

ORTHOFIX INTERNATIONAL N V
Form DEF 14A
April 30, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
 Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
 Definitive Proxy Statement
 Definitive Additional Materials
 Soliciting Material Pursuant to §240.14a-12

ORTHOFIX INTERNATIONAL N.V.

(Name of Registrant as Specified In Its Charter)

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

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- (3) Filing Party:

- (4) Date Filed:

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Orthofix International N.V.

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

AND

PROXY STATEMENT

Meeting Date:

June 19, 2014

at 11:00 a.m. (local time)

Meeting Place:

Orthofix International N.V.

7 Abraham de Veerstraat

Curaçao

Dear Shareholders:

We will hold the 2014 Annual General Meeting of Shareholders (the Annual General Meeting) on June 19, 2014, at 11:00 a.m. (local time) at Orthofix's offices, located at 7 Abraham de Veerstraat, Curaçao.

This booklet includes the notice of Annual General Meeting and the proxy statement. The proxy statement describes the business that we will conduct at the meeting.

Your vote is important. Please refer to the proxy card or other voting instructions included with these proxy materials for information on how to vote by proxy or in person.

Sincerely,

Ronald A. Matricaria

Chairman of the Board

April 30, 2014

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NOTICE AND PROXY STATEMENT

for Shareholders of

ORTHOFIX INTERNATIONAL N.V.

7 Abraham de Veerstraat

Curaçao

for

2014 ANNUAL GENERAL MEETING OF SHAREHOLDERS

to be held on June 19, 2014

This notice and the accompanying proxy statement are being furnished to the shareholders of Orthofix International N.V., a Curaçao company (Orthofix or the Company), in connection with the upcoming 2014 Annual General Meeting of Shareholders (the Annual General Meeting) and the related solicitation of proxies by the Board of Directors of Orthofix (the Board of Directors or Board) from holders of outstanding shares of common stock, par value \$0.10 per share, of Orthofix for use at the Annual General Meeting and at any adjournment thereof. In this notice and the accompanying proxy statement, all references to we, our and us refer to the Company, except as otherwise provided.

Time, Date and Place of Annual General Meeting

Notice is hereby given that the Annual General Meeting will be held on June 19, 2014, at 11:00 a.m., local time, at Orthofix s offices, located at 7 Abraham de Veerstraat, Curaçao.

Purpose of the Annual General Meeting

1. *Election of Board of Directors.* Shareholders will be asked to consider, and, if thought fit, approve a resolution to elect the following persons to the Board of Directors: James F. Hinrichs, Guy J. Jordan, PhD, Anthony F. Martin, PhD, Bradley R. Mason, Ronald A. Matricaria, Kathleen (Kathy) T. Regan, Maria Sainz and Davey S. Scoon. The Board of Directors recommends that shareholders vote **FOR** each of the foregoing nominees for director.

2. *Approval of Financial Statements for the Fiscal Year Ended December 31, 2013.* Shareholders will be asked to consider, and, if thought fit, approve the consolidated balance sheet and consolidated statement of operations at and for the fiscal year ended December 31, 2013. The Board of Directors recommends that shareholders vote **FOR** the proposal to approve the consolidated balance sheet and consolidated statement of operations at and for the fiscal year ended December 31, 2013.

3. *Ratification of the Selection of Ernst & Young LLP.* Shareholders will be asked to consider, and, if thought fit, approve a resolution to ratify the selection of Ernst & Young LLP as the independent registered public accounting firm for Orthofix and its subsidiaries for the fiscal year ending December 31, 2014. The Board of Directors recommends that shareholders vote **FOR** the proposal to ratify the selection of Ernst & Young LLP as the independent registered public accounting firm.

4. *Advisory and Non-Binding Resolution on Executive Compensation.* Shareholders will be asked to consider, and, if thought fit, approve an advisory and non-binding resolution on executive compensation. The Board of Directors recommends that shareholders vote **FOR** the proposal to approve the advisory and non-binding resolution on executive compensation.

5. *Miscellaneous.* Shareholders will be asked to transact such other business as may come before the Annual General Meeting or any adjournment thereof.

Please read a detailed description of proposals 1 through 4 stated above beginning on page 40 of the proxy statement.

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Shareholders Entitled to Vote

All record holders of shares of Orthofix common stock at the close of business on May 1, 2014 are being sent this notice and will be entitled to vote at the Annual General Meeting. Each record holder on such date is entitled to cast one vote per share of common stock.

Documents Available for Inspection

A copy of the consolidated financial statements for the fiscal year ended December 31, 2013 have been filed at the offices of Orthofix at 7 Abraham de Veerstraat, Curaçao and are available for inspection by shareholders until the conclusion of the Annual General Meeting.

By Order of the Board of Directors

Jeffrey M. Schumm

Chief Administrative Officer, General Counsel and

Corporate Secretary

April 30, 2014

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PROXY STATEMENT FOR THE ORTHOFIX INTERNATIONAL N.V.

2014 ANNUAL GENERAL MEETING OF SHAREHOLDERS

THIS PROXY STATEMENT AND THE ENCLOSED PROXY ARE BEING MAILED TO SHAREHOLDERS ON OR ABOUT MAY 5, 2014.

ABOUT VOTING

Who can vote?

All record holders of shares of Orthofix common stock at the close of business on May 1, 2014 (the Record Date) are being sent this notice and will be entitled to vote at the Annual General Meeting. Each record holder on such date is entitled to cast one vote per share of common stock. There are currently 18,436,516 shares of Orthofix common stock outstanding.

Quorum, vote required

The presence, in person or by proxy, of the holders of fifty percent (50%) of the shares of Orthofix common stock outstanding on the Record Date is required to constitute a quorum at the Annual General Meeting. An absolute majority of the votes cast will be required in order to approve the proposals before the Annual General Meeting, except that the directors shall be elected by a plurality of the votes cast. Abstentions and broker non-votes are counted as shares that are present and entitled to vote on the proposals for purposes of determining the presence of a quorum, but they are not counted as votes cast and therefore will not have any effect on the outcome of voting on the proposals. A broker non-vote occurs when a broker holding shares for a beneficial owner does not vote on a particular proposal because the broker does not have discretionary voting power for that particular item and has not received instructions from the beneficial owner.

Proxies

This proxy statement is being furnished to holders of shares of Orthofix common stock in connection with the solicitation of proxies by and on behalf of the Board of Directors for use at the Annual General Meeting.

All shares of Orthofix common stock that are represented at the Annual General Meeting by properly executed proxies received prior to or at the Annual General Meeting and which are not validly revoked, will be voted at the Annual General Meeting in accordance with the instructions indicated on such proxies. If no instructions are indicated on a properly executed proxy, such proxy will be voted in favor of each of the proposals. The Board of Directors does not know of any other matters that are to be presented for consideration at the Annual General Meeting.

Any proxy given pursuant to this solicitation may be revoked by the person giving it at any time before it is voted. Proxies may be revoked by (1) filing with Orthofix, at or before the taking of the vote at the Annual General Meeting, a written notice of revocation bearing a later date than the proxy, or (2) duly executing a subsequent proxy relating to the same shares of Orthofix common stock and delivering it to Orthofix before the Annual General Meeting. Attending the Annual General Meeting will not in and of itself constitute the revocation of a proxy. Any written notice of revocation or subsequent proxy should be sent so as to be delivered to: Orthofix International N.V., 7 Abraham de Veerstraat, Curaçao, at or before the taking of the vote at the Annual General Meeting.

Voting is confidential

We maintain a policy of keeping all proxies and ballots confidential.

The costs of soliciting these proxies and who will pay them

We will pay all the costs of soliciting these proxies. Although we are mailing these proxy materials, our directors and employees may also solicit proxies by telephone, fax or other electronic means of communication,

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or in person. We will reimburse banks, brokers, nominees and other fiduciaries for the expenses they incur in forwarding the proxy materials to you. Morrow & Co., LLC is assisting us with the solicitation of proxies for a fee of up to \$225,000 plus out-of-pocket expenses.

Obtaining an Annual Report on Form 10-K

We have filed our Annual Report on Form 10-K for the fiscal year ended December 31, 2013 (the 2013 Form 10-K) with the U.S. Securities and Exchange Commission (the SEC). A copy of the 2013 Form 10-K is contained in the materials that we are sending you with this proxy statement. The 2013 Form 10-K is also available on our website at www.orthofix.com. If you would like to receive an additional copy of the 2013 Form 10-K, we will send you one without charge. Please write to:

Orthofix International N.V.

3451 Plano Parkway

Lewisville, TX 75056

Attention: Mr. Mark Quick, Investor Relations

You may also contact Mr. Quick at (214) 937-2924 or at MarkQuick@orthofix.com.

The voting results

We will publish the voting results from the Annual General Meeting in a Current Report on Form 8-K, which we will file with the SEC after the conclusion of the meeting. You will also be able to find the Form 8-K on our website at www.orthofix.com.

Whom to call if you have any questions

If you have any questions about the Annual General Meeting, voting or your ownership of Orthofix common stock, please contact Mr. Quick at (214) 937-2924 or at MarkQuick@orthofix.com. For directions to the meeting please consult the Company's website at www.orthofix.com/investors/annuals.asp.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting To Be Held on June 19, 2014

The 2014 Proxy Statement and the 2013 Annual Report to Shareholders are available at www.orthofix.com/investors/annuals.asp.

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The following table shows each person, or group of affiliated persons, who beneficially owned, directly or indirectly, at least 5% of Orthofix common stock. Our information is based on reports filed with the SEC by each of the firms or individuals listed in the table below. You may obtain these reports from the SEC.

The Percent of Class figures for the common stock are based on 18,436,516 shares of our common stock outstanding as of the date hereof. Except as otherwise indicated, each shareholder has sole voting and dispositive power with respect to the shares indicated.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
BlackRock, Inc. 40 East 52nd Street New York, NY 10022	1,384,033(1)	7.5%
Wellington Management Company, LLP 280 Congress Street Boston, MA 02210	1,139,829(2)	6.2%
North Tide Capital 40 East 52nd Street New York, NY 10022	1,089,000(3)	5.9%
The Vanguard Group, Inc. 100 Vanguard Blvd. Malvern, PA 19355	1,026,595(4)	5.6%

- (1) Information obtained from a Schedule 13G/A filed with the SEC by BlackRock, Inc. (BlackRock) on February 3, 2014. The Schedule 13G/A discloses that BlackRock has sole voting power and sole dispositive power over all of these shares
- (2) Information obtained from a Schedule 13G/A filed with the SEC by Wellington Management Company, LLP (Wellington) on February 14, 2014. The Schedule 13G/A discloses that Wellington has shared power to vote or direct the vote of 926,751 shares, and shared power to dispose or to direct the disposition of 1,139,829 shares, in each case, in its capacity as investment adviser to clients of Wellington who are holders of record of Orthofix's common stock.
- (3) Information obtained from a Schedule 13G filed with the SEC jointly by North Tide Capital Master, LP (the Master LP), North Tide Capital, LLC and Conan Laughlin on April 4, 2014. The Schedule 13G discloses that North Tide Capital, LLC and Mr. Laughlin have shared power to vote and dispose of all of the reported shares, and that 980,100 of such shares are beneficially owned for the Master LP, which has shared power to vote and dispose of these 980,100 shares.
- (4) Information obtained from a Schedule 13G/A filed with the SEC by The Vanguard Group, Inc. (Vanguard) on February 12, 2014. The Schedule 13G/A discloses that Vanguard has sole power to vote or direct the vote of 28,556 shares, sole power to dispose of or to direct the disposition of 998,939 shares, and shared power to dispose or to direct the disposition of 27,656 shares.

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The following table sets forth the beneficial ownership of our common stock, including stock options currently exercisable and exercisable within 60 days of the Record Date, by each director, each director nominee, each current and former executive officer listed in the Summary Compensation Table, and all current directors, director nominees and executive officers as a group. The percent of class figure is based on 18,436,516 shares of our common stock outstanding as of the date hereof. All directors, director nominees and current executive officers as a group beneficially owned 811,347 shares of Orthofix common stock as of such date. Unless otherwise indicated, the beneficial owners exercise sole voting and/or investment power over their shares.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Robert S. Vaters**	316,023(1)	1.7%
Michael M. Finegan	233,110(2)	1.3%
Jeffrey M. Schumm	118,909(3)	*
Emily Buxton***	52,896(4)	*
Bradley R. Mason	50,000(5)	*
Kenneth R. Weisshaar	14,478(6)	*
Davey S. Scoon	11,293(7)	*
Maria Sainz	11,188(8)	*
Dr. Guy J. Jordan	9,890(9)	*
Davide Bianchi	9,250(10)	*
Ronald A. Matricaria	8,000(11)	*
Dr. Walter P. von Wartburg	7,000(12)	*
Kathleen T. Regan	950(13)	*
Anthony F. Martin		*
James F. Hinrichs		*
All directors, director nominees and current executive officers as a group (14 persons)	811,347	4.3%

* Represents less than one percent.

** Mr. Vaters is no longer employed by the Company, but served as an executive officer during the 2013 fiscal year until March 13, 2013.

*** Ms. Buxton has voluntarily resigned employment as of May 14, 2014, and is no longer currently serving as an executive officer of the Company.

- (1) Reflects 21,023 shares owned directly and 295,000 shares issuable pursuant to stock options that are currently exercisable or exercisable within 60 days of the Record Date.
- (2) Reflects 49,142 shares owned directly and 183,968 shares issuable pursuant to stock options that are currently exercisable or exercisable within 60 days of the Record Date.
- (3) Reflects 46,242 shares owned directly and 72,667 shares issuable pursuant to stock options that are currently exercisable or exercisable within 60 days of the Record Date.
- (4) Reflects 27,729 shares owned directly and 25,167 shares issuable pursuant to stock options that are currently exercisable or exercisable within 60 days of the Record Date.
- (5) Reflects 50,000 shares owned directly and shares issuable pursuant to stock options that are currently exercisable or exercisable within 60 days of the Record Date.
- (6) Reflects 14,478 shares owned directly and shares issuable pursuant to stock options that are currently exercisable or exercisable within 60 days of the Record Date.
- (7) Reflects 11,293 shares owned directly and shares issuable pursuant to stock options that are currently exercisable or exercisable within 60 days of the Record Date.
- (8) Reflects 11,188 shares owned directly and shares issuable pursuant to stock options that are currently exercisable or exercisable within 60 days of the Record Date.
- (9) Reflects 9,890 shares owned directly and shares issuable pursuant to stock options that are currently exercisable or exercisable within 60 days of the Record Date.
- (10) Reflects 9,250 shares owned directly and shares issuable pursuant to stock options that are currently exercisable or exercisable within 60 days of the Record Date.

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- (11) Reflects 8,000 shares owned directly and shares issuable pursuant to stock options that are currently exercisable or exercisable within 60 days of the Record Date.
- (12) Reflects 7,000 shares owned directly and shares issuable pursuant to stock options that are currently exercisable or exercisable within 60 days of the Record Date.
- (13) Reflects 950 shares owned directly and shares issuable pursuant to stock options that are currently exercisable or exercisable within 60 days of the Record Date.

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SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our officers and directors, and holders of more than 10% of our common stock (collectively, the Reporting Persons) to file with the SEC initial reports of ownership and reports of changes in ownership of our common stock. Such persons are required by regulations of the SEC to furnish us with copies of all such filings. Based on our review of these reports from the Reporting Persons, we believe that during the fiscal year ended December 31, 2013, all Section 16(a) filing requirements applicable to the Reporting Persons were complied with except that (i) a restricted stock and stock option grant to Ms. Buxton in April 2013 was reported one week late, and (ii) the Forms 3 for Mr. Bianchi, Ms. Regan and Randy Thurman (as well as the related Forms 4 for Ms. Regan and Mr. Thurman for their respective stock option grant upon joining the Board) were each filed late as a result of the Company's finance department not obtaining EDGAR codes by the applicable Form 3 or Form 4 due date. In the case of the Forms 4 for Ms. Regan and Mr. Thurman, the underlying grants were reported on Form 8-K before the Form 4 deadline.

INFORMATION ABOUT DIRECTORS

The Board of Directors and Committees of the Board

Our Board of Directors is currently comprised of 10 seats, though the Board has resolved to set the size of the Board at eight members effective at the Annual General Meeting. The directors are elected at each Annual General Meeting by a plurality of the votes cast, in person or by proxy by the shareholders. Directors are elected for one-year terms. Because we are required by Curaçao law to hold the Annual General Meeting in Curaçao, we do not have a policy regarding director attendance at the Annual General Meeting of Shareholders. No directors were present at our 2013 Annual General Meeting of Shareholders. Our Articles of Association currently provide that the Board shall consist of not less than six and no more than fifteen directors, the exact number to be determined by resolution of the Board.

Our Board usually meets at least four times per year in person at regularly scheduled two-day meetings, but will meet more often in person if necessary. In addition, the Board typically holds several additional meetings each year by telephone conference as events require. The Board met 12 times during 2013, four of which meetings were two-day in-person meetings and eight of which were telephonic meetings. The Board has four standing committees: the Audit and Finance Committee, the Compensation Committee, the Compliance Committee and the Nominating and Governance Committee. During 2013 each director attended more than 75% of the aggregate of all meetings by the Board of Directors and the Committees on which he or she served held during the period for which he or she was a director or Committee member, as applicable.

Of the eight persons the Board has nominated for election as a director at the Annual General Meeting, the Board has determined that each of Mr. Hinrichs, Dr. Jordan, Dr. Martin, Mr. Matricaria, Ms. Regan, Ms. Sainz and Mr. Scoon are independent under the current listing standards of the Nasdaq Global Select Market. A list of our director nominees and background information for each of them is presented in the section Proposal 1: Election of Directors, beginning on page 40.

Board Leadership Structure

Mr. Matricaria, who is an independent director, serves as the Chairman of the Board. Mr. Mason, who is also a director, serves as the Company's President and Chief Executive Officer. The Board believes that the separation of these two critical roles best serves the Company's shareholders at this time because it allows our President and Chief Executive Officer to focus on providing leadership over our day-to-day operations while our independent Chairman focuses on leadership of the Board.

The Audit and Finance Committee

Our Audit and Finance Committee is a separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended. The committee

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oversees the Company's financial reporting process on behalf of the Board. The committee is responsible for the selection, compensation, and oversight of the Company's independent registered public accounting firm. The committee reviews matters relating to the Company's internal controls, as well as other matters warranting committee attention. The committee also meets privately, outside the presence of Orthofix management, with our independent registered public accounting firm. The Audit and Finance Committee's Report for 2013 is printed below at page 47.

The Board has adopted a written charter for the Audit and Finance Committee, a copy of which is available for review on our website at www.orthofix.com.

The Audit and Finance Committee met 33 times during 2013 (five of which meetings were in-person meetings and 28 of which were telephonic meetings).

Ms. Regan, Ms. Sainz, Mr. Scoon and Mr. Weisshaar currently serve as members of the Audit and Finance Committee, with Mr. Scoon serving as Chair. Effective as of the Annual General Meeting, the committee will be comprised of Mr. Hinrichs, Ms. Regan and Mr. Scoon, with Mr. Hinrichs serving as Chair. Under the current rules of the Nasdaq Global Select Market and pursuant to Rule 10A-3 of Schedule 14A under the Securities Exchange Act of 1934, as amended, all of the committee members, both those serving before and after the above-described changes, are independent. Our Board of Directors has determined that each of Mr. Hinrichs and Mr. Scoon is an audit committee financial expert as that term is defined in Item 407(d) of Regulation S-K.

The Compensation Committee

The Compensation Committee is responsible for establishing compensation policies and determining, approving and overseeing the total compensation packages for our executive officers and other key employees, including all elements of compensation. The committee administers our 2012 Long-Term Incentive Plan (the "2012 LTIP"), the primary equity incentive plan under which we make equity-related awards. In addition, the committee administers our Amended and Restated Stock Purchase Plan (the "SPP"), an equity plan under which most of our employees and directors are eligible to purchase common stock of the Company. The committee also administers prior plans that continue to have outstanding awards, but under which we no longer grant awards. See Compensation Discussion and Analysis Elements of Executive Compensation Long-Term Equity-Based Incentives for information on these plans.

The Compensation Committee met seven times during 2013 (four of which were in-person meetings and three of which were telephonic meetings).

The Board has adopted a written charter for the Compensation Committee, a copy of which is available for review on our website at www.orthofix.com.

Dr. Jordan, Mr. Scoon and Dr. von Wartburg currently serve as members of the Compensation Committee, with Dr. Jordan serving as Chair. Effective as of the Annual General Meeting, the committee will be comprised of Dr. Jordan, Mr. Scoon and Ms. Sainz, with Dr. Jordan continuing to serve as Chair. All of the committee members, both those serving before and after the above-described changes, (i) are non-employee, non-affiliated, outside directors who have been determined by the Board to be independent under the current rules of the Nasdaq Global Select Market and (ii) satisfy the qualification standards of Section 162(m) of the U.S. Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), and Section 16 of the Exchange Act.

No interlocking relationship, as defined in the Exchange Act, currently exists, nor existed during 2013, between our Board or Compensation Committee and the board of directors or compensation committee of any other entity.

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The Compliance Committee

The Compliance Committee was formed in December 2013, and met for the first time in February 2014. The committee assists the Board in overseeing the Company's Corporate Compliance and Ethics Program and the Company's compliance with certain laws and regulations, including those related to the U.S. Food and Drug Administration and requirements of the U.S. Foreign Corrupt Practices Act and other applicable anti-corruption laws. The Committee also assists the Board in overseeing the Company's compliance with the Company's own Code of Conduct, policies and procedures.

The Board has adopted a written charter for the Compliance Committee, a copy of which is available for review on our website at www.orthofix.com.

Dr. Jordan, Dr. Martin and Ms. Sainz serve as members of the Compliance Committee, with Ms. Sainz serving as Chair. All of these members have been determined by the Board to be independent under the current rules of the Nasdaq Global Select Market and the SEC.

The Nominating and Governance Committee

The Nominating and Governance Committee assists the Board in identifying qualified individuals to become Board members, recommends to the Board nominees for election at each Annual General Meeting of Shareholders, develops and recommends to the Board the Company's corporate governance principles and guidelines, and evaluates potential candidates for executive positions as appropriate. In connection with this role, the committee periodically reviews the composition of the Board in light of the characteristics of independence, skills, experience and availability of service, with an emphasis on the particular areas of skill and experience needed by the Board at any given time. The committee also periodically reviews with the Chairman of the Board and the President and Chief Executive Officer succession planning, and makes recommendations to the Board in connection with succession planning.

The Nominating and Governance Committee met six times in 2013 (three of which were in-person meetings and three of which were telephonic meetings).

The Board has adopted a written charter for the Nominating and Governance Committee, a copy of which is available for review on our website at www.orthofix.com.

Dr. Martin, Ms. Regan and Mr. Weisshaar currently serve as members of the Nominating and Governance Committee, with Ms. Regan serving as Chair. Effective as of the Annual General Meeting, the committee will be comprised of Mr. Hinrichs, Dr. Martin and Ms. Regan, with Ms. Regan continuing to serve as Chair. All of the committee members, both those serving before and after the above-described changes, have been determined by the Board to be independent under the current rules of the Nasdaq Global Select Market and the SEC.

Code of Conduct and Ethics

All Orthofix employees, directors and executive officers are required to comply with the Code of Conduct and Ethics that we have adopted. The goals of our Code of Conduct and Ethics, as well as our corporate compliance program (which we have branded the *Integrity Advantage Program*), are to deter wrongdoing and to promote (i) honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships, (ii) the full, fair, accurate, timely, and understandable disclosure in reports and documents that we file with, or submit to, the SEC and in other public communications made by us, (iii) compliance with applicable governmental laws, rules and regulations, (iv) the prompt internal reporting of violations of the Code of Conduct and Ethics, and (v) accountability for adherence to the Code of Conduct and Ethics. Our Code of Conduct and Ethics applies to all areas of professional conduct, including customer relationships, conflicts of interest, financial reporting, use of company assets, insider trading, intellectual property, confidential information and workplace conduct. Under the Code of Conduct and Ethics, employees, directors and executive officers are responsible for promptly reporting potential violations of any law, regulation or the Code of Conduct and Ethics to appropriate personnel or a hotline we have established.

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Our Code of Conduct and Ethics is available for review on our website at www.orthofix.com under the Corporate Governance caption in the Investors section.

Board's Role in Risk Oversight

One of the important roles of our Board of Directors is to oversee various risks that we may face from time to time. While the full Board has primary responsibility for risk oversight, it utilizes its committees, as appropriate, to monitor and address the risks that may be within the scope of a particular committee's expertise or charter. For example, the Audit and Finance Committee oversees our financial statements and the Compliance Committee assists in the Board's oversight of compliance with certain legal and regulatory requirements. The Board believes that the composition of its committees, and the distribution of the particular expertise of each committee's members, makes this an appropriate structure to more effectively monitor these risks.

An important feature of the Board's risk oversight function is to receive updates from its committees and management, as appropriate. In that regard, the Board regularly receives updates from the President and Chief Executive Officer, Chief Financial Officer, Chief Compliance Officer and Chief Administrative Officer, Corporate Secretary and General Counsel, including in connection with material litigation and legal compliance matters. The Board also receives updates at quarterly in-person Board meetings on committee activities from each committee Chair. In addition, the president or other senior executive of each Company division or business unit periodically reviews and assesses the most significant risks associated with his or her division or unit. These assessments are then aggregated by our management team and presented to our Board of Directors. The Board regularly discusses with management these risk assessments and includes risk management and risk mitigation as part of its on-going strategic planning process.

Shareholder Communication with the Board of Directors

To facilitate the ability of shareholders to communicate with the Board of Directors, we have established an electronic mailing address and a physical mailing address to which communications may be sent: boardofdirectors@orthofix.com, or The Board of Directors, c/o Mr. Ronald A. Matricaria, Chairman of the Board of Directors, Orthofix International N.V., 3451 Plano Parkway, Lewisville, TX 75056.

Mr. Matricaria reviews all correspondence addressed to the Board of Directors and presents to the Board a summary of all such correspondence and forwards to the Board or individual directors, as the case may be, copies of all correspondence that, in the opinion of Mr. Matricaria, deals with the functions of the Board or committees thereof or that he otherwise determines requires their attention. Examples of communications that would be logged, but not automatically forwarded, include solicitations for products and services or items of a personal nature not relevant to us or our shareholders. Directors may at any time review the log of all correspondence received by Orthofix that is addressed to members of the Board and request copies of any such correspondence.

Nomination of Directors

As provided in its charter, the Nominating and Governance Committee identifies and recommends to the Board nominees for election or re-election to the Board and will consider nominations submitted by shareholders. The Nominating and Governance Committee Charter is available for review on our website at www.orthofix.com.

The Nominating and Governance Committee seeks to create a Board of Directors that is strong in its collective diversity of skills and experience with respect to finance, research and development, commercialization, sales, distribution, leadership, technologies and industry knowledge. The Nominating and Governance Committee reviews with the Board, on an annual basis, the current composition of the Board in light of the characteristics of independence, skills, experience and availability of service to Orthofix of its members and of anticipated needs. If necessary, we will retain a third party to assist us in identifying or evaluating any

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potential nominees for director. When the Nominating and Governance Committee reviews a potential new candidate, it looks specifically at the candidate's qualifications in light of the needs of the Board at that time given the then current mix of director attributes.

As provided for in our Corporate Governance Guidelines, in nominating director candidates, the Nominating and Governance Committee strives to nominate directors that exhibit high standards of ethics, integrity, commitment and accountability. In addition, our Corporate Governance Guidelines state that all nominations should attempt to ensure that the Board shall encompass a range of talent, skills and expertise sufficient to provide sound guidance with respect to our operations and activities. Other than as set forth in the Corporate Governance Guidelines with respect to the Board's objective in seeking directors with a range of talent, skills and expertise, the Board and the Nominating and Governance Committee do not have a formal policy with respect to the diversity of directors.

Under our Corporate Governance Guidelines, directors must inform the Chairman of the Board and the Chair of the Nominating and Governance Committee in advance of accepting an invitation to serve on another company's board of directors. In addition, no director may sit on the board of directors of, or beneficially own a significant financial interest in, any business that is a material competitor of Orthofix. The Nominating and Governance Committee reviews any applicable facts and circumstances relating to any such potential conflict of interest and determines in its reasonable discretion whether a conflict exists.

To recommend a nominee, a shareholder shall send notice to the Board c/o Kathleen Regan, Chair of the Nominating and Governance Committee, Orthofix International N.V., 3451 Plano Parkway, Lewisville, TX 75056. This notice should include the candidate's brief biographical description, a statement of the qualifications of the candidate, taking into account the qualification requirements set forth above and the candidate's signed consent to be named in the proxy statement and to serve as a director if elected. The notice must be given not later than 180 days before the first anniversary of the last Annual General Meeting of Shareholders. Once we receive the recommendation, the Nominating and Governance Committee will determine whether to contact the candidate to request that he or she provide us with additional information about the candidate's independence, qualifications and other information that would assist the Nominating and Governance Committee in evaluating the candidate, as well as certain information that must be disclosed about the candidate in our proxy statement, if nominated. Candidates must respond to our inquiries within the time frame provided in order to be considered for nomination by the Nominating and Governance Committee.

The Nominating and Governance Committee has not received any nominations for director from shareholders for the 2014 Annual General Meeting of Shareholders.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Compensation Committee Interlocks and Insider Participation

The Compensation Committee, comprised entirely of independent, non-management directors, is responsible for establishing and administering the Company's policies involving the compensation of its executive officers. No employee of the Company serves on the Compensation Committee. The Committee members have no interlocking relationships as defined by the SEC.

Procedures for Approval of Related Person Transactions

The Company's policies and procedures for the review, approval or ratification of related-party transactions are set forth in our Code of Conduct and Ethics. Our policy is that the Audit and Finance Committee will review and approve all related party transactions that meet the minimum threshold for disclosure under the relevant SEC rules (generally, transactions involving amounts exceeding \$120,000 in which a related person has a direct or indirect material interest). The Company did not have any related party transactions meeting this threshold during 2013.

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COMPENSATION DISCUSSION AND ANALYSIS

2013 Overview

2013 was a transitional year for the Company. In March 2013, we appointed Bradley R. Mason as our new President and Chief Executive Officer. Since mid-2013, we have appointed four new independent directors to the Board, including a new Chairman of the Board, each of whom are being nominated for election by shareholders at the Annual General Meeting. This represents a slate of directors being proposed which consists of over 60% new directors since March 2013. During the first quarter of 2014, we completed the filing with the Securities and Exchange Commission of a multi-year restatement of financial statements that followed the initiation of an independent review of certain accounting matters by our Audit and Finance Committee beginning in July 2013.

From an operational standpoint, we redefined our business segments in 2013 into four strategic business units (SBUs):

BioStim;

Biologics;

Extremity Fixation; and

Spine Fixation.

We believe that this new segmentation structure will help each business unit to focus on distinct attributes and opportunities that maximize its respective potential, as well as to provide greater internal and external transparency into how each unit is performing.

From a financial standpoint, 2013 was a disappointing year that is not reflective of where the Board and our management team believe the Company should be operating. As further described herein, these financial results resulted in most of our named executive officers receiving no cash annual incentive plan award for 2013 (although several named executive officers received other cash awards related to promotions, new hiring or other special circumstances). Consistent with our pay for performance philosophy, the lack of an annual incentive award for 2013 performance resulted in our currently employed named executive officers' actual total cash compensation for 2013 being, in the aggregate, below the 25th percentile when compared to the publicly disclosed 2012 total cash compensation of our proxy-based peer group. Actual total direct compensation (total actual cash compensation plus the expected value of long-term incentive plan grants) was determined to be below the 35th percentile rank. The Compensation Committee believes that our compensation philosophy aligns the interests of our executive officers and shareholders, and we intend to continue providing cash and equity-based incentives that are aligned with our actual financial and operational performance.

Compensation Philosophy

Our Compensation Committee (Committee) discharges the responsibilities of the Board relating to all compensation of the Company's executive officers, including equity-based compensation. The Committee guides itself in large part by our executive compensation philosophy. This philosophy reflects a pay-for-performance outlook in consideration of our growth (whether internal or as a result of acquisitions) and our objectives of attracting, retaining and motivating executive officers and other key employees while increasing shareholder value. We must attract talent for us to grow successfully. At the same time, we must retain and motivate talent in order to engage them to help us achieve our goals. Finally, we must consider all these elements in the context of our ultimate objective of enhancing the value of the Company for our shareholders.

Based on this philosophy, the Committee's goal is to fairly compensate executive officers with an emphasis on providing incentives that balance the promotion of both our short- and long-term objectives. As described in more detail below, achievement of short-term objectives is rewarded through base salary and cash incentive awards, while grants of stock options and restricted stock encourage executive officers to focus on our long-term goals. These core components remain the basis for our executive compensation philosophy as we seek to achieve growth.

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In implementing this overall pay-for-performance compensation philosophy for the Company's executive officers, the Committee places considerable emphasis on variable elements of pay within the executive compensation program. These elements consist of the Company's annual incentive plan, which is intended to reward executive officers for achieving specific operating and financial objectives, as well as stock options and shares of restricted stock, to the extent they are available to grant. The Committee seeks to provide rewards through the annual incentive plan by measuring performance based on key pre-established measures reflecting positive financial performance by the Company and its business units and divisions. The Committee also seeks to provide strong linkage between executives and shareholders with grants of stock options and shares of restricted stock, as the value of these awards appreciates in accordance with the market value of the Company's common stock. In addition to variable compensation programs, executives also receive health and welfare benefits that are generally consistent with the level of health and welfare benefits provided to all Company employees.

Governance of Executive Compensation

As described further below, executive compensation for our executive officers is reviewed and established annually by the Committee, which consists solely of independent directors. The Committee's compensation decisions are intended to reflect its ongoing commitment to strong compensation governance, which the Committee believes is reflected in the following elements of our executive compensation:

50th Percentile of Peer Total Compensation Target. The Committee believes that the Company must offer competitive target total compensation to recruit and retain key executive talent. As such, our executive compensation program has been structured to provide total direct compensation opportunity (base salary plus target cash opportunities plus long-term incentive grants) at or near the 50th percentile of competitive market practices of our industry peers. This peer group is comprised of organizations within our industry and that are within range of our company size taking into consideration strong pay correlation elements such as revenues and market capitalization. These are also companies with which we may compete directly for executive talent.

Pay At Risk Based on Performance. As our programs are designed using a pay for performance philosophy, actual pay realized (earned) by our executives is predominantly at risk through our performance-based annual incentive program and through our long-term incentive grants that consist of both stock options (which will only provide value to executives if our stock price appreciates) and restricted stock.

Stock Ownership Guidelines Align Our CEO and Outside Directors with Shareholders. The Committee believes that a significant portion of each executive's and outside director's compensation should be tied to the Company's financial performance and share price. We seek to award stock options and restricted stock pursuant to our long-term incentive plan so that over a period of time, a significant portion of actual compensation is provided in the form of share-based compensation. In this regard, we have adopted stock ownership guidelines that apply to our President and Chief Executive Officer and outside directors.

Clawback Policy Promotes Long-Term Performance We have proactively adopted a clawback policy that applies to each of our executive officers, and applies to both cash-based and equity-based compensation.

No Repricing of Stock Options. Equity awards, including stock options, are never issued with below-market exercise prices, and the repricing of stock options without shareholder approval is expressly prohibited under both the 2004 LTIP and 2012 LTIP. The Committee believes that the issuance of discount stock options and authorization of post-grant date repricings are each not performance-based pay practices, and therefore inconsistent with the Committee's commitment to pay for performance.

Compensation Process

The Committee is responsible for establishing and evaluating compensation policies and determining, approving and evaluating employee compensation, including the total compensation packages for our executive

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officers and other key employees and compensation under the Company's equity incentive plans and other Company compensation policies and programs. The Committee specifically considers and approves the compensation for the Chief Executive Officer and other executive officers. It is also responsible for making recommendations to the Board regarding the compensation of directors. The Committee relies on select senior executive officers to make recommendations on certain aspects of compensation as discussed below. The Committee acts under a written charter adopted by the Board. The Committee reviews its charter annually and recommends any changes to the Board. The Committee last amended its charter in February 2014. The charter is available on our website at www.orthofix.com. Dr. Jordan, Mr. Scoon and Dr. von Wartburg currently serve as members of the Compensation Committee, with Dr. Jordan serving as Chair. During 2013, each member of the Board who served on the Committee was an independent, non-employee, non-affiliated, outside director while he or she served on the Committee. The Committee has furnished its report below.

Throughout this proxy statement, the following persons are referred to collectively as our named executive officers :

- (i) Bradley R. Mason, our President and Chief Executive Officer (who joined in March 2013 after having recently served as a part-time consultant);
- (ii) Emily Buxton, our Chief Financial Officer during 2013 (who will be ceasing employment with the Company in May 2014);
- (iii) Michael M. Finegan, our Chief Strategy Officer;
- (iv) Jeffrey M. Schumm, our Chief Administrative Officer, General Counsel and Corporate Secretary;
- (v) Davide Bianchi, our President, Global Extremity Fixation (who joined us in July 2013); and
- (vi) Robert S. Vaters, our former President and Chief Executive Officer (who ceased employment with us in March 2013).

Role of Executive Officers

At the Committee's request, from time to time certain of our senior management present compensation-related initiatives to the Committee. For instance, while the Committee approves all elements of compensation for executive officers, the Committee requests on an annual basis that senior management aid the Committee in fulfilling its duties by facilitating the gathering of information relating to potential targets and goals under our annual incentive program as well as possible stock option or restricted stock grants. This information is prepared in accordance with the market-based compensation data developed by the Committee's independent and outside compensation consultant, Towers Watson, and approved by the Committee. The Committee then reviews this information in connection with it setting the annual incentive targets and goals. The Chief Financial Officer is generally responsible for the compensation process within the Company, and provides input to the Committee in such capacity. The President and Chief Executive Officer also provides the Committee with additional input and perspective in connection with the Committee's salary determinations for named executive officers. The President and Chief Executive Officer and Chief Financial Officer frequently attend meetings of the Committee in these respective capacities. To the extent required or advisable, these executive officers are excluded from any Committee discussions or votes regarding their compensation.

Compensation Consultant

The Committee has the authority under its charter to retain, at the Company's expense, outside compensation consultants to assist in evaluating compensation. The Committee also has the authority to terminate those engagements. In accordance with this authority and to aid the Committee in fulfilling its duties, the Committee has engaged Towers Watson since 2004 as its outside compensation consultant.

In its role as compensation consultant, Towers Watson has worked with the Committee to develop our executive and director compensation philosophy, and Towers Watson periodically conducts reviews and updates

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of our executive officer and director compensation programs and long-term incentive practices at the request of the Committee.

At the Committee's request, during each of the last three years Towers Watson has conducted an assessment of compensation levels for our top five executive positions as well as key business unit leadership positions. Towers Watson compared Orthofix executive pay levels versus the competitive market to determine whether they remain consistent with our compensation philosophy. In conducting these assessments, Towers Watson made comparisons to our then current peer group and considered the compensation levels and program design for executive officers of those peer group companies based upon publicly-available disclosure regarding the compensation arrangements at those companies. The most recent assessment, which was completed in December 2013, indicated that, on average, base salary compensation for our named executive officers was positioned at the market median of our peer group. Total target cash compensation levels (base salary plus target annual incentive plan opportunity) were found to be positioned between the 50th and 75th percentiles, however, based on our pay for performance philosophy, we awarded no annual incentive plan bonuses for 2013. This resulted in our currently employed named executive officers' actual total cash compensation for 2013 being, in the aggregate, below the 25th percentile when compared to the publicly disclosed 2012 total cash compensation of our proxy-based peer group. Actual total direct compensation (total actual cash compensation plus the expected value of long-term incentive plan grants) was determined to be below the 35th percentile rank. Based on our financial performance in 2013, we believe that actual pay below the market median is appropriate and aligned with our pay for performance philosophy.

During 2013, other analyses that were conducted by Towers Watson included:

A pay for performance analysis of the Company's historic compensation for the President and Chief Executive Officer position as compared to (i) peer companies and (ii) the Company's total shareholder return during periods assessed.

A review and restructuring of our peer group described under "Benchmarking" below.

A review of long-term incentive trends and practices within the Company's peer group, and share utilization and overhang analysis with respect to the Company's long-term incentive plans.

Other ad hoc assessments, as requested by the Committee.

In connection with their engagement, Towers Watson reported to the Committee regarding its independence based on the six factors outlined in SEC regulations issued under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. The Committee considered these factors in connection with the re-engagement of Towers Watson in 2013, and concluded that Towers Watson is independent and that its engagement by the Committee raised no conflicts of interest.

The Role of Shareholder Say-on-Pay Votes.

The Company provides its shareholders with the opportunity to cast an annual advisory vote on executive compensation (a "say-on-pay proposal"). At the Company's Annual General Meeting of Shareholders held in June 2013, 97% of the votes cast on the say-on-pay proposal at that meeting were voted in favor of the proposal. This followed a 97% vote in favor at the prior year's meeting in 2012, and a 98% vote in favor at the meeting in 2011. The Committee believes these voting results affirm shareholders' support of the Company's approach to executive compensation. The Committee evaluated the results of the 2013 say-on-pay proposal at its September 2013 meeting. The Committee also considered many other factors in evaluating the Company's executive compensation programs as discussed in this Compensation Discussion and Analysis, including the Committee's assessment of the interaction of our compensation programs with our corporate business objectives, evaluations of our programs by our compensation consultant, and review of data of a comparator group of peer companies, each of which is evaluated in the context of the Committee's fiduciary duty to act as the directors determine to be in shareholders' best interests. While each of these factors bore on the Compensation Committee's subsequent

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decisions regarding our named executive officers' compensation during 2013 and 2014, the Committee did not make any changes to our executive compensation program and policies as a result of the 2013 say-on-pay proposal voting results. The Committee will continue to consider the outcome of the Company's say-on-pay votes when making future compensation decisions for its named executive officers.

Benchmarking

Decisions related to executive compensation program design and pay levels are informed, in part, by the practices and pay levels of comparable peer organizations. During 2013, the Committee engaged Towers Watson to conduct an executive compensation analysis that provided summarized data on market competitive levels of total compensation. In conducting the 2013 benchmarking, Towers Watson utilized a selection of peer companies, which was reviewed and approved by the Committee in September 2013 to ensure that it represented organizations of the appropriate size and complexity based upon key criteria including financial profile, business complexity, medical technology product lines and geographic penetration. This peer group contained the following sixteen medical technology and device manufacturers and distributors, some of which we may compete against for executive talent.

Alphatec Holdings, Inc.	Merit Medical Systems, Inc.
Angiodynamics, Inc.	NuVasive, Inc.
Arthrocare Corporation	NxStage Medical, Inc.
CONMED Corporation	Spectranetics Corporation
Greatbatch, Inc.	Thoratec Corporation
Haemonetics Corporation	Tornier N.V.
Integra LifeSciences Holdings Corporation	Volcano Corporation
Masimo Corporation	Wright Medical Group Inc.

Elements of Executive Compensation

Overview

Our compensation program for executive officers and other key employees consists of three primary elements:

annual salary;

performance-based incentives in the form of annual cash bonuses; and

long-term equity-based incentives under our long-term incentive plan.

The Committee reviews annually what portion of an executive officer's compensation should be in the form of salary, potential annual performance-based cash bonuses and long-term equity-based incentive compensation. The Committee believes an appropriate mix of these elements, commensurate with our compensation philosophy, will assist the Committee in meeting its compensation objectives. See *Executive Compensation Philosophy* below for more information on the Committee's guidelines for each element of executive compensation. As part of its decision making process, the Committee reviews information setting forth all components of the compensation and benefits received by our named executive officers. This information includes a specific review of dollar amounts for salary, bonus, perquisites and long-term equity-based incentive compensation. In addition, as further described below, we sometimes grant one-time bonuses in connection with new hires and promotions, or for retention or special recognition purposes. We also provide our executive officers and directors with certain limited perquisites discussed below.

Table of Contents***Executive Compensation Philosophy***

The Committee has approved a pay-for-performance executive compensation philosophy. This philosophy takes into account the results of our periodic benchmarking, using both the peer group and survey sources, and assumes that the Company has met its performance goals. This compensation philosophy emphasizes pay at risk through awards made under the cash-based annual incentive plan as well as grants made under the long-term equity compensation program as outlined above.

<i>Pay Element</i>	<i>Market Position</i>	<i>Rationale</i>
Base Salary	50 th Percentile	Competitive annual salary.
Total Cash Goal(1)	50 th Percentile(2)	Target incentive opportunity aligned with market 50 th percentile to be competitive. Opportunity for greater than competitive cash compensation only if individual and company performance exceeds target goals.
Long-Term Incentive Grants	The annual long-term equity incentive grant program is designed to align senior management with shareholders while being fair and competitive(3)	Long-term incentive grants are awarded weighing the following: market competitive expected value delivered annually, individual and company performance, share utilization/dilution, executive alignment with shareholder interests and retention of key employees.
Total Direct Compensation Goal(4)	50 th Percentile	Align long-term incentive plus total cash with shareholder interests and reward individual and company long-term performance.

- (1) Total cash compensation equals annual salary plus annual cash incentives.
- (2) Actual award levels will vary within a set range developed around a target based upon primarily company performance goals, but also individual performance goals.
- (3) As noted below, the equity grants may be higher or lower than the market 50th percentile based upon a variety of factors.
- (4) Total direct compensation equals total cash plus annualized expected value of long-term incentives.

Our target percentiles are guidelines. The annual salary, annual incentive awards and equity awards may be higher or lower than the 50th percentile for certain individuals based upon company and individual performance, competitive market practice, shareholder alignment, availability of shares for equity grants and the need for executive retention. The Committee may depart from the target percentiles for other purposes based upon particular facts and circumstances that apply to an individual, entity or a division at the time, including adjustments due to market conditions, the promotion of employees and other factors.

The Committee generally engages a compensation consultant to provide peer group benchmarking survey information every few years. In years when benchmarking survey information is not procured, the Committee uses data provided to the Committee during the prior year, and makes cost-of-living or other adjustments as it deems appropriate. The Committee obtained benchmarking survey information from Towers Watson in August 2012, which was used in the Committee's determination of compensation levels in 2012 and 2013, and updated benchmarking survey information in December 2013, which was used in the Committee's determination of compensation levels for 2014. The results of the December 2013 survey are described above under Compensation Philosophy Compensation Consultant.

Table of Contents**Annual Salary**

The Committee makes annual determinations with respect to the salaries of executive officers. In making these decisions, the Committee considers each executive officer's performance, the market compensation levels for comparable positions within and outside our peer group, performance goals and objectives and other relevant information, including recommendations of the Chief Executive Officer.

The Committee approved 2014 salary amounts for our currently employed named executive officers in February 2014 (except in the case of Mr. Mason, whose salary was approved in March 2014). The 2014 annual base salary amounts for our currently employed named executive officers are as follows:

<i>Name</i>	<i>Title</i>	<i>2014 Annual Base Salary</i>
Bradley R. Mason	President and Chief Executive Officer	\$ 620,000
Emily Buxton	Chief Financial Officer	\$ 325,000
Michael M. Finegan	Chief Strategy Officer	\$ 381,075
Jeffrey M. Schumm	Chief Administrative Officer, General Counsel and Corporate Secretary	\$ 381,975
Davide Bianchi	President, Global Extremity Fixation	F r.336,600(CHF)

Cash Performance-Based Incentives Annual Incentive Program

The Committee believes that a significant portion of the compensation for each executive officer should be in the form of annual performance-based cash bonuses. Short-term incentives, like our annual incentive program, tie executive compensation to our immediate financial performance. Each executive officer generally participates in our annual incentive program as it is our primary means of providing for an annual cash bonus.

The annual incentive program, which consists of cash performance-based bonus awards made pursuant to our 2012 LTIP, is based on goals determined by the Committee in line with annual budgets approved by the full Board. Under our program, at the outset of each year the Committee establishes target performance goals and a range of performance around the target performance goals for which a bonus would be paid as described below. We set the performance goals with the intent that it will be challenging for a participant to receive 100% of his or her incentive opportunity target award. However, an executive officer can earn up to 150% of his or her targeted bonus based upon actual performance measured against the range of established performance goals. Varying bonuses are paid for the attainment of specified goals within a range of 25% to 150% (with an attainment of zero assessed for performance less than 25% for any specified goal). For named executive officers the maximum bonus is a percentage of that person's salary.

In 2013, performance goals under the plan for all participants were based on the performance of Orthofix and its subsidiaries on a consolidated basis using two metrics:

- (i) net sales; and
- (ii) net earnings from continuing operations per share (net of (A) tax expense and (B) approximately \$0.08 per share of costs related to the Company's strategic investment with the Musculoskeletal Transplant Foundation (MTF) in the development and commercialization of the next generation cell-based bone growth technology).

These metrics were assigned an equal weighting of 50% and 50%, respectively. The proposed goals and related matrix were reviewed and approved by the Committee in March 2013, and performance was then subsequently assessed by the Committee. Mr. Mason, Ms. Buxton, Mr. Finegan, Mr. Schumm and Mr. Vaters participated in the plan. Mr. Bianchi, who joined the Company after the plan goals were established, did not participate. Each of the Committee members at the time of the applicable action participated in and approved these respective determinations.

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To calculate the bonus amount payable, the achievement percentage for each component is multiplied by its component's percentage weight. The products are added together to produce a resulting weighted percentage. For each participant, this percentage is used to determine what amount of the pre-established bonus goal amount will be paid. The weighted percentage is then multiplied by the target amount of bonus for which that participant is eligible.

The table below describes the target goals and actual achievement for the two categories described above in 2013.

Category of 2013 Goals	Percent Achievement Targets						Actual 2013	Actual 2013
	25%	50%	75%	100%	125%	150%	Results(1)	Attainment
Orthofix and its Subsidiaries on a Consolidated Basis								
Net Sales	\$ 462.3M	\$ 465.0M	\$ 470.0M	\$ 475.0M	\$ 484.5M	\$ 494.0M	\$ 400.5M	Zero
Net EPS from continuing operations(1)	\$ 2.91	\$ 2.94	\$ 2.97	\$ 3.00	\$ 3.03	\$ 3.06	\$ (0.80)	Zero
<i>2013 Weighted Average Aggregate Achievement</i>								Zero

(1) Target and attained amounts are net of (A) tax expense and (B) approximately \$0.08 per share of costs related to the Company's strategic investment with MTF in the development and commercialization of the next generation cell-based bone growth technology.

As illustrated above, after reviewing the results achieved in 2013 for each of the relevant components (as shown in the far right column of the table above), the Committee determined that achievement fell below the minimum 25% threshold in each category and, as a result, no bonus was achieved under the plan for Mr. Mason, Ms. Buxton, Mr. Finegan, Mr. Schumm and Mr. Vaters.

Other Bonus Payments**Discretionary, Hiring, Promotion and Retention Bonuses**

Outside of the annual incentive program, in any year the Committee has and does exercise its discretion to grant bonuses for performance or for other circumstances, such as in the cases of new hires and promotions. During 2013, we paid the following such bonuses:

Mr. Schumm was paid a bonus of \$100,000 in recognition of his work over several years culminating in the settlement of several outstanding government investigation matters.

Ms. Buxton was paid a bonus of \$50,000 in connection with her promotion in April 2013 to Chief Financial Officer.

Mr. Finegan was paid a bonus of \$100,000 in connection with his promotion in June 2013 to Chief Strategy Officer.

Mr. Bianchi, who joined the Company in July 2013, was awarded a discretionary bonus of approximately \$73,000. This bonus was approved in recognition of his individual performance during 2013. In approving this bonus, the Committee took note that (i) Mr. Bianchi joined the Company after the goals for the 2013 annual incentive plan were established, (ii) he was not employed by the Company during two quarterly periods that significantly affected the Company not reaching the 2013 annual incentive plan targets, and (iii) he will participate in the annual incentive plan in 2014 and prospectively while serving as an executive officer.

Between July 2013 and March 2014, we faced additional challenges due to the independent review of certain accounting matters by our Audit and Finance Committee, which led to the multi-year financial statement restatement

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we filed in March 2014. During this period, the Committee remained focused on migrating towards pay practices that it believes align with market best practices, while also retaining and engaging the talent needed to navigate through these and other current business challenges. Given both the business challenge of the financial restatement and the criticality of the positions that are working to transform our business performance, we awarded special cash retention bonus awards in February 2014 to Mr. Finegan, Mr. Schumm and Ms. Buxton, in amounts equal to \$225,000, 225,000 and \$195,000, respectively, to recognize their direct impact on our business transformation and ensure that they remained engaged during this critical juncture for our business. Fifty percent of the bonus amounts became payable on March 31, 2014 (the date that the Company completed the filing of the 2013 Form 10-K with the SEC), and fifty percent of the bonus amount becomes payable on September 30, 2014 (contingent upon the applicable executive (i) remaining employed by the Company on such date, or (ii) having had his or her employment terminated by the Company without Cause or by the executive for Good Reason (in each case as defined in and pursuant to such executive's employment agreement) prior to such payment date). Ms. Buxton has recently notified us of her voluntary resignation as of May 14, 2014, and will therefore not receive the second bonus installment.

Long-Term Equity-Based Incentives

Our primary equity compensation plan is the 2012 LTIP, which our shareholders approved in June 2012. Some current and former executive officers continue to hold outstanding awards under our 2004 LTIP and Staff Share Option Plan, although we no longer grant awards under these plans. All named executive officers are also eligible, at their discretion, to acquire shares of common stock pursuant to our SPP. Each plan is described below. The Committee administers each of these plans and only the Committee makes long-term incentive plan grants to named executive officers. In addition, the Committee has authority to make inducement grants to newly hired employees, as it did in 2008 and 2013 in connection with the hiring of Mr. Vaters and Mr. Mason, respectively. These inducement grants were made on terms that were substantially the same as grants made under the 2004 LTIP or 2012 LTIP, except that the grant to Mr. Mason vests upon the satisfaction of certain performance criteria related to the trading price of the Company's common stock.

The Committee's date of approval of a stock option or restricted stock grant is typically the first or second quarterly in-person Board meeting of the fiscal year. The grant date of a stock option or restricted stock is on or after the approval date. Actual grant dates are determined, among other factors, in accordance with past practice for annual grants, the Committee's determination of an appropriate grant date, as well as our communications policy. Under this policy, employees are alerted to their option grants and grants of restricted stock. We also take into account that approvals may be required in advance of expected acquisitions, new hires or other transactions. For example, in connection with expected new hires, the grant approval may be included in an offer letter even though the actual date of grant is typically not until the employee's first day of employment. Our policy, in accordance with the terms of the 2012 LTIP, is that the closing price of the stock on the date of grant will be used to price stock options.

The Committee generally grants stock options and restricted stock as noted above and does not specifically take into consideration the release of material non-public information when determining whether and in what amount to make stock option grants and grants of restricted stock. In addition, the Committee does not have a specific policy of setting grant dates in coordination with the release of material non-public information and we do not have a policy of timing our release of material non-public information for the express purpose of affecting the value of executive compensation.

Current Equity Compensation Plans***Long-Term Incentive Plans***

The 2004 LTIP was originally adopted by the Board and approved by shareholders in 2004. A subsequent amendment was adopted by the Board and approved by shareholders in 2008. The 2012 LTIP was adopted by the Board and approved by shareholders in 2012. Awards under both plans can be in the form of a stock option,

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restricted stock, restricted share unit, performance share unit, or other award form determined by the Board. Awards expire no later than 10 years after the date of the grant. To date, we have granted only non-qualified stock options and restricted stock under both plans. Stock options and restricted stock generally vest annually in one-third or one-fourth increments beginning on the first anniversary of the date of grant, so long as the grantee remains an employee of the Company on the vesting date, though the Committee may provide different vesting provisions depending on the nature of and reason for the grant (or in the event of a change of control or termination of employment).

As of April 30, 2014, 885,810 shares remain available for issuance pursuant to future awards under the 2012 LTIP, and no shares remain available for issuance pursuant to future awards under the 2004 LTIP. The 2012 LTIP includes a fungible share pool that provides that shares of common stock subject to an award other than stock options or stock appreciation rights shall be counted against the plan's share issuance limit as 1.84 shares for every 1 share of common stock subject to such award. The number of shares of stock subject to any stock appreciation rights awarded under the 2012 LTIP will be counted against the aggregate number of shares of stock available for issuance under the 2012 LTIP regardless of the number of shares of stock actually issued to settle the stock appreciation right upon exercise.

The goal of each plan has been to create an ownership interest in the Company in order to align the interests of executive officers with shareholders, to more closely tie executive compensation to our performance and to create long-term performance and service incentives for executive officers and other key employees. Stock options and restricted stock awards typically are granted to executive officers and other employees:

in conjunction with the second quarterly in-person Board meeting of the fiscal year;

as new-hire incentives or in connection with promotion to a new position;

in connection with our acquisitions; and

otherwise in connection with retention, reward or other purposes based on the particular facts and circumstances determined by the Committee.

In 2013, pursuant to the 2012 LTIP, 316,250 stock options and 296,791 shares of restricted stock were granted to our employees and directors in connection with our long-term equity grant program, for new hire equity grants, promotional equity grants, as well as ongoing equity grants, of which 71,250 stock options and 78,000 shares of restricted stock were granted to our executive officers, and 90,000 stock options and 21,000 shares of restricted stock were granted to our non-employee directors.

The Company maintains a Stock Option and Restricted Stock Delegation Policy under which the Committee has delegated to the President and Chief Executive Officer and Chief Financial Officer for 2014 the authority to grant, subject to availability under the plan, collectively up to an aggregate of 125,000 stock options and restricted stock awards (referred to as delegated awards) during the calendar year to newly-hired employees, employees who are promoted to new positions within the Company, and employees of the Company deemed eligible due to outstanding or special performance; provided, however, that for purposes of the delegation, any stock option grant counts as one delegated award and any restricted stock award counts as four delegated awards, such that no more than 31,250 restricted stock awards may be made under the delegation in any calendar year. For example, if one employee is granted 1,000 stock options and 1,000 shares of restricted stock, that grant would count as 5,000 delegated awards. Any single employee award is limited to a maximum of 15,000 delegated awards (a maximum of 3,750 restricted stock awards). These grants of delegated awards may not be made to officers obligated to file reports under Section 16(a) of the Exchange Act.

Under the Company's current stock option agreement form (which has been used for most grants since 2009), options vest and become exercisable in either one-third or one-fourth increments on each of the first three or four anniversaries of the grant date (or in the event of a change in control or, under certain circumstances, termination of employment). The options expire and are no longer exercisable 10 years from the grant date and

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are subject to early termination as a result of a termination of employment or a change of control of the Company. Other relevant provisions in the nonqualified stock option agreement are as follows:

If, prior to an option vesting, the optionee's employment is terminated other than (1) for cause, (2) upon death or permanent disability, or (3) voluntary termination (as defined in the form option agreement but excluding a retirement in accordance with the Company's retirement policies or a termination for "good reason" if the optionee has entered into an agreement with the Company providing for a termination for "good reason"), any options that would have been vested as of December 31 of the year in which termination occurs shall automatically vest as of the date of termination and remain exercisable by the optionee for 180 days after the date of such termination of employment. The options will be cancelled and will revert back to the Company to the extent not exercised within such period. Any unvested options on the date of termination will also be cancelled and will revert back to the Company on such date.

If the optionee's employment is terminated by reason of death or permanent disability, all options shall automatically vest and remain exercisable by the optionee (or a transferee under a domestic relations order, the optionee's estate, personal representative or beneficiary, as applicable) for 12 months after the date of such termination of employment. The options will be cancelled and will revert back to the Company to the extent not exercised within such period.

If the optionee's employment is terminated for cause or if the optionee terminates employment under circumstances constituting a voluntary termination, the optionee may exercise the options (only to the extent vested at the date of termination) at any time within three months after the date of such termination in accordance with their terms. The options will be cancelled and will revert back to the Company to the extent not exercised within such period. Any unvested options on the date of termination will also be cancelled and will revert back to the Company on such date.

Upon the occurrence of a change of control of the Company, all options shall automatically vest and remain exercisable in accordance with the provisions applicable thereto. The options will expire and no longer be exercisable to the extent not exercised within 10 years from the grant date.

Certain grants made prior to 2009 include terms that provide that if an executive has an employment agreement with the Company, he or she will have up to 5 years to exercise his or her options in circumstances described above where the optionee has 180 days under the current form.

The Company has historically utilized stock options as the principal means of providing its executive officers and other employees with equity incentive compensation. However, in recent years, the Compensation Committee has also been making grants of restricted stock. The restricted shares of stock granted by the Company are typically subject to the same vesting and forfeiture provisions applicable to grants of stock options as described above (though from time-to-time, such as for retention purposes, we sometimes make grants on more accelerated vesting schedules).

In March 2013 we granted stock options with performance-based vesting criteria (in this case, based on the performance of our common stock) to our new President and Chief Executive Officer, Bradley R. Mason. In the future, the Committee intends to begin providing stock options and restricted stock grants with performance-based criteria to executive officers (in addition to or in lieu of grants with the time-based vesting criteria described above, which we have used historically).

Stock Purchase Plan

Our SPP, as amended, provides for the issuance of shares of our common stock to eligible employees and directors of the Company and its subsidiaries that elect to participate in the plan and acquire shares of our common stock through payroll deductions (including executive officers). During each purchase period, eligible individuals may designate between 1% and 25% (or any other percentage as determined by the Compensation

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Committee) of their cash compensation to be deducted from that compensation for the purchase of common stock under the plan. Under the plan, the purchase price for shares is equal to the lower of: (i) 85% of the fair market value per share on the first day of the plan year, and (ii) 85% of the fair market value of such shares on the last day of the plan year. The plan year begins on January 1 and ends on December 31. As amended, up to a total of 1,850,000 shares may be issued under the SPP.

Previous Equity Compensation Plans

Staff Share Option Plan

The Staff Share Option Plan is a fixed share option plan which was adopted in April 1992. There are no options remaining to be granted under the Staff Share Option Plan and, as of April 30, 2014, only 15,000 stock options granted under it remain outstanding, all of which are vested and expire in July 2014.

Other Compensation

Deferred Compensation Plan

Between 2007 and 2010, certain of our executive officers deferred a portion of their earnings through our Deferred Compensation Plan. Since 2011, we have not permitted any further contributions to this plan, however, some of our executives continue to hold vested balances under the plan relating to prior contributions. (See *Deferred Compensation*.) The plan is intended to be an unfunded plan under the provisions of the Employee Retirement Income Security Act (ERISA). However, our subsidiary, Orthofix Holdings, Inc., has established a rabbi trust to provide funds for the payment of benefits under the plan, and has previously made discretionary contributions to the rabbi trust in amounts equal to the compensation previously deferred by plan participants. While the rabbi trust is an asset of Orthofix Holdings, Inc. and can be revoked by Orthofix Holdings, Inc. at any time, upon a change of control, the rabbi trust will become irrevocable and must be used to pay plan benefits. Further, if a change of control occurs, Orthofix Holdings, Inc. must make a contribution to the rabbi trust in an amount that is sufficient to pay all plan benefits and the projected fees and expenses of the trustee of the rabbi trust. It is intended that the terms of the plan will be interpreted and applied to comply with Section 409A of the Internal Revenue Code.

For record keeping purposes, accounts are maintained for each participant to reflect the amount of his or her hypothetical earnings or losses on the prior deferrals based on designations previously made by the applicable participant. These designations allocate balances among the various independently established funds and indexes chosen by the plan administrator, or measurement funds, to measure hypothetical earnings and losses on the deferred amounts. The balance credited to each participant s account is adjusted periodically to reflect the hypothetical earnings and losses. We are not obligated to invest any amount credited to a participant s account in such measurement funds or in any other investment funds.

A participant who previously made contributions to the plan may elect to receive an in-service distribution of the balance credited to his or her plan account in a lump sum or in a series of annual installments over a one, three, five or ten-year period. In the event a participant terminates employment with us for any reason other than retirement or death, the participant will receive a distribution of the entire amount credited to his account in a single lump sum. In the case of a termination due to retirement or in the case of a change of control, the participant can elect to receive either a single lump sum or a series of annual installments over a one, three, five or ten year period. In the case of a termination due to death or if a participant experiences a disability, the balance credited to the participant s account will be paid out in a single lump sum, unless installment payments have already begun at the time a participant dies. In such a case, such installments shall be continued as originally elected unless the participant s beneficiary is a trust or estate, in which case the remaining balance will be paid in a lump sum.

Temporary Living and Relocation Expenses

In connection with the opening of our new principal office in 2010, we have relocated the principal place of employment of several of our executive officers to Lewisville, Texas. In connection with these relocations, we

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have paid certain moving and other relocation expenses, as well as temporary living expenses, for certain executive officers. Of the persons constituting named executive officers, only Mr. Mason received these benefits during 2013, which consisted of payments of \$52,177 to Mr. Mason for temporary living expenses.

Perquisites and Other Personal Benefits

Our executive officers are entitled to or may otherwise be the beneficiaries of certain limited perquisites including a car allowance, reimbursement for tax preparation expenses and an annual physical exam. In addition, our executive officers and directors are entitled to reimbursement of expenses relating to their spouse's travel in connection with no more than one Board meeting per year. We do not consider any of these significant or out of the ordinary course for similarly situated companies.

Other Plans

Executive officers participate in our 401(k) plan on the same basis as other similarly situated employees. Other than the Orthofix Deferred Compensation Plan, we do not have a long-term retirement plan or other deferred compensation plan.

Employment and Other Agreements with the Company

Each of our named executive officers work pursuant to employment agreements with our wholly owned subsidiary, Orthofix Inc. These agreements generally include a term of employment, renewal terms, base salary and bonus provisions, eligibility for equity incentive compensation, benefits and restrictive provisions (non-competition, non-solicitation, confidentiality and invention assignment), as well as a variety of payments depending on the circumstances surrounding the executive officer's separation from the Company.

Our employment agreements are also intended as a retention tool for senior executive officers and to remove some of the uncertainty surrounding potential change of control transactions. To that end, the agreements provide for certain payments upon termination (e.g., without cause, for good reason, etc.), which payments increase in certain instances following a change of control. For instance, following a change of control, the amount payable for termination without cause or for good reason generally increases by 50%. With respect to a change of control, most agreements provide for a double-trigger so that a change of control itself does not trigger any payments. However, under separate stock option and restricted stock agreements, all stock options and shares of restricted stock immediately vest upon a change of control without reliance on any other triggering event. The employment agreements, 2004 LTIP and 2012 LTIP each provide specified definitions of what constitutes a change of control.

All officers receiving full employment agreements and selected other executive officers or employees that are exposed to legal risk in the performance of their employment, as well as all directors, also receive indemnity agreements from the Company. See Agreements with Named Executive Officers for more information on the terms of particular employment agreements.

Compensation Recoupment (Clawback) Policy

In December 2012, we adopted a compensation recoupment, or clawback policy, which applies to all of our executive officers. Under this policy, if we are required to prepare an accounting restatement due to material noncompliance by Orthofix, as a result of misconduct, with any financial reporting requirement under the securities laws, each executive officer is required to reimburse us for (i) any bonus or other incentive-based or equity-based compensation received by such executive officer during the 12-month period following the first public issuance or filing with the Securities and Exchange Commission (whichever first occurs) of the financial document embodying such financial reporting requirement, and (ii) any profits realized from the sale of our securities of during that 12-month period.

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Stock Ownership Guidelines

Upon recommendation of the Compensation Committee, the Board adopted formal stock ownership guidelines in June 2010. These guidelines were amended in December 2011. Under these guidelines, the President and Chief Executive Officer and each outside director are encouraged to have an ownership in the Company's common stock equal to three times his annual salary or director fee amount, as applicable. These multiples should be achieved by the later of (i) 5 years from appointment or election, as applicable, or (ii) 5 years from the date of adoption of the applicable requirements. Thereafter, each participant is asked to maintain ownership levels at or above these multiples.

Compliance with Section 162(m) of the Internal Revenue Code

Section 162(m) of the Internal Revenue Code limits the deductibility of compensation payments to certain of our named executive officers in excess of \$1 million per year per person, unless certain requirements are met. Although compensation paid to the named executive officers has historically not exceeded deductibility limits under Section 162(m) of the Internal Revenue Code, to the extent that it is practicable and consistent with our executive compensation philosophy, we intend to comply with Section 162(m) of the Internal Revenue Code. The annual incentive program, which consists of cash performance-based bonus awards made pursuant to our 2012 LTIP, is based on goals determined by the Committee consistent with performance measures described in the 2012 LTIP. Because the 2012 LTIP was approved by our shareholders, to the extent that the Company complies with other various requirements under Section 162(m) of the Code, the compensation paid pursuant to performance measures may be deductible by the Company even if such compensation exceeds \$1 million per person for such year. If compliance with Section 162(m) of the Internal Revenue Code conflicts with our compensation philosophy or is determined not to be in the best interest of our shareholders, the Committee will abide by our compensation philosophy.

REPORT OF COMPENSATION COMMITTEE

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with the members of management of the Company and, based on such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in the Company's proxy statement.

The Compensation Committee

Dr. Guy J. Jordan, *Committee Chair*
Davey S. Scoon
Dr. Walter P. von Wartburg

Table of Contents**SUMMARY COMPENSATION TABLE**

The following table sets forth the compensation earned by or paid to our named executive officers for each of the last three fiscal years during which the officer was a named executive officer.

Name and Principal Position	Year	Salary (\$)(1)	Bonus (\$)(2)	Stock Awards (\$)(3)	Option Awards (\$)(3)	Non-Equity Incentive Plan Compensation (\$)(4)	All Other Compensation (\$)	Total (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(i)	(j)
Bradley R. Mason President and Chief Executive Officer since March 13, 2013	2013	452,846		388,200	2,150,250		21,900(5)	3,013,197
Emily Buxton Chief Financial Officer during 2013	2013	317,192	50,000	497,750	437,410		21,659(6)	1,324,011
	2012	272,674			128,446	11,340	21,311(7)	433,772
Michael M. Finegan Chief Strategy Officer	2013	359,994	100,000	408,375	152,752		22,248(8)	1,043,370
	2012	342,748	75,000(9)	615,150	600,116	26,756	19,677(10)	1,679,447
	2011	328,688	75,000(11)	292,300	163,685	132,817	19,188(12)	1,011,678
Jeffrey M. Schumm Chief Administrative Officer, General Counsel and Corporate Secretary	2013	354,969	100,000	408,375	152,752		22,269(13)	1,038,365
	2012	322,110	75,000(14)	553,635	683,889	25,188	36,741(15)	1,696,563
Davide Bianchi President, Global Extremity Fixation since July 2013 ⁽¹⁶⁾	2013	364,158	73,029	218,240	169,384		67,976(17)	892,787
Robert S. Vaters President and Chief Executive Officer until March 13, 2013	2013	244,974					2,769,315(18)	3,014,290
	2012	667,908	175,000(19)	1,640,400	1,607,043	86,580	74,944(20)	4,251,875
	2011	512,696	290,000(21)	496,910	678,808	395,497	74,831(22)	2,448,742

- (1) Amounts include salary deferred and further described in Deferred Compensation.
- (2) 2013 amounts described in Compensation Discussion & Analysis Elements of Executive Compensation Other Bonus Payments.
- (3) Amounts shown do not reflect compensation actually received. Instead, the amounts shown are the aggregate grant date fair value of equity awards, as computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 (formerly known as Statement of Financial Accounting Standards No. 123(R)), or ASC 718.
- (4) Amounts shown reflect cash bonuses paid in 2014, 2013 and 2012 for performance in 2013, 2012 and 2011, respectively, pursuant to our annual incentive program. Our annual incentive program with respect to the 2013 fiscal year, including the Committee's criteria for determining the amounts awarded with respect to the 2013 fiscal year, are described above under Compensation Discussion and Analysis Elements of Executive Compensation Cash Performance-Based Incentives Annual Incentive Program.
- (5) Reflects \$8,652 for car allowance, \$10,200 for 401k matching and \$2,744 and \$304 for insurance premiums paid by, or on behalf of, the Company with respect to group term and term life insurance, respectively.
- (6) Reflects \$10,800 for car allowance, \$10,200 for 401k matching and \$288 and \$371 for insurance premiums paid by, or on behalf of, the Company with respect to group term and term life insurance, respectively.
- (7) Reflects \$10,800 for car allowance, \$10,000 for 401k matching and \$241 and \$270 for insurance premiums paid by, or on behalf of, the Company with respect to group term and term life insurance, respectively.
- (8) Reflects \$10,800 for car allowance, \$10,200 for 401k matching and \$856 and \$392 for insurance premiums paid by, or on behalf of, the Company with respect to group term and term life insurance, respectively.
- (9) Reflects the second installment of a special cash retention bonuses approved in February 2011 to compensate executive officers for aggregate equity-based awards in 2010 and 2011 being below our 50th percentile of peer group target due to plan availability limitations under the 2004 LTIP (the February 2011 Retention Bonuses).
- (10) Reflects \$10,800 for car allowance, \$7,940 for 401k matching and \$528 and \$409 for insurance premiums paid by, or on behalf of, the Company with respect to group term and term life insurance, respectively.
- (11) Reflects the first installment of the February 2011 Retention Bonus paid to Mr. Finegan.
- (12) Reflects \$10,800 for car allowance, \$7,491 for 401K matching, \$499 and \$398 or insurance premiums paid by, or on behalf of, the Company with respect to group term and term life insurance.
- (13) Reflects \$10,800 for car allowance, \$10,200 for 401k matching and \$842 and \$427 for insurance premiums paid by, or on behalf of, the Company with respect to group term and term life insurance, respectively.
- (14) Reflects the second installment of the February 2011 Retention Bonus paid to Mr. Schumm.
- (15)

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Reflects \$10,800 for car allowance, \$10,000 for 401k matching, \$14,937 for relocation services, and \$753 and \$251 for insurance premiums paid by, or on behalf of, the Company with respect to group term and term life insurance, respectively.

- (16) Mr. Bianchi is compensated in Swiss Francs. Amounts shown in table reflect compensation amounts as converted to U.S. Dollars using the average exchange rate in effect during the 2013 calendar year of 1.1035.
- (17) Reflects \$26,484 for car and travel allowance and \$41,492 for 401k matching.

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- (18) Reflects \$2,755,000 severance payment, \$3,600 for car allowance, \$10,200 for 401k matching and \$401 and \$114 for insurance premiums paid by, or on behalf of, the Company with respect to group term and term life insurance, respectively.
- (19) Reflects the second installment of the February 2011 Retention Bonus paid to Mr. Vaters.
- (20) Reflects \$51,979 for housing allowance expenses, \$10,800 for car allowance, \$10,000 for 401k matching and \$1,709 and \$456 for insurance premiums paid by, or on behalf of, the Company with respect to group term and term life insurance, respectively.
- (21) Reflects (i) the \$175,000 first installment of the February 2011 Retention Bonus paid to Mr. Vaters and (i) a \$115,000 promotion bonus in connection with Mr. Vaters' promotion to Executive Vice President and Chief Operating Officer in January 2011.
- (22) Reflects \$52,466 for housing allowance expenses, \$10,800 for car allowance, \$9,800 for 401k matching and \$1,285 and \$480 for insurance premiums paid by, or on behalf of, the Company with respect to group term and term life insurance, respectively.

Table of Contents**GRANTS OF PLAN-BASED AWARDS**

The following table provides information regarding plan-based awards that were granted to our named executive officers during the fiscal year ended December 31, 2013.

Name	Grant Date	Approval Date	All Other Stock Awards: Number of Shares of Stocks or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Equity Award(1) (\$)
Bradley R. Mason	3/13/2013	3/13/2013		75,000	38.82	1,076,250
	3/13/2013	3/13/2013		75,000	38.82	1,074,000
	3/13/2013	3/13/2013	10,000			388,200
Total			10,000	150,000		2,538,450
Emily Buxton	1/16/2013	1/16/2013		10,000	36.70	143,625
	4/1/2013	4/1/2013		10,000	35.75	141,033
	9/26/2013	9/26/2013		17,500	21.78	152,752
	4/1/2013	4/1/2013	2,500			89,375
	9/26/2013	9/26/2013	18,750			408,375
Total			21,250	37,500		935,160
Michael M. Finegan	9/26/2013	9/26/2013		17,500	21.78	152,752
	9/26/2013	9/26/2013	18,750			408,375
Total			18,750	17,500		561,127
Jeffrey M. Schumm	9/26/2013	9/26/2013		17,500	21.78	152,752
	9/26/2013	9/26/2013	18,750			408,375
Total			18,750	17,500		561,127
Davide Bianchi	7/22/2013	7/22/2013		10,000	28.49	114,831
	9/26/2013	9/26/2013		6,250	21.78	54,553
	7/22/2013	7/22/2013	2,500			71,225
	9/26/2013	9/26/2013	6,750			147,015
Total			9,250	16,250		387,624
Robert S. Vaters						

(1) Amounts shown reflect the grant date fair value of equity awards, as computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 (formerly known as Statement of Financial Accounting Standards No. 123(R)), or ASC 718.

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The following table provides information about the number of outstanding equity awards held by our named executive officers at December 31, 2013.

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options (#) Exercisable(1) (b)	Number of Securities Underlying Unexercised Options (#) Unexercisable(2) (c)	Option Exercise Price (\$) (e)	Option Expiration Date (f)	Number of Shares or Units of Stock that have not Vested (#) (g)	Market Value of Shares or Units of Stock that have not Vested (\$) (h)
Bradley R. Mason		75,000(3)	38.82	3/13/2023		
		75,000(4)	38.82	3/13/2023		
					10,000(5)	228,200
Emily Buxton	1,000		37.76	12/2/2014(6)		
	1,000		43.04	6/30/2015(6)		
	1,000		38.11	6/30/2016(6)		
	3,333		23.58	7/25/2019(6)		
	5,334	2,666(7)	29.23	2/15/2021(6)		
	1,667	3,333(8)	41.37	2/15/2022(6)		
	834	1,666(9)	39.66	6/25/2022(6)		
		10,000(10)	36.70	1/16/2023(6)		
		10,000(11)	35.75	4/01/2023(6)		
		17,500(12)	21.78	9/26/2023(6)		
					1,666(13)	38,018
					2,500(14)	57,050
					18,750(15)	427,875
Michael M. Finegan	50,000		38.11	6/29/2016		
	22,300		44.97	6/29/2017		
	20,000		28.95	6/30/2018		
	10,000		23.49	8/19/2018		