INVACARE CORP
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File No. 333-142306

PROSPECTUS

$175,000,000

Invacare Corporation

OFFER TO EXCHANGE

**$175,000,000 PRINCIPAL AMOUNT OF OUR 93/4% SENIOR NOTES DUE 2015
FOR ANY AND ALL OUTSTANDING 93/4% SENIOR NOTES DUE 2015**

We are offering to exchange all of our outstanding 93/4% Senior Notes due 2015, or the initial notes, for new 93/4% Senior Notes due 2015, or the exchange notes. Except as identified in this prospectus, the terms of the exchange notes are identical in all material respects to the terms of the initial notes, except that the exchange notes have been registered under the Securities Act, and the transfer restrictions and registration rights relating to the initial notes do not apply to the exchange notes.

The exchange notes will mature on February 15, 2015. We will pay interest on the exchange notes at the rate of 93/4% per year, and interest on the exchange notes will be payable on February 15 and August 15 of each year. The exchange notes will be fully and unconditionally guaranteed on a senior unsecured basis by our direct and indirect wholly-owned subsidiaries that currently guarantee our obligations under the initial notes.

The exchange notes and the subsidiary guarantees thereof will be general unsecured senior obligations and will rank equally in right of payment with all of our and the subsidiary guarantors existing and future senior debt. The exchange notes will be senior in right of payment to any subordinated debt. The exchange notes will be effectively subordinated to all secured obligations to the extent of the value of the collateral securing such obligations and any obligations of non-guarantor subsidiaries, which will include all of our foreign subsidiaries.

We may redeem some or all of the exchange notes at any time on or prior to February 15, 2011 at a redemption price equal to 100% of the principal amount of the exchange notes redeemed plus an applicable premium calculated as set forth in this prospectus. We may redeem some or all of the exchange notes at any time after that date at the redemption prices set forth in this prospectus. We also may redeem up to 35% of the aggregate principal amount of the exchange notes using the proceeds from certain equity offerings on or before February 15, 2010. The redemption prices are described under Description of the Notes Optional Redemption.

The exchange offer will expire at 5:00 p.m., New York time, on June 28, 2007 (the 22nd business day following the date of this prospectus), unless we extend the exchange offer in our sole and absolute discretion. To exchange your initial notes for exchange notes:

- You are required to make the representations described on page 31 to us.
- The exchange agent, Wells Fargo Bank, N.A., must receive your completed letter of transmittal that accompanies this prospectus by 5:00 p.m., New York time on June 28, 2007.
- You should read the section titled The Exchange Offer for further information on how to exchange your initial notes for exchange notes.

There is no established trading market for the exchange notes, and we do not intend to list the exchange notes on any securities exchange or automated quotation system.

Investing in the exchange notes involves risks similar to those associated with the initial notes. See Risk Factors beginning on page 8 for a discussion of certain risks you should consider before participating in the exchange offer.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Broker-Dealers

Each broker-dealer that receives exchange notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. The letter of transmittal states that by so acknowledging and delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act of 1933.

This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for initial notes where such initial notes were acquired by such broker-dealer as a result of market-making activities or other trading activities.

We have agreed that, for a period of up to 180 days after the consummation of the exchange offer, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See Plan of Distribution.

The date of this prospectus is May 29, 2007

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we have filed with the Securities and Exchange Commission, or SEC. This prospectus does not contain all of the information included in the registration statement. The registration statement filed with the SEC includes exhibits that provide more details about the matters discussed in this prospectus. You should carefully read this prospectus, the related exhibits filed with the SEC and any prospectus supplement, together with the additional information described below under the headings Where You Can Find More Information and Incorporation by Reference.

This prospectus incorporates important business and financial information about us that is not included in or delivered with this prospectus. We will provide without charge to each person to whom a copy of this prospectus is delivered, upon written or oral request of that person, a copy of any and all of this information. Requests for copies should be directed to Shareholder Relations Department, Invacare Corporation, One Invacare Way, P.O. Box 4028, Elyria, Ohio 44036-2125; (440) 329-6000. You should request this information at least five business days in advance of the date on which you expect to make your decision with respect to the exchange offer. **In any event, in order to obtain timely delivery, you must request this information prior to June 21, 2007, which is five business days before the expiration date of the exchange offer.**

You should rely only on the information contained or incorporated by reference in this prospectus and in any accompanying prospectus supplement. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information appearing in this prospectus, any prospectus supplement and any other document incorporated by reference is accurate only as of the date on the front cover of those documents. Our business, financial condition, results of operations and prospects may have changed since those dates.

Under no circumstances should the delivery to you of this prospectus create any implication that the information contained in this prospectus is correct as of any time after the date of this prospectus.

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Unless otherwise indicated or unless the context otherwise requires, all references in this prospectus to Invacare, we, us, and our mean Invacare Corporation and all of our subsidiaries that are consolidated under GAAP. In this prospectus, we sometimes refer to the notes and guarantees collectively as the securities. References in this prospectus to the notes mean the initial notes and/or the exchange notes, as the context requires. Our fiscal year ends on December 31 of each year. When we refer to a year, such as 2006, we are referring to the fiscal year ended on December 31 of that year.

MARKET, RANKING AND OTHER INDUSTRY DATA

Due to the variety of our products and the markets that we serve, there are few published independent sources for data related to the markets for many of our products. Furthermore, in certain categories we participate in portions of larger markets for which data may be available but we estimate our portion of the market based on internal analysis. To the extent we are able to express our belief on the basis of data derived in part from independent sources, we have done so. To the extent we have been unable to do so, we have expressed our belief solely on the basis of our own internal analyses and estimates of our and our competitors products and capabilities. Industry publications, surveys and forecasts that we have utilized generally state that the information contained therein has been obtained from third-party sources believed to be reliable. Although we believe that the third-party sources are reliable, we have not independently verified any of the data from third-party sources nor have we ascertained the underlying assumptions or basis for any of the information. In general, when we say we are a leader or a leading manufacturer or make similar statements about ourselves, we are expressing our belief that we formulated principally from our estimates and experience in, and knowledge of, the markets in which we compete. Our estimate of the overall size of the worldwide market for medical equipment used in the home is principally based on our internal analysis of our market share and the market sizes of our individual geographic segments and product groups. In some of the cases described above, we possess independent data to support our position, but that data may not be sufficient in isolation for us to reach the conclusions that we have reached without our knowledge of our markets and businesses.

FORWARD-LOOKING STATEMENTS

This prospectus contains and incorporates by reference forward-looking statements. Generally, you can identify these statements because they contain words like anticipates, believes, estimates, expects, forecasts, future, intend and similar terms. These statements reflect only our current expectations. Forward-looking statements include the statements concerning our plans, objectives, goals, strategies, future events, capital expenditures, future results, our competitive strengths, our business strategy and the trends in our industry.

We cannot guarantee the accuracy of any forward-looking statements, and actual results may differ materially from those we anticipated due to a number of uncertainties, including, among others, the risks we face as described under the Risk Factors section and elsewhere in this prospectus. You should not place undue reliance on these forward-looking statements. These forward-looking statements are within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act, and are intended to be covered by the safe harbors created thereby. To the extent that these statements are not recitations of historical fact, these statements constitute forward-looking statements that, by definition, involve risks and uncertainties. In any forward-looking statement where we express an expectation or belief as to future results or events, that expectation or belief is expressed in good faith and is believed to have a reasonable basis, but is based on underlying assumptions that may not occur and may be beyond our control and there can be no assurance that the future results or events expressed by the statement of expectation or belief will be achieved or accomplished. Our actual results, performance or achievements could differ materially from those expressed in, or implied by, forward-looking statements. We can give you no assurance that any of the events or performance measures anticipated by forward-looking statements will occur or be achieved or, if any of them do, what impact they will have on our results of operations and financial condition. Important

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factors that could cause actual results to differ materially from the forward-looking statements include, but are not limited to:

- possible adverse effects of being substantially leveraged, which could impact our ability to raise capital, limit our ability to react to changes in the economy or our industry or expose us to interest rate risks;
- changes in domestic or foreign government and other third-party payor reimbursement levels and practices and regulations and interpretations of regulations;
- consolidation of health care customers and our competitors;
- ineffective cost reduction and restructuring efforts;
- inability to design, manufacture, distribute and achieve market acceptance of new products with higher functionality and lower costs;
- extensive government regulation of our products;
- environmental regulations which hinder our research and development and manufacturing processes;
- lower cost imports;
- increased freight costs;
- failure to comply with regulatory requirements or receive regulatory clearance or approval for our products or operations in the United States or abroad;
- potential product recalls;
- increases in uncollectible accounts receivable;
- further difficulties in implementing our new enterprise resource planning system;
- legal actions or regulatory proceedings and governmental investigations;
- product liability claims;
- inadequate patents or other intellectual property protection;
- incorrect assumptions concerning demographic trends that impact the market for our products;
- provisions of our charter documents and our bank credit agreements or other debt instruments that could prevent or delay a change in control;
- the loss of the services of our key management and personnel;
- decreased availability or increased costs of raw materials could increase our costs of producing our products;
- inability to acquire strategic acquisition candidates because of limited financing alternatives;

risks inherent in managing and operating businesses in many different foreign jurisdictions;

exchange rate fluctuations; and

potential impairment charges associated with goodwill, intangibles and/or other assets.

Additional risks, uncertainties and other factors that may cause our actual results, performance or achievements to be different from those expressed or implied in our written or oral forward-looking statements may be found under Risk Factors contained in this prospectus and in the annual and quarterly reports that we have filed with the SEC and that are incorporated by reference in this prospectus.

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These factors and other risk factors disclosed in this prospectus and elsewhere are not necessarily all of the important factors that could cause our actual results to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors could also harm our results. Consequently, there can be no assurance that the actual results or developments anticipated by us will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, us. Given these uncertainties, you are cautioned not to place undue reliance on these forward-looking statements.

The forward-looking statements contained in this prospectus are made only as of the date of this prospectus. Except to the extent required by law, we do not undertake, and specifically decline any obligation, to update any forward-looking statements or to publicly announce the results of any revisions to any of these statements to reflect future events or developments or otherwise.

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PROSPECTUS SUMMARY

The following summary highlights certain information contained in or incorporated by reference in this prospectus. It does not contain all of the information that may be important to you and to your investment decision. The following summary is qualified in its entirety by the more detailed information and the financial statements and the notes included or incorporated by reference in this prospectus. You should carefully read this entire prospectus and should consider, among other things, the matters described in the Risk Factors section before deciding to invest in the notes.

The Company

We are the world s leading manufacturer and distributor in the $8.0 billion worldwide market for medical equipment used in the home based upon our distribution channels, breadth of product lines and net sales. We design, manufacture and distribute an extensive line of health care products for the non-acute care environment, including the home health care, retail and extended care markets. We continuously revise and expand our product lines to meet changing market demands and currently offer numerous product lines. We sell our products principally to over 25,000 home health care and medical equipment providers, distributors and government locations in the United States, Australia, Canada, Europe, New Zealand and Asia. Our products are sold through our worldwide distribution network by our sales force, telesales associates and various organizations of independent manufacturers representatives and distributors. We also distribute medical equipment and disposable medical supplies manufactured by others.

We are committed to design, manufacture and deliver the best value in medical products, which promote recovery and active lifestyles for people requiring home and other non-acute health care. We pursue this vision by:

designing and developing innovative and technologically superior products;

ensuring continued focus on our primary market the non-acute health care market;

marketing our broad range of products;

providing the industry s most professional and cost-effective sales, customer service and distribution organization;

supplying superior and innovative provider support and aggressive product line extensions;

building a strong referral base among health care professionals;

building brand preference with consumers;

continuously advancing and recruiting top management candidates;

empowering all employees;

providing a performance-based reward environment; and

continually striving for total quality throughout the organization.

When Invacare was acquired in December 1979 by a group of investors, including some of our current officers and Directors, we had $19.5 million in net sales and a limited product line of standard wheelchairs and patient aids. In 2006, Invacare reached approximately $1.5 billion in net sales, representing a 17% compound average sales growth rate since 1979, and currently is the leading company in each of the following major, non-acute, medical equipment categories: power and manual wheelchairs, home care bed systems and home oxygen systems.

The Recapitalization

On February 12, 2007, we completed certain refinancing transactions which are further described below and which we refer to collectively as the Recapitalization.

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On February 12, 2007, we entered into a Credit Agreement which provides for a $400 million senior secured credit facility consisting of a $250 million term loan facility and a $150 million revolving credit facility. Our obligations under the Credit Agreement are secured by substantially all of the Company s assets, subject to certain exceptions, and are guaranteed by our material domestic subsidiaries, with certain obligations also guaranteed by our material foreign subsidiaries. The Credit Agreement contains a number of customary restrictive covenants, affirmative covenants and events of default, and financial covenants that require the Company to maintain a maximum leverage ratio, a minimum interest coverage ratio, and a minimum fixed charge coverage ratio.

We also consummated the issuance and sale of $135 million aggregate principal amount of our 4.125% convertible senior subordinated debentures due 2027 (the debentures) on February 12, 2007. The net proceeds to the Company from the offering, after deducting the initial debenture purchasers discount and the estimated offering expenses payable by us, were approximately $132.3 million. The debentures are governed by an Indenture, dated February 12, 2007, by and among the Guarantors named therein and Wells Fargo Bank, N.A. (the trustee), and us. The debentures are unsecured senior subordinated obligations of the Company guaranteed by substantially all of our domestic subsidiaries and pay interest at 4.125% per annum on each February 1 and August 1. See Description of Other Indebtedness.

We also consummated the issuance and sale of the initial notes on February 12, 2007. Our net proceeds from the offering, after deducting the initial note purchasers discount and the estimated offering expenses payable by us, were approximately $167 million. The initial notes are governed by an Indenture, dated February 12, 2007, by and among the Guarantors named therein, the trustee and us. The initial notes are unsecured senior obligations of the Company, guaranteed by substantially all of our domestic subsidiaries.

We used the net proceeds from the offerings of the initial notes and the debentures, together with our initial borrowings under the Credit Agreement to repay outstanding indebtedness under our previously existing revolving credit facility, our accounts receivable securitization, our 6.71% senior notes due 2008, 3.97% senior notes due 2007, 4.74% senior notes due 2009, 5.05% senior notes due 2010 and 6.17% senior notes due 2016 and our related expenses and repayment costs aggregating $570 million, and we refer to these related transactions collectively as the Recapitalization.

Recent Developments

We recently became aware of a potential embezzlement at one of our foreign facilities, which is being investigated by the local authorities. The embezzlement is believed to have occurred from January 2005 through March 2007. Our internal audit function is currently performing both an internal audit and a forensic audit into this situation. We carry insurance on employee dishonesty in the amount of $5 million and believe we will recover the entire amount of that policy after completion of the necessary paperwork. We do not believe the impact of the embezzlement and the related insurance proceeds will have a significant impact on our financial results, operations or plans and believe that the appropriate internal controls were in place but were circumvented by collusion.

Our principal executive offices are located at One Invacare Way, Elyria, Ohio 44036, and our telephone number at that address is (440) 329-6000. Our website address is *http://www.invacare.com.* The information on our website is not part of this prospectus.

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The Exchange Offer

Notes Offered	We are offering to exchange up to $175,000,000 of our 93/4% Senior Notes due 2015. The terms of the exchange notes are identical in all material respects to the terms of the initial notes, except that the exchange notes have been registered under the Securities Act, and the transfer restrictions and registration rights relating to the initial notes do not apply to the exchange notes.
The Exchange Offer	We are offering to issue the exchange notes in exchange for a like principal amount of your initial notes. We are offering to issue the exchange notes to satisfy our obligations contained in the registration rights agreement entered into when the initial notes were sold in transactions permitted by Rule 144A under the Securities Act and therefore not registered with the SEC. For procedures for tendering your initial notes, see The Exchange Offer.
Tenders, Expiration Date, Withdrawal	The exchange offer will expire at 5:00 p.m. New York City time on June 28, 2007 unless it is extended. If you decide to exchange your initial notes for exchange notes, you must acknowledge that you are not engaging in, and do not intend to engage in, a distribution of the exchange notes. If you decide to tender your initial notes in the exchange offer, you may withdraw them any time prior to June 28, 2007. If we decide for any reason not to accept any initial notes for exchange, your initial notes will be returned to you promptly after the exchange offer expires.
Conditions of the Exchange Offer	The exchange offer is subject to the following customary conditions, which we may waive: the exchange offer, or the making of any exchange by a holder of initial notes, will not violate any applicable law or interpretation by the staff of the SEC; no action may be pending or threatened in any court or before any governmental agency with respect to the exchange offer that may impair our ability to proceed with the exchange offer; and no stop order may be threatened or in effect with respect to the exchange offer or the qualification of the indenture under the Trust Indenture Act of 1939, as amended.
Material U.S. Federal Income Tax Considerations	Your exchange of initial notes for exchange notes in the exchange offer will not result in any income, gain or loss to you for federal income tax purposes. See Material United States Federal Income Tax Consequences.
Use of Proceeds	We will not receive any proceeds from the issuance of the exchange notes in the exchange offer.
Exchange Agent	Wells Fargo Bank, N.A. is the exchange agent for the exchange offer.

Failure to Tender Your Initial Notes	If you fail to tender your initial notes in the exchange offer, you will not have any further rights under the registration rights agreement, except under limited circumstances. Because the initial notes are not registered under the Securities Act, the initial notes and exchange notes will not be interchangeable. Consequently, if you fail to tender

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	your initial notes in the exchange offer, you will not be able to trade your initial notes with the exchange notes we issue. If most of the initial notes are tendered in the exchange offer, holders of notes that have not been exchanged will likely have little trading liquidity.
Consequences of Exchanging Your Initial Notes	Based on interpretations of the staff of the SEC, we believe that you may offer for resale, resell or otherwise transfer the exchange notes that we issue in the exchange offer without complying with the registration and prospectus delivery requirements of the Securities Act if you: acquire the exchange notes issued in the exchange offer in the ordinary course of your business; are not participating, do not intend to participate, and have no arrangement or undertaking with anyone to participate, in the distribution of the exchange notes issued to you in the exchange offer; and are not an affiliate of Invacare as defined in Rule 405 of the Securities Act. If any of these conditions is not satisfied and you transfer any exchange notes issued to you in the exchange offer without delivering a proper prospectus or without qualifying for a registration exemption, you may incur liability under the Securities Act. We will not be responsible for or indemnify you against any liability you may incur. Any broker-dealer that acquires exchange notes in the exchange offer for its own account in exchange for initial notes which it acquired through market-making or other trading activities, must acknowledge that it will deliver a prospectus when it resells or transfers any exchange notes issued in the exchange offer as described in more detail under Plan of Distribution.
Risk Factors	An investment in the notes is subject to certain risks. See Risk Factors beginning on page 8 of this prospectus and the other information in this prospectus for a discussion of factors you should consider carefully before deciding to invest in the notes.
Accounting Treatment	The exchange notes will be recorded in our accounting records at the same carrying value as the initial notes, as reflected in our accounting records on the date of the exchange. Accordingly, no gain or loss for accounting purposes will be recognized by us. The costs of the exchange offer and the expenses related to the issuance of the initial notes will be amortized over the term of the exchange notes.

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The Exchange Notes

The terms of the exchange notes and the initial notes are identical in all material respects, except that the exchange notes have been registered under the Securities Act, and the transfer restrictions and registration rights relating to the initial notes do not apply to the exchange notes. The following summary contains basic information about the exchange notes and is not intended to be complete. It does not contain all the information that may be important to you. For a more complete understanding of the exchange notes, please refer to the section in this prospectus entitled Description of Notes. You should read the entire prospectus, including the financial statements and related notes included or incorporated by reference in this prospectus, before making an investment decision.

Issuer	Invacare Corporation.
Securities	$175 million in aggregate principal amount of 93/4% Senior Notes due 2015.
Maturity	The notes will mature on February 15, 2015.
Interest	The notes will bear interest at 93/4% per annum. We will pay interest on the notes semiannually on February 15 and August 15 of each year. The first such payment will be made on August 15, 2007.
Guarantees	The notes will be guaranteed on a senior unsecured basis by all of our existing domestic restricted subsidiaries (other than our captive insurance subsidiary and any receivables subsidiaries) and certain future domestic restricted subsidiaries.
Ranking	The notes will be our unsecured senior obligations. Accordingly, they will: rank equally in right of payment with all of our existing and future senior debt; rank senior in right of payment to our existing and future subordinated indebtedness, including our 4.125% convertible senior subordinated debentures due 2027; rank senior to any of our existing and future debt that expressly provides that it is subordinated to the notes; be effectively subordinated to any of our existing and future secured debt to the extent of the assets securing such debt, including all borrowings under our senior secured credit facilities; and be structurally subordinated to any existing and future debt or other liabilities of our subsidiaries that do not guarantee the notes, including debt borrowed by our foreign subsidiaries. Similarly, the guarantees will be unsecured senior obligations of the guarantors and will:

rank equally in right of payment with all of the applicable guarantor s existing and future senior debt;

rank senior in right of payment to all of the applicable guarantor s existing and future subordinated debt;

rank senior in right of payment to all of the applicable guarantor s debt that expressly provides that it is subordinated to the guarantees;

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	be effectively subordinated in right of payment to all of the applicable guarantor s existing and future secured debt to the extent of the assets securing such debt, including the guarantor s guarantees of our senior secured credit facilities; and be structurally subordinated to all existing and future debt and other obligations of each of such guarantor s subsidiaries that do not guarantee the notes, including debt borrowed by our foreign subsidiaries. As of March 31, 2007, we had $291.9 million of senior secured debt to which the initial notes were subordinated. In addition, we had $3.3 million of letters of credit under our senior secured credit facilities. As of that date, we had $119.3 million of availability for additional borrowings under our senior secured credit facilities, subject to borrowing base availability. Certain of our foreign subsidiaries are able to borrow up to $150 million of our senior secured credit facilities.
Optional Redemption	After February 15, 2011, we may redeem some or all of the notes at any time at the redemption prices listed under Description of Notes Optional Redemption, plus accrued and unpaid interest. Prior to February 15, 2010, we may redeem up to 35% of the notes with the proceeds from certain equity offerings at the redemption price listed under Description of Notes Optional Redemption, plus accrued and unpaid interest. We may redeem the notes, in whole or in part, at any time on or prior to February 15, 2011 at a redemption price equal to 100% of the principal amount of the notes redeemed plus an applicable premium calculated as set forth in this prospectus.
Change of Control	If we experience certain types of change of control transactions, we must offer to repurchase the notes at 101% of the aggregate principal amount of the notes repurchased, plus accrued and unpaid interest.
Basic Covenants of Indenture	The indenture governing the notes, among other things, restricts our and our subsidiaries ability to: incur additional debt; pay dividends on, or redeem or repurchase stock; create liens; make specified types of investments; apply net proceeds from certain asset sales;

engage in transactions with our affiliates;

engage in sale and leaseback transactions;

merge or consolidate;

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	restrict dividends or other payments from subsidiaries; and sell, assign, transfer, lease, convey or dispose of assets. These covenants are subject to a number of important exceptions, limitations and qualifications that are described under Description of the Notes Certain Covenants.
Absence of Public Market	The exchange notes will be freely transferable, but will be new securities for which there will not initially be a market. We do not intend to list the exchange notes on any securities exchange or to seek their admission to trading on any automated quotation system. Accordingly, there is no assurance that a market for the exchange notes will develop or as to the liquidity of any market.

You should carefully consider all of the information included or incorporated by reference in this prospectus, including the discussion in the section entitled Risk Factors, for an explanation of certain risks of investing in the exchange notes.

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RISK FACTORS

You should carefully consider the risk factors set forth below as well as the other information contained in this prospectus before purchasing any notes. The risks described below are not the only risks facing us and your investment in the notes. Additional risks and uncertainties also may materially and adversely affect our business, financial condition, cash flows or results of operations. The following risks could materially and adversely affect our business, financial condition, cash flows or results of operations. In such a case, you may lose all or part of your original investment.

Risks Relating to the Notes and the Exchange Offer

Our substantial leverage could adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry, expose us to interest rate risk to the extent of our variable rate debt and prevent us from meeting our obligations under the notes.

We are highly leveraged. As of March 31, 2007, our total indebtedness was $601.9 million. We also had an additional $119.3 million available for borrowing under our senior secured credit facilities, without consideration of covenant restrictions.

Our high degree of leverage could have important consequences for you, including:

- making it more difficult for us to make payments on the notes and our other debt;
- increasing our vulnerability to general economic and industry conditions;
- requiring a substantial portion of cash flow from operations to be dedicated to the payment of principal and interest on our indebtedness, therefore reducing our ability to use our cash flow to fund our operations, capital expenditures and future business opportunities;
- exposing us to the risk of increased interest rates as some of our borrowings, including borrowings under our senior secured credit facilities, will be at variable rates of interest;
- limiting our ability to make strategic acquisitions or causing us to make non-strategic divestitures;
- limiting our ability to obtain additional financing for working capital, capital expenditures, product development, debt service requirements, acquisitions and general corporate or other purposes; and
- limiting our ability to adjust to changing market conditions and placing us at a competitive disadvantage compared to some of our competitors who may be less highly leveraged.

We and our subsidiaries may be able to incur substantial additional indebtedness in the future, subject to the restrictions contained in our senior secured credit facilities and the indenture governing the notes.

Our debt agreements contain restrictions that limit our flexibility in operating our business.

Our senior secured credit facilities and the indentures governing the notes and our 4.125% convertible senior subordinated debentures due 2027 contain various covenants that limit our ability to engage in specified types of

transactions. These covenants limit our and our restricted subsidiaries ability to, among other things:

- incur additional indebtedness or other contingent obligations;
- pay dividends on, repurchase or make distributions in respect of our capital stock or make other restricted payments;
- make investments;
- sell assets;
- create liens on assets;
- consolidate, merge, sell or otherwise dispose of all or substantially all of our assets;
- engage in transactions with affiliates;

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enter into sale and leaseback transactions;

designate our subsidiaries as unrestricted subsidiaries;

amend, modify or terminate our material contracts;

permit operations of foreign subsidiaries that are not obligors under our senior secured credit facilities to exceed a specified percentage of total operations;

engage in any new material line of business;

enter into contractual obligations limiting our ability to make intercompany loans, investments and other transfers or to provide subsidiary guarantees of and collateral to secure our obligations under our senior secured credit facilities or requiring a negative pledge on our assets;

amend our organizational documents or make changes to our accounting policies; and

prepay, redeem, purchase or otherwise satisfy other debt.

In addition, under our senior secured credit facilities, we are required to satisfy and maintain specified financial ratios and other financial condition tests. These covenants could materially and adversely affect our ability to finance our future operations or capital needs. Furthermore, they may restrict our ability to conduct and expand our business and pursue our business strategies. Our ability to meet these financial ratios and financial condition tests can be affected by events beyond our control, including changes in general economic and business conditions, and we cannot assure you that we will meet these ratios and tests in the future or at all.

A breach of any of these covenants could result in a default under our senior secured credit facilities. Upon the occurrence of an event of default under our senior secured credit facilities, the lenders could elect to declare all amounts outstanding under our senior secured credit facilities to be immediately due and payable and terminate all commitments to extend further credit. If we were unable to repay those amounts, the lenders under our senior secured credit facilities could proceed against the collateral granted to them to secure that indebtedness. We have pledged a significant portion of our assets as collateral under our senior secured credit facilities. If the lenders under our senior secured credit facilities accelerate the repayment of borrowings, we cannot assure you that we will have sufficient assets to repay the amounts borrowed under our senior secured credit facilities, as well as our unsecured indebtedness, including the notes.

If we default on our obligations to pay our indebtedness, we may not be able to make payments on the notes.

Any default under the agreements governing our indebtedness, including a default under our senior secured credit facilities, that is not waived by the required lenders, and the remedies sought by the holders of such indebtedness, could prevent us from paying principal, premium, if any, and interest on the notes and could substantially decrease the market value of the notes. If we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, and interest on our indebtedness, or if we otherwise fail to comply with the various covenants, including financial and operating covenants, in the instruments governing our indebtedness (including covenants in our senior secured credit facilities and the indenture governing the notes), we could be in default under the terms of the agreements governing such indebtedness. In the event of such default, the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest, the lenders under our senior secured credit facilities could elect to

terminate their commitments thereunder, cease making further loans and institute foreclosure proceedings against our assets, and we could be forced into bankruptcy or liquidation. If our operating performance declines, we may in the future need to obtain waivers from the required lenders under our senior secured credit facilities to avoid being in default. If we breach our covenants under our senior secured credit facilities and seek a waiver, we may not be able to obtain a waiver from the required lenders. If this occurs, we would be in default under our senior secured credit agreement, the lenders could exercise their rights, as described above, and we could be forced into bankruptcy or liquidation.

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Your right to receive payments on the notes is effectively subordinate to those lenders who have a security interest in our assets.

Our obligations under the notes and our guarantors obligations under their guarantees of the notes are unsecured, but our obligations under our senior secured credit facilities and each guarantor s obligations under its guarantee of the senior secured credit facilities are secured by a security interest in substantially all of our domestic and certain of our international tangible and intangible assets and all of our promissory notes and the capital stock of substantially all of our existing and future domestic and international subsidiaries. If we are declared bankrupt or insolvent, or if we default under our senior secured credit facilities, the lenders could declare all of the funds borrowed thereunder, together with accrued interest, immediately due and payable. If we were unable to repay such indebtedness, the lenders could foreclose on the pledged assets described above to the exclusion of holders of the notes, even if an event of default exists under the indenture governing the notes at such time. Furthermore, if the lenders foreclose on the pledged assets and sell the pledged equity interests in any guarantor under the notes, then that guarantor will be released from its guarantee of the notes automatically and immediately upon such sale. In any such event, because the notes will not be secured by any of our assets or the equity interests in the guarantors, it is possible that there would be no assets remaining from which your claims could be satisfied or, if any assets remained, they might be insufficient to satisfy your claims fully. See Description of Other Indebtedness Senior Secured Credit Facilities.

As of March 31, 2007, we had $291.9 million of senior secured indebtedness, and we had $119.3 million of availability for additional borrowings under our revolving credit facility, without consideration of covenant restrictions.

The assets of any of our non-guarantor subsidiaries may not be available to make payments on the notes.

The guarantors of the notes will include substantially all of our existing domestic restricted subsidiaries, other than our captive insurance subsidiary, any receivables subsidiary and certain future direct and indirect wholly owned domestic restricted subsidiaries. Our foreign subsidiaries will not guarantee the notes. Payments on the notes are required to be made only by us and the subsidiary guarantors. As a result, no payments are required to be made from assets of subsidiaries that do not guarantee the notes, unless those assets are transferred by dividend or otherwise to us or a subsidiary guarantor. In the event that any non-guarantor subsidiary becomes insolvent, liquidates, reorganizes, dissolves or otherwise winds up, holders of its debt and its trade creditors generally will be entitled to payment on their claims from the assets of that subsidiary before any of those assets are made available to us. Consequently, your claims in respect of the notes will be effectively subordinated to all of the liabilities of any of our non-guarantor subsidiaries, including trade payables. Our non-guarantor subsidiaries generated approximately 41% of our consolidated revenue for 2006 and are more profitable than our guarantor subsidiaries.

To service our debt, we will require a significant amount of cash, which may not be available to us.

Our ability to make payments on, or repay or refinance, our debt, including the notes, and to fund planned capital expenditures, will depend largely upon our future operating performance. Our future operating performance, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. In addition, our ability to borrow funds in the future to make payments on our debt will depend on the satisfaction of the covenants in our senior secured credit facilities and our other debt agreements, including the indenture governing the notes, and other agreements we may enter into in the future. Specifically, we will need to maintain specified financial ratios and satisfy financial condition tests. We cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available to us under our senior secured credit facilities or from other sources in an amount sufficient to enable us to pay our debt, including the notes, or to fund our other liquidity needs.

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Our 4.125% convertible senior subordinated debentures due 2027 are our senior subordinated obligations. In addition, we may be required to pay substantial amounts in cash to holders of our 4.125% convertible senior subordinated debentures due 2027 at the time of conversion prior to the maturity of the notes. As a result of making cash payments on these debentures, we may not have sufficient cash to pay the principal of, or interest on, the notes.

The notes are senior in right of payment to our 4.125% convertible senior subordinated debentures due 2027, which we sometimes refer to as the convertible debentures. The convertible debentures provide that upon conversion, we have the right to deliver, in lieu of our common shares, cash or a combination of cash and our common shares. In addition, upon the occurrence of a fundamental change (as that term is defined in the indenture governing the convertible debentures) holders of our convertible debentures have the right to require us to repurchase the convertible debentures for cash which could occur prior to the stated maturity of the notes. The indenture governing the notes may not allow these payments to be made in cash. See Description of Other Indebtedness Convertible Senior Subordinated Debentures. Payments of the convertible debentures upon conversion to be made in cash or payments to repurchase the convertible debentures upon a fundamental change could be construed to be a prepayment of principal on subordinated debt, and our existing and future senior debt including the notes may prohibit us from making those payments, or may restrict our ability to do so by requiring that we satisfy certain covenants relating to the making of restricted payments. If we are unable to pay the cash amount required, we could seek consent from our senior creditors to make the payment. If we are unable to obtain their consent, we could attempt to refinance the debt. If we were unable to obtain a consent or refinance the debt, we would be prohibited from paying the cash portion of the conversion consideration, in which case we would have an event of default under the indenture governing the convertible debentures. An event of default under the convertible debentures indenture most likely would constitute an event of default under our senior secured credit facilities.

The indenture governing the convertible debentures provides that the debentures are convertible only upon the occurrence of certain events. However, we otherwise generally will be unable to control timing of any conversion of the convertible debentures. As a result of making payments on the convertible debentures in the form of cash or a combination of cash and our common shares, we may not have sufficient cash to pay the principal of, or interest on, the notes. For example, if a significant amount of convertible debentures were converted shortly before a regular interest payment date for the notes and the form of payment included all cash or a portion in cash, we may not have sufficient cash to make the interest payment on the notes. We may attempt to borrow under our senior secured credit facilities to fund interest payments on the notes, but there can be no assurance that we will have sufficient availability under that or any successor facility or that the lenders under our senior secured credit facilities will allow us to draw on that facility for the purpose of making payments on the notes.

Federal and state statutes allow courts, under specific circumstances, to void the guarantees, subordinate claims in respect of the guarantees and require note holders to return payments received from the guarantors.

Certain of our existing and future domestic subsidiaries will guarantee our obligations under the notes. The issuance of the guarantees by the guarantors may be subject to review under state and federal laws if a bankruptcy, liquidation or reorganization case or a lawsuit, including in circumstances in which bankruptcy is not involved, were commenced at some future date by, or on behalf of, our unpaid creditors or the unpaid creditors of a guarantor. Under the federal bankruptcy laws and comparable provisions of state fraudulent transfer laws, a court may void or otherwise decline to enforce a guarantor s guarantee, or subordinate such guarantee to such guarantor s existing and future indebtedness. This may be more relevant in our circumstances due to our recent financial performance. While the relevant laws may vary from state to state, a court might do so if it found that when a guarantor entered into its guarantee or, in some states, when payments became due under such guarantee, such guarantor received less than reasonably equivalent value or fair consideration and either:

was insolvent or rendered insolvent by reason of such incurrence;

was engaged in a business or transaction for which such guarantor s remaining assets constituted unreasonably small capital; or

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intended to incur, or believed that such guarantor would incur, debts beyond such guarantor s ability to pay such debts as they mature.

The court might also void a guarantee, without regard to the above factors, if the court found that a guarantor entered into its guarantee with actual intent to hinder, delay or defraud its creditors. In addition, any payment by a guarantor pursuant to its guarantee could be voided and required to be returned to that guarantor or to a fund for the benefit of that guarantor s creditors. A court would likely find that a guarantor did not receive reasonably equivalent value or fair consideration for its guarantee if that guarantor did not substantially benefit directly or indirectly from the issuance of the notes. If a court were to void a guarantee, you would no longer have a claim against that guarantor. Sufficient funds to repay the notes may not be available from other sources, including the remaining guarantors, if any. In addition, the court might direct you to repay any amounts that you already received from any guarantor.

The measures of insolvency for purposes of these fraudulent transfer laws will vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, a guarantor would be considered insolvent if:

the sum of that guarantor s debts, including contingent liabilities, was greater than the fair saleable value of such guarantor s assets; or

if the present fair saleable value of that guarantor s assets were less than the amount that would be required to pay such guarantor s probable liability on such guarantor s existing debts, including contingent liabilities, as they become absolute and mature; or

that guarantor could not pay its guarantor s debts as they become due.

To the extent a court voids any of the guarantees as fraudulent transfers or holds any of the guarantees unenforceable for any other reason, holders of notes would cease to have any direct claim against the applicable guarantor. If a court were to take this action, a guarantor s assets would be applied first to satisfy that guarantor s liabilities, if any, before any portion of its assets could be applied to the payment of the notes.

Each guarantee contains a provision intended to limit a guarantor s liability to the maximum amount that it could incur without causing the incurrence of obligations under its guarantee to be a fraudulent transfer. This provision may not be effective to protect the guarantees from being voided under fraudulent transfer law, or may reduce the guarantor s obligation to an amount that effectively makes the guarantee worthless. The indenture governing the notes permits us and our restricted subsidiaries to incur substantial additional indebtedness in the future, including senior secured indebtedness.

We may not be able to repurchase the notes upon a change of control.

Upon the occurrence of specific kinds of change of control events, we will be required to offer to repurchase all outstanding notes at 101% of their principal amount plus accrued and unpaid interest. The source of funds for any purchase of the notes will be our available cash or cash generated from our subsidiaries operations or other sources, including borrowings, sales of assets or sales of equity. We may not be able to repurchase the notes upon a change of control because we may not have sufficient financial resources to purchase all of the notes that are tendered upon a change of control. Further, we may be contractually restricted under the terms of our senior secured credit facilities or other debt from repurchasing all of the notes tendered by holders upon a change of control. Accordingly, we may not be able to satisfy our obligations to purchase the notes unless we are able to refinance or obtain waivers under our senior secured credit facilities. Our failure to repurchase the notes upon a change of control would cause a default

under the indenture governing the notes and a cross-default under the senior secured credit facilities and may cause a cross-default under the indenture governing our convertible debentures. Our senior secured credit facilities also provide that a change of control will be a default that permits lenders to accelerate the maturity of borrowings thereunder and the indenture governing the convertible debentures requires us to repurchase all outstanding convertible debentures at specified prices upon the occurrence of specified kinds of change of control events. Any of our future debt agreements may contain similar provisions.

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If you do not properly tender your initial notes, your ability to transfer your initial notes will be adversely affected.

We will only issue exchange notes in exchange for initial notes that are timely received by the exchange agent, together with all required documents, including a properly completed and signed letter of transmittal. Therefore, you should allow sufficient time to ensure timely delivery of the initial notes and you should carefully follow the instructions on how to tender your initial notes. Neither we nor the exchange agent are required to tell you of any defects or irregularities with respect to your tender of the initial notes. If you do not tender your initial notes or if we do not accept your initial notes because you did not tender your initial notes properly, then, after we consummate the exchange offer, you may continue to hold initial notes that are subject to the existing transfer restrictions.

As a result, the initial notes may not be offered or sold unless registered under the Securities Act or pursuant to an exemption from or in a transaction not subject to the Securities Act and applicable state securities laws. We do not intend to register the initial notes under the Securities Act or any applicable state securities laws. After the exchange offer, you will not be entitled to any rights to have such initial notes registered under the Securities Act except in limited circumstances. Except as otherwise described in this prospectus, the exchange notes will not be subject to any transfer restrictions under the Securities Act or state securities laws. In addition, the aggregate principal amount of the initial notes will be reduced to the extent initial notes are tendered and accepted in the exchange offer. This could adversely affect the trading market, if any, for the initial notes.

Certain participants in the exchange offer must deliver a prospectus in connection with resales of the exchange notes.

Based on certain no-action letters issued by the staff of the Commission, we believe that you may offer for resale, resell or otherwise transfer the initial notes without compliance with the registration and prospectus delivery requirements of the Securities Act. However, in some instances described in this prospectus under Plan of Distribution, you will remain obligated to comply with the registration and prospectus delivery requirements of the Securities Act to transfer your exchange notes. For example, if you exchange your initial notes in the exchange offer for the purpose of participating in a distribution of the exchange notes, you may be deemed to have received restricted securities and, if so, will be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction. In these cases, if you transfer any exchange note without delivering a prospectus meeting the requirements of the Securities Act or without an exemption from registration of your exchange notes under the Securities Act, you may incur liability under this act. We do not and will not assume, or indemnify you against, this liability.

Your ability to transfer the exchange notes may be limited by the absence of an active trading market, and there is no assurance that any active trading market will develop for the exchange notes.

The exchange notes are new issues of securities for which there is no established public market. The initial notes are eligible for trading in the PORTAL[sm] Market; however, we do not intend to list the exchange notes on any securities exchange or to seek their admission to trading on any automated quotation system and the exchange notes will not be eligible for trading in the PORTAL[sm] Market. The initial purchasers of the initial notes advised us that they intended to make a market in the initial notes, and the exchange notes, if issued, as permitted by applicable laws and regulations; however, the initial purchasers are not obligated to make a market in any of the initial notes or the exchange notes, and they may discontinue their market-making activities at any time without notice. Therefore, we cannot assure you that an active market for any of the initial notes or exchange notes will develop or, if a market does develop, that it will continue.

Historically, the market for non investment-grade debt has been subject to disruptions that have caused substantial volatility in the prices of securities that are similar to the notes. We cannot assure you that the market, if any, for any of the initial notes or exchange notes will be free from similar disruptions or that any such disruptions may not adversely affect the prices at which you may sell your notes. In addition, subsequent to their initial issuance, the initial notes or exchange notes may trade at a discount from their initial offering price, depending upon prevailing interest rates, the market for similar notes, our performance and other factors.

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Risks Relating to Our Business

Changes in government and other third-party payor reimbursement levels and practices have negatively impacted and could continue to negatively impact our revenues and profitability.

Our products are sold through a network of medical equipment and home health care providers, extended care facilities, hospital and HMO-based stores, and other providers. Many of these providers, who are our customers, are reimbursed for the Invacare products and services provided to their customers and patients by third-party payors, such as government programs, including Medicare and Medicaid, private insurance plans and managed care programs. Many of these programs set maximum reimbursement levels for certain of the products sold by us in the United States. If third-party payors deny coverage, make the reimbursement process or documentation requirements more uncertain or further reduce their current levels of reimbursement (i.e., beyond the reductions described below), or if our costs of production increase faster than increases in reimbursement levels, we may be unable to sell the affected product(s) through our distribution channels on a profitable basis.

Reduced government reimbursement levels and changes in reimbursement policies have in the past added, and could continue to add, significant pressure to our revenues and profitability. In early 2006, The Centers for Medicare and Medicaid Services, or CMS, announced a series of changes to the eligibility, documentation, codes, and payment rules relating to power wheelchairs that impact the predictability of reimbursement of expenses for and access to power wheelchairs. The implementation of these changes will not be completed until early in 2007, after which the effect of these changes on our business will become more apparent. However, these changes may be significant. Effective November 15, 2006, the CMS reduced the maximum reimbursement amount for power wheelchairs under Medicare by up to 28%. The reduced reimbursement levels may cause consumers to choose less expensive versions of our power wheelchairs. Additionally, the Deficit Reduction Act of 2005 includes payment cuts for home oxygen equipment that will take effect in 2009 and reductions for certain durable home medical equipment spending that will take effect in 2007.

Largely as a consequence of the announced reimbursement reductions and the uncertainty created thereby, our North American net sales were lower in 2006 as compared to 2005 as were Asia/Pacific sales as the U.S. reimbursement uncertainty in the power wheelchair market resulted in decreased sales of microprocessor controllers by the company s Dynamic Controls subsidiary. Sales of our respiratory products were particularly affected by the changes. Small and independent provider sales declined as these dealers slowed their purchases of our HomeFill^{tm} oxygen system product line, in part, until they had a clearer view of future oxygen reimbursement levels. Furthermore, a study issued by the Office of Inspector General or OIG, in September 2006 suggested that $3.2 billion in savings could be achieved over five years by reducing the reimbursed rental period from three years (the reimbursement period under current law) to 13 months. The uncertainty created by these announcements continues to negatively impact the home oxygen equipment market, particularly for those providers considering changing to the HomeFill^{tm} oxygen system.

Similar trends and concerns are occurring in state Medicaid programs. These recent changes to reimbursement policies, and any additional unfavorable reimbursement policies or budgetary cuts that may be adopted, could adversely affect the demand for our products by customers who depend on reimbursement by the government-funded programs. The percentage of our overall sales that is dependent on Medicare or other insurance programs may increase as the portion of the U.S. population over age 65 continues to grow, making us more vulnerable to reimbursement level reductions by these organizations. Reduced government reimbursement levels also could result in reduced private payor reimbursement levels because some third-party payors may index their reimbursement schedules to Medicare fee schedules. Reductions in reimbursement levels also may affect the profitability of our customers and ultimately force some customers without strong financial resources to go out of business. The reductions announced recently may be so dramatic that some of our customers may not be able to adapt quickly

enough to survive. We are the industry s largest creditor and an increase in bankruptcies in our customer base could have an adverse effect on our financial results.

Medicare will institute a new competitive bidding program for various items in ten as yet unidentified of the largest metropolitan areas late in 2007. This program is designed to reduce Medicare payment levels for items that the Medicare program spends the most money on under the home medical equipment benefit. This new program will likely eliminate some providers from the competitive bidding markets, because only those providers who are

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chosen to participate (based largely on price) will be able to provide beneficiaries with items included in the bid. Medicare will be expanding the program to an additional 80 metropolitan areas in 2009. In addition, in 2009, Medicare has the authority to apply bid rates from bidding areas in non-bid areas. The competitive bidding program will result in reduced payment levels, that will vary by product category, and will depend in large part upon the level of bids our customers submit in an effort to ensure they become approved contract suppliers. It is difficult to predict the specific reductions in payment levels that will result from this process.

Outside the United States, reimbursement systems vary significantly by country. Many foreign markets have government-managed health care systems that govern reimbursement for new home health care products. The ability of hospitals and other providers supported by such systems to purchase our products is dependent, in part, upon public budgetary constraints. Canada and Germany and other European countries, for example, have tightened reimbursement rates and other countries may follow. If adequate levels of reimbursement from third-party payors outside of the United States are not obtained, international sales of our products may decline, which could adversely affect our net sales and would have a material adverse effect on our business, financial condition and results of operations.

In January 2007, the OIG announced its goals and priorities for 2007, which include a number of investigations into Medicare and Medicaid payments for durable medical equipment, or DME, among them, for example, investigations into Medicare pricing of equipment and supplies and the medical necessity of durable medical equipment for which Medicare provided payments.

The impact of all the changes discussed above are uncertain and could have a material adverse effect on our business, financial condition and results of operations.

The consolidation of health care customers and our competitors could result in a loss of customers or in additional competitive pricing pressures.

Numerous initiatives and reforms instituted by legislators, regulators and third-party payors to reduce home medical equipment costs have resulted in a consolidation trend in the home medical equipment industry as well as among our customers, including home health care providers. Some of our competitors have been lowering the purchase prices of their products in an effort to attract customers. This in turn has resulted in greater pricing pressures, including pressure to offer customers more competitive pricing terms, and the exclusion of certain suppliers from important market segments as group purchasing organizations, independent delivery networks and large single accounts continue to consolidate purchasing decisions for some of our customers. Further consolidation could result in a loss of customers, including increased collectibility risks, or in increased competitive pricing pressures.

The industry in which we operate is highly competitive and some of our competitors may be larger and may have greater financial resources than we do.

The home medical equipment market is highly competitive and our products face significant competition from other well-established manufacturers. Any increase in competition may cause us to lose market share or compel us to reduce prices to remain competitive, which could materially adversely affect our results of operations.

If our cost reduction efforts are ineffective, our revenues and profitability could be negatively impacted.

In response to the reductions in Medicare power wheelchair and oxygen reimbursement levels and other governmental and third party payor pricing pressures and competitive pricing pressures, we have initiated further cost reduction efforts in addition to those announced in 2005 and early 2006. We may not be successful in achieving the operating efficiencies and operating cost reductions expected from these efforts, including the estimated cost savings described

above, and we may experience business disruptions associated with the restructuring and cost reduction activities, including the restructuring activities previously announced in 2005 and 2006 and, in particular, our facility consolidations initiated in connection with these activities. These efforts may not produce the full efficiency and cost reduction benefits that we expect. Further, these benefits may be realized later than expected, and the costs of implementing these measures may be greater than anticipated. If these measures are not successful, we intend to undertake additional cost reduction efforts, which could result in future charges. Moreover, our ability

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to achieve our other strategic goals and business plans and our financial performance may be adversely affected and we could experience business disruptions with customers and elsewhere if our cost reduction and restructuring efforts prove ineffective.

Our success depends on our ability to design, manufacture, distribute and achieve market acceptance of new products with higher functionality and lower costs.

We sell our products to customers primarily in markets that are characterized by technological change, product innovation and evolving industry standards and in which product price is increasingly the primary consideration in customers purchasing decisions. We are continually engaged in product development and improvement programs. We must continue to design and improve innovative products, effectively distribute and achieve market acceptance of those products, and reduce the costs of producing our products, in order to compete successfully with our competitors. If competitors product development capabilities become more effective than our product development capabilities, if competitors new or improved products are accepted by the market before our products or if competitors are able to produce products at a lower cost and thus offer products for sale at a lower price, our business, financial condition and results of operation could be adversely affected.

We are subject to extensive government regulation, and if we fail to comply with applicable laws or regulations, we could suffer severe criminal or civil sanctions or be required to make significant changes to our operations that could have a material adverse effect on our results of operations.

We sell our products principally to medical equipment and home health care providers who resell or rent those products to consumers. Many of those providers (our customers) are reimbursed for the Invacare® products sold to their customers and patients by third-party payors, including Medicare and Medicaid. The federal government and all states and countries in which we operate regulate many aspects of our business. As a health care manufacturer, we are subject to extensive government regulation, including numerous laws directed at preventing fraud and abuse and laws regulating reimbursement under various government programs. The marketing, invoicing, documenting and other practices of health care suppliers and manufacturers are all subject to government scrutiny. Government agencies periodically open investigations and obtain information from health care suppliers and manufacturers pursuant to the legal process. Violations of law or regulations can result in severe criminal, civil and administrative penalties and sanctions, including disqualification from Medicare and other reimbursement programs, which could have a material adverse effect on our business. We have established policies and procedures that we believe are sufficient to ensure that we will operate in substantial compliance with these laws and regulations.

We recently received a subpoena from the U.S. Department of Justice seeking documents relating to three long-standing and well-known promotional and rebate programs maintained by us. We believe the programs described in the subpoena are in compliance with all applicable laws and we are cooperating fully with the government investigation which is currently being conducted out of Washington, D.C. There can be no assurance that our business or financial condition will not be adversely affected by the government investigation.

Health care is an area of rapid regulatory change. Changes in the law and new interpretations of existing laws may affect permissible activities, the costs associated with doing business, and reimbursement amounts paid by federal, state and other third-party payors. We cannot predict the future of federal, state and local regulation or legislation, including Medicare and Medicaid statutes and regulations, or possible changes in health care policies in any country in which we conduct business. Future legislation and regulatory changes could have a material adverse effect on our business.

Our research and development and manufacturing processes are subject to federal, state, local and foreign environmental requirements.

Our research and development and manufacturing processes are subject to federal, state, local and foreign environmental requirements, including requirements governing the discharge of pollutants into the air or water, the use, handling, storage and disposal of hazardous substances and the responsibility to investigate and cleanup of contaminated sites. Under some of these laws, we could also be held responsible for costs relating to any contamination at our past or present facilities and at third-party waste disposal sites. These could include costs

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relating to contamination that did not result from any violation of law and, in some circumstances, contamination that we did not cause. We may incur significant expenses relating to the failure to comply with environmental laws. The enactment of stricter laws or regulations, the stricter interpretation of existing laws and regulations or the requirement to undertake the investigation or remediation of currently unknown environmental contamination at our own or third party sites may require us to make additional expenditures, which could be material.

Lower cost imports could negatively impact our profitability.

Lower cost imports sourced from Asia may negatively impact our sales volumes. Competition from these products may force us to lower our prices, cutting into our profit margins and reducing our overall profitability. Asian goods had a particularly strong negative impact on our sales of Standard Products (this category includes products such as manual wheelchairs, canes, walkers and bath aids) during 2006, which declined compared to the previous year.

Our failure to comply with regulatory requirements or receive regulatory clearance or approval for our products or operations in the United States or abroad could adversely affect our business.

Our medical devices are subject to extensive regulation in the United States by the Food and Drug Administration, or the FDA, and by similar governmental authorities in the foreign countries where we do business. The FDA regulates virtually all aspects of a medical device s development, testing, manufacturing, labeling, promotion, distribution and marketing. In addition, we are required to file reports with the FDA if our products cause, or contribute to, death or serious injury, or if they malfunction and would be likely to cause, or contribute to, death or serious injury if the malfunction were to recur. In general, unless an exemption applies, our wheelchair and respiratory medical devices must receive a pre-marketing clearance from the FDA before they can be marketed in the United States. The FDA also regulates the export of medical devices to foreign countries. We cannot assure you that any of our devices, to the extent required, will be cleared by the FDA through the pre-market clearance process or that the FDA will provide export certificates that are necessary to export certain of our products.

Additionally, we may be required to obtain pre-marketing clearances to market modifications to our existing products or market our existing products for new indications. The FDA requires device manufacturers themselves to make and document a determination of whether or not a modification requires a new clearance; however, the FDA can review and disagree with a manufacturer s decision. We have applied for, and received, a number of such clearances in the past. We may not be successful in receiving clearances in the future or the FDA may not agree with our decisions not to seek clearances for any particular device modification. The FDA may require a clearance for any past or future modification or a new indication for our existing products. Such submissions may require the submission of additional data and may be time consuming and costly, and may not ultimately be cleared by the FDA.

If the FDA requires us to obtain pre-marketing clearances for any modification to a previously cleared device, we may be required to cease manufacturing and marketing the modified device or to recall the modified device until we obtain FDA clearance, and we may be subject to significant regulatory fines or penalties. In addition, the FDA may not clear these submissions in a timely manner, if at all. The FDA also may change its policies, adopt additional regulations or revise existing regulations, each of which could prevent or delay pre-market clearance of our devices, or could impact our ability to market a device that was previously cleared. Any of the foregoing could adversely affect our business.

Our failure to comply with the regulatory requirements of the FDA and other applicable U.S. regulatory requirements may subject us to administrative or judicially imposed sanctions. These sanctions include warning letters, civil penalties, criminal penalties, injunctions, product seizure or detention, product recalls and total or partial suspension of production.

In many of the foreign countries in which we market our products, we are subject to extensive regulations that are similar to those of the FDA, including those in Europe. The regulation of our products in Europe falls primarily within the European Economic Area, which consists of the 27 member states of the European Union, as well as Iceland, Liechtenstein and Norway. Only medical devices that comply with certain conformity requirements of the

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Medical Device Directive are allowed to be marketed within the European Economic Area. In addition, the national health or social security organizations of certain foreign countries, including those outside Europe, require our products to be qualified before they can be marketed in those countries. Failure to receive, or delays in the receipt of, relevant foreign qualifications in the European Economic Area or other foreign countries could have a material adverse effect on our business.

Our products are subject to recalls, which could harm our reputation and business.

We are subject to ongoing medical device reporting regulations that require us to report to the FDA or similar governmental authorities in other countries if our products cause, or contribute to, death or serious injury, or if they malfunction and would be likely to cause, or contribute to, death or serious injury if the malfunction were to recur. The FDA and similar governmental authorities in other countries have the authority to require us to do a field correction or recall our products in the event of material deficiencies or defects in design or manufacturing. In addition, in light of a deficiency, defect in design or manufacturing or defect in labeling, we may voluntarily elect to recall or correct our products. A government mandated or voluntary recall/field correction by us could occur as a result of component failures, manufacturing errors or design defects, including defects in labeling. Any recall/field correction would divert managerial and financial resources and could harm our reputation with our customers, product users and the health care professionals that use, prescribe and recommend our products. We could have product recalls or field actions that result in significant costs to us in the future, and these actions could have a material adverse effect on our business.

Our reported results may be adversely affected by increases in reserves for uncollectible accounts receivable.

We have a large balance of accounts receivable and have established a reserve for the portion of such accounts receivable that we estimate will not be collected because of our customers non-payment. The reserve is based on historical trends and current relationships with our customers and providers. Changes in our collection rates can result from a number of factors, including turnover in personnel, changes in the payment policies or practices of payors or changes in industry rates or pace of reimbursement. As a result of recent changes in Medicare reimbursement regulations, specifically changes to the qualification processes and reimbursement levels of consumer power wheelchairs and custom power wheelchairs, the business viability of several of our customers has become questionable. Our reserve for uncollectible receivables has fluctuated in the past and will continue to fluctuate in the future. Changes in rates of collection or fluctuations, even if they are small in absolute terms, could require us to increase our reserve for uncollectible receivables beyond its current level. We have reviewed the accounts receivables associated with many of our customers that are most exposed to these issues. As part of our 2006 financial results, we recorded an incremental reserve against accounts receivable of $26.8 million.

Difficulties in implementing a new Enterprise Resource Planning system have disrupted our business.

During the fourth quarter of 2005, we implemented the second phase of our Enterprise Resource Planning, or ERP, system. Primarily as a result of the complexities and business process changes associated with this implementation, we encountered a number of issues related to the start-up of the system, including difficulties in processing orders, customer disruptions and the loss of some business. While we believe that the difficulties associated with implementing and stabilizing our ERP system were temporary and have been addressed, there can be no assurance that we will not experience additional ongoing disruptions or inefficiencies in our business operations as a result of this new system implementation, the final phase of which is to be completed in late 2007 or in 2008.

We may be adversely affected by legal actions or regulatory proceedings.

We may be subject to claims, litigation or other liabilities as a result of injuries caused by allegedly defective products, acquisitions we have completed or in the intellectual property area. Any such claims or litigation against

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us, regardless of the merits, could result in substantial costs and could harm our business. Intellectual property litigation or claims also could require us to:

cease manufacturing and selling any of our products that incorporate the challenged intellectual property;

obtain a license from the holder of the infringed intellectual property right alleged to have been infringed, which license may not be available on commercially reasonable terms, if at all; or

redesign or rename our products, which may not be possible and could be costly and time consuming.

The results of legal proceedings are difficult to predict and we cannot provide you with any assurance that an action or proceeding will not be commenced against us, or that we will prevail in any such action or proceeding. An unfavorable resolution of any legal action or proceeding could materially and adversely affect our business, results of operations, liquidity or financial condition.

Product liability claims may harm our business, particularly if the number of claims increases significantly or our product liability insurance proves inadequate.

The manufacture and sale of home health care devices and related products exposes us to a significant risk of product liability claims. From time to time, we have been, and we are currently, subject to a number of product liability claims alleging that the use of our products has resulted in serious injury or even death.

Even if we are successful in defending against any liability claims, these claims could nevertheless distract our management, result in substantial costs, harm our reputation, adversely affect the sales of all our products and otherwise harm our business. If there is a significant increase in the number of product liability claims, our business could be adversely affected.

Our captive insurance company, Invatection Insurance Company, currently has a policy year that runs from September 1 to August 31 and insures annual policy losses of $10,000,000 per occurrence and $13,000,000 in the aggregate of our North American product liability exposure. We also have additional layers of external insurance coverage insuring up to $75,000,000 in annual aggregate losses arising from individual claims anywhere in the world that exceed the captive insurance company policy limits or the limits of our per country foreign liability limits as applicable. There can be no assurance that our current insurance levels will continue to be adequate or available at affordable rates.

Product liability reserves are recorded for individual claims based upon historical experience, industry expertise and indications from a third-party actuary. Additional reserves, in excess of the specific individual case reserves, are provided for incurred but not reported claims based upon third-party actuarial valuations at the time such valuations are conducted. Historical claims experience and other assumptions are taken into consideration by the third-party actuary to estimate the ultimate reserves. For example, the actuarial analysis assumes that historical loss experience is an indicator of future experience, that the distribution of exposures by geographic area and nature of operations for ongoing operations is expected to be very similar to historical operations with no dramatic changes and that the government indices used to trend losses and exposures are appropriate. Estimates are adjusted on a regular basis and can be impacted by actual loss awards or settlements on claims. While actuarial analysis is used to help determine adequate reserves, we are responsible for the determination and recording of adequate reserves in accordance with accepted loss reserving standards and practices.

In addition, as a result of a product liability claim or if our products are alleged to be defective, we may have to recall some of our products, which could result in significant costs to us and harm our business reputation. See Our products

are subject to recalls, which could harm our reputation and business.

If our patents and other intellectual property rights do not adequately protect our products, we may lose market share to our competitors and may not be able to operate our business profitably.

We rely on a combination of patents, trade secrets and trademarks to establish and protect our intellectual property rights in our products and the processes for the development, manufacture and marketing of our products.

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We use non-patented proprietary know-how, trade secrets, undisclosed internal processes and other proprietary information and currently employ various methods to protect this proprietary information, including confidentiality agreements, invention assignment agreements and proprietary information agreements with vendors, employees, independent sales agents, distributors, consultants, and others. However, these agreements may be breached. The FDA or another governmental agency may require the disclosure of this information in order for us to have the right to market a product. Trade secrets, know-how and other unpatented proprietary technology may also otherwise become known to or independently developed by our competitors.

In addition, we also hold U.S. and foreign patents relating to a number of our components and products and have patent applications pending with respect to other components and products. We also apply for additional patents in the ordinary course of our business, as we deem appropriate. However, these precautions offer only limited protection, and our proprietary information may become known to, or be independently developed by, competitors, or our proprietary rights in intellectual property may be challenged, any of which could have a material adverse effect on our business, financial condition and results of operations. Additionally, we cannot assure you that our existing or future patents, if any, will afford us adequate protection or any competitive advantage, that any future patent applications will result in issued patents or that our patents will not be circumvented, invalidated or declared unenforceable.

Any proceedings before the U.S. Patent and Trademark Office could result in adverse decisions as to the priority of our inventions and the narrowing or invalidation of claims in issued patents. We could also incur substantial costs in any proceeding. In addition, the laws of some of the countries in which our products are or may be sold may not protect our products and intellectual property to the same extent as U.S. laws, if at all. We may also be unable to protect our rights in trade secrets and unpatented proprietary technology in these countries.

In addition, we hold patent and other intellectual property licenses from third parties for some of our products and on technologies that are necessary in the design and manufacture of some of our products. The loss of these licenses could prevent us from, or could cause additional disruption or expense in, manufacturing, marketing and selling these products, which could harm our business.

Our operating results and financial condition could be adversely affected if we become involved in litigation regarding our patents or other intellectual property rights.

Litigation involving patents and other intellectual property rights is common in our industry, and companies in our industry have used intellectual property litigation in an attempt to gain a competitive advantage. We currently are, and in the future may become, a party to lawsuits involving patents or other intellectual property. Litigation is costly and time consuming. If we lose any of these proceedings, a court or a similar foreign governing body could invalidate or render unenforceable our owned or licensed patents, require us to pay significant damages, seek licenses and/or pay ongoing royalties to third parties, require us to redesign our products, or prevent us from manufacturing, using or selling our products, any of which would have an adverse effect on our results of operations and financial condition. We have brought, and may in the future also bring, actions against third parties for an infringement of our intellectual property rights. We may not succeed in these actions. The defense and prosecution of intellectual property suits, proceedings before the U.S. Patent and Trademark Office or its foreign equivalents and related legal and administrative proceedings are both costly and time consuming. Protracted litigation to defend or prosecute our intellectual property rights could seriously detract from the time our management would otherwise devote to running our business. Intellectual property litigation relating to our products could cause our customers or potential customers to defer or limit their purchase or use of the affected products until resolution of the litigation.

Our business strategy relies on certain assumptions concerning demographic trends that impact the market for our products. If these assumptions prove to be incorrect, demand for our products may be lower than we currently

expect.

Our ability to achieve our business objectives is subject to a variety of factors, including the relative increase in the aging of the general population. We believe that these trends will increase the need for our products. The projected demand for our products could materially differ from actual demand if our assumptions regarding these trends and acceptance of our products by health care professionals and patients prove to be incorrect or do not

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materialize. If our assumptions regarding these factors prove to be incorrect, we may not be able to successfully implement our business strategy, which could adversely affect our results of operations. In addition, the perceived benefits of these trends may be offset by competitive or business factors, such as the introduction of new products by our competitors or the emergence of other countervailing trends.

Provisions of Ohio law, our charter documents and our shareholder rights plan may have anti-takeover effects that could prevent or delay a change in control.

Provisions of Ohio law, our dual class capital stock structure, our shareholder rights plan and provisions in our charter documents may discourage, delay or prevent a merger or acquisition or make removal of incumbent directors or officers more difficult. These provisions may discourage takeover attempts and bids for our common shares at a premium over the market price.

The loss of the services of our key management and personnel could adversely affect our ability to operate our business.

Our future success will depend, in part, upon the continued service of key managerial, research and development staff and sales and technical personnel. In addition, our future success will depend on our ability to continue to attract and retain other highly qualified personnel. We may not be successful in retaining our current personnel or in hiring or retaining qualified personnel in the future. Our failure to do so could have a material adverse effect on our business. These executive officers have substantial experience and expertise in our industry. Our future success depends, to a significant extent, on the abilities and efforts of our executive officers and other members of our management team. If we lose the services of any of our management team, our business may be adversely affected.

Our Chief Executive Officer and certain members of management own shares representing a substantial percentage of our voting power and their interests may differ from other shareholders.

We have two classes of common stock. The Common Shares have one vote per share and the Class B Common Shares have 10 votes per share. As of February 23, 2007, our chairman and CEO, Mr. A. Malachi Mixon, and certain members of management beneficially own up to approximately 35% of the combined voting power of our Common Shares and Class B Common Shares and could influence the outcome of any corporate transaction or other matter submitted to the shareholders for approval, including mergers, consolidations and the sale of all or substantially all of our assets. They will also have the power to influence or make more difficult a change in control. The interests of Mr. Mixon and his relatives may differ from the interests of the other shareholders and they may take actions with which you disagree.

Decreased availability or increased costs of raw materials could increase our costs of producing our products.

We purchase raw materials, fabricated components and services from a variety of suppliers. Raw materials such as plastics, steel, and aluminum are considered key raw materials. Where appropriate, we employ contracts with our suppliers, both domestic and international. In those situations in which contracts are not advantageous, we believe that our relationships with our suppliers are satisfactory and that alternative sources of supply are readily available. From time to time, however, the prices and availability of these raw materials fluctuate due to global market demands, which could impair our ability to procure necessary materials, or increase the cost of these materials. Inflationary and other increases in costs of these raw materials have occurred in the past and may recur from time to time. In addition, freight costs associated with shipping and receiving product and sales are impacted by fluctuations in the cost of oil and gas. A reduction in the supply or increase in the cost of those raw materials could impact our ability to manufacture our products and could increase the cost of production.

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Since our ability to obtain further financing may be limited, we may be unable to acquire strategic acquisition candidates.

Our plans include identifying, acquiring and integrating other strategic businesses. There are various reasons for us to acquire businesses or product lines, including to provide new products or new manufacturing and service capabilities, to add new customers, to increase penetration with existing customers and to expand into new geographic markets. Our ability to successfully grow through acquisitions depends upon, among other things, our ability to identify, negotiate, complete and integrate suitable acquisitions and to obtain any necessary financing. The costs of acquiring other businesses could increase if competition for acquisition candidates increases. If we are unable to obtain the necessary financing, we may miss opportunities to grow our business through strategic acquisitions.

Additionally, the success of our acquisition strategy is subject to other risks and costs, including the following:

- our ability to realize operating efficiencies, synergies, or other benefits expected from an acquisition, and possible delays in realizing the benefits of the acquired company or products;
- diversion of management s time and attention from other business concerns;
- difficulties in retaining key employees of the acquired businesses who are necessary to manage these businesses;
- difficulties in maintaining uniform standards, controls, procedures and policies throughout acquired companies;
- adverse effects on existing business relationships with suppliers or customers;
- the risks associated with the assumption of contingent or undisclosed liabilities of acquisition targets; and
- ability to generate future cash flows or the availability of financing.

In addition, an acquisition could materially impair our operating results by causing us to incur debt or requiring the amortization of acquisition expenses and acquired assets.

We are subject to certain risks inherent in managing and operating businesses in many different foreign jurisdictions.

We have significant international operations, including operations in Australia, New Zealand, Asia and Europe. There are risks inherent in operating and selling products internationally, including:

- difficulties in enforcing agreements and collecting receivables through certain foreign legal systems;
- foreign customers who may have longer payment cycles than customers in the United States;
- tax rates in certain foreign countries that may exceed those in the United States and foreign earnings that may be subject to withholding requirements;
- the imposition of tariffs, exchange controls or other trade restrictions including transfer pricing restrictions when products produced in one country are sold to an affiliated entity in another country;

general economic and political conditions in countries where the company operates or where end users of our products reside;

difficulties associated with managing a large organization spread throughout various countries;

difficulties in enforcing intellectual property rights and weaker intellectual property rights protection in some countries;

required compliance with a variety of foreign laws and regulations;

different regulatory environments and reimbursement systems; and

differing consumer product preferences.

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Our revenues are subject to exchange rate fluctuations that could adversely affect our results of operations or financial position.

Currency exchange rates are subject to fluctuation due to, among other things, changes in local, regional or global economic conditions, the imposition of currency exchange restrictions, and unexpected changes in regulatory or taxation environments. The functional currency of our subsidiaries outside the United States is the predominant currency used by the subsidiaries to transact business. Through our international operations, we are exposed to foreign currency fluctuations, and changes in exchange rates can have a significant impact on net sales and elements of cost.

We use forward contracts to help reduce our exposure to exchange rate variation risk. Despite our efforts to mitigate these risks, however, our revenues and profitability may be materially adversely affected by exchange rate fluctuations. We also are exposed to market risk through various financial instruments, including fixed rate and floating rate debt instruments. We use interest swap agreements to mitigate our exposure to interest rate fluctuations, but those efforts may not adequately protect us from significant interest rate risks.

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RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our ratios of earnings to fixed charges on a consolidated basis for the periods shown. You should read these ratios of earnings to fixed charges in connection with our consolidated financial statements, including the notes to those statements, included or incorporated by reference into this prospectus. It should be noted that the Recapitalization did not occur until February 12, 2007.

	Years Ended December 31,					Three Months Ended March 31,
	2002	2003	2004	2005	2006	2007
Ratio of earnings to fixed charges	8.0	11.0	8.1	3.5	N/A(1)	N/A(1)

(1) For the year ended December 31, 2006 and the three months ended March 31, 2007, earnings were insufficient to cover fixed charges by $309.5 million and $15.1 million, respectively.

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SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The selected consolidated financial data set forth below with respect to our consolidated statements of operations, cash flows and shareholders equity for the fiscal years ended December 31, 2006, 2005 and 2004 and the three month period ended March 31, 2007, and the consolidated balance sheets as of December 31, 2006 and 2005 and as of March 31, 2007 are derived from the Consolidated Financial Statements included elsewhere in this prospectus. The consolidated statements of earnings, cash flows and shareholders equity data for the fiscal years ended December 31, 2004, 2003 and 2002 and the three month period ended March 31, 2006 and the consolidated balance sheet data as of March 31, 2006 are derived from our previously filed Consolidated Financial Statements. Certain of the amounts derived from our Consolidated Financial Statements for the fiscal years ended December 31, 2005, 2004 and 2003 have been reclassified to conform with the presentation in the Consolidated Financial Statements for the fiscal year ended December 31, 2006.

The data set forth below should be read in conjunction with our Consolidated Financial Statements and the related Notes, Management s Discussion and Analysis of Financial Condition and Results of Operations and other financial data included elsewhere or incorporated by reference in this prospectus.

						Three Months Ended March 31,	
	2006*	2005**	2004	2003	2002	2007***	2006****
	(In thousands, except per share and ratio data)						
						(Unaudited)	
ings							
Sales	$ 1,498,035	$ 1,529,732	$ 1,403,327	$ 1,247,176	$ 1,089,161	$ 374,905	$ 361,7
Earnings (loss)	(317,774)	48,852	75,197	71,409	64,770	(17,504)	5,2
Earnings (loss) hare Basic	(10.00)	1.55	2.41	2.31	2.10	(0.55)	0.
Earnings (loss) hare Assuming ion	(10.00)	1.51	2.33	2.25	2.05	(0.55)	0.
lends per mon Share	0.05	0.05	0.05	0.05	0.05	0.0125	0.01
lends per Class B mon Share	0.04545	0.04545	0.04545	0.04545	0.04545	0.0114	0.01
nce Sheet							
ent Assets	$ 655,758	$ 594,466	$ 565,151	$ 474,722	$ 398,812	$ 610,289	$ 562,3
Assets	1,490,451	1,646,772	1,628,124	1,108,213	906,703	1,458,697	1,612,5
ent Liabilities	447,976	356,707	258,141	223,488	168,226	275,795	328,9
king Capital	207,782	237,759	307,010	251,234	230,586	334,494	233,3
-Term Debt	448,883	457,753	547,974	232,038	234,134	596,741	440,8
r Long-Term gations	108,228	79,624	68,571	34,383	24,031	114,461	83,1
eholders Equity	485,364	752,688	753,438	618,304	480,312	471,700	759,6
r Data							
arch and lopment nditures	$ 22,146	$ 23,247	$ 21,638	$ 19,130	$ 17,934	$ 5,500	$ 5,5

tal Expenditures	21,789	30,924	41,757	28,882	21,451	3,750	5,0
eciation and rtization	39,892	40,524	32,316	27,235	26,638	11,074	9,8
Ratios							
rn on Sales	(21.2)%	3.2%	5.4%	5.7%	5.9%	(4.7)%	1
rn on Average ts	(20.3)%	3.0%	5.5%	7.1%	7.1%	(1.2)%	0
rn on Beginning eholders Equity	(42.2)%	6.5%	12.2%	14.9%	17.0%	(3.6)%	0
ent Ratio	1.5:1	1.7:1	2.2:1	2.1:1	2.4:1	2.2:1	1.7
-to-Equity Ratio	0.9:1	0.6:1	0.7:1	0.4:1	0.5:1	1.3:1	0.6

* Reflects restructuring charge of $21,250 ($18,700 after tax or $.59 per share assuming dilution), $3,745 expense related to finance charges, interest and fees associated with our previously reported debt covenant

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violations ($3,300 after tax or $.10 per share assuming dilution), $26,775 expense related to accounts receivable collectibility issues arising primarily from Medicare reimbursement reductions for power wheelchairs announced on November 15, 2006 ($26,775 after tax or $.84 per share assuming dilution), $300,417 expense for an impairment charge related to the write-down of goodwill and other intangible assets ($300,417 after tax or $9.45 per share assuming dilution).

** Reflects restructuring charge of $7,533 ($5,160 after tax or $0.16 per share assuming dilution).

*** Reflects restructuring charge of $3,269 ($3,269 after tax or $0.10 per share assuming dilution) and charges, interest and fees associated with debt refinancing of $13,373 ($13,373 after tax or $0.42 per share assuming dilution).

**** Reflects restructuring charge of $3,453 ($2,417 after tax or $0.08 per share assuming dilution).

The comparability between periods of the Selected Financial Data provided in the above table is limited as acquisitions made, in particular the Domus acquisition in 2004, materially impacted our reported results. See Acquisitions in the Notes to the Consolidated Financial Statements as provided in our Form 10-K for the year ended December 31, 2004.

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THE EXCHANGE OFFER

Concurrently with the sale of the initial notes on February 12, 2007, we and the subsidiary guarantors entered into a registration rights agreement with the initial purchasers of the initial notes that requires us to file a registration statement under the Securities Act with respect to the exchange notes and, upon the effectiveness of the registration statement, offer to the holders of the initial notes the opportunity to exchange their initial notes for a like principal amount of exchange notes. The exchange notes will be issued without a restrictive legend and generally may be reoffered and resold without further registration under the Securities Act. The registration rights agreement further provides that we must pay additional interest on the notes if, among other things, we do not complete the exchange offer within 210 days from the issue date of the initial notes.

Except as described below, upon the completion of the exchange offer, our obligations with respect to the registration of the initial notes and the exchange notes will terminate. A copy of the registration rights agreement has been filed as an exhibit to the registration statement of which this prospectus is a part, and this summary of the material provisions of the registration rights agreement does not purport to be complete and is qualified in its entirety by reference to the complete registration rights agreement. We will not have to pay certain additional interest on the initial notes as provided in the registration rights agreement, provided that we complete the exchange offer within 210 days from the issue date of the initial notes. Following the completion of the exchange offer, holders of initial notes not tendered will not have any further registration rights other than as set forth in the paragraphs below, and the initial notes will continue to be subject to certain restrictions on transfer. Accordingly, the liquidity of the market for the initial notes could be adversely affected upon consummation of the exchange offer. See Risk Factors If you do not properly tender your initial notes, your ability to transfer your initial notes will be adversely affected.

The exchange offer is not being made to, nor will we accept tenders for exchange from, holders of initial notes in any jurisdiction in which the exchange offer or acceptance of the exchange offer would violate the securities or blue sky laws of that jurisdiction.

Terms of the Exchange Offer; Period for Tendering Initial Notes

This prospectus and the accompanying letter of transmittal contain the terms and conditions of the exchange offer. Upon the terms and subject to the conditions included in this prospectus and in the accompanying letter of transmittal, which together are the exchange offer, we will accept for exchange initial notes that are properly tendered on or prior to the expiration date, unless you have previously withdrawn them.

When you tender to us initial notes as provided below, our acceptance of the initial notes will constitute a binding agreement between you and us upon the terms and subject to the conditions in this prospectus and in the accompanying letter of transmittal.

For each $1,000 principal amount of initial notes surrendered to us in the exchange offer, we will give you $1,000 principal amount of exchange notes.

We will keep the exchange offer open for not less than 30 calendar days and not more than 45 calendar days (or longer if required by applicable law) after the date that we first mail notice of the exchange offer to the holders of the initial notes. We are sending this prospectus, together with the letter of transmittal, on or about the date of this prospectus to all of the holders of initial notes at their addresses listed in the records of the registrar with respect to the initial notes.

The exchange offer expires at 5:00 p.m., New York City time, on June 28, 2007; provided, however, that we, in our sole discretion, may extend the period of time for which the exchange offer is open. The term expiration date means June 28, 2007 or, if extended by us, the latest time and date to which the exchange offer is extended.

We expressly reserve the right, at any time, to extend the period of time during which the exchange offer is open, and thereby delay acceptance of any initial notes, by giving oral or written notice of an extension to the exchange agent and notice of that extension to the holders as described below. During any extension, all initial notes previously tendered will remain subject to the exchange offer unless withdrawal rights are

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exercised. Any initial notes not accepted for exchange for any reason will be returned without expense to the tendering holder promptly upon the expiration or termination of the exchange offer, as applicable.

As of the date of this prospectus, $175,000,000 in aggregate principal amount of initial notes were outstanding. The exchange offer is not conditioned upon any minimum principal amount of initial notes being tendered.

Our obligation to accept initial notes for exchange in the exchange offer is subject to the conditions that we describe in the section called Conditions to the Exchange Offer below.

We expressly reserve the right to amend or terminate the exchange offer, and not to accept for exchange any initial notes that we have not yet accepted for exchange, if any of the conditions of the exchange offer specified below under Conditions to the Exchange Offer are not satisfied or waived prior to expiration of the exchange offer. All conditions of the exchange offer, other than those subject to government approval, will be satisfied or waived prior to expiration of the exchange offer. In the event of a material change in the exchange offer, including the waiver of a material condition, we will extend the exchange offer if necessary so that at least five business days remain in the exchange offer following notice of the material change.

We will give oral or written notice of any extension, amendment, termination or non-acceptance described above to holders of the initial notes as promptly as practicable. If we extend the expiration date, we will give notice by means of a press release or other public announcement no later than 9:00 a.m., New York City time, on the business day after the previously scheduled expiration date. Without limiting the manner in which we may choose to make any public announcement and subject to applicable law, we will have no obligation to publish, advertise or otherwise communicate any public announcement other than by issuing a release to the BusinessWire News Service.

Holders of initial notes do not have any appraisal or dissenters rights in connection with the exchange offer.

Initial notes that are not tendered for exchange or are tendered but not accepted in connection with the exchange offer will remain outstanding and be entitled to the benefits of the indenture but will not be entitled to any further registration rights under the registration rights agreement.

We intend to conduct the exchange offer in accordance with the applicable requirements of the Exchange Act and the rules and regulations of the SEC thereunder.

By executing, or otherwise becoming bound by, the letter of transmittal, you will be making the representations described below to us. See Resale of the Exchange Notes.

Important Rules Concerning The Exchange Offer

You should note that:

All questions as to the validity, form, eligibility, time of receipt and acceptance of initial notes tendered for exchange will be determined by us in our sole reasonable discretion, which determination shall be final and binding.

We reserve the absolute right to reject any and all tenders of any particular initial notes not properly tendered or to not accept any particular initial notes which acceptance might, in our judgment or the judgment of our counsel, be unlawful.

We also reserve the absolute right to waive any defects or irregularities or conditions of the exchange offer as to any particular initial notes before the expiration of the exchange offer, including the right to waive any defect or irregularity in connection with the tender of any holder who seeks to tender initial notes in the exchange offer. All conditions of the exchange offer, other than those subject to government approval, will be satisfied or waived prior to expiration of the exchange offer. Unless we agree to waive any defect or irregularity in connection with the tender of initial notes for exchange, you must cure any defect or irregularity within any reasonable period of time as we shall determine. To the extent we agree to waive any condition of the exchange offer, we will waive that condition for all holders of the initial notes.

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Our interpretation of the terms and conditions of the exchange offer as to any particular initial notes prior to the expiration date shall be final and binding on all parties.

Neither Invacare, the exchange agent nor any other person shall be under any duty to give notification of any defect or irregularity with respect to any tender of initial notes for exchange, nor shall any of them incur any liability for failure to give any notification.

Procedures for Tendering Initial Notes

What to submit and how

If you, as the registered holder of initial notes, wish to tender your initial notes for exchange in the exchange offer, you must:

(1) transmit a properly completed and duly executed letter of transmittal to Wells Fargo Bank, N.A. at the address set forth below under Exchange Agent on or prior to the expiration date; or

(2) comply with DTC s Automated Tender Offer Program procedures described below.

In addition,

(1) certificates for initial notes must be received by the exchange agent along with the letter of transmittal, or

(2) a timely confirmation of a book-entry transfer of initial notes, if such procedure is available, into the exchange agent s account at DTC using the procedure for book-entry transfer described below, must be received by the exchange agent prior to the expiration date, or

(3) you must comply with the guaranteed delivery procedures described below.

The method of delivery of initial notes, letters of transmittal and notices of guaranteed delivery is at your election and risk. If delivery is by mail, we recommend that registered mail, properly insured, with return receipt requested, be used. In all cases, sufficient time should be allowed to assure timely delivery. No letters of transmittal or initial notes should be sent to us.

How to sign your letter of transmittal and other documents

Signatures on a letter of transmittal or a notice of withdrawal, as the case may be, must be guaranteed unless the initial notes being surrendered for exchange are tendered:

(1) by a registered holder of the initial notes who has not completed the box entitled Special Issuance Instructions or Special Delivery Instructions on the letter of transmittal, or

(2) for the account of an eligible institution.

If signatures on a letter of transmittal or a notice of withdrawal, as the case may be, are required to be guaranteed, the guarantees must be guaranteed by an eligible guarantor institution meeting the requirements of the exchange agent, which requirements include membership or participation in the Security Transfer Agent Medallion Program (STAMP) or such other signature guarantee program as may be determined by the exchange agent in addition to, or in

substitution for, STAMP, all in accordance with the Exchange Act.

If the letter of transmittal or any initial notes or powers of attorney are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers or corporations or others acting in a fiduciary or representative capacity, the person should so indicate when signing and, unless waived by us, proper evidence satisfactory to us of its authority to so act must be submitted.

How to tender your notes through DTC

The exchange agent and DTC have confirmed that the exchange offer is eligible for DTC s Automated Tender Offer Program. Accordingly, DTC participants may electronically transmit their acceptance of the exchange offer

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by causing DTC to transfer initial notes to the exchange agent in accordance with DTC s Automated Tender Offer Program procedures for transfer. DTC will then send an agent s message to the exchange agent.

The term agent s message means a message transmitted by DTC, received by the exchange agent and forming part of the book-entry confirmation, which states that DTC has received an express acknowledgment from the DTC participant that is tendering initial notes which are the subject of that book-entry confirmation that the participant has received and agrees to be bound by the terms of the letter of transmittal, and that we may enforce such agreement against such participant. In the case of an agent s message relating to guaranteed delivery, the term means a message transmitted by DTC and received by the exchange agent which states that DTC has received an express acknowledgment from the DTC participant tendering initial notes that they have received and agree to be bound by the notice of guaranteed delivery.

Acceptance of Initial Notes for Exchange; Delivery of Exchange Notes

Once all of the conditions to the exchange offer are satisfied or waived, we will accept, promptly upon the expiration date, all initial notes properly tendered and will issue the exchange notes promptly after expiration of the exchange offer. See Conditions to the Exchange Offer below. For purposes of the exchange offer, our giving of oral or written notice of our acceptance to the exchange agent will be considered our acceptance of the exchange offer.

In all cases, we will issue exchange notes in exchange for initial notes that are accepted for exchange only after timely receipt by the exchange agent of:

certificates for initial notes, or

a timely book-entry confirmation of transfer of initial notes into the exchange agent s account at DTC using the book-entry transfer procedures described below, and

a properly completed and duly executed letter of transmittal.

If we do not accept any tendered initial notes for any reason included in the terms and conditions of the exchange offer or if you submit certificates representing initial notes in a greater principal amount than you wish to exchange, we will return any unaccepted or non-exchanged initial notes without expense to the tendering holder or, in the case of initial notes tendered by book-entry transfer into the exchange agent s account at DTC using the book-entry transfer procedures described below, non-exchanged initial notes will be credited to an account maintained with DTC promptly after the expiration or termination of the exchange offer, as applicable.

Book-Entry Transfer

The exchange agent will make a request to establish an account with respect to the initial notes at DTC for purposes of the exchange offer promptly after the date of this prospectus. Any financial institution that is a participant in DTC s systems may make book-entry delivery of initial notes by causing DTC to transfer initial notes into the exchange agent s account in accordance with DTC s Automated Tender Offer Program procedures for transfer.

However, the exchange for the initial notes so tendered will only be made after timely confirmation of book-entry transfer of initial notes into the exchange agent s account, and timely receipt by the exchange agent of an agent s message, transmitted by DTC and received by the exchange agent and forming a part of a book-entry confirmation. The agent s message must state that DTC has received an express acknowledgment from the participant tendering initial notes that are the subject of that book-entry confirmation that the participant has received and agrees to be bound by the terms of the letter of transmittal, and that we may enforce the agreement against that participant.

Although delivery of initial notes may be effected through book-entry transfer into the exchange agent s account at DTC, the letter of transmittal, or a facsimile copy, properly completed and duly executed, with any required signature guarantees, must in any case be delivered to and received by the exchange agent at its address listed under Exchange Agent on or prior to the expiration date.

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If your initial notes are held through DTC, you must complete a form called instructions to registered holder and/or book-entry participant, which will instruct the DTC participant through whom you hold your notes of your intention to tender your initial notes or not tender your initial notes. Please note that delivery of documents to DTC in accordance with its procedures does not constitute delivery to the exchange agent and we will not be able to accept your tender of notes until the exchange agent receives a letter of transmittal and a book-entry confirmation from DTC with respect to your notes. A copy of that form is available from the exchange agent.

Guaranteed Delivery Procedures

If you are a registered holder of initial notes and you want to tender your initial notes but your initial notes are not immediately available, or time will not permit your initial notes to reach the exchange agent before the expiration date, or you cannot comply with the applicable procedures under DTC s Automated Tender Offer Program on a timely basis, a tender may be effected if:

(1) the tender is made through an eligible institution,

(2) prior to the expiration date, the exchange agent receives, by facsimile transmission, mail or hand delivery, from that eligible institution a properly completed and duly executed letter of transmittal and notice of guaranteed delivery, substantially in the form provided by us, stating:

the name and address of the holder of initial notes;

the amount of initial notes tendered; and

the tender is being made by delivering that notice and guaranteeing that within three New York Stock Exchange trading days after the date of execution of the notice of guaranteed delivery, the certificates of all physically tendered initial notes, in proper form for transfer, or a book-entry confirmation, as the case may be, will be deposited by that eligible institution with the exchange agent; and

(3) the certificates for all physically tendered initial notes, in proper form for transfer, or a book-entry confirmation, as the case may be, are received by the exchange agent within three New York Stock Exchange trading days after the date of execution of the Notice of Guaranteed Delivery.

Withdrawal Rights

You can withdraw your tender of initial notes at any time on or prior to the expiration date. For a withdrawal to be effective, a written notice of withdrawal must be received by the exchange agent at one of the addresses listed below under Exchange Agent or holders must comply with the appropriate procedures of DTC s Automated Tender Offer Program system. Any notice of withdrawal must specify:

the name of the person having tendered the initial notes to be withdrawn;

the initial notes to be withdrawn;

the principal amount of the initial notes to be withdrawn;

if certificates for the initial notes have been delivered to the exchange agent, the name in which the initial notes are registered, if different from that of the withdrawing holder;

if certificates for the initial notes have been delivered or otherwise identified to the exchange agent, then, prior to the release of those certificates, you must also submit the serial numbers of the particular certificates to be withdrawn and a signed notice of withdrawal with signatures guaranteed by an eligible institution unless you are an eligible institution; and

if initial notes have been tendered using the procedure for book-entry transfer described above, any notice of withdrawal must specify the name and number of the account at DTC to be credited with the withdrawn initial notes and otherwise comply with the procedures of that facility.

Please note that all questions as to the validity, form, eligibility and time of receipt of notices of withdrawal will be determined by us, and our determination shall be final and binding on all parties. Any initial notes so withdrawn

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will be considered not to have been validly tendered for exchange for purposes of the exchange offer. If you have properly withdrawn initial notes and wish to re-tender them, you may do so by following one of the procedures described under Procedures for Tendering Initial Notes above at any time on or prior to the expiration date.

Conditions to the Exchange Offer

Notwithstanding any other provisions of the exchange offer, we will not be required to accept for exchange, or to issue exchange notes in exchange for, any initial notes and may terminate or amend the exchange offer, if at any time before the acceptance of initial notes for exchange or the exchange of the exchange notes for initial notes, that acceptance or issuance would violate applicable law or any interpretation of the staff of the SEC. We will not accept for exchange any initial notes tendered, and no exchange notes will be issued in exchange for any initial notes if there is a threatened or pending action in any court or before a governmental agency with respect to the exchange offer that may impair our ability to proceed with the exchange offer. In addition, we will not accept for exchange any initial notes tendered, and no exchange notes will be issued in exchange for any initial notes, if at that time any stop order shall be threatened or in effect with respect to the exchange offer to which this prospectus relates or the qualification of the indenture under the Trust Indenture Act.

The above condition is for our sole benefit and may be asserted by us regardless of the circumstances giving rise to that condition. Our failure at any time to exercise the foregoing rights shall not be considered a waiver by us of that right. Our rights described in the prior paragraph are ongoing rights that we may assert at any time prior to the expiration of the exchange offer.

Exchange Agent

The Wells Fargo Bank, N.A. has been appointed as the exchange agent for the exchange offer. All executed letters of transmittal should be directed to the exchange agent at the address set forth below. Questions and requests for assistance, requests for additional copies of this prospectus or of the letter of transmittal and requests for notices of guaranteed delivery should be directed to the exchange agent, addressed as follows:

By Overnight Courier:	*By Registered or Certified Mail:*	*By Hand:*
Corporate Trust Operations MAC N9303-121 6th & Marquette Avenue Minneapolis, MN 55479 Attn: Reorg	Corporate Trust Operations MAC N9303-121 P.O. Box 1517 Minneapolis, MN 55480 Attn: Reorg	Corporate Trust Operations Northstar East Bldg. 12th Floor 608 2nd Avenue South Minneapolis, MN 55402 Attn: Reorg

By Facsimile:	*To Confirm by Telephone:*
(612) 667-6282 Attn: Bondholder Communications	(800) 344-5128 or (612) 667-9764 Attn: Bondholder Communications

Delivery to an address other than as listed above or transmission of instructions via facsimile other than as listed above does not constitute a valid delivery.

Fees and Expenses

The principal solicitation is being made by mail; however, additional solicitation may be made by electronic mail, telephone or in person by our officers, regular employees and affiliates. We will not pay any additional compensation to any of our officers and employees who engage in soliciting tenders. We will not make any payment to brokers, dealers, or others soliciting acceptances of the exchange offer. However, we will pay the exchange agent reasonable and customary fees for its services and will reimburse it for its reasonable out-of-pocket expenses in connection with the exchange offer.

Expenses incurred in connection with the exchange offer, including legal, accounting, SEC filing, printing and exchange agent expenses, will be paid by us.

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Transfer Taxes

Holders who tender their initial notes for exchange will not be obligated to pay any transfer taxes in connection therewith, except that holders who instruct us to register exchange notes in the name of, or request that initial notes not tendered or not accepted in the exchange offer be returned to, a person other than the registered tendering holder will be responsible for the payment of any applicable transfer tax thereon.

Resale of the Exchange Notes

Under existing interpretations of the staff of the SEC contained in several no-action letters to third parties, the exchange notes generally will be freely transferable after the exchange offer without further registration under the Securities Act. The relevant no-action letters include the *Exxon Capital Holdings Corporation* letter, which was made available by the SEC on May 13, 1988, and the *Morgan Stanley & Co. Incorporated* letter, made available on June 5, 1991.

However, any purchaser of initial notes who is an affiliate of Invacare or who intends to participate in the exchange offer for the purpose of distributing the exchange notes:

(1) will not be able to rely on the interpretations of the staff of the SEC,

(2) will not be able to tender his or her initial notes in the exchange offer, and

(3) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any sale or transfer of the notes unless that sale or transfer is made using an exemption from those requirements.

By executing, or otherwise becoming bound by, the letter of transmittal, each holder of the initial notes will represent that:

(1) the holder is not our affiliate as such term is defined in Rule 405 promulgated under the Securities Act;

(2) any exchange notes to be received by the holder were acquired in the ordinary course of its business;

(3) the holder has no arrangement or understanding with any person to participate, and is not engaged in and does not intend to engage, in the distribution, within the meaning of the Securities Act, of the exchange notes; and

(4) the holder is not acting on behalf of any person who cannot truthfully make the foregoing representations.

In addition, in connection with any resales of exchange notes, any broker-dealer participating in the exchange offer who acquired notes for its own account as a result of market-making or other trading activities must deliver a prospectus meeting the requirements of the Securities Act. The SEC has taken the position in the *Shearman & Sterling* no-action letter, which it made available on July 2, 1993, that participating broker-dealers may fulfill their prospectus delivery requirements with respect to the exchange notes, other than a resale of an unsold allotment from the original sale of the initial notes, with the prospectus contained in the exchange offer registration statement. Under the registration rights agreement, we are required to allow participating broker-dealers and other persons, if any, subject to similar prospectus delivery requirements, to use this prospectus as it may be amended or supplemented from time to time, in connection with the resale of exchange notes.

Consequences of Failing to Exchange Initial Notes

Holders who desire to tender their initial notes in exchange for exchange notes registered under the Securities Act should allow sufficient time to ensure timely delivery. Neither we nor the exchange agent is under any duty to give notification of defects or irregularities with respect to the tenders of initial notes for exchange.

Initial notes that are not tendered or are tendered but not accepted will, following the consummation of the exchange offer, continue to be subject to the provisions in the indenture regarding the transfer and exchange of the initial notes and the existing restrictions on transfer set forth in the legend on the initial notes and in the offering

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memorandum, dated February 7, 2007, relating to the initial notes. Except in limited circumstances with respect to the specific types of holders of initial notes, we will have no further obligation to provide for the registration under the Securities Act of such initial notes. In general, initial notes, unless registered under the Securities Act, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. We do not anticipate that we will take any further action to register the untendered initial notes under the Securities Act or under any state securities laws.

Upon completion of the exchange offer, holders of the initial notes will not be entitled to any further registration rights under the registration rights agreement, except under limited circumstances. Initial notes that are not exchanged in the exchange offer will remain outstanding and continue to accrue interest and will be entitled to the rights and benefits their holders have under the indenture relating to the initial notes and the exchange notes. Holders of the exchange notes and any initial notes that remain outstanding after consummation of the exchange offer will vote together as a single class for purposes of determining whether holders of the requisite percentage of the class have taken certain actions or exercised certain rights under the indenture.

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USE OF PROCEEDS

This exchange offer is intended to satisfy our obligations under the registration rights agreement, dated as of February 12, 2007, by and among us, the subsidiary guarantors and the initial purchasers of the initial notes. We will not receive any proceeds from the issuance of the exchange notes in the exchange offer, but instead, we will receive initial notes in like principal amount. We will retire or cancel all of the initial notes tendered in the exchange offer. Accordingly, issuance of the exchange notes will not result in any change in our capitalization.

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DESCRIPTION OF OTHER INDEBTEDNESS

Senior Secured Credit Facilities

Overview

On February 12, 2007, we entered into a $400 million senior secured credit facility, or the senior secured credit facilities, consisting of a $250 million term loan facility, or the term loan facility, and a $150 million revolving credit facility, or the revolving credit facility, with Banc of America Securities LLC, or BAS, and KeyBank National Association, or KeyBank, as joint lead arrangers for the term loan facility, and National City Bank, or National City, and KeyBank, as joint lead arrangers for the revolving credit facility. BAS, National City and KeyBank acted as joint book managers, National City acted as administrative agent, KeyBank acted as syndication agent, and Bank of America, N.A. acted as documentation agent for our senior secured credit facilities.

Interest Rate and Fees

Borrowings under our senior secured credit facilities generally bear interest at a rate equal to LIBOR plus an applicable margin or, at our option, an alternate base rate (defined as the higher of (a) the prime rate of National City or (b) the federal funds rate plus 0.50%) plus an applicable margin. The initial interest rate for revolving borrowings under our senior secured credit facilities is LIBOR plus a margin of 2.25%, including an initial facility fee of 0.50% per annum on the facility. The applicable margin for borrowings and the revolving credit facility fee under our senior secured credit facilities may be reduced based upon our attaining specified leverage ratios. We also must pay customary letter of credit and bankers acceptance fees.

Prepayments

Our senior secured credit facilities require us to prepay outstanding loans, subject to some exceptions, with:

- 100% of all net cash proceeds (i) from sales of property and assets by us and our subsidiaries (excluding sales of inventory and equipment in the ordinary course of business and some other exceptions) and (ii) of casualty proceeds and condemnation awards, subject, in all cases, to reinvestment provisions and thresholds and other exceptions;

- 100% of all net cash proceeds from the issuance or incurrence after the closing date of the offering of debt by us or any of our subsidiaries, subject to exceptions;

- 50% (which percentage shall be subject to decreases upon our attaining specified leverage ratios) of the net cash proceeds from the issuance after the closing date of the offering of additional equity interests in us or our subsidiaries, subject to exceptions;

- 75% (unless we attain specified leverage ratios) of our annual excess cash flow; and

- 100% of extraordinary receipts.

All such mandatory prepayments shall be applied first to the term loan facility and second to the revolving credit facility.

Amortization

The term loan facility will mature on its sixth anniversary, with scheduled amortization of principal at three month intervals, in amounts equal to 0.25% of the initial aggregate principal amount of the term loan facility loans, in the case of each of the first 24 quarterly payments, and the then remaining outstanding principal amount of all term loan facility loans shall be due and payable in full on the sixth anniversary of the term loan facility.

The revolving credit facility shall terminate and all amounts outstanding thereunder shall be due and payable in full on the fifth anniversary of the revolving credit facility.

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Guarantee and Security

All obligations under our senior secured credit facilities are unconditionally guaranteed by us and each of our existing and future direct and indirect domestic subsidiaries and all foreign obligations under our senior secured credit facilities are unconditionally guaranteed by us and each of our existing and future direct and indirect domestic and foreign subsidiaries, in each case, other than immaterial foreign subsidiaries and subsidiaries to the extent their guarantee is precluded by law or regulation (for example, our captive insurance subsidiary) or the guarantee from which will result in increased tax liabilities to us and our subsidiaries, taken as a whole, or collectively, the Facility Guarantors. All obligations under our senior secured credit facilities, and the guarantees of those obligations, are secured by substantially all of our assets and the assets of each Facility Guarantor, subject to exceptions, including the following:

a pledge of 100% of the capital stock of each of the Facility Guarantors (subject to limitations and exceptions);

all present and future intercompany debt owed to us and each Facility Guarantor;

all of our and the Facility Guarantors present and future property and assets, real and personal (other than leased realty), including, but not limited to, machinery and equipment, inventory and other goods, accounts receivable, owned real estate, leaseholds, fixtures, bank accounts, general intangibles, license rights, patents, trademarks, tradenames, copyrights, chattel paper, insurance proceeds, contract rights, hedge agreements, documents, instruments, indemnification rights, tax refunds and cash; and

all proceeds and products of the property and assets described above.

Covenants and Events of Default

Our senior secured credit facilities contain a number of covenants that, among other things, restrict, subject to some exceptions, our ability to:

incur additional indebtedness or other contingent obligations;

create liens on assets;

change the nature of our business;

engage in mergers or consolidations;

sell assets;

make loans or advances, investments, joint ventures or other acquisitions;

pay dividends and other restricted payments;

repay indebtedness (including the notes);

engage in certain transactions with affiliates;

change our fiscal year, amend our organizational documents, or amend or otherwise modify any debt, any related document or any material agreement;

make some intercompany transfers;

enter into sale and leaseback transactions;

make capital expenditures;

grant negative pledges;

engage in some foreign operations;

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impair security interests; and

change our accounting policies or reporting practices.

In addition, our senior secured credit facilities require us to maintain the following financial covenants:

a maximum leverage ratio, as set forth in the table that follows;

Four Fiscal Quarters Ending	Maximum Consolidated Leverage Ratio
Closing Date through September 30, 2007	6.00 to 1.00
October 1, 2007 through September 30, 2008	5.75 to 1.00
October 1, 2008 through September 30, 2009	5.00 to 1.00
October 1, 2009 through September 30, 2010	4.00 to 1.00
October 1, 2010 through September 30, 2011	3.50 to 1.00
October 1, 2011 until the Term B Maturity Date	3.00 to 1.00

a minimum interest coverage ratio, as set forth in the table that follows; and

Four Fiscal Quarters Ending	Minimum Consolidated Interest Coverage Ratio
Closing Date through September 30, 2007	2.00 to 1.00
October 1, 2007 through September 30, 2008	2.25 to 1.00
October 1, 2008 through September 30, 2009	2.50 to 1.00
October 1, 2009 until the Term B Maturity Date	3.00 to 1.00

a minimum fixed charge coverage ratio, as set forth in the table that follows.

Four Fiscal Quarters Ending	Minimum Consolidated Fixed Charge Coverage Ratio
Closing Date through September 30, 2007	1.10 to 1.00
October 1, 2007 through September 30, 2008	1.30 to 1.00
October 1, 2008 through September 30, 2009	1.40 to 1.00
October 1, 2009 through September 30, 2010	1.60 to 1.00
October 1, 2010 through September 30, 2011	1.70 to 1.00
October 1, 2011 until the Term B Maturity Date	1.80 to 1.00

Our senior secured credit facilities also contain customary affirmative covenants and events of default.

Financing Arrangement with De Lage Landen Inc.

In December 2000, we entered into an agreement with DLL to provide the majority of future lease financing to our customers. The DLL agreement provides for direct leasing between DLL and our customers. We retain a limited recourse obligation ($42,358,000 at March 31, 2007) to DLL for events of default under the contracts (total balance outstanding of $107,558,000 at March 31, 2007). See Notes to Condensed Consolidated Financial Statements Concentration of Credit Risk.

Convertible Senior Subordinated Debentures

On February 12, 2007, we issued $135 million of 4.125% convertible senior subordinated debentures due February 1, 2027, or the convertible debentures. The convertible debentures bear interest at a fixed annual rate of 4.125%, which will be paid in cash on February 1 and August 1 of each year.

The convertible debentures are our general unsecured senior subordinated obligations. The convertible debentures are subordinated in right of payment to all of our existing and future senior debt, including our senior secured credit facilities and the notes, but excluding debt that expressly provides that it ranks equal to or

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subordinated in right of payment to the convertible debentures; rank equal in right of payment to all of our existing and future senior subordinated debt; and will rank senior in right of payment to all of our future subordinated debt.

The convertible debentures are due on February 1, 2027 but are redeemable at either our option or the holder s option on other specified dates. We may not redeem the convertible debentures before February 6, 2012. We may redeem some or all of the convertible debentures for cash on or after February 6, 2012 through and including February 1, 2017 if the last reported sale price of our common shares for at least 20 trading days in a 30 trading-day period exceeds 130% of the then applicable conversion price on such 30th trading day (such 30th trading day being no later than February 1, 2017) at a redemption price equal to 100% of the principal amount of the convertible debentures to be redeemed, plus any accrued and unpaid interest (including additional interest, if any), to the redemption date. We may redeem the convertible debentures at our option in whole or in part beginning on February 1, 2017, at a redemption price of 100% of the principal amount plus accrued and unpaid interest including additional interest, if any. Holders may require us to repurchase all or part of the convertible debentures in cash on February 1, 2017 and on February 1, 2022 at a repurchase price of 100% of the principal amount of the convertible debentures plus accrued and unpaid interest including additional interest, if any. Holders of the convertible debentures also may require us to repurchase the convertible debentures upon a fundamental change for cash at 100% of the principal amount of the convertible debentures.

The convertible debentures are able to be converted at the option of the holder: (A) if for a specified period of time, the last reported sale price per share of our common stock exceeds 130% of the applicable conversion price; (B) during the five business days immediately following any five consecutive trading day period in which the trading price per convertible debenture for each trading day in that period was less than 98% of the product of the last reported sale price of our common stock and the applicable conversion rate of the convertible debentures on each trading day; (C) if we call any or all of the convertible debentures for redemption; (D) on or after November 1, 2026; and (E) upon the occurrence of specified corporate transactions, including a change in control, a termination of trading of our common stock, the distribution to holders of our common stock of certain purchase rights or the distribution to holders of our common stock of assets (including cash), debt securities or rights or warrants to purchase our securities that have a per share value exceeding 10% of the last reported sale price of the common stock on the trading day preceding the announcement date of the distribution of such assets.

The indenture that governs the convertible debentures also prohibits us from consolidating or merging with or into any person or disposing of all or substantially all of our assets unless specified conditions are satisfied. The indenture also contains events of default, including, among others, events of bankruptcy, insolvency or reorganization and failure to pay principal and interest when due.

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DESCRIPTION OF NOTES

As used below in this Description of Notes section, the terms Note or Notes refer to both the initial notes and the exchange notes to be issued in the exchange offer. You can find the definitions of certain terms used in this description under the caption Certain Definitions. In this description, references to the Company refer only to Invacare Corporation (Invacare) and not to any of the subsidiaries of Invacare.

The initial notes were issued, and the exchange notes will be issued, under an indenture, dated February 12, 2007 (the Indenture) among the Company, the Guarantors and Wells Fargo Bank, N.A. as trustee (the Trustee). The terms of the Notes include those expressly set forth in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended. The terms of the exchange notes and the initial notes are identical in all material respects, except that the exchange notes have been registered under the Securities Act, and the transfer restrictions and registration rights relating to the initial notes do not apply to the exchange notes.

The following is a summary of the material provisions of the Indenture. It does not restate the Indenture in its entirety, does not purport to be complete and is subject to, and qualified by reference to, all of the provisions of the Indenture. We urge you to read the Indenture because it, and not this description, defines your rights as holders of the Notes. A copy of the Indenture will be made available to prospective purchasers of the Notes upon request and has been filed as an exhibit to the registration statement of which this prospectus is a part. Certain defined terms used in this description but not defined below under Certain Definitions have the meanings assigned to them in the Indenture.

Brief Description of the Notes and the Guarantees

The Notes

The Notes:

- are general unsecured senior obligations of the Company;
- rank equally as to payment with all existing and future senior Indebtedness of the Company;
- are effectively subordinated to all secured Indebtedness of the Company, including Indebtedness under our Senior Credit Facilities, to the extent of the value of the collateral securing such secured Indebtedness;
- are structurally subordinated to all existing and future Indebtedness and claims of creditors (including trade creditors) and of holders of Preferred Stock of Subsidiaries of the Company that do not guarantee the Notes, including all of our Foreign Subsidiaries;
- rank senior in right of payment to any future subordinated Indebtedness of the Company, including the Company s Convertible Senior Subordinated Debentures described under Description of Other Indebtedness ; and
- are fully and unconditionally guaranteed by the Guarantors on a senior basis.

The Guarantees

Each guarantee of the Notes:

is a general unsecured senior obligation of the Guarantor;

ranks equally with all existing and future senior Indebtedness of such Guarantor;

is effectively subordinated to all secured Indebtedness of such Guarantor, including its guarantee under our Senior Credit Facilities, to the extent of the value of the collateral securing such secured Indebtedness;

is structurally subordinated to all existing and future Indebtedness and claims of creditors (including trade creditors) and of holders of Preferred Stock of Subsidiaries of such Guarantor that do not guarantee the Notes, including our Foreign Subsidiaries; and

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ranks senior in right of payment to any future subordinated Indebtedness of such Guarantor, including such Guarantor s guarantees of the Company s Convertible Senior Subordinated Debentures described under Description of Other Indebtedness .

As of March 31, 2007, the Notes were effectively subordinated to approximately $280.1 million of Indebtedness outstanding under our Senior Credit Facilities. In addition, we had $119.3 million available for additional borrowings under our Senior Credit Facilities. The assets of any Subsidiary of the Company that does not guarantee the Notes will be subject to the prior claims of all creditors of that Subsidiary, including trade creditors. In the event of a bankruptcy, administrative receivership, composition, insolvency, liquidation or reorganization of any of the non-guarantor Subsidiaries, such Subsidiaries will pay the holders of their liabilities, including trade payables, before they will be able to distribute any of their assets to the Company or a Guarantor.

Principal, Maturity and Interest

The Notes will mature on February 15, 2015, will be limited in aggregate principal amount to $175.0 million and will be senior obligations of the Company. The Indenture provides for the issuance of up to an unlimited amount of additional Notes (the Additional Notes) having identical terms and conditions to the Notes (in all respects other than at the option of the Company as to the payment of interest accruing prior to the issue date of such Additional Notes or except for the first payment of interest following the issue date of such Additional Notes), subject to compliance with the covenants contained in the Indenture. Such Additional Notes may be consolidated and form a single series with the Notes and have the same terms as to status, redemption or otherwise as the Notes. For purposes of this Description of Notes, reference to the Notes includes Additional Notes unless otherwise indicated; however, no offering of any such Additional Notes is being or shall in any manner be deemed to be made by this prospectus. In addition, there can be no assurance as to when or whether the Company will issue any such Additional Notes or as to the aggregate principal amount of such Additional Notes.

Interest on the Notes will accrue at the rate of 93/4% per annum and will be payable semi-annually in cash on each February 15 and August 15, commencing August 15, 2007, to the Holders of record on the immediately preceding February 1 and August 1. Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the original date of issuance (the Issue Date). Interest will be computed on the basis of a 360-day year comprising twelve 30-day months.

The principal of and premium, if any, and interest on the Notes will be payable and the Notes will be exchangeable and transferable, at the office or agency of the Company maintained for such purposes (which initially will be the office of the Trustee located at 608 2nd Avenue South, Attention Corporate Trust Operations, MAC N9303-121, Minneapolis, MN 55479) or, at the option of the Company, payment of interest may be paid by check mailed to the address of the person entitled thereto as such address appears in the security register. The Notes will be issued only in registered form without coupons and only in denominations of $1,000 or whole multiples of $1,000 in excess thereof. No service charge will be made for any registration of transfer or exchange or redemption of Notes, but the Company may require payment in certain circumstances of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith.

The Notes and any Additional Notes will be treated as a single class of securities under the Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase.

The Notes will not be entitled to the benefit of any sinking fund.

Guarantees

Each of the Company s direct and indirect Restricted Subsidiaries (other than each Foreign Subsidiary, any Receivables Subsidiary and the Company s captive insurance subsidiary, Invatection Insurance Company, and any other captive insurance Restricted Subsidiary) will become a Guarantor and payment of the principal of and premium, if any, and interest on the Notes, when and as the same become due and payable, will be guaranteed, jointly and severally, on a senior basis (the Guarantees) by the Guarantors. In addition, if any Restricted Subsidiary (other than each Foreign Subsidiary, any Receivables Subsidiary, Invatection Insurance Company and any other captive insurance Restricted Subsidiary) of the Company becomes a guarantor or obligor in respect of any

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Indebtedness of the Company or any of the Restricted Subsidiaries, the Company shall cause such Restricted Subsidiary to enter into a supplemental indenture pursuant to which such Restricted Subsidiary shall agree to guarantee the Company s obligations under the Notes jointly and severally with any other Guarantors, fully and unconditionally, on a senior basis. See Certain Covenants *Issuances of Guarantees by Restricted Subsidiaries*.

The obligations of each Guarantor under its Guarantee are limited to the maximum amount which, after giving effect to all other contingent and fixed liabilities of such Guarantor, and after giving effect to any collections from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under its Guarantee or pursuant to its contribution obligations under the Indenture, will result in the obligations of such Guarantor under its Guarantee not constituting a fraudulent conveyance or fraudulent transfer under federal or state law. Each Guarantor that makes a payment or distribution under its Guarantee will be entitled to a contribution from any other Guarantor in a pro rata amount based on the net assets of each Guarantor determined in accordance with GAAP.

The Guarantee of a Guarantor will be released automatically:

(1) in connection with any sale of a majority of the Capital Stock of a Guarantor to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary, if the sale of all such Capital Stock of that Guarantor complies with the covenants described below under Certain Covenants *Asset Sales* and Certain Covenants *Transactions with Affiliates*;

(2) if the Company properly designates any Restricted Subsidiary that is a Guarantor as an Unrestricted Subsidiary; or

(3) if the Notes are discharged in accordance with the procedures described below under Defeasance or Covenant Defeasance of Indenture or Satisfaction and Discharge;

provided that any such release and discharge pursuant to clauses (1) and (2) above shall occur only to the extent that all obligations of such Guarantor under all of its guarantees of, and under all of its pledges of assets or other security interests which secure any, Indebtedness of the Company shall also terminate at such time.

Optional Redemption

After February 15, 2011, the Company may redeem all or a portion of the Notes, on not less than 30 nor more than 60 days prior written notice, in amounts of $1,000 or whole multiples of $1,000 in excess thereof at the following redemption prices (expressed as percentages of the principal amount), set forth below plus accrued and unpaid interest, if any, thereon, to the applicable redemption date (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date), if redeemed during the twelve-month period beginning on February 15 of the years indicated below:

Year	Redemption Price
2011	104.875%
2012	102.438%
2013 and thereafter	100.000%

In addition, at any time and from time to time prior to February 15, 2010, the Company may use the net proceeds of one or more Public Equity Offerings to redeem up to an aggregate of 35% of the aggregate principal amount of Notes issued under the Indenture (including the principal amount of any Additional Notes issued under the Indenture) at a

redemption price equal to 109.750% of the aggregate principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, to the redemption date (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date); *provided* that this redemption provision shall not be applicable with respect to any transaction that results in a Change of Control. At least 65% of the aggregate principal amount of Notes (including the principal amount of any Additional Notes issued under the Indenture) must remain outstanding immediately after the occurrence of such redemption. In order to effect this redemption, the Company must deliver a notice of redemption no later than 30 days after the closing of the related Public Equity Offering and must complete such redemption within 60 days of the closing of the Public Equity Offering.

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If less than all of the Notes are to be redeemed, the Trustee shall select the Notes to be redeemed in compliance with the requirements of the principal national security exchange, if any, on which the Notes are listed, or if the Notes are not listed, on a pro rata basis, by lot or by any other method the Trustee shall deem fair and appropriate. Notes redeemed in part must be redeemed only in amounts of $1,000 or whole multiples of $1,000 in excess thereof. Redemption pursuant to the provisions relating to a Public Equity Offering must be made on a pro rata basis or on as nearly a pro rata basis as practicable (subject to the procedures of DTC or any other depositary).

At any time prior to February 15, 2011, the Company also may redeem all or part of the Notes, upon not less than 30 nor more than 60 days written notice, at a redemption price equal to 100% of the principal amount of the Notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest and additional interest, if any, to the redemption date, subject to the rights of Holders on the relevant record date to receive interest due on the relevant interest payment date.

Mandatory Redemption

The Company is not required to make mandatory redemption or sinking fund payments with respect to the Notes.

Change of Control

If a Change of Control occurs, each holder of Notes will have the right to require that the Company purchase all or any part (in amounts of $1,000 or whole multiples of $1,000 in excess thereof) of such holder s Notes pursuant to the offer described below (the Change of Control Offer). In the Change of Control Offer, the Company will offer to purchase all of the Notes, at a purchase price (the Change of Control Purchase Price) in cash in an amount equal to 101% of the principal amount of such Notes, plus accrued and unpaid interest, if any, to the date of purchase (the Change of Control Purchase Date) (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date).

Within 30 days of any Change of Control or, at the Company s option, prior to such Change of Control but after it is publicly announced, the Company must notify the Trustee and give written notice of the Change of Control to each holder of Notes at his address appearing in the security register. The notice must state, among other things,

that a Change of Control has occurred or will occur and the date of such event;

the circumstances and relevant facts regarding such Change of Control, including information with respect to pro forma historical income, cash flow and capitalization after giving effect to such Change of Control;

the Change of Control Purchase Price and the Change of Control Purchase Date, which shall be fixed by the Company on a business day no earlier than 30 days nor later than 60 days from the date the notice is mailed, or such later date as is necessary to comply with requirements under the Exchange Act; *provided* that the Change of Control Purchase Date may not occur prior to the Change of Control;

that any Note not tendered will continue to accrue interest;

that, unless the Company defaults in the payment of the Change of Control Purchase Price, any Notes accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest after the Change of Control Purchase Date; and

other procedures that a holder of Notes must follow to accept a Change of Control Offer or to withdraw acceptance of the Change of Control Offer.

If a Change of Control Offer is made, the Company may not have available funds sufficient to pay the Change of Control Purchase Price for all of the Notes that might be delivered by holders of the Notes seeking to accept the Change of Control Offer. The failure of the Company to make or consummate the Change of Control Offer or pay the Change of Control Purchase Price when due will give the Trustee and the holders of the Notes the rights described under Events of Default.

Our Senior Credit Facilities provide that certain change of control events with respect to the Company would constitute a default thereunder, which would obligate the Company to repay amounts outstanding under such

indebtedness upon an acceleration of the Indebtedness issued thereunder. A default under our Senior Credit Facilities would result in a default under the Indenture if the lenders accelerate the debt under our Senior Credit Facilities. Any future credit agreements or agreements relating to other indebtedness to which the Company becomes a party may contain similar restrictions and provisions. In the event a Change of Control occurs at a time when the Company is prohibited from purchasing Notes, the Company could seek the consent of the lenders under those agreements to the purchase of the Notes or could attempt to refinance the borrowings that contain such prohibition. If the Company does not obtain such a consent or repay such borrowings, the Company will remain prohibited from purchasing Notes. In such case, the Company s failure to purchase tendered Notes would constitute an Event of Default under the Indenture which would, in turn, likely constitute a default under such other indebtedness. See Risk Factors Risks Relating to the Notes We may not be able to repurchase the notes upon a change of control.

The definition of Change of Control includes a phrase relating to the sale, lease, transfer, conveyance or other disposition of all or substantially all of the assets of the Company. The term all or substantially all as used in the definition of Change of Control has not been interpreted under New York law (which is the governing law of the Indenture) to represent a specific quantitative test. Therefore, if holders of the Notes elected to exercise their rights under the Indenture and the Company elected to contest such election, it is not clear how a court interpreting New York law would interpret the phrase.

The existence of a holder s right to require the Company to repurchase such holder s Notes upon a Change of Control may deter a third party from acquiring the Company in a transaction which constitutes a Change of Control.

The provisions of the Indenture will not afford holders of the Notes the right to require the Company to repurchase the Notes in the event of a highly leveraged transaction or certain transactions with the Company s management or its affiliates, including a reorganization, restructuring, merger or similar transaction (including, in certain circumstances, an acquisition of the Company by management or its affiliates) involving the Company that may adversely affect holders of the Notes, if such transaction is not a transaction defined as a Change of Control. A transaction involving the Company s management or its affiliates, or a transaction involving a recapitalization of the Company, will result in a Change of Control if it is the type of transaction specified by such definition.

The Company will comply with the applicable tender offer rules, including Rule 14e-1 under the Exchange Act, and any other applicable securities laws or regulations in connection with a Change of Control Offer.

The Company will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements described in the Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

Certain Covenants

The Indenture contains covenants including, among others, the following:

Incurrence of Indebtedness and Issuance of Disqualified Stock

(a) The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, create, issue, incur, assume, guarantee or otherwise in any manner become directly or indirectly liable for the payment of or otherwise incur, contingently or otherwise (collectively, incur), any Indebtedness (including any Acquired Debt and the issuance of Disqualified Stock), unless such Indebtedness is incurred by the Company or any Guarantor and, in each case, the Company s Consolidated Interest Coverage Ratio for the most recent four full fiscal quarters for which financial statements are available immediately preceding the incurrence of such Indebtedness taken as one period is at least

equal to or greater than 2.0:1.

(b) Notwithstanding the foregoing, the Company and, to the extent specifically set forth below, the Restricted Subsidiaries may incur each and all of the following (collectively, the Permitted Debt):

(1) Indebtedness of the Company and of any Restricted Subsidiary under a Credit Facility in an aggregate principal amount at any one time outstanding not to exceed $400 million, which amount shall be permanently

reduced by the amount of Net Available Cash from Asset Sales applied by the Company or any Restricted Subsidiary thereof to permanently repay any such Indebtedness; *provided* that no more than $100 million of the borrowings under such Credit Facility can be directly borrowed or guaranteed by Subsidiaries that are not Guarantors;

(2) Indebtedness of the Company or any Guarantor pursuant to the Notes (excluding any Additional Notes) and any Guarantee of the Notes and any notes (including Guarantees thereof) issued in exchange for the Notes pursuant to the Registration Rights Agreement;

(3) Indebtedness of the Company or any Restricted Subsidiary outstanding on the date of the Indenture, and not otherwise referred to in this definition of Permitted Debt;

(4) Indebtedness of the Company or any Guarantor pursuant to the Convertible Senior Subordinated Debentures outstanding on the date of the Issue Date, and any amount of Indebtedness issued pursuant to an over-allotment option with respect to the Convertible Senior Subordinated Debentures;

(5) the incurrence by the Company or any of its Restricted Subsidiaries of intercompany Indebtedness between or among the Company and any of its Restricted Subsidiaries; *provided, however*, that:

(a) if the Company or any Guarantor is the obligor on such Indebtedness and the obligee is a Foreign Subsidiary, such Indebtedness must be subordinated to the prior payment in full in cash of all Obligations with respect to the Notes, in the case of the Company, or the Note Guarantee, in the case of a Guarantor; and

(b) (i) any subsequent issuance or transfer of Capital Stock that results in any such Indebtedness being held by a Person other than the Company or a Restricted Subsidiary thereof (other than pursuant to a pledge under a Credit Facility pursuant to a Permitted Lien) and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either the Company or a Restricted Subsidiary thereof, shall be deemed, in each case, to constitute an incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (5);

(6) guarantees of any Guarantor of Indebtedness of the Company or any of the Guarantors which is permitted to be incurred under the Indenture;

(7) (a) obligations pursuant to Interest Rate Agreements, but only to the extent such obligations do not exceed the aggregate principal amount of the Indebtedness covered by such Interest Rate Agreements; (b) obligations under currency exchange contracts entered into in the ordinary course of business; and (c) obligations pursuant to hedging arrangements (including, without limitation, swaps, caps, floors, collars, options and similar agreements) entered into in the ordinary course of business and not for speculative purposes; and (d) any guarantee of any of the foregoing;

(8) Indebtedness of the Company or any Restricted Subsidiary represented by Capital Lease Obligations (whether or not incurred pursuant to sale and leaseback transactions) or Purchase Money Obligations in an aggregate principal amount pursuant to this clause (8) not to exceed $30.0 million outstanding at any time; *provided* that the principal amount of any Indebtedness permitted under this clause (8) did not in each case at the time of incurrence exceed the Fair Market Value, as determined by the Company in good faith, of the acquired or constructed asset or improvement so financed;

(9) Indebtedness of the Company or any Restricted Subsidiary in connection with (a) one or more standby letters of credit issued by the Company or a Restricted Subsidiary in the ordinary course of business consistent with past practice and (b) other letters of credit, surety, performance, appeal or similar bonds, bankers acceptances, completion guarantees or similar instruments pursuant to self-insurance and workers compensation obligations; *provided* that, in

each case contemplated by this clause (9), upon the drawing of such letters of credit or other instrument, such obligations are reimbursed within 30 days following such drawing and which obligations may be reimbursed through borrowings of Indebtedness permitted under this covenant; *provided, further*, that with respect to clauses (a) and (b), such Indebtedness is not in connection with the borrowing of money or the obtaining of advances or credit;

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(10) Indebtedness of the Company to the extent the net proceeds thereof are promptly deposited to defease or satisfy the Notes as described below under Defeasance or Covenant Defeasance of Indenture or Satisfaction and Discharge;

(11) Indebtedness of the Company or any Restricted Subsidiary arising from agreements for indemnification or purchase price adjustment obligations or similar obligations, earn-outs or other similar obligations or from guarantees or letters of credit, surety bonds or performance bonds securing any obligation of the Company or a Restricted Subsidiary pursuant to such an agreement, in each case, incurred or assumed in connection with the acquisition or disposition of any business, assets or Capital Stock of a Restricted Subsidiary; *provided* that the maximum assumable liability in respect of all such obligations shall at no time exceed the gross proceeds actually paid or received by the Company and any Restricted Subsidiary, including the Fair Market Value of non-cash proceeds;

(12) Permitted Refinancing Indebtedness of the Company or any Guarantor issued in exchange for, or the net proceeds of which are used to renew, extend, substitute, refund, refinance or replace, any Indebtedness, including any Disqualified Stock, incurred pursuant to paragraph (a) of this covenant and clauses (2) and (3) of this paragraph (b) of this definition of Permitted Debt;

(13) Indebtedness owed to third party financing companies in the form of limited recourse obligations that finance receivables of customers of the Company or any Restricted Subsidiary in the ordinary course of business; *provided* that such Indebtedness is limited in an amount not in excess of 75% of such obligations in the aggregate of the total owed by customers of the Company or any Restricted Subsidiary to such third party financing companies;

(14) Indebtedness with respect to Standard Receivables Undertakings;

(15) Indebtedness incurred by a Foreign Subsidiary, which may but is not required to be incurred under the Senior Credit Facilities, which, when aggregated with the principal amount of all other Indebtedness incurred pursuant to this clause (15) and then outstanding, does not exceed 25% of Consolidated Assets of the Foreign Subsidiaries; *provided* that at the time of the incurrence of any such Indebtedness the Company s Consolidated Interest Coverage Ratio for the most recent four full fiscal quarters for which financial statements are available immediately preceding the incurrence of such Indebtedness taken as one period is at least equal to or greater than 2.0:1; and

(16) Indebtedness of the Company or any Restricted Subsidiary in addition to that described in clauses (1) through (15) above, and any renewals, extensions, substitutions, refinancings or replacements of such Indebtedness, so long as the aggregate principal amount of all such Indebtedness shall not exceed $35.0 million outstanding at any one time in the aggregate.

For purposes of determining compliance with this *Incurrence of Indebtedness and Issuance of Disqualified Stock* covenant, in the event that an item of Indebtedness meets the criteria of more than one of the types of Indebtedness permitted by this covenant, the Company in its sole discretion shall classify or reclassify such item of Indebtedness and only be required to include the amount of such Indebtedness as one of such types; *provided* that Indebtedness under the Senior Credit Facilities which is in existence following the Issue Date, and any renewals, extensions, substitutions, refundings, refinancings or replacements thereof, in an amount not in excess of the amount permitted to be incurred pursuant to clause (1) of paragraph (b) above, shall be deemed to have been incurred pursuant to clause (1) of paragraph (b) above rather than paragraph (a) above.

Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness.

Accrual of interest, accretion or amortization of original issue discount and the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, and the accretion or payment of dividends on any Disqualified Stock or Preferred Stock in the form of additional shares of the same class of Disqualified Stock or Preferred Stock will not be deemed to be an incurrence of Indebtedness for purposes of this covenant; *provided*,

in each such case, that the amount thereof as accrued is included in the calculation of the Consolidated Interest Coverage Ratio of the Company.

For purposes of determining compliance of any non-U.S. dollar-denominated Indebtedness with this covenant, the amount outstanding under any U.S. dollar-equivalent principal amount of Indebtedness denominated in a foreign currency shall at all times be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred, in the case of the term Indebtedness, or first committed, in the cases of the revolving credit Indebtedness, *provided, however*, that if such Indebtedness is incurred to refinance other Indebtedness denominated in the same or different currency, and such refinancing would cause the applicable U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such indebtedness being refinanced.

If Indebtedness is secured by a letter of credit that serves only to secure such Indebtedness, then the total amount deemed incurred shall be equal to the greater of (x) the principal of such Indebtedness and (y) the amount that may be drawn under such letter of credit.

The amount of Indebtedness issued at a price less than the amount of the liability thereof shall be determined in accordance with GAAP.

Restricted Payments

(a) The Company will not, and will not cause or permit any Restricted Subsidiary to, directly or indirectly:

(1) pay any dividend on, or make any distribution to holders of, any shares of the Company s Capital Stock (other than dividends or distributions payable solely in shares of its Qualified Capital Stock or in options, warrants or other rights to acquire shares of such Qualified Capital Stock);

(2) purchase, redeem, defease or otherwise acquire or retire for value, directly or indirectly, the Company s Capital Stock or options, warrants or other rights to acquire such Capital Stock;

(3) make any principal payment on, or repurchase, redeem, defease, retire or otherwise acquire for value, or make any consent payment in connection with any amendment of prior to any scheduled principal payment, sinking fund payment or maturity, any Subordinated Indebtedness, except a purchase, repurchase, redemption, defeasance or retirement within one year of final maturity thereof;

(4) pay any dividend or distribution on any Capital Stock of any Restricted Subsidiary to any Person (other than (a) to the Company or any of its Wholly Owned Restricted Subsidiaries or (b) dividends or distributions made by a Restricted Subsidiary on a pro rata basis to all stockholders of such Restricted Subsidiary); or

(5) make any Investment in any Person (other than any Permitted Investments);

(any of the foregoing actions described in clauses (1) through (5) above, other than any such action that is a Permitted Payment (as defined below), collectively, Restricted Payments) (the amount of any such Restricted Payment, if other than cash, shall be the Fair Market Value of the assets proposed to be transferred, as determined by the Board of Directors of the Company, whose determination shall be conclusive and evidenced by a board resolution), unless

(1) immediately before and immediately after giving effect to such proposed Restricted Payment on a *pro forma* basis, no Default or Event of Default shall have occurred and be continuing and such Restricted Payment shall not be an

event which is, or after notice or lapse of time or both, would be, an event of default under the terms of any Indebtedness of the Company or its Restricted Subsidiaries;

(2) immediately before and immediately after giving effect to such Restricted Payment on a *pro forma* basis, the Company could incur $1.00 of additional Indebtedness (i.e., the Company s Consolidated Interest Coverage Ratio for the most recent four full fiscal quarters for which financial statements are available immediately preceding the incurrence of such Indebtedness taken as one period is at least equal to or greater

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than 2.0:1) (other than Permitted Debt) under the provisions described under paragraph (a) of *Incurrence of Indebtedness and Issuance of Disqualified Stock;* and

(3) after giving effect to the proposed Restricted Payment, the aggregate amount of all such Restricted Payments declared or made after the date of the Indenture and all Designation Amounts does not exceed the sum of:

(A) 50% of the aggregate Consolidated Net Income of the Company accrued on a cumulative basis during the period beginning on the first day of the Company s fiscal quarter beginning after the date of the Indenture and ending on the last day of the Company s last fiscal quarter ending prior to the date of the Restricted Payment (or, if such aggregate cumulative Consolidated Net Income shall be a loss, minus 100% of such loss);

(B) the aggregate Net Cash Proceeds, or the Fair Market Value of property other than cash, received after the date of the Indenture by the Company either (1) as capital contributions in the form of common equity to the Company or (2) from the issuance or sale (other than to any of its Subsidiaries) of Qualified Capital Stock of the Company or any options, warrants or rights to purchase such Qualified Capital Stock of the Company (except, in each case, to the extent such proceeds are used to purchase, redeem or otherwise retire Capital Stock or Subordinated Indebtedness as set forth below in clause (2) or (3) of paragraph (b) below) (and excluding the Net Cash Proceeds from the issuance of Qualified Capital Stock financed, directly or indirectly, using funds borrowed from the Company or any Subsidiary until and to the extent such borrowing is repaid);

(C) the aggregate Net Cash Proceeds received after the date of the Indenture by the Company (other than from any of its Subsidiaries) upon the exercise of any options, warrants or rights to purchase Qualified Capital Stock of the Company (and excluding the Net Cash Proceeds from the exercise of any options, warrants or rights to purchase Qualified Capital Stock financed, directly or indirectly, using funds borrowed from the Company or any Subsidiary until and to the extent such borrowing is repaid);

(D) the aggregate Net Cash Proceeds received after the date of the Indenture by the Company from the conversion or exchange, if any, of debt securities or Disqualified Stock of the Company or its Restricted Subsidiaries into or for Qualified Capital Stock of the Company plus, to the extent such debt securities or Disqualified Stock were issued after the date of the Indenture other than pursuant to the over-allotment option for the Convertible Senior Subordinated Debentures, the aggregate of Net Cash Proceeds from their original issuance (and excluding the Net Cash Proceeds from the conversion or exchange of debt securities or Disqualified Stock financed, directly or indirectly, using funds borrowed from the Company or any Subsidiary until and to the extent such borrowing is repaid);

(E) (a) in the case of the disposition or repayment of any Investment constituting a Restricted Payment (including any Investment in an Unrestricted Subsidiary) made after the date of the Indenture, an amount (to the extent not included in Consolidated Net Income) equal to the lesser of the return of capital with respect to such Investment and the initial amount of such Investment, in either case, less the cost of the disposition of such Investment and net of taxes, and

(b) in the case of the designation of an Unrestricted Subsidiary as a Restricted Subsidiary (as long as the designation of such Subsidiary as an Unrestricted Subsidiary was deemed a Restricted Payment), the Fair Market Value of the Company s interest in such Subsidiary *provided* that such amount shall not in any case exceed the amount of the Restricted Payment deemed made at the time the Subsidiary was designated as an Unrestricted Subsidiary; and

(F) any amount which previously qualified as a Restricted Payment on account of any guarantee entered into by the Company or any Restricted Subsidiary; *provided* that such guarantee has not been called upon and the obligation arising under such guarantee no longer exists.

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(b) Notwithstanding the foregoing, and in the case of clauses (2) through (11) below, so long as no Default or Event of Default is continuing or would arise therefrom, the foregoing provisions shall not prohibit the following actions (each of clauses (1) through (5) and clauses (9) through (11) being referred to as a Permitted Payment):

(1) the payment of any dividend within 60 days after the date of declaration thereof, if at such date of declaration such payment was permitted by the provisions of paragraph (a) of this covenant and such payment shall have been deemed to have been paid on such date of declaration and shall not have been deemed a Permitted Payment for purposes of the calculation required by paragraph (a) of this covenant;

(2) the purchase, repurchase, redemption, or other acquisition or retirement for value of any shares of any class of Capital Stock of the Company in exchange for (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares or scrip), or out of the Net Cash Proceeds of a substantially concurrent issuance and sale for cash (other than to a Subsidiary) of, other shares of Qualified Capital Stock of the Company; *provided* that the Net Cash Proceeds from the issuance of such shares of Qualified Capital Stock are excluded from clause (3)(B) of paragraph (a) of this covenant;

(3) the purchase, repurchase, redemption, defeasance, satisfaction and discharge, retirement or other acquisition for value or payment of principal of any Subordinated Indebtedness in exchange for, or in an amount not in excess of the Net Cash Proceeds of, a substantially concurrent issuance and sale for cash (other than to any Subsidiary of the Company) of any Qualified Capital Stock of the Company; *provided* that the Net Cash Proceeds from the issuance of such shares of Qualified Capital Stock are excluded from clause (3)(B) of paragraph (a) of this covenant;

(4) the purchase, repurchase, redemption, defeasance, retirement, refinancing, acquisition for value or payment of principal of any Subordinated Indebtedness (other than Disqualified Stock) through the substantially concurrent issuance of Permitted Refinancing Indebtedness;

(5) the repurchase, redemption, retirement or other acquisition for value of any Capital Stock of the Company held by any current or former officers, directors or employees of the Company or any of its Subsidiaries (or permitted transferees of such current or former officers, directors or employees) pursuant to the terms of agreements (including employment agreements) or plans approved by the Company s Board of Directors or any Committee thereof, including any such repurchase, redemption, acquisition or retirement of shares of such Capital Stock that is deemed to occur upon the exercise of stock options, restricted shares or similar rights if such shares represent all or a portion of the exercise price or are surrendered in connection with satisfying federal income tax obligations; *provided*, *however*, that the aggregate amount of such repurchases, redemptions, retirements and acquisitions pursuant to this clause (5) (other than of shares of such Capital Stock that are deemed to occur upon the exercise of stock options, restricted shares or similar rights if such shares represent all or a portion of the exercise price or are surrendered in connection with satisfying federal income tax obligations) will not, in the aggregate, exceed $2.5 million per fiscal year (with unused amounts in any fiscal year being carried over to succeeding fiscal years subject to a maximum of $5.0 million in any fiscal year);

(6) loans made to officers, directors or employees of the Company or any Restricted Subsidiary approved by the Board of Directors in an aggregate amount not to exceed $2.5 million outstanding at any one time, the proceeds of which are used solely (A) to purchase common stock of the Company in connection with a restricted stock or employee stock purchase plan, or to exercise stock options received pursuant to an employee or director stock option plan or other incentive plan, in a principal amount not to exceed the exercise price of such stock options or (B) to refinance loans, together with accrued interest thereon, made pursuant to item (A) of this clause (6);

(7) so long as no payment Default or Event of Default has occurred and is continuing or would result thereby, the payment of cash dividends on the Company s shares of common stock in the aggregate amount per fiscal quarter not to exceed $0.0125 per share for each share of common stock of the Company outstanding as of the one record date for dividends payable in respect of such fiscal quarter (as such amount shall be

appropriately adjusted for any stock splits, stock dividends, reverse stock splits, stock consolidations and similar transactions);

(8) the repurchase, redemption or other acquisition or retirement for value of any Convertible Senior Subordinated Debentures upon a fundamental change as defined in the Convertible Senior Subordinated Debenture Indenture; *provided* that all Notes tendered by holders of the Notes in connection with a Change of Control Offer or Prepayment Offer in connection with an Asset Sale, as applicable, have been repurchased, redeemed or acquired for value;

(9) cash payments made in respect of the Convertible Senior Subordinated Debentures upon conversion in an amount not to exceed $10.0 million dollars during the term of the Notes plus any amount repaid with or exchanged or converted for Capital Stock;

(10) Investments in a Receivables Subsidiary made in connection with a Qualified Receivables Transaction; and

(11) Restricted Payments not exceeding $10.0 million in the aggregate.

Transactions with Affiliates

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, enter into any transaction or series of related transactions (including, without limitation, the sale, purchase, exchange or lease of assets, property or services) with or for the benefit of any Affiliate of the Company (other than the Company or a Restricted Subsidiary) unless such transaction or series of related transactions is entered into in good faith and in writing and

(1) such transaction or series of related transactions is on terms that are no less favorable to the Company or such Restricted Subsidiary, as the case may be, than those that would be available in a comparable transaction in arm s-length dealings with a party who is not an Affiliate of the Company,

(2) with respect to any transaction or series of related transactions involving an aggregate value in excess of $10.0 million or, for a multi-year transaction, involving an aggregate value in excess of $2.0 million per fiscal year,

(a) the Company delivers an officers certificate to the Trustee certifying that such transaction or series of related transactions complies with clause (1) above, and

(b) such transaction or series of related transactions has been approved by a majority of the Disinterested Directors of the Board of Directors of the Company, or in the event there is only one Disinterested Director, by such Disinterested Director, or

(3) with respect to any transaction or series of related transactions involving an aggregate value in excess of $25.0 million or, for a multi-year transaction, involving an aggregate value in excess of $5.0 million per fiscal year, the Company delivers to the Trustee a written opinion of an investment banking firm of national standing or other recognized independent expert with experience appraising the terms and conditions of the type of transaction or series of related transactions for which an opinion is required stating that the transaction or series of related transactions is fair to the Company or such Restricted Subsidiary from a financial point of view;

provided, however, that this provision shall not apply to:

(i) employee benefit arrangements with any officer or director of the Company, including under any employment agreement, stock option or stock incentive plans, and customary indemnification arrangements with officers or

directors of the Company, in each case entered into in the ordinary course of business,

(ii) the payment of reasonable and customary fees to directors of the Company or any of its Restricted Subsidiaries who are not employees of the Company or any Affiliate,

(iii) loans or advances to officers, directors and employees of the Company or any Restricted Subsidiary made in the ordinary course of business in an aggregate amount not to exceed $2.5 million outstanding at any one time,

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(iv) any Restricted Payments made in compliance with *Restricted Payments* above,

(v) any transactions undertaken pursuant to any contracts in existence on the Issue Date (as in effect on the Issue Date) and any renewals, replacements or modifications of such contracts (pursuant to new transactions or otherwise) on terms no less favorable to the holders of the Notes than those in effect on the Issue Date,

(vi) any transaction with a Receivables Subsidiary effected as part of a Qualified Receivables Transaction on terms at least as favorable as would reasonably have been entered into at such time with an unaffiliated party, and

(vii) the issuance of Equity Interests (other than Disqualified Stock) of the Company to any Affiliate of the Company.

Liens

The Company will not, and will not cause or permit any Restricted Subsidiary to, directly or indirectly, create, incur or affirm any Lien of any kind, other than Permitted Liens, upon any property or assets (including any intercompany notes) of the Company or any Restricted Subsidiary owned on the date of the Indenture or acquired after the date of the Indenture, or assign or convey any right to receive any income or profits therefrom, unless (and until such liens remain outstanding) the Notes (or a Guarantee in the case of Liens of a Guarantor) are directly secured equally and ratably with (or, in the case of Subordinated Indebtedness, prior or senior thereto, with the same relative priority as the Notes shall have with respect to such Subordinated Indebtedness) the obligation or liability secured by such Lien.

Notwithstanding the foregoing, any Lien securing the Notes or a Guarantee granted pursuant to the immediately preceding paragraph shall be automatically and unconditionally released and discharged upon: (i) any sale, exchange or transfer to any Person not an Affiliate of the Company of the property or assets secured by such Lien, (ii) any sale, exchange or transfer to any Person not an Affiliate of the Company of all of the Capital Stock held by the Company or any Restricted Subsidiary in, or all or substantially all the assets of, any Restricted Subsidiary creating such Lien, or (iii) with respect to any Lien securing a Guarantee, the release of such Guarantee in accordance with the Indenture.

Asset Sales

(a) The Company will not, and will not permit any Restricted Subsidiary to, consummate any Asset Sale unless (i) the Company or such Restricted Subsidiary, as the case may be, receives consideration at the time of such Asset Sale at least equal to the Fair Market Value of the assets and property subject to such Asset Sale and (ii) 75% of the consideration paid to the Company or such Restricted Subsidiary in connection with such Asset Sale is in the form of cash, Cash Equivalents, Liquid Securities, Exchanged Properties (including pursuant to asset swaps) or the assumption by the purchaser of liabilities of the Company (other than liabilities of the Company that are by their terms subordinated to the Notes) or liabilities of any Guarantor that made such Asset Sale (other than liabilities of a Guarantor that are by their terms subordinated to such Guarantor s Guarantee), in each case as a result of which the Company and its remaining Restricted Subsidiaries are no longer liable for such liabilities (Permitted Consideration).

(b) The Net Available Cash from Asset Sales by the Company or a Restricted Subsidiary may be applied by the Company or such Restricted Subsidiary, to the extent the Company or such Restricted Subsidiary elects (or is required by the terms of any Pari Passu Indebtedness of the Company or a Restricted Subsidiary), to

(1) repay Indebtedness of the Company under a secured Credit Facility with respect to the assets securing such Credit Facility or repay Indebtedness of a Foreign Subsidiary with the proceeds received with respect to assets of such Foreign Subsidiary;

(2) reinvest in Additional Assets (including by means of an Investment in Additional Assets by a Restricted Subsidiary with Net Available Cash received by the Company or another Restricted Subsidiary); or

(3) purchase Notes or purchase both Notes and one or more series or issues of other Senior Indebtedness on a pro rata basis (excluding Notes and Senior Indebtedness owned by the Company or an Affiliate of the Company).

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(c) Any Net Available Cash from an Asset Sale not applied in accordance paragraph (b) above within 365 days from the date of such Asset Sale shall constitute Excess Proceeds. When the aggregate amount of Excess Proceeds exceeds $25.0 million, the Company will be required to make an offer to purchase Notes having an aggregate principal amount equal to the aggregate amount of Excess Proceeds (the Prepayment Offer) at a purchase price equal to 100% of the principal amount of such Notes plus accrued and unpaid interest, if any, to the Asset Sale Purchase Date (as defined in paragraph (d) below) in accordance with the procedures (including prorating in the event of over subscription) set forth in the Indenture, but, if the terms of any Pari Passu Indebtedness require that a Pari Passu Offer be made contemporaneously with the Prepayment Offer, then the Excess Proceeds shall be prorated between the Prepayment Offer and such Pari Passu Offer in accordance with the aggregate outstanding principal amounts of the Notes and such Pari Passu Indebtedness, and the aggregate principal amount of Notes for which the Prepayment Offer is made shall be reduced accordingly. If the aggregate principal amount of Notes tendered by Holders thereof exceeds the amount of available Excess Proceeds, then such Excess Proceeds will be allocated pro rata according to the principal amount of the Notes tendered and the Trustee will select the Notes to be purchased in accordance with the Indenture. To the extent that any portion of the amount of Excess Proceeds remains after compliance with the second sentence of this paragraph (c) and *provided* that all Holders of Notes have been given the opportunity to tender their Notes for purchase as described in paragraph (d) below in accordance with the Indenture, the Company and its Restricted Subsidiaries may use such remaining amount for purposes permitted by the Indenture and the amount of Excess Proceeds will be reset to zero.

(d) Within 30 days after the 365th day following the date of an Asset Sale, the Company shall, if it is obligated to make an offer to purchase the Notes pursuant to paragraph (c) above, deliver a written Prepayment Offer notice to the Holders of the Notes (the Prepayment Offer Notice), accompanied by such information regarding the Company and its Subsidiaries as the Company believes will enable such Holders of the Notes to make an informed decision with respect to the Prepayment Offer. The Prepayment Offer Notice will state, among other things:

(1) that the Company is offering to purchase Notes pursuant to the provisions of the Indenture;

(2) that any Note (or any portion thereof) accepted for payment (and duly paid on the Asset Sale Purchase Date) pursuant to the Prepayment Offer shall cease to accrue interest on the Asset Sale Purchase Date;

(3) that any Notes (or portions thereof) not properly tendered will continue to accrue interest;

(4) the purchase price and purchase date, which shall be, subject to any contrary requirements of applicable law, no less than 30 days nor more than 60 days after the date the Prepayment Offer Notice is mailed (the Asset Sale Purchase Date);

(5) the aggregate principal amount of Notes to be purchased;

(6) a description of the procedure which Holders of Notes must follow in order to tender their Notes and the procedures that Holders of Notes must follow in order to withdraw an election to tender their Notes for payment; and

(7) all other instructions and materials necessary to enable Holders to tender Notes pursuant to the Prepayment Offer.

(e) The Company will comply, to the extent applicable, with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws or regulations thereunder to the extent such laws and regulations are applicable in connection with the purchase of notes as described above. To the extent that the provisions of any securities laws or regulations conflict with the provisions relating to the Prepayment Offer, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations described above by

virtue thereof.

Issuances of Guarantees by Restricted Subsidiaries

The Company will provide to the Trustee, on or prior to the 30th day after the date that (i) any Person (other than a Foreign Subsidiary, a Receivables Subsidiary or Invatection Insurance Company or any other captive insurance Restricted Subsidiary) becomes a Restricted Subsidiary, (ii) any Unrestricted Subsidiary is redesignated as a Restricted Subsidiary, or (iii) any Restricted Subsidiary of the Company (which is not a Receivables Subsidiary

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or a Guarantor other than Invatection Insurance Company or any other captive insurance Restricted Subsidiary) becomes a guarantor or obligor in respect of any Indebtedness of the Company or any of the domestic Restricted Subsidiaries, in each case, a supplemental indenture to the Indenture, executed by such Restricted Subsidiary, providing for a full and unconditional guarantee on a senior basis by such Restricted Subsidiary of the Company s obligations under the Notes and the Indenture to the same extent as that set forth in the Indenture.

Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

(a) The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create or otherwise cause to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to

(1) pay dividends or make any other distribution on its Capital Stock,

(2) pay any Indebtedness owed to the Company or any other Restricted Subsidiary,

(3) make loans or advances to the Company or any other Restricted Subsidiary, or

(4) sell, lease or transfer any of its properties or assets to the Company or any other Restricted Subsidiary.

(b) However, paragraph (a) above will not prohibit any encumbrance or restriction created, existing or becoming effective under or by reason of:

(1) any agreement (including the Senior Credit Facilities) in effect on the date of the Indenture;

(2) any agreement or instrument with respect to a Restricted Subsidiary that is not a Restricted Subsidiary of the Company on the date of the Indenture, in existence at the time such Person becomes a Restricted Subsidiary of the Company and not incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary, *provided* that such encumbrances and restrictions are not applicable to the Company or any Restricted Subsidiary or the properties or assets of the Company or any Restricted Subsidiary other than such Subsidiary which is becoming a Restricted Subsidiary;

(3) any agreement or instrument governing any Acquired Debt or other agreement of any entity or related to assets acquired by or merged into or consolidated with the Company or any Restricted Subsidiaries, so long as such encumbrance or restriction (A) was not entered into in contemplation of the acquisition, merger or consolidation transaction, and (B) is not applicable to any person, or the properties or assets of any person, other than the person, or the property or assets of the person, so acquired, so long as the agreement containing such restriction does not violate any other provision of the Indenture;

(4) existing under applicable law or any requirement of any regulatory body;

(5) encumbrance or restriction pursuant to the security documents evidencing any Liens securing Indebtedness otherwise permitted to be incurred under the provisions of the covenant described above under the caption *Liens* that limit the right of the debtor to dispose of the assets subject to such Liens;

(6) customary provisions restricting subletting or assignment of any lease governing a leasehold interest of the Company or any Restricted Subsidiary, or customary restrictions in licenses relating to the property covered thereby and entered into in the ordinary course of business;

(7) asset sale agreements permitted to be incurred under the provisions of the covenant described above under the caption *Asset Sales* that limit the transfer of such assets pending the closing of such sale;

(8) shareholders , partnership or joint venture agreements entered into in the ordinary course of business; *provided, however*, that such restrictions do not apply to any Restricted Subsidiaries other than the applicable company, partnership or joint venture; and *provided, further, however*, that such encumbrances and restrictions may not materially impact the ability of the Company to permit payments on the Notes when due as required by the terms of the Indenture;

(9) cash or other deposits or net worth imposed by suppliers or landlords under contracts entered into in the ordinary course of business;

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(10) any other Credit Facility governing debt of the Company or any Guarantor, permitted to be incurred under the provisions of the covenant described above under the caption *Incurrence of Indebtedness and Issuance of Disqualified Stock,* that are not (in the view of the Board of Directors of the Company as expressed in a board resolution thereof) materially more restrictive, taken as a whole, than those contained in the Senior Credit Facilities;

(11) under Indebtedness or other contractual requirements of a Receivables Subsidiary in connection with a Qualified Receivables Transaction; *provided*, *however*, that such restrictions apply only to such Receivables Subsidiary or the Receivables Assets that are subject to such Qualified Receivables Transaction;

(12) any encumbrance or restriction in connection with a transaction of the type contemplated pursuant to clause (13) of the definition of Permitted Debt; and

(13) encumbrance or restriction under any agreement, amendment, modification, restatement, renewal, supplement, refunding, replacement or refinancing that extends, renews, refinances or replaces the agreements containing the encumbrances or restrictions in the foregoing clauses (1) through (12), or in this clause (13), *provided* that the terms and conditions of any such encumbrances or restrictions are no more restrictive in any material respect taken as a whole than those under or pursuant to the agreement evidencing the Indebtedness so extended, renewed, refinanced or replaced.

Sale Leaseback Transactions

The Company will not, and will not permit any of its Restricted Subsidiaries to, enter into any Sale Leaseback Transaction; *provided*, that the Company or one of its Restricted Subsidiaries may enter into a Sale Leaseback Transaction if:

(a) the Company or such Subsidiary could have incurred Indebtedness in an amount equal to the Attributable Indebtedness relating to such Sale Leaseback Transaction pursuant to the Consolidated Interest Coverage Ratio test set forth in paragraph (a) of the covenant described above under the caption *Incurrence of Indebtedness and Issuance of Disqualified Stock* ;

(b) the gross cash proceeds of such Sale Leaseback Transaction are at least equal to the Fair Market Value of the property that is the subject of such Sale Leaseback Transaction; and

(c) the transfer of assets in such Sale Leaseback Transaction is permitted by, and the Company applies the proceeds of such transaction in the same manner and to the same extent as Net Available Cash and Excess Proceeds from an Asset Sale in compliance with, the covenant described above under the caption *Asset Sales.*

Unrestricted Subsidiaries

The Board of Directors of the Company may designate after the Issue Date any Subsidiary as an Unrestricted Subsidiary under the Indenture (a Designation) only if:

(a) no Default or Event of Default shall have occurred and be continuing at the time of or after giving effect to such Designation;

(b) (x) the Company would be permitted to make an Investment (other than a Permitted Investment) at the time of Designation (assuming the effectiveness of such Designation) pursuant to paragraph (a) of *Restricted Payments* above in an amount (the Designation Amount) equal to the greater of (1) the net book value of the Company s interest

in such Subsidiary calculated in accordance with GAAP or (2) the Fair Market Value of the Company s interest in such Subsidiary as determined in good faith by the Company s Board of Directors, or (y) the Designation Amount is less than $10,000;

(c) the Company would be permitted under the Indenture to incur $1.00 of additional Indebtedness (other than Permitted Debt) pursuant to the covenant described under *Incurrence of Indebtedness and Issuance of Disqualified Stock* at the time of such Designation (assuming the effectiveness of such Designation);

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(d) such Unrestricted Subsidiary does not own any Capital Stock in any Restricted Subsidiary of the Company which is not simultaneously being designated an Unrestricted Subsidiary;

(e) such Unrestricted Subsidiary is not liable, directly or indirectly, with respect to any Indebtedness other than Unrestricted Subsidiary Indebtedness, *provided* that an Unrestricted Subsidiary may provide a Guarantee for the Notes; and

(f) such Unrestricted Subsidiary is not a party to any agreement, contract, arrangement or understanding at such time with the Company or any Restricted Subsidiary unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Company or, in the event such condition is not satisfied, the value of such agreement, contract, arrangement or understanding to such Unrestricted Subsidiary shall be deemed a Restricted Payment.

In the event of any such Designation, the Company shall be deemed to have made an Investment constituting a Restricted Payment pursuant to the covenant *Restricted Payments* for all purposes of the Indenture in the Designation Amount.

The Indenture will also provide that the Company shall not and shall not cause or permit any Restricted Subsidiary to at any time

(a) provide credit support for, guarantee or subject any of its property or assets (other than the Capital Stock of any Unrestricted Subsidiary) to the satisfaction of, any Indebtedness of any Unrestricted Subsidiary (including any undertaking, agreement or instrument evidencing such Indebtedness) (other than Permitted Investments in Unrestricted Subsidiaries) or

(b) be directly or indirectly liable for any Indebtedness of any Unrestricted Subsidiary.

For purposes of the foregoing, the Designation of a Subsidiary of the Company as an Unrestricted Subsidiary shall be deemed to be the Designation of all of the Subsidiaries of such Subsidiary as Unrestricted Subsidiaries. Unless so designated as an Unrestricted Subsidiary, any Person that becomes a Subsidiary of the Company will be classified as a Restricted Subsidiary.

The Company may revoke any Designation of a Subsidiary as an Unrestricted Subsidiary (a Revocation) if:

(a) no Default or Event of Default shall have occurred and be continuing at the time of and after giving effect to such Revocation;

(b) all Liens and Indebtedness of such Unrestricted Subsidiary outstanding immediately following such Revocation would, if incurred at such time, have been permitted to be incurred for all purposes of the Indenture; and

(c) unless such redesignated Subsidiary shall not have any Indebtedness outstanding (other than Indebtedness that would be Permitted Debt), immediately after giving effect to such proposed Revocation, and after giving pro forma effect to the incurrence of any such Indebtedness of such redesignated Subsidiary as if such Indebtedness was incurred on the date of the Revocation, the Company could incur $1.00 of additional Indebtedness (other than Permitted Debt) pursuant to the covenant described under *Incurrence of Indebtedness and Issuance of Disqualified Stock.*

All Designations and Revocations must be evidenced by a resolution of the Board of Directors of the Company delivered to the Trustee certifying compliance with the foregoing provisions of this covenant.

Payments for Consent

The Indenture provides that neither the Company nor any of its Restricted Subsidiaries will, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any holder of Notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes unless such consideration is offered to be paid or is paid to all holders of Notes that consent,

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waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

Lines of Business

Neither the Company nor any of its Restricted Subsidiaries will directly or indirectly engage in any line or lines of business activity other than that which is a Permitted Business.

Reports

Notwithstanding that the Company may not be subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act or otherwise report on an annual and quarterly basis on forms provided for such annual and quarterly reporting pursuant to rules and regulations promulgated by the Commission, the Indenture requires the Company to file with the Commission (and make available to the Trustee and Holders of the Notes (without exhibits), without cost to any Holder, within 15 days after it files them with the Commission) from and after the Issue Date,

(a) within the time period then in effect under the rules and regulations of the Exchange Act with respect to the filing of a Form 10-K after the end of each fiscal year, annual reports on Form 10-K, or any succ