

ORTHOFIX INTERNATIONAL N V
Form PRE 14A
June 21, 2011
Table of Contents

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)

Payment of Filing Fee (Check the appropriate box):

Edgar Filing: ORTHOFIX INTERNATIONAL N V - Form PRE 14A

x No fee required.

.. Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

Table of Contents

Orthofix International N.V.

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

AND

PROXY STATEMENT

Meeting Date:

, 2011

at (local time)

Meeting Place:

Orthofix International N.V.

7 Abraham de Veerstraat

Curaçao

Dear Shareholders:

We will hold the Annual General Meeting of Shareholders (the Annual General Meeting) on , 2011, at (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,

James F. Gero

Chairman of the Board

, 2011

Table of Contents

NOTICE AND PROXY STATEMENT

for Shareholders of

ORTHOFIX INTERNATIONAL N.V.

7 Abraham de Veerstraat

Curaçao

for

ANNUAL GENERAL MEETING OF SHAREHOLDERS

to be held on _____, 2011

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 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 _____, 2011 at _____, 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. Gero, Dr. Guy J. Jordan, Michael R. Mainelli, Alan W. Milinazzo, Maria Sainz, Davey S. Scoon, Robert S. Vaters, Dr. Walter P. von Wartburg and Kenneth R. Weisshaar. The Board of Directors recommends that shareholders vote **FOR** each of the foregoing nominees for director.

2. *Approval of Financial Statements for the Year Ended December 31, 2010.* Shareholders will be asked to consider, and, if thought fit, approve the balance sheet and income statement at and for the year ended December 31, 2010. The Board of Directors recommends that shareholders vote **FOR** the proposal to approve the balance sheet and income statement at and for the year ended December 31, 2010.

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, 2011. 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. *Advisory and Non-Binding Vote on the Frequency of Future Advisory Votes on Executive Compensation.* Shareholders will conduct an advisory and non-binding vote on the frequency of future advisory and non-binding votes on executive compensation. The Board of Directors recommends that shareholders vote to hold future advisory and non-binding votes on executive compensation **EVERY YEAR**.

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

Table of Contents

Please read a detailed description of proposals 1 through 5 stated above beginning on page of the proxy statement.

Shareholders Entitled to Vote

All record holders of shares of Orthofix common stock at the close of business on June 30, 2011 have been 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 financial statements for the year ended December 31, 2010 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

Senior Vice President, General Counsel and Corporate Secretary

, 2011

Table of Contents

TABLE OF CONTENTS

<u>About Voting</u>	1
<u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholders</u>	3
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	5
<u>Information about Directors</u>	5
<u>Transactions with Related Persons, Promoters and Certain Control Persons</u>	10
<u>Compensation Discussion and Analysis</u>	11
<u>Report of the Compensation Committee</u>	28
<u>Summary Compensation Table</u>	29
<u>Grants of Plan-Based Awards</u>	31
<u>Outstanding Equity Awards at Fiscal Year-End</u>	32
<u>Option Exercises and Stock Vested</u>	34
<u>Deferred Compensation</u>	35
<u>Agreements with Named Executive Officers</u>	36
<u>Potential Payments upon Termination or Change of Control</u>	40
<u>Director Compensation</u>	44
<u>Equity Compensation Plan Information</u>	46
<u>Proposal 1: Election of Directors</u>	47
<u>Proposal 2: Approval of Financial Statements for the Year Ended December 31, 2010</u>	52
<u>Proposal 3: Ratification of the Selection of Ernst & Young LLP as Independent Registered Public Accounting Firm for 2011</u>	53
<u>Report of the Audit Committee</u>	54
<u>Proposal 4: Advisory and Non-Binding Resolution on Executive Compensation</u>	56
<u>Proposal 5: Advisory and Non-Binding Vote on the Frequency of Future Advisory and Non-Binding Votes on Executive Compensation</u>	57
<u>Information About Shareholder Proposals</u>	57

Table of Contents

PROXY STATEMENT FOR THE ORTHOFIX INTERNATIONAL N.V.

2011 ANNUAL GENERAL MEETING OF SHAREHOLDERS

**THIS PROXY STATEMENT AND THE ENCLOSED PROXY ARE BEING MAILED TO SHAREHOLDERS ON OR ABOUT
, 2011.**

ABOUT VOTING

Who can vote?

All record holders of shares of Orthofix common stock at the close of business on June 30, 2011 (the Record Date) have been 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. As of the Record Date, there were 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 abstentions and broker non-votes 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.

In addition, because shareholders are given the option to vote on three separate choices with respect to the advisory vote on the frequency of future advisory votes on executive compensation, it is possible that no single choice will receive a majority vote. Moreover, because this vote is non-binding, the Board may determine the frequency of future advisory votes on executive compensation in its discretion. The Board intends to take into account the voting results on this proposal in making its determination.

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.

Table of Contents

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, or in person. We will reimburse banks, brokers, nominees and other fiduciaries for the expenses they incur in forwarding the proxy materials to you. Georgeson Inc. is assisting us with the solicitation of proxies for a fee of \$9,000 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 year ended December 31, 2010 with the U.S. Securities and Exchange Commission (the SEC). Our Form 10-K is included in our Annual Report that we are sending you with this proxy statement. Our Form 10-K is also available on our website at www.orthofix.com. If you would like to receive a separate copy of our 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. Brian McCollum,

Chief Financial Officer and Senior Vice President of Finance

You may also contact Mr. McCollum at (214) 937-2927 or at BrianMcCollum@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. McCollum at (214) 937-2927 or at BrianMcCollum@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 _____, 2011.

The 2011 Proxy Statement and the 2010 Annual Report to Shareholders are available at www.orthofix.com/investors/annuals.asp.

Table of Contents**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDERS****Who are the principal owners of Orthofix common stock?**

The following table shows each person, or group of affiliated persons, who beneficially owned, directly or indirectly, at least 5% of Orthofix common stock as of the Record Date. 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 shares of our common stock outstanding as of the Record Date. 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
FMR LLC	2,273,301 ^{*(1)}	*
82 Devonshire Street		
Boston, MA 02109		
Snyder Capital Management, LLC	1,237,665 ^{*(2)}	*
One Market Plaza		
Steuart Tower, Suite 1200		
San Francisco, CA 94105		
Columbia Wanger Asset Management, LLC	1,158,000 ^{*(3)}	*
227 West Monroe Street, Suite 3000		
Chicago, IL 60606		
BlackRock, Inc.	1,006,980 ^{*(4)}	*
40 East 52nd Street		
New York, NY 10022		

* Information will be provided/updated as of the Record Date in the definitive proxy statement.

- (1) Information obtained from Schedule 13G/A filed with the SEC by FMR LLC (FMR) on February 14, 2011. The Schedule 13G/A discloses that, of these shares, FMR has sole power to vote or direct the vote of 761,343 shares and sole power to dispose or to direct the disposition of 2,273,301 shares.
- (2) Information obtained from Schedule 13G/A filed with the SEC by Snyder Capital Management, L.P. and Snyder Capital Management Inc. (collectively Snyder Capital) on February 14, 2011. The Schedule 13G/A discloses that, of these shares, Snyder Capital has shared power to vote or direct the vote of 1,047,615 shares and shared power to dispose or to direct the disposition of 1,237,665 shares.
- (3) Information obtained from Schedule 13G/A filed with the SEC by Columbia Wanger Asset Management, LLC (Columbia Wanger) on February 11, 2011. The Schedule 13G/A discloses that Columbia Wanger has sole voting power and sole dispositive power over all of these shares.
- (4) Information obtained from a Schedule 13G/A filed with the SEC by BlackRock, Inc. (BlackRock) on February 7, 2011. The Schedule 13G/A discloses that BlackRock has sole voting and dispositive power over all of these shares.

Table of Contents**Common stock owned by Orthofix's directors and executive officers**

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 nominee for director, each executive officer listed in the Summary Compensation Table and all directors and executive officers as a group. The percent of class figure is based on _____ shares of our common stock outstanding as of the Record Date. All directors and executive officers as a group beneficially owned _____ 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	Percentage of Class
James F. Gero	*	*
Dr. Guy J. Jordan	*	*
Michael R. Mainelli	*	*
Alan W. Milinazzo	*	*
Maria Sainz	*	*
Davey S. Scoon	*	*
Robert S. Vaters	*	*
Dr. Walter P. von Wartburg	*	*
Kenneth R. Weisshaar	*	*
Michael M. Finegan	*	*
Luigi Ferrari	*	*
Eric Brown**	*	*
Kevin Unger**	*	*
Raymond C. Kolls**	*	*
All directors and executive officers as a group (15 persons)	*	*

* Information will be provided as of the Record Date in definitive proxy statement.

** This executive officer is no longer employed by the Company, but served as an executive officer during some or all of the 2010 calendar year.

Table of Contents

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, 2010 all Section 16(a) filing requirements applicable to the Reporting Persons were complied with, except that Mr. Ferrari had one stock option exercise transaction reported late.

INFORMATION ABOUT DIRECTORS

The Board of Directors and Committees of the Board

The Board of Directors currently has seven members. At the time of our 2010 Annual General Meeting of Shareholders, we had nine directors. On November 29, 2010, Thomas J. Kester resigned from our Board, and on February 8, 2011, our dear friend and longest tenured director, Jerry C. Benjamin suddenly passed away. The Board has resolved to increase the size of the Board from seven to nine members effective at this year's Annual General Meeting, and we have nominated two new director candidates, Davey S. Scoon and Robert. S. Vaters, to fill these two additional seats. In addition, we may add one or more directors in the future if and when appropriate candidates are identified and become available.

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 2010 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 six times during 2010, four of which meetings were two-day in-person meetings and two of which were telephonic meetings. The Board has three standing committees: the Audit Committee, the Compensation Committee and the Nominating and Governance Committee. Each Director attended more than 75% of the aggregate of all meetings of the Board of Directors and the Committees on which he or she served during 2010.

Of the nine directors standing for election at the Annual General Meeting, the Board has determined that Messrs. Mainelli, Scoon and Weisshaar, Ms. Sainz, and Drs. Jordan and von Wartburg are independent under the current listing standards of the Nasdaq Global Select Market and Section 10A(m)(3) of the Securities Exchange Act of 1934, as amended. In addition, it is currently anticipated that Mr. Gero will become independent under such rules and standards on January 1, 2012, which is three years from the date that he was last treated as an employee by the Company. 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 .

Board Leadership Structure

Mr. Gero serves as the Chairman of the Board. Mr. Milinazzo, who is also a director, will serve as the Company's President and Chief Executive Officer through July 31, 2011. On August 1, 2011, Mr. Vaters, who is a nominee for director, will assume the position of President and Chief Executive Officer. The Board believes that the separation of these two critical roles best serves our Company 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 Chairman

Table of Contents

focuses on leadership of the Board. The Board believes that this leadership structure enhances the accountability of the President and Chief Executive Officer to the Board and strengthens the Board's overall independence from management.

The Audit Committee

Our Audit 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 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. In addition, the Committee assists the Board in overseeing the Company's Corporate Compliance and Ethics Program. The committee also meets privately, outside the presence of Orthofix management, with our independent registered public accounting firm. The Audit Committee's Report for 2010 is printed below at page .

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

The Audit Committee met nine times during 2010 (four of which meetings were in-person meetings and five of which were telephonic meetings). The Audit Committee also acted once in 2010 by unanimous written consent without a meeting.

Messrs. Weisshaar and Mainelli and Ms. Sainz currently serve as members of the Audit Committee. Mr. Weisshaar served on the committee during all of the 2010 calendar year. Mr. Mainelli joined the Committee on December 7, 2010 following the resignation of Thomas J. Kester from the Board on November 29, 2010. Ms. Sainz joined the Committee on February 22, 2011 following the death of Jerry C. Benjamin, who had been serving as Chairman of the committee. Mr. Weisshaar became Interim Chairman of the committee on February 22, 2011. 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 current members of the Audit Committee, as well as all members who served during 2010, are independent. Our Board of Directors has determined that Mr. Weisshaar 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 Compensation Committee administers our Amended and Restated 2004 Long-Term Incentive Plan, as amended (the "2004 LTIP"), the primary equity incentive plan under which we make equity-related awards, and the Orthofix International N.V. Amended and Restated Stock Purchase Plan (the "SPP"), an equity plan under which most of our employees and directors are eligible to purchase Company stock. The Compensation 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 ten times during 2010 (four of which were in-person meetings and six 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.

Table of Contents

Dr. Jordan, Mr. Mainelli and Ms. Sainz currently serve as members of the Compensation Committee. Dr. Jordan serves as Chairman of the committee. All members served during the entire 2010 calendar year. Mr. Kester also served on the Committee as Chairman until his resignation from the Board on November 29, 2010, after which Dr. Jordan was appointed Chairman on December 7, 2010. All persons who served on the Compensation Committee in 2010 satisfied, and all persons currently serving on the Compensation Committee 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. All members are non-employee, non-affiliated, outside directors and they are considered independent under the current rules of the Nasdaq Global Select Market and the SEC.

No interlocking relationship, as defined in the Exchange Act, exists between our Board or Compensation Committee and the board of directors or compensation committee of any other entity.

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 for senior management positions, makes recommendations to the Board in connection with succession planning, and assists the Board and the President and Chief Executive Officer in developing and evaluating executive candidates.

The Nominating and Governance Committee met four times in 2010 (all of which were in-person 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.

Mr. Weisshaar and Drs. Jordan and von Wartburg currently serve as members of the Nominating and Governance Committee. Dr. Jordan served as Chairman of the committee until December 7, 2010, at which time Mr. Weisshaar became Chairman. All members served during the entire 2010 calendar year. All members are 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 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 Securities and Exchange Commission 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.

Table of Contents

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 Committee oversees our financial statements and 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 Operating Officer, Chief Financial Officer, Chief Compliance Officer and internal legal 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 chairman. 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. James F. Gero, Chairman of the Board of Directors, Orthofix International N.V., 3451 Plano Parkway, Lewisville, TX 75056.

Mr. Gero 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. Gero, 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

Table of Contents

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 Chairman 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 Kenneth R. Weisshaar, Chairman 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 2011 Annual General Meeting of Shareholders.

Table of Contents

TRANSACTIONS WITH RELATED PERSONS, PROMOTERS AND CERTAIN CONTROL PERSONS

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 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).

Transactions involving Charles W. Federico

Gregory Federico, son of Charles Federico, is the owner of OrthoPro, Inc. (OrthoPro), which acts as an independent third-party distributor for our Breg subsidiary. Charles Federico served as a director of the Company until his retirement from the Board at the 2010 annual general meeting. In 2010, Breg paid commissions to OrthoPro of approximately \$1.8 million. The OrthoPro distributor relationship with Breg predates Orthofix's acquisition of Breg in December of 2003 and commissions paid to OrthoPro are at a rate that the Company considers to be generally accepted in the industry.

Matthew Federico, son of Mr. Federico, is employed by Breg and was paid approximately \$116,000 by Breg during 2010.

Table of Contents

COMPENSATION DISCUSSION AND ANALYSIS

Compensation Philosophy and Overview

Our Compensation Committee, or the 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 the right mix of executive officers for us to grow successfully. At the same time, we must retain employees in order to motivate them to help us achieve our goals, especially as we grow. Finally, we must consider all these elements in the context of our ultimate objective of enhancing the value of the Company for our shareholders.

Under 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 bonuses, while grants of stock options and restricted stock encourage executive officers to focus on our long-term goals. The Committee may choose to materially increase or decrease compensation based on performance and the achievement of the above objectives. These core components remain the basis for our executive compensation philosophy as we continue to grow.

In implementing this overall compensation philosophy for the Company's executive officers, the Committee is guided by the following principles:

Pay for Performance The Committee places considerable emphasis on the Company's annual incentive plan, which is intended to reward executive officers for achieving specific operating and financial objectives. 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.

Competitive Target Pay Opportunities 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 (base salary plus target cash opportunities plus long-term incentive grants) at or near the 50th percentile of the prevailing market practices of our industry peers. To ensure that our pay levels are calibrated to reward performance, our programs are designed to deliver actual amounts of pay that are consistent with the Company's performance.

Encourage Executive Share Ownership The Committee believes that a significant portion of each executive's compensation and wealth accumulation opportunities should be tied to the Company's financial performance and share price. Though the remaining pool of stock options available for future issuance under our 2004 long-term incentive plan is currently very limited, we seek to award stock options and restricted stock pursuant to this plan so that over a period of time, a significant portion of an executive officer's actual compensation is provided in the form of share-based compensation. We also facilitate the purchase of our common stock by executive officers pursuant to a stock purchase plan, and encourage ownership of our common stock by our President and Chief Executive Officer pursuant to stock ownership guidelines we have adopted.

Provide Moderate Health and Welfare Benefits The Committee considers these benefits to be important for each employee, and seeks to provide a moderate level of these benefits to executive officers, generally consistent with the level of health and welfare benefits provided to all Company employees.

Table of Contents

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 are reflected in the following elements of our executive compensation:

Stock Ownership Guidelines Align Our CEO and Directors with Shareholders. During 2010, we adopted stock ownership guidelines that apply to our President and Chief Executive Officer, Chairman, and all members of our Board of Directors.

No Promotion of Excessive Risk Taking. We believe that our compensation programs do not encourage excessive risk taking. For example, we do not provide guaranteed bonuses under our annual incentive program, and we have never made mega annual equity grants to any of our current management team members. We also utilize multiple performance metrics under our annual incentive plan.

No Below-Market Grants or Repricing of Stock Options. Equity awards, including stock options, are never issued with below-market exercise prices, and the repricing of stock options without stockholder approval is expressly prohibited under our long-term incentive plan. 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.

50th Percentile of Peer Total Compensation Target. Our base salaries and target total compensation for named executive officers is targeted to be at approximately the 50th percentile of companies in a peer group approved by the Committee. 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 shares.

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 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 November 2009. The charter is available on our website at www.orthofix.com. From January 1, 2010 to November 29, 2010, the Committee consisted of Messrs. Kester and Mainelli, Dr. Jordan and Ms. Sainz, with Mr. Kester serving as Chairman. Since December 7, 2010, the Committee has consisted of Dr. Jordan, Mr. Mainelli and Ms. Sainz, with Dr. Jordan serving as Chairman. During 2010, each member of 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.