactly the same as the name imprinted hereon. Persons signing as executors, administrators, trustees or in similar capacities should so indicate. For joint accounts, the name of each joint owner must be signed.

Please date, sign and return promptly in the accompanying envelope.

D-1

This proxy, when properly executed, will be voted with the understanding that if no directions are given below, said shares will be voted **FOR** the election of the three directors nominated by the Board of Directors, **FOR** Proposals 2, 3, 4, 5 and 6, and **AGAINST** Proposal 7. If any other matters properly come before the meeting, the persons named in this proxy will vote the shares represented by this proxy in their discretion.

A. Company Proposals

The Board of Directors recommends a vote **FOR** the listed nominees and **FOR** Proposals 2, 3, 4, 5 and 6

1. Election of Directors

<p>For all nominees listed (except as marked to the contrary below)</p> <p>James C. Boland Gerald B. Blouch</p>	<p>Withhold vote for all nominees listed</p> <p>William M. Weber</p>
---	--

B. Shareholder Proposal

The Board of Directors recommends a vote **AGAINST** Proposal 7

<p>7. Majority voting standard for Directors.</p>	<table border="0"> <tr> <td style="text-align: center;">For</td> <td style="text-align: center;">Against</td> <td style="text-align: center;">Abstain</td> </tr> <tr> <td style="text-align: center;">..</td> <td style="text-align: center;">..</td> <td style="text-align: center;">..</td> </tr> </table>	For	Against	Abstain
For	Against	Abstain					
..					

(Instruction: To withhold authority to vote for any individual nominee, write that nominee's name on the following line.)

<p>2. Approve and adopt amendments to the Company's 2003 Performance Plan</p>	<table border="0"> <tr> <td style="text-align: center;">For</td> <td style="text-align: center;">Against</td> <td style="text-align: center;">Abstain</td> </tr> <tr> <td style="text-align: center;">..</td> <td style="text-align: center;">..</td> <td style="text-align: center;">..</td> </tr> </table>	For	Against	Abstain
For	Against	Abstain					
..					

<p>3. Approve and adopt amendments to the Company's Code of Regulations to establish majority voting director resignation procedures</p>	<table border="0"> <tr> <td style="text-align: center;">For</td> <td style="text-align: center;">Against</td> <td style="text-align: center;">Abstain</td> </tr> <tr> <td style="text-align: center;">..</td> <td style="text-align: center;">..</td> <td style="text-align: center;">..</td> </tr> </table>	For	Against	Abstain
For	Against	Abstain					
..					

<p>4. Approve and adopt amendments to the Company's Code of Regulations to adopt procedures for shareholders to propose business to be considered and to nominate directors for election at an annual meeting</p>	<table border="0"> <tr> <td style="text-align: center;">For</td> <td style="text-align: center;">Against</td> <td style="text-align: center;">Abstain</td> </tr> <tr> <td style="text-align: center;">..</td> <td style="text-align: center;">..</td> <td style="text-align: center;">..</td> </tr> </table>	For	Against	Abstain
For	Against	Abstain					
..					

<p>5. Approve and adopt amendments to the Company's Code of Regulations to permit amendments to the Code of Regulations by the Board of Directors to the extent permitted by Ohio law</p>	<table border="0"> <tr> <td style="text-align: center;">For</td> <td style="text-align: center;">Against</td> <td style="text-align: center;">Abstain</td> </tr> <tr> <td style="text-align: center;">..</td> <td style="text-align: center;">..</td> <td style="text-align: center;">..</td> </tr> </table>	For	Against	Abstain
For	Against	Abstain					
..					

<p>6. Ratify appointment of Ernst & Young LLP as the Company's independent auditors.</p>	<table border="0"> <tr> <td style="text-align: center;">For</td> <td style="text-align: center;">Against</td> <td style="text-align: center;">Abstain</td> </tr> <tr> <td style="text-align: center;">..</td> <td style="text-align: center;">..</td> <td style="text-align: center;">..</td> </tr> </table>	For	Against	Abstain
For	Against	Abstain					
..					

(Continued and to be signed on other side)

INVACARE CORPORATION
COMMON SHARES AND CLASS B COMMON SHARES
VOTING INSTRUCTION CARD

Annual Meeting of Shareholders May 21, 2009

This Card is solicited on behalf of the trustees of the
Invacare Retirement Savings Plan

The undersigned hereby instructs the trustees of the Invacare Retirement Savings Plan to vote the Common Shares and Class B Common Shares of INVACARE CORPORATION (the Company) which the undersigned is entitled to vote as a participant in an employee benefit plan which may be funded by the Invacare Retirement Savings Plan at the Annual Meeting of Shareholders of the Company, to be held at the Lorain County Community College, Spitzer Conference Center, Grand Room, 1005 North Abbe Road, Elyria, Ohio on Thursday, May 21, 2009 at 10:00 A.M. (EDT) and at any adjournments thereof. The undersigned authorizes and directs the trustees of the Invacare Retirement Savings Plan to vote all the Common Shares and Class B Common Shares of the Company represented by this Card on the reverse side.

Dated: _____, 2009

Signature

(Signature if held jointly)

Your signature to the Instruction Card form should be exactly the same as the name imprinted hereon. Persons signing as executors, administrators, trustees or in similar capacities should so indicate. For joint accounts, the name of each joint owner must be signed.

Please date, sign and return promptly in the accompanying envelope.

This voting instruction card, when properly executed, will be voted with the understanding that if no directions are given below, said shares will be voted **FOR** the election of the three directors nominated by the Board of Directors, **FOR** Proposals 2, 3, 4, 5 and 6, and **AGAINST** Proposal 7. If any other matters properly come before the meeting, the undersigned authorizes the trustees of the Invacare Retirement Savings Plan to vote the shares represented by this card in their discretion.

A. Company Proposals

The Board of Directors recommends a vote **FOR** the listed nominees and **FOR** Proposals 2, 3, 4, 5 and 6

1. Election of Directors

<p>For all nominees listed (except as marked to the contrary below)</p> <p>James C. Boland Gerald B. Blouch</p>	<p>Withhold vote for all nominees listed</p> <p>William M. Weber</p>
---	--

B. Shareholder Proposal

The Board of Directors recommends a vote **AGAINST** Proposal 7

	For	Against	Abstain
7. Majority voting standard for Directors.

(Instruction: To withhold authority to vote for any individual nominee, write that nominee's name on the following line.)

2. Approve and adopt amendments to the Company's 2003 Performance Plan	For	Against	Abstain

3. Approve and adopt amendments to the Company's Code of Regulations to establish majority voting director resignation procedures	For	Against	Abstain

4. Approve and adopt amendments to the Company's Code of Regulations to adopt procedures for shareholders to propose business to be considered and to nominate directors for election at an annual meeting	For	Against	Abstain

5. Approve and adopt amendments to the Company's Code of Regulations to permit amendments to the Code of Regulations by the Board of Directors to the extent permitted by Ohio law	For	Against	Abstain

6. Ratify appointment of Ernst & Young LLP as the Company's independent auditors.	For	Against	Abstain

(Continued and to be signed on other side)