



INVACARE CORPORATION

Charter of the Audit Committee of the Board of Directors (As Adopted March 11, 2004)

Mission

The Audit Committee (the "Committee") shall assist the Board of Directors (the "Board") of Invacare Corporation (the "Company") in monitoring (i) the Company's compliance with legal and regulatory requirements, (ii) the integrity of the Company's financial statements, and (iii) the independence, performance and qualifications of the Company's internal and independent auditors.

The Committee shall prepare the report or other information required by the rules of the Securities and Exchange Commission (the "SEC") or by other applicable laws, rules or regulations to be included in the Company's annual proxy statement.

Membership

The Committee members shall be appointed by the Board. The Committee shall be comprised of at least three (3) members. Each member of the Committee shall meet the then-applicable New York Stock Exchange independence and financial literacy requirements and other relevant laws, rules or regulations, in each case, when, as and to the extent applicable to the Company. Additionally, at least one Committee member, as determined by the Board, must be an "audit committee financial expert" as defined by the SEC.

The Committee members shall serve at the pleasure of the Board, until they resign, are replaced or until their successors are elected. A Committee Chairperson shall be elected annually by the Board. A quorum shall consist of a majority of the members of the Committee.

If a Committee member simultaneously serves on the audit committee of more than three publicly-traded companies, then, in each case, the Board must determine that such simultaneous service would not impair the ability of such member to effectively serve on the Committee. Such determination shall be disclosed in the Company's annual proxy statement.

Meetings

The Committee shall meet as often as it determines to be necessary or appropriate. The Chairperson shall preside at each meeting and, in the absence of the Chairperson, one of the other members of the Committee shall be designated as the acting chair of the meeting.

All meetings of the Committee shall be held pursuant to the Code of Regulations of the Company with regard to notice and waiver thereof, and written minutes of each meeting, in the form approved by the Committee or its Chairperson, shall be duly filed in the Company records. Members of the Committee may participate in any meeting of the Committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other.

Any action which may be taken at a meeting of the Committee may be taken without a meeting if authorized by a writing or writings signed unanimously by all of the members of the Committee. The Committee may request any officer of the Company, or any representative of the Company's advisors, to attend all or a portion of any Committee meeting or to meet with any member or representative of the Committee.

Responsibilities and Authority

General Responsibilities and Authority

1. The Committee shall hold at least four (4) regular meetings per year, timed to allow for review of quarterly financial results. The Committee shall hold as many total meetings per year as its members feel are appropriate to fulfill the Committee's responsibilities. Periodically, the Committee also shall meet separately with each of management, the internal auditors and the independent auditors.

2. The Committee shall report regularly to the Board, including on issues related to the quality or integrity of financial statements and related portions of periodic reports filed with the SEC, legal and regulatory compliance and performance, and independence and qualifications of internal and independent auditors.

3. The Committee shall have direct access to, and complete and open communication with, the Company's senior management and internal and independent auditors. The Company's independent auditors shall report directly to the Committee and be ultimately accountable to the Board and the Committee.

4. The Committee shall have the sole authority and responsibility to select, evaluate, retain and where appropriate, terminate the independent auditors. The Committee shall be responsible for all oversight of the independent auditors, including the resolution of disagreements between management and the independent auditors. The Committee shall consult with management in the discharge of its duties, but shall not delegate such duties to management.

5. The Committee shall pre-approve all audit, review or attest engagements and all permitted non-audit services provided by the Company's independent auditors, subject to certain de minimus exceptions provided by law or regulation, and subject to the pre-approval policies and procedures, if any, for permitted non-audit services, which shall be disclosed in applicable Company filings made with the SEC. The authority to pre-approve audit, review and attest engagements and permitted non-audit services may be delegated to one or more independent Committee members, so long as such delegate presents his or her discussions at each scheduled meeting of the Committee.

6. The Committee shall establish procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

7. The Committee shall have the authority, without seeking approval from the Board, to retain and authorize the compensation of special legal, accounting or other advisors (including, for example, investment bankers or financial analysts), as it deems necessary, to assist in fulfilling its responsibilities and discharging its duties.

8. The Company shall provide appropriate funding, as determined by the Committee, for payment of compensation to the independent auditors for the purpose of their rendering or issuing an audit report or performing other audit, review or attest services, and to any advisors employed by the Committee, as well as ordinary administrative expenses of the Committee.

9. The Committee shall annually review the Committee's own performance. The Committee also shall periodically review and assess the adequacy of this Charter and recommend any appropriate changes to this Charter to the Board.

Specific Responsibilities and Authority

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or determine that the Company's financial statements and disclosures are complete and accurate or are in accordance with generally accepted accounting principles ("GAAP") and applicable rules and regulations. These are the responsibilities of management and the independent auditors. The Committee's responsibility is one of oversight. The following will be the common recurring activities of the Committee in carrying out its oversight function. These activities are set forth as a guide with the understanding that the Committee may diverge from this guide as it deems necessary or appropriate under the circumstances to the extent permitted by applicable laws, rules or regulations.

Financial Statements and Disclosure Matters

1. Review and discuss with management and the independent auditors the Company's annual audited financial statements and related significant financial reporting matters, including Management Discussion & Analysis, and judgments and estimates made in preparing such financial statements. Discuss the quality of the Company's significant accounting policies and estimates and clarity of disclosures. Recommend to the Board the acceptance and inclusion of the annual audited financial statements in the Company's Annual Report on Form 10-K, based on its review and discussions of the audited financial statements required hereby, its discussion with the independent auditors of the matters required to be discussed by Statement on Auditing Standards 61, "Communications with Audit Committees," and its review and discussion of the auditor's statement on its independence from, and relationships with, the Company as required by Independence Standards Board Standard No. 1.

2. Review and discuss with management and the independent auditors the Company's quarterly financial statements and Management Discussion & Analysis prior to the filing of its Form 10-Q, including the results of the independent auditors' reviews of the quarterly financial statements.

3. Review and discuss with management the Company's earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies. (This discussion may be done generally, i.e., discussion of the types of information to be disclosed and the type of presentations to be made, and the Committee need not discuss each earnings release in advance or each instance in which the Company may provide earnings guidelines.)

4. Discuss with management the Company's guidelines and policies to govern the process of risk assessment and risk management, including major financial risk exposures and the steps management has taken to monitor and control such exposures.

5. Review and discuss with the Company's chief legal officer legal disclosure and legal matters that have a material impact on the financial statements and policies, including annual or bi-annual review of letters to management or the independent auditors from counsel to the Company that were solicited in connection with the preparation of the Company's audited financial statements.

6. Review and discuss with management and the independent auditors any correspondence with regulators or governmental agencies which raises material issues regarding the Company's financial statements or accounting policies.

7. Review and discuss with the independent auditors any audit problems or difficulties and management's response thereto, including (a) restrictions on the scope of the auditors' activities, (b) access to requested information, (c) significant disagreements with management, (d) adjustments noted by auditors but not taken by management, (e) communications between the independent audit team and its national office relating to significant auditing or accounting issues encountered in its work for the Company, (f) management or internal control letters issued or proposed to be issued, and (g) responsibilities, budget and staffing of the internal audit function.

8. Review and discuss, including with management and the independent auditors, as appropriate, major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection of accounting policies or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies.

9. Review and discuss, including with management and the independent auditors, as appropriate, the effect of regulatory and accounting initiatives, as well as off-balance sheet structures on the financial statements of the Company.

10. Review and discuss, including with management and the independent auditors, as appropriate, the Company's internal audit staff or outsourced internal audit function, including: (i) purpose, authority and organizational reporting lines; (ii) annual audit plan, budget and

staffing; and (iii) concurrence in the appointment, compensation, and rotation of the senior internal audit staff personnel or outsourced internal auditor; and (iv) the Company's internal system of audit and financial controls and the results of internal audits.

Oversight of the Company's Relationship with the Independent Auditors

1. Obtain and review a report from the independent auditors at least annually regarding (a) the auditor's internal quality-control procedures, (b) any material issues raised by the most recent quality-control review, or peer review, of the auditors, or by inquiry or investigation by governmental or professional authorities within the preceding five (5) years respecting one or more independent audits carried out by the auditors, (c) any steps taken to deal with any such issues and (d) in order to assess the auditor's independence, all relationships between the auditors and the Company.

2. Discuss with the independent auditors the independent auditors' independence and any relationships or services that may impact the objectivity and independence of the independent auditors. Consider the compatibility of any non-audit services provided by the independent auditors with that firm's independence. Recommend that the Board take appropriate action in response to the independent auditors' report to satisfy itself of the independent auditors' independence.

3. Obtain and review timely reports from the independent auditors regarding (i) all critical accounting policies and practices to be used, (ii) all alternative treatments within GAAP of policies and practices related to material items that have been discussed with management, ramifications of the use of such alternatives, and the treatment preferred by the independent auditors and (iii) other material written communications between the independent auditors and management, such as any management letter or schedule of unadjusted differences.

4. The Committee's evaluation of the independent auditors shall include an evaluation of the experience and qualifications of the senior members of the independent auditors' team, including the lead partner. This evaluation should take into account the opinions of management and the internal auditors. The Committee also shall ensure that the lead partner and the concurring partner of the independent auditor are replaced at least once every five years and other applicable partners working on the Company's account are rotated periodically in compliance with all applicable laws, rules and regulations.

5. The Committee shall review and present its conclusions regarding independent auditor qualifications, independence and performance (and, if applicable, its conclusions regarding auditor rotation) to the Board at least annually.

Company Personnel

1. The Committee shall establish hiring policies for the Company's hiring of employees or former employees of the independent auditors who were engaged on the Company's account (including past and present members of the audit engagement team) and ensure that all such hiring policies comply with all applicable laws, rules and regulations. The Committee shall consider how such policies affect the auditors' independence.

2. The Committee shall review the appointment and replacement of the Company's senior internal auditing executive, to the extent the Company employs its own personnel to fulfill that function.

Annual Review

The Committee shall annually review and evaluate its own performance in carrying out its responsibilities hereunder.