
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark one)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2016

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____.

Commission File Number: 0-19961

ORTHOFIX INTERNATIONAL N.V.

(Exact name of registrant as specified in its charter)

Curaçao
(State or other jurisdiction of
incorporation or organization)

7 Abraham de Veerstraat
Curaçao
(Address of principal executive offices)

Not applicable
(I.R.S. Employer
Identification No.)

Not applicable
(Zip Code)

599-9-4658525

(Registrant's telephone number, including area code)

Not applicable

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or smaller reporting company. See definition of "large accelerated filer," "accelerated filer," "non-accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated filer ☐

Accelerated filer ☒

Non-Accelerated filer ☐ (Do not check if a smaller reporting company)

Smaller Reporting Company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

As of April 25, 2016, 18,230,038 shares of common stock were issued and outstanding.

Table of Contents

	Page
PART I	
FINANCIAL INFORMATION	
Item 1. Financial Statements	4
Condensed Consolidated Balance Sheets as of March 31, 2016, and December 31, 2015	4
Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) for the three months ended March 31, 2016, and 2015	5
Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2016 and 2015	6
Notes to the Unaudited Condensed Consolidated Financial Statements	7
Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations	16
Item 3. Quantitative and Qualitative Disclosures About Market Risk	22
Item 4. Controls and Procedures	22
PART II	
OTHER INFORMATION	
Item 1. Legal Proceedings	23
Item 1A. Risk Factors	23
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	23
Item 3. Defaults Upon Senior Securities	23
Item 4. Mine Safety Disclosures	23
Item 5. Other Information	23
Item 6. Exhibits	23
SIGNATURES	25

Forward-Looking Statements

This report contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended, relating to our business and financial outlook, which are based on our current beliefs, assumptions, expectations, estimates, forecasts and projections. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “projects,” “intends,” “predicts,” “potential,” or “continue” or other comparable terminology. These forward-looking statements are not guarantees of our future performance and involve risks, uncertainties, estimates and assumptions that are difficult to predict. Therefore, our actual outcomes and results may differ materially from those expressed in these forward-looking statements. You should not place undue reliance on any of these forward-looking statements. Further, any forward-looking statement speaks only as of the date hereof, unless it is specifically otherwise stated to be made as of a different date. We undertake no obligation to further update any such statement, or the risk factors described in Item 1A under the heading Risk Factors, to reflect new information, the occurrence of future events or circumstances or otherwise.

The forward-looking statements in this filing do not constitute guarantees or promises of future performance. Factors that could cause or contribute to such differences may include, but are not limited to, risks relating to: the expected sales of our products, including recently launched products; the continuation of our ongoing share repurchase program; an investigation by the Division of Enforcement of the Securities Exchange Commission (the “SEC”) and related securities class action litigation arising out of our prior accounting review and restatements of financial statements; our review of allegations of improper payments involving our Brazil-based subsidiary (which review is described in Part I, Item 3, “Legal Proceedings”); the geographic concentration of certain accounts receivable in countries or territories that are facing severe fiscal challenges; unanticipated expenditures; changing relationships with customers, suppliers, strategic partners and lenders; changes to and the interpretation of governmental regulations; the resolution of pending litigation matters (including our indemnification obligations with respect to certain product liability claims against our former sports medicine global business unit (as further described in Part I, Item 3, “Legal Proceedings”); our ongoing compliance obligations under a corporate integrity agreement with the Office of Inspector General of the Department of Health and Human Services (and related terms of probation) and a deferred prosecution agreement with the U.S. Department of Justice; risks relating to the protection of intellectual property; changes to the reimbursement policies of third parties; the impact of competitive products; changes to the competitive environment; the acceptance of new products in the market; conditions of the orthopedic and spine industries; credit markets and the global economy; corporate development and market development activities, including acquisitions or divestitures; unexpected costs or operating unit performance related to recent acquisitions; and other risks described in Part I, Item 1A under the heading *Risk Factors* in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, as well as in other current and periodic reports that we file with the SEC in the future.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

ORTHOFIX INTERNATIONAL N.V. Condensed Consolidated Balance Sheets

(U.S. Dollars, in thousands, except share data)	March 31, 2016	December 31, 2015
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 39,846	\$ 63,663
Trade accounts receivable, less allowance for doubtful accounts of \$9,680 and \$8,923 at March 31, 2016 and December 31, 2015, respectively	55,267	59,839
Inventories	59,787	57,563
Prepaid expenses and other current assets	19,067	31,187
Total current assets	173,967	212,252
Property, plant and equipment, net	53,645	52,306
Patents and other intangible assets, net	5,602	5,302
Goodwill	53,565	53,565
Deferred income taxes	56,439	57,306
Other long-term assets	19,557	19,491
Total assets	\$ 362,775	\$ 400,222
Liabilities and shareholders' equity		
Current liabilities:		
Trade accounts payable	\$ 13,524	\$ 16,391
Other current liabilities	45,472	65,597
Total current liabilities	58,996	81,988
Other long-term liabilities	28,308	27,923
Total liabilities	87,304	109,911
Contingencies (Note 11)		
Shareholders' equity:		
Common shares \$0.10 par value; 50,000,000 shares authorized; 18,186,835 and 18,659,696 issued and outstanding as of March 31, 2016 and December 31, 2015, respectively	1,819	1,866
Additional paid-in capital	212,720	232,126
Retained earnings	66,444	62,551
Accumulated other comprehensive loss	(5,512)	(6,232)
Total shareholders' equity	275,471	290,311
Total liabilities and shareholders' equity	\$ 362,775	\$ 400,222

The accompanying notes form an integral part of these condensed consolidated financial statements

ORTHOFIX INTERNATIONAL N.V.
Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)

(Unaudited, U.S. Dollars, in thousands, except share and per share data)	Three Months Ended March 31,	
	2016	2015
Product sales	\$ 85,625	\$ 76,832
Marketing service fees	13,054	12,930
Net sales	98,679	89,762
Cost of sales	22,136	19,339
Gross profit	76,543	70,423
Operating expenses		
Sales and marketing	44,816	44,285
General and administrative	16,718	21,569
Research and development	7,636	5,845
Restatements and related costs	245	5,916
	69,415	77,615
Operating income (loss)	7,128	(7,192)
Other income and expense		
Interest expense, net	(38)	(272)
Other income, net	1,833	691
	1,795	419
Income (loss) before income taxes	8,923	(6,773)
Income tax expense	(4,294)	(964)
Net income (loss) from continuing operations	4,629	(7,737)
Discontinued operations (Note 11)		
Loss from discontinued operations	(990)	(781)
Income tax benefit	254	139
Net loss from discontinued operations	(736)	(642)
Net income (loss)	\$ 3,893	\$ (8,379)
Net income (loss) per common share—basic:		
Net income (loss) from continuing operations	\$ 0.25	\$ (0.41)
Net loss from discontinued operations	(0.04)	(0.04)
Net income (loss) per common share—basic:	\$ 0.21	\$ (0.45)
Net income (loss) per common share—diluted:		
Net income (loss) from continuing operations	\$ 0.25	\$ (0.41)
Net loss from discontinued operations	(0.04)	(0.04)
Net income (loss) per common share—diluted:	\$ 0.21	\$ (0.45)
Weighted average number of common shares:		
Basic	18,477,881	18,731,985
Diluted	18,749,401	18,731,985
Other comprehensive income (loss):		
Unrealized gain on derivative instruments, net of tax	26	665
Unrealized loss on debt securities, net of tax	(527)	—
Foreign currency translation adjustment	1,221	(4,860)
Comprehensive income (loss)	\$ 4,613	\$ (12,574)

The accompanying notes form an integral part of these condensed consolidated financial statements

ORTHOFIX INTERNATIONAL N.V.
Condensed Consolidated Statements of Cash Flows

(Unaudited, U.S. Dollars, in thousands)	Three Months Ended March 31,	
	2016	2015
Cash flows from operating activities:		
Net cash provided by operating activities	\$ 4,424	\$ 2,543
Cash flows from investing activities:		
Capital expenditures for property, plant and equipment	(6,083)	(5,074)
Capital expenditures for intangible assets	(316)	(39)
Purchase of other investments	(1,000)	—
Purchase of debt securities	—	(15,250)
Net proceeds from sale of assets	—	4,800
Net cash used in investing activities	(7,399)	(15,563)
Cash flows from financing activities:		
Net proceeds from issuance of common shares	4,742	1,710
Changes in restricted cash	—	7,171
Repurchase and retirement of common shares	(26,464)	—
Excess income tax benefit on employee stock-based awards	222	57
Net cash provided by (used in) financing activities	(21,500)	8,938
Effect of exchange rate changes on cash	658	(2,949)
Net increase in cash and cash equivalents	(23,817)	(7,031)
Cash and cash equivalents at the beginning of the period	63,663	36,815
Cash and cash equivalents at the end of the period	\$ 39,846	\$ 29,784

The accompanying notes form an integral part of these condensed consolidated financial statements

ORTHOFIX INTERNATIONAL N.V.

Notes to the Unaudited Condensed Consolidated Financial Statements

1. Nature of operations, basis of presentation and recently issued accounting pronouncements

Nature of operations

Orthofix International N.V. (together with its subsidiaries, the “Company”) is a diversified, global medical device company focused on improving patients’ lives by providing superior reconstructive and regenerative orthopedic and spine solutions to physicians. The Company is comprised of four reportable segments: BioStim, Biologics, Extremity Fixation and Spine Fixation supported by corporate activities.

Basis of presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States (“U.S. GAAP”) for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Pursuant to these rules and regulations, certain information and note disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. In the opinion of management, all adjustments (consisting of normal recurring items) considered necessary for a fair statement have been included. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes contained in the Company’s Annual Report on Form 10-K for the year ended December 31, 2015 (the “2015 Form 10-K”). Operating results for the three months ended March 31, 2016, are not necessarily indicative of the results that may be expected for other interim periods or the year ending December 31, 2016. The balance sheet at December 31, 2015, has been derived from the audited financial statements at that date, but does not include all of the information and footnotes required by U.S. GAAP for complete financial statements.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. On an ongoing basis, the Company evaluates its estimates including those related to revenue recognition, contractual allowances, doubtful accounts, inventories, potential goodwill and intangible asset impairment, fair value measurements, litigation and contingent liabilities, income taxes, and shared-based compensation. Actual results could differ from these estimates. As permitted under U.S. GAAP, interim accounting for certain expenses, including income taxes, are based on full year forecasts.

As previously disclosed, the Company identified a classification error in its statement of cash flows for the quarter ended March 31, 2015. This classification error has been corrected in the comparative presentation of the statement of cash flows for the three months ended March 31, 2015 contained herein.

Recently issued accounting pronouncements

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 supersedes the revenue recognition requirements in Revenue Recognition (Topic 605), and requires entities to recognize revenue in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. The standard was originally effective for public entities for annual and interim periods beginning after December 15, 2016. On July 9, 2015, the FASB agreed to defer the effective date by one year to December 15, 2017 for annual reporting periods beginning after that date. The FASB also agreed to permit early adoption of the standard, but not before the original effective date. The standard is to be applied either retrospectively or as a cumulative effect adjustment as of the adoption date. The Company is currently evaluating the effect that adopting this new accounting guidance will have on the consolidated results of operations, cash flows, and financial position.

In July 2015, the FASB issued ASU 2015-11, *Simplifying the Measurement of Inventory*. This ASU requires that an entity should measure inventory, unless accounted for under the last-in, first-out (“LIFO”) or retail inventory methods, at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The guidance will be effective prospectively for interim and annual periods beginning after December 15, 2016, with early adoption permitted. The Company is currently evaluating the new guidance and does not expect it to have a material impact on its consolidated financial statements.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. This ASU requires entities to measure equity investments, except those accounted for under the equity method of accounting or those that result in consolidation of the investee, at fair value and recognize any changes in fair value in net income unless the investments qualify for the new practicability exception. The guidance will be effective prospectively for annual periods beginning after December 15, 2017, including interim periods within those fiscal years with early

adoption permitted. The Company is currently evaluating the new guidance and does not expect it to have a material impact on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This ASU requires that a lessee recognize lease assets and lease liabilities for those leases classified as operating leases. The guidance is effective for interim and annual periods beginning after December 15, 2018, and will be applied at the beginning of the earliest period presented using a modified retrospective approach. This ASU may have a material impact on the Company's financial statements. The impact on the Company's results of operations is currently being evaluated. The impact of the ASU is non-cash in nature and will not affect the Company's cash position.

In March 2016, the FASB issued ASU 2016-09, *Improvements to Employee Share-Based Payment Accounting*. This ASU simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, accounting for forfeitures, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The guidance is effective for interim and annual periods beginning after December 15, 2016, with early adoption permitted. The guidance will be applied prospectively, retrospectively, or by means of a cumulative-effect adjustment to equity as of the beginning of the period in which the guidance is adopted, dependent upon the specific amendment that is adopted within the ASU. The Company is currently evaluating the effect that adopting this new guidance will have on the consolidated results of operations, cash flows, and financial position.

2. Inventories

The Company's inventories are valued at the lower of cost or estimated net realizable value, after provision for excess or obsolete items, which is reviewed and updated on a periodic basis by management determined on a first-in, first-out basis. Work-in-process and finished products include the cost of materials, labor and other production costs. Finished products include field inventory which represents immediately saleable finished products that are in the possession of the Company's independent sales representatives, and consignment inventory which represents immediately saleable finished products located at third party customers, such as distributors and hospitals. Deferred cost of sales result from transactions where the Company has shipped product or performed services for which all revenue recognition criteria have not been met. Once the revenue recognition criteria have been met, both the revenues and associated cost of sales are recognized.

Inventories were as follows:

(U.S. Dollars, in thousands)	March 31, 2016	December 31, 2015
Raw materials	\$ 3,923	\$ 4,976
Work-in-process	5,593	5,087
Finished products	46,066	42,947
Deferred cost of sales	4,205	4,553
Total inventory	<u>\$ 59,787</u>	<u>\$ 57,563</u>

3. Long-term debt

On August 31, 2015, the Company, through certain of its subsidiaries entered into a Credit Agreement (the "Credit Agreement") with JPMorgan Chase Bank, N.A. ("JPMorgan"), as Administrative Agent, and certain lenders party thereto. The Credit Agreement provides for a five year \$125 million secured revolving credit facility (the "Facility"). As of March 31, 2016, the Company has not made any borrowings under the Credit Agreement.

In addition, the Credit Agreement contains financial covenants requiring the Company to maintain, as of the last day of any fiscal quarter, a total leverage ratio of not more than 3.0 to 1.0 and an interest coverage ratio of at least 3.0 to 1.0 based upon the Company's consolidated adjusted earnings. The Company is in compliance with all required financial covenants as of March 31, 2016. The Credit Agreement also includes events of default customary for facilities of this type, and upon the occurrence of such events of default, subject to customary cure rights, all outstanding loans under the Facility may be accelerated and/or the lenders' commitments terminated.

The Company had no borrowings and an unused available line of credit of €5.8 million (\$6.6 million and \$6.3 million) at March 31, 2016 and December 31, 2015, respectively, on its Italian line of credit. This unsecured line of credit provides the Company the option to borrow amounts in Italy at rates which are determined at the time of borrowing.

4. Derivative instruments

In the ordinary course of business, the Company is exposed to the impact of changes in interest rates and foreign currency fluctuations. During 2016 and 2015 the Company made use of a foreign cross-currency swap agreement to manage cash flow exposure generated from foreign currency fluctuations.

The tables below disclose the types of derivative instruments the Company owns, the classifications and fair values of these instruments within the balance sheet, and the amount of gain (loss) recognized in other comprehensive income (loss).

(U.S. Dollars, in thousands)		Fair value: f	Balance sheet classification	
As of March 31, 2016		avorable (unfavorable)		
Cross-currency swap	\$	2,033	Prepaid expenses and other current assets	
Warrants	\$	321	Other long-term assets	
As of December 31, 2015				
Cross-currency swap	\$	2,485	Prepaid expenses and other current assets	
Warrants	\$	321	Other long-term assets	
(U.S. Dollars, in thousands)		Three Months Ended March 31,		
		2016	2015	
Cross-currency swap unrealized gain (loss), net of taxes	\$	26	\$	669
Warrants unrealized loss, net of taxes	\$	—	\$	(4)

5. Fair value measurements

The fair value of the Company's financial assets and liabilities on a recurring basis were as follows:

(U.S. Dollars, in thousands)		March 31, 2016	Level 1	Level 2	Level 3
Assets					
Collective trust funds	\$	1,591	\$ —	\$ 1,591	\$ —
Treasury securities		513	513	—	—
Certificates of deposit		384	384	—	—
Derivative securities		2,033	—	2,033	—
Debt securities		12,150	—	—	12,150
Total	\$	16,671	\$ 897	\$ 3,624	\$ 12,150
Liabilities					
Deferred compensation plan	\$	(1,459)	\$ —	\$ (1,459)	\$ —
Total	\$	(1,459)	\$ —	\$ (1,459)	\$ —
(U.S. Dollars, in thousands)		December 31, 2015	Level 1	Level 2	Level 3
Assets					
Collective trust funds	\$	1,622	\$ —	\$ 1,622	\$ —
Treasury securities		495	495	—	—
Certificates of deposit		337	337	—	—
Derivative securities		2,485	—	2,485	—
Debt securities		12,658	—	—	12,658
Total	\$	17,597	\$ 832	\$ 4,107	\$ 12,658
Liabilities					
Deferred compensation plan	\$	(1,503)	\$ —	\$ (1,503)	\$ —
Total	\$	(1,503)	\$ —	\$ (1,503)	\$ —

Debt Securities

On March 4, 2015, the Company entered into an Option Agreement (the “Option Agreement”) with eNeura, Inc. (“eNeura”), a privately held medical technology company that is developing devices for the treatment of migraines. The Option Agreement provides the Company with an exclusive option to acquire eNeura (the “Option”) during the 18-month period following the grant of the Option. In consideration for the Option, (i) the Company paid a non-refundable \$0.3 million fee to eNeura, and (ii) eNeura issued a Convertible Promissory Note (the “eNeura Note”) to the Company. The principal amount of the eNeura Note is \$15.0 million and interest accrues at 8.0%. The eNeura Note will mature on the earlier of (i) March 4, 2019, or (ii) exercise of the Option. The interest is not due until the note matures and will be forgiven if the Company exercises the option. The investment is recorded in other long-term assets as an available for sale debt security and interest is recorded in interest income.

During the fourth quarter of 2015, the Company determined that the carrying value of the instrument exceeded its fair value, resulting in an impairment of \$3.3 million, which the Company recorded in accumulated other comprehensive loss as an unrealized loss on debt securities. The fair value of the debt security is based upon significant unobservable inputs, including the use of a discounted cash flows model, requiring the Company to develop its own assumptions; therefore, the Company has categorized this asset as a Level 3 financial asset. During the first quarter of 2016, the Company revised the estimate based on current financial information and other assumptions. Revisions to current financial information had a significant negative impact on the valuation of the debt security while revisions to certain assumptions had a significant positive impact on the valuation of the debt security. The net impact of these revisions resulted in an additional impairment of \$0.8 million, which the Company has recorded in accumulated other comprehensive loss as an unrealized loss on debt securities. The Company continues to classify the impairment as temporary in nature as the Company does not intend to sell the debt security nor does it believe that recoverability of the investment will not occur.

The following table provides a reconciliation of the beginning and ending balances for debt securities measured at fair value using significant unobservable inputs (Level 3):

(U.S. Dollars, in thousands)	
Balance at December 31, 2015	\$ 12,658
Accrued interest income	316
Unrealized loss on debt securities	(824)
Balance at March 31, 2016	\$ 12,150

6. Accumulated other comprehensive loss

Accumulated other comprehensive loss is comprised of foreign currency translation adjustments; the effective portion of the gain (loss) on the Company’s cross-currency swap, which is designated and accounted for as a cash flow hedge; the unrealized gain (loss) on warrants; and the unrealized loss on the Company’s debt securities. The components of and changes in accumulated other comprehensive loss were as follows:

(U.S. Dollars, in thousands)	Currency Translation Adjustments	Change in Fair Value of Derivatives	Change in Fair Value of Debt Securities	Accumulated Other Comprehensive Loss
Balance at December 31, 2015	\$ (4,389)	\$ 228	\$ (2,071)	\$ (6,232)
Unrealized gain on derivative instruments, net of tax of \$22	—	26	—	26
Unrealized loss on debt securities, net of tax benefit of \$297	—	—	(527)	(527)
Foreign currency translation adjustment (1)	1,221	—	—	1,221
Balance at March 31, 2016	\$ (3,168)	\$ 254	\$ (2,598)	\$ (5,512)

- (1) As unremitted earnings generally remain indefinitely reinvested in the non U.S. dollar denominated foreign subsidiaries, no deferred taxes are recognized on the related foreign currency translation adjustment.

7. Earnings per share

For the three months ended March 31, 2016 and 2015, no adjustments were made to net income (loss) for purposes of calculating basic and diluted net income (loss) available to common shareholders. The following is a reconciliation of the weighted average shares used in the basic and diluted net loss per common share computations.

	Three Months Ended March 31,	
	2016	2015
Weighted average common shares-basic	18,477,881	18,731,985
Effect of dilutive securities:		
Unexercised stock options net of treasury share repurchase	271,520	—
Weighted average common shares-diluted	18,749,401	18,731,985

Performance-based restricted stock awards and options to purchase shares of common stock with exercise prices in excess of the average market price of common shares are not included in the computation of diluted earnings per share. There were 387,396 and 894,565 outstanding awards and options not included in the diluted earnings per share computation for the three months ended March 31, 2016 and 2015, respectively, because their inclusion was antidilutive.

Due to the Company having a net loss from continuing operations position for the three months ended March 31, 2015, 182,266 potentially dilutive shares were excluded from the computation as their effects would be antidilutive.

8. Share-based compensation

All share-based compensation costs are measured at the grant date, based on the estimated fair value of the award, and recognized as expense in the condensed consolidated statements of operations over the requisite service period. The Company recognized \$2.0 million and \$1.8 million of share-based compensation expense for the three months ended March 31, 2016 and 2015, respectively.

On June 30, 2014, the Company granted 99,600 performance-based restricted share awards to officers and certain employees. Vesting is based on achieving earnings targets in two consecutive rolling four quarter periods. As of March 31, 2016, no expense has been recognized for these contingent restricted share awards.

On June 30, 2015, the Company granted 68,750 performance-based restricted share awards to officers and on August 5, 2015, granted an additional 41,910 performance-based restricted share awards to other members of management. Vesting is based on achieving earnings and return on invested capital targets as of and for the years ended December 31, 2016, 2017 or 2018. As of March 31, 2016, no expense has been recognized for these contingent restricted share awards.

During the three months ended March 31, 2016 and 2015, there were 203,398 and 145,866 shares, respectively, of common stock issued related to stock purchase plan issuances, stock option exercises and the vesting of restricted stock awards.

9. Income taxes

In the first quarter, our effective tax rate on continuing operations was 48.1%, or \$4.3 million, as compared to (14.2)%, or \$1.0 million, for the same period in the prior year. Excluding the impact of various discrete charges, the effective tax rate on continuing operations for the first quarter of 2016 and 2015 was 46.3% and (9.2)%, respectively. The Company's effective tax rate for the three months ended March 31, 2016 was impacted by the Company's mix of earnings among various tax jurisdictions, state taxes, and current period losses in certain jurisdictions for which the Company does not currently receive a tax benefit.

During the third quarter of 2015, the Internal Revenue Service commenced an examination of our federal income tax return for 2012. The Company cannot reasonably determine if these examinations will have a material impact on our financial statements and cannot predict the timing regarding resolution of those tax examinations.

10. Business segment information

The Company has four strategic business units ("SBUs"), which are comprised of BioStim, Biologics, Extremity Fixation, and Spine Fixation supported by corporate activities. The primary metric used in managing the Company is net margin, which is defined as gross profit less sales and marketing expense. The Company neither discretely allocates assets, other than goodwill, to its operating segments nor evaluates the operating segments using discrete asset information.

The tables below present net sales for continuing operations by SBU reporting segment. Net sales include product sales and marketing service fees. Marketing service fees, which are recorded on a net basis, are comprised of fees earned for the marketing of Trinity Evolution[®], Trinity ELITE[®] and Versashield[™] in our Biologics segment.

(U.S. Dollars, in thousands)	Three Months Ended March 31,			
	2016	2015	Reported Change	Constant Currency Change
BioStim	\$ 41,044	\$ 37,700	8.9%	8.9%
Biologics	14,094	13,961	1.0%	1.0%
Extremity Fixation	24,709	21,815	13.3%	20.9%
Spine Fixation	18,832	16,286	15.6%	15.8%
Total net sales	<u>\$ 98,679</u>	<u>\$ 89,762</u>	<u>9.9%</u>	<u>11.8%</u>

The table below presents net margin by SBU reporting segment:

(U.S. Dollars, in thousands)	Three Months Ended March 31,	
	2016	2015
BioStim	\$ 16,411	\$ 14,013
Biologics	6,104	5,944
Extremity Fixation	7,178	7,016
Spine Fixation	2,336	(529)
Corporate	(302)	(306)
Total net margin	31,727	26,138
General and administrative	16,718	21,569
Research and development	7,636	5,845
Restatements and related costs	245	5,916
Operating income (loss)	<u>\$ 7,128</u>	<u>\$ (7,192)</u>

11. Contingencies

The Company is party to outstanding legal proceedings, investigations and claims, as previously described in (i) Part I, Item 3, “Legal Proceedings,” of the 2015 Form 10-K and (ii) note 14 to the Company’s audited consolidated financial statements filed with the 2015 Form 10-K. The Company believes that it is unlikely that the outcome of any of these matters will have a material adverse effect on it and its subsidiaries as a whole, notwithstanding that the unfavorable resolution of any matter may have a material effect on the Company’s net earnings (if any) in any particular quarter. However, the Company cannot predict with any certainty the final outcome of any of these legal proceedings, investigations (including any settlement discussions with the government seeking to resolve such investigations) or claims, and there can be no assurance that the ultimate resolution of any such matters will not have a material adverse impact on the Company’s consolidated financial position, results of operations, or cash flows.

In addition to the matters described in the paragraphs below and in the 2015 Form 10-K, in the normal course of its business, the Company is involved in various lawsuits from time to time and may be subject to certain other contingencies. To the extent losses related to these contingencies are both probable and reasonably estimable, the Company accrues appropriate amounts in the accompanying financial statements and provides disclosures as to the possible range of loss in excess of the amount accrued, if such range is reasonably estimable. The Company believes losses with respect to these additional matters are individually and collectively immaterial as to a possible loss and range of loss.

Matters Related to the Audit Committee’s Review and the Restatement of Certain of our Consolidated Financial Statements

Audit Committee Review

In July 2013, the Audit Committee of our Board of Directors began conducting an independent review, with the assistance of outside professionals, of certain accounting matters. This review resulted in a restatement of our previously filed consolidated financial statements for the fiscal years ended December 31, 2012, 2011 and 2010 and the fiscal quarter ended March 31, 2013, as

well as the restatement of certain financial information for the fiscal years ended December 31, 2009, 2008 and 2007. This restatement, which we completed and filed in March 2014, is referred to herein as the “Original Restatement.”

In connection with the Company’s preparation of its consolidated interim quarterly financial statements for the fiscal quarter ended June 30, 2014, the Company determined that certain entries with respect to the previously filed financial statements contained in the filings containing the Original Restatement were not properly accounted for under U.S. GAAP. As a result, the Company determined in August 2014 to restate its previously filed consolidated financial statements for the fiscal years ended December 31, 2013, 2012 and 2011 and quarterly reporting periods contained within the fiscal years ended December 31, 2013 and 2012, as well as the fiscal quarter ended March 31, 2014. This restatement, which we completed in March 2015, is referred to herein as the “Further Restatement.”

SEC Investigation

In connection with the initiation of the Audit Committee’s independent review, we initiated contact with the staff of the Division of Enforcement of the SEC (the “SEC Enforcement Staff”) in July 2013 to advise them of these matters. The Audit Committee and the Company, through respective counsel, have been in direct communication with the SEC Enforcement Staff regarding these matters. The SEC is conducting a formal investigation of these matters, and both the Company and the Audit Committee are cooperating fully with the SEC.

In connection with the above-referenced communications, the Company has received requests from the SEC for documents and other information concerning various accounting practices, internal controls and business practices, and other related matters. Such requests cover the years ended December 31, 2011 and 2012, and in some instances, prior periods. It is anticipated that we may receive additional requests from the SEC in the future, including with respect to the Further Restatement.

We have previously provided notice concerning our communications with the SEC to the Office of Inspector General of the U.S. Department of Health and Human Services (“HHS-OIG”) pursuant to our corporate integrity agreement with HHS-OIG (which agreement is described below in this Item 3).

We cannot predict if, when or how this matter will be resolved or what, if any, actions we may be required to take as part of any resolution of these matters. Any action by the SEC, HHS-OIG or other governmental agency could result in civil or criminal sanctions against us and/or certain of our current and former officers, directors and employees. At this stage in the matter, we cannot reasonably estimate the possible loss, or range of loss, in connection with it.

Securities Class Action Complaint

On August 14, 2013, a securities class action complaint against the Company, currently styled *Tejinder Singh v. Orthofix International N.V., et al.* (No.:13-cv-05696-JGK), was filed in the United States District Court for the Southern District of New York arising out of the then anticipated restatement of our prior financial statements and the matters described above. Since the date of original filing, the complaint has been amended.

The lead plaintiff’s complaint, as amended, purports to bring claims on behalf of persons who purchased the Company’s common stock between March 2, 2010 and July 29, 2013. The complaint asserts that the Company and four of its former executive officers, Alan W. Milinazzo, Robert S. Vaters, Brian McCollum, and Emily V. Buxton (collectively, the “Individual Defendants”), violated Section 10(b) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and Securities and Exchange Commission Rule 10b-5 (“Rule 10b-5”) by making false or misleading statements in or relating to the Company’s financial statements. The complaint further asserts that the Individual Defendants were liable as control persons under Section 20(a) of the Exchange Act for any violation by the Company of Section 10(b) of the Exchange Act or Rule 10b-5. As relief, the complaint requests compensatory damages on behalf of the proposed class and lead plaintiff’s attorneys’ fees and costs. On March 6, 2015, the court granted the defendants’ motion to dismiss as to Mr. Milinazzo and denied it with respect to the Company and the other Individual Defendants.

On October 22, 2015, following negotiations facilitated by an independent mediator, the Company, the remaining Individual Defendants and their insurers reached an agreement in principle with the plaintiff, individually and on behalf of the class it purports to represent, to settle and release all claims with respect to this matter and to dismiss the action with prejudice subject to final court approval. Under the terms of the agreement in principle, the Company, through its insurers, would make a payment to the plaintiff, and the class it purports to represent, to resolve all claims related to the matter, including any claims for plaintiff counsel’s fees and expenses. On December 7, 2015, all parties to the action executed and filed with the Court a proposed settlement agreement whose terms are consistent with the above-described agreement in principle. On December 18, 2015, the Court entered a preliminary approval order which, among other things, preliminarily approved the terms of the proposed settlement agreement, subject to a final approval hearing scheduled for April 29, 2016. The Company has previously incurred and expensed fees and expenses in connection

with this matter up to and exceeding its insurance policy deductible and its insurers have undertaken to cover the full amount of the settlement payment, if the proposed settlement is finally approved by the Court. The Company accrued both the amount of the settlement payment under the agreement in principle, and a corresponding insurance receivable from its insurers, with respect to these matters.

Deferred Prosecution Agreement and Review of Potential Improper Payments Involving Brazil Subsidiary

In 2012, the Company entered into definitive agreements with the U.S. Department of Justice (the “DOJ”) and the SEC agreeing to settle a self-initiated and self-reported internal investigation of our Mexican subsidiary, Promeca S.A. de C.V. (“Promeca”), regarding non-compliance by Promeca with the Foreign Corrupt Practices Act (the “FCPA”). As part of the settlement, we entered into a three-year deferred prosecution agreement (“DPA”) with the DOJ and a consent to final judgment (the “Consent”) with the SEC. The DOJ agreed not to pursue any criminal charges against us in connection with the Promeca matter if we comply with the terms of the DPA. The DPA takes note of our self-reporting of this matter to the DOJ and the SEC, and of remedial measures, including the implementation of an enhanced compliance program, previously undertaken by us. The DPA and the Consent collectively require, among other things, that with respect to anti-bribery compliance matters we shall continue to cooperate fully with the government in any future matters related to corrupt payments, false books and records or inadequate internal controls. In that regard, we have represented that we have implemented and will continue to implement a compliance and ethics program designed to prevent and detect violations of the FCPA and other applicable anti-corruption laws. We are periodically reporting to the government during the term of the DPA regarding such remediation and implementation of compliance measures.

In August 2013, the Company’s internal legal department was notified of certain allegations involving potential improper payments with respect to its Brazilian subsidiary, Orthofix do Brasil Ltda. The Company engaged outside counsel to assist in the review of these matters, focusing on compliance with applicable anti-bribery laws, including the FCPA. Consistent with the provisions of these agreements, the Company contacted the DOJ and the SEC in August 2013 to voluntarily self-report the Brazil-related allegations. On June 15, 2015, the Company and the DOJ agreed to extend the term of the DPA for two months (through September 17, 2015) to permit the DOJ additional time to evaluate the Company’s compliance with the internal controls and compliance undertakings in the DPA and to further investigate the Brazil-related allegations. On September 17, 2015, the DOJ extended the term of the DPA for an additional ten months (through July 17, 2016), stating that the Company’s efforts to comply with the internal controls and compliance requirements of the DPA during the first eighteen months of the DPA were insufficient.

In the event that the DOJ were to determine in the future to criminally prosecute us for the FCPA-related matters we have self-reported, we could be subject to penalties, the amount or range of which we currently cannot reasonably estimate.

IMSS Matter

Basing its claims on the same or similar events that resulted in the DPA and the Consent, the Instituto Mexicano del Seguro Social (“IMSS”) brought legal action against the Company in October 2014. In February 2016, the Company reached a settlement agreement with IMSS, whereby the Company agreed to pay \$1.0 million in cash and, once all regulatory hurdles are cleared, an in-kind payment in the form of products and training valued at \$3.0 million. The combined settlement of \$4.0 million was accrued as of December 31, 2015 within general and administrative expense. The Company made no admission of liability or wrongdoing and IMSS agreed that no portion of the payments will be characterized as the payment of fines, penalties, or other punitive assessment.

Matters Related to the Company’s Former Breg Subsidiary and Possible Indemnification Obligations

On May 24, 2012, we sold Breg to an affiliate of Water Street Healthcare Partners II, L.P. (“Water Street”) pursuant to a stock purchase agreement (the “Breg SPA”). Under the terms of the Breg SPA, upon closing of the sale, the Company and its subsidiary, Orthofix Holdings, Inc., agreed to indemnify Water Street and Breg with respect to certain specified matters, including the following:

- Breg was engaged in the manufacturing and sale of local infusion pumps for pain management from 1999 to 2008. Since 2008, numerous product liability cases have been filed in the United States alleging that the local anesthetic, when dispensed by such infusion pumps inside a joint, causes a rare arthritic condition called “chondrolysis.” The Company has not reached a settlement or judgment in 2016 and incurred losses for settlements and judgments in connection with these matters during 2015 of \$0.3 million. In addition, several cases remain outstanding for which the Company currently cannot reasonably estimate the possible loss, or range of loss.
- At the time of its divestiture by us, Breg was currently and had been engaged in the manufacturing and sales of motorized cold therapy units used to reduce pain and swelling. Several domestic product liability cases have been filed in recent years, mostly in California state court, alleging the use of cold therapy causes skin and/or nerve injury and seeking damages on behalf of individual plaintiffs who were allegedly injured by such units or who would not have purchased the units had they known they could be injured. In September 2014, the Company entered into a master settlement agreement

resolving all pending pre-close claims. Pursuant to the terms of the settlement agreement, the Company paid approximately \$1.3 million, and additional amounts owed under the settlement were paid directly by the Company's insurance providers. These amounts paid by the Company were recorded as an expense in discontinued operations during the fiscal quarter ended June 30, 2014. Remaining cold therapy claims include a putative consumer class of individuals who did not suffer physical harm following use of the devices, and an appeal of an adverse July 2012 California jury verdict and a post-close cold therapy claim pending in California state court. As of March 31, 2016, we have accrued \$ 6.0 million for the July 2012 verdict and post-close cold therapy liabilities; however, actual liability could be higher or lower than the amount accrued. The putative class action is at an early stage and the Company currently cannot reasonably estimate the possible loss, or range of loss.

Charges incurred as a result of this indemnification are reflected as discontinued operations in our Condensed Consolidated Statements of Operations and Comprehensive Loss.

12. Share repurchase plan

The Company's Board of Directors authorized a share repurchase plan in the fourth quarter of 2015, authorizing the purchase of up to \$75 million of the Company's common stock through and including September 2017. Under the program, common share repurchases are expected to consist primarily of open market transactions at prevailing market prices in accordance with the guidelines specified under Rule 10b-18 of the Securities Exchange Act of 1934, as amended, though the Company may also make repurchases through block trades or privately negotiated transactions. Repurchases may be made from cash on hand, cash generated from operations, and/or borrowings under the Company's secured revolving credit facility. The program does not obligate the Company to acquire any specific number of shares and may be discontinued at any time. During the quarter ended March 31, 2016, the Company repurchased 676,259 shares of common stock for \$26.5 million with an average price per share of \$39.13 which were all retired upon repurchase. As of March 31, 2016, there was \$37.0 million remaining under this share repurchase authorization. Between March 31, 2016 and April 25, 2016, the Company has made additional repurchases of 136,816 shares for an amount equal to \$5.8 million.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis addresses the results of our operations which are based upon the condensed consolidated financial statements included herein, which have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"), for the three months ended March 31, 2016, compared to the three months ended March 31, 2015. These discussions should be read in conjunction with our historical consolidated financial statements and related notes thereto and the other financial information included in this Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016.

General

We are a diversified, global medical device company focused on improving patients' lives by providing superior reconstructive and regenerative orthopedic and spine solutions to physicians worldwide. Headquartered in Lewisville, TX, the Company has four strategic business units (SBUs) that include BioStim, Biologics, Extremity Fixation and Spine Fixation, which are described in further detail below under "*Business Segments*." Orthofix products are widely distributed via the Company's sales representatives, distributors and its subsidiaries. In addition, Orthofix is collaborating on research and development activities with leading clinical organizations such as the Musculoskeletal Transplant Foundation and the Texas Scottish Rite Hospital for Children.

Our strategy in 2016 is built upon the following key objectives:

- (i) *Sales Channel Expansion and Optimization* – Our objective for 2016 is to increase revenue for each of our SBUs at a faster rate than their respective markets by growing and optimizing our sales force while expanding our product portfolio with new and innovative products. During the first quarter of 2016, we launched Forza PTC, a unique and proprietary technology that combines Polyetheretherketones ("PEEK") and titanium into an interbody solution for the lumbar spine; the next generation of software to expand the use of our TruLok Hex system to extend the system to foot and ankle procedures; and several specialized instruments to simplify and improve procedures for our lateral and midline fusion product lines. We also expect in 2016 to launch our next generation bone growth stimulation products for the BioStim SBU; a novel hip fracture system for the Extremity Fixation SBU; and multiple new products in our Spine Fixation SBU, including the Forza® PTC™ and Pillar SA® PTC™ line of proprietary interbody products, significant enhancements to our Firebird® NXG pedicle screw system and Cetra™, a new anterior cervical plate.
- (ii) *Improvement of Operating Margin* – With our infrastructure improvement projects now nearing completion, we plan to focus on continuous improvement initiatives in all areas of the company to become more effective and efficient. We expect the resulting cost savings, coupled with absorption of fixed costs from an expected increase in net sales, to drive operating margins higher over the next four to six quarters.
- (iii) *Investment in Clinical Research* – In order to ensure the long-term success of our Company, we plan on continuing to invest significant resources in clinical research, particularly for our regenerative technologies. In 2016, we plan to initiate or continue work on a variety of clinical studies supporting both our existing products and to identify new indications for our PEMF technologies, such as for the treatment of rotator cuff injuries and knee osteoarthritis. Additionally, we also plan to continue to evaluate and initiate new pre-clinical and clinical studies throughout the year for our other businesses and technologies to drive long-term growth.

Business Segments

The table below presents net margin, which is defined as gross profit less sales and marketing expense, by SBU reporting segment for the three months ended March 31, 2016 and 2015:

(U.S. Dollars, in thousands)	Three Months Ended March 31,	
	2016	2015
BioStim	\$ 16,411	\$ 14,013
Biologics	6,104	5,944
Extremity Fixation	7,178	7,016
Spine Fixation	2,336	(529)
Corporate	(302)	(306)
Total net margin	<u>\$ 31,727</u>	<u>\$ 26,138</u>
As a % of net sales	32.2%	29.1%

BioStim

The BioStim SBU manufactures, distributes, and provides support services of market leading devices that enhance bone fusion. These Class III medical devices are indicated as an adjunctive, noninvasive treatment to improve fusion success rates in cervical and lumbar spine as well as a therapeutic treatment for non-spine fractures that have not healed (non-unions). These devices utilize pulsed electromagnetic field technology, which is supported by strong basic mechanism of action data in the scientific literature and as well as strong level one randomized controlled clinical trials in the medical literature. Current research and clinical studies are also underway to identify potential new clinical indications. This SBU uses distributors and sales representatives to sell its devices to hospitals, doctors and other healthcare providers, primarily in the U.S.

Biologics

The Biologics SBU provides a portfolio of regenerative products and tissue forms that allow physicians to successfully treat a variety of spinal and orthopedic conditions. This SBU specializes in the marketing of the Company's regeneration tissue forms. Biologics markets its tissues through a network of distributors, independent sales representatives, and affiliates to supply to hospitals, doctors, and other healthcare providers, primarily in the U.S. Our partnership with the Musculoskeletal Transplant Foundation allows us to exclusively market our Trinity Evolution[®] and Trinity ELITE[®] tissue forms for musculoskeletal defects to enhance bony fusion.

Extremity Fixation

The Extremity Fixation SBU offers products and solutions that allow physicians to successfully treat a variety of orthopedic conditions unrelated to the spine. This SBU specializes in the design, development, and marketing of the Company's orthopedic products used in fracture repair, deformity correction and bone reconstruction procedures. Extremity Fixation distributes its products through a network of distributors, sales representatives, and affiliates to sell orthopedic products to hospitals, doctors, and other health providers, globally.

Spine Fixation

The Spine Fixation SBU specializes in the design, development and marketing of a broad portfolio of implant products used in surgical procedures of the spine. Spine Fixation distributes its products through a network of distributors, sales representatives, and affiliates to sell spine products to hospitals, doctors, and other healthcare providers, globally.

Corporate

Corporate activities are comprised of the operating expenses, including share-based compensation of Orthofix International N.V. and its holding company subsidiaries, along with activities not necessarily identifiable within the four SBUs.

The following table presents certain items in our condensed consolidated statements of operations as a percent of total net sales for the periods indicated:

	Three Months Ended March 31,	
	2016 (%)	2015 (%)
Net sales	100.0	100.0
Cost of sales	22.4	21.5
Gross profit	77.6	78.5
Operating expenses:		
Sales and marketing	45.4	49.3
General and administrative	16.9	24.0
Research and development	7.8	6.5
Restatements and related costs	0.3	6.6
Operating income (loss)	7.2	(7.9)
Net income (loss)	3.9	(9.3)

Three Months Ended March 31, 2016 Compared to Three Months Ended March 31, 2015

Net Sales

The tables below present net sales by SBU reporting segment for the three months ended March 31, 2016 and 2015:

(U.S. Dollars, in thousands)	Three Months Ended March 31,			
	2016	2015	Reported Change	Constant Currency Change
BioStim	\$ 41,044	\$ 37,700	8.9%	8.9%
Biologics	14,094	13,961	1.0%	1.0%
Extremity Fixation	24,709	21,815	13.3%	20.9%
Spine Fixation	18,832	16,286	15.6%	15.8%
Total net sales	<u>\$ 98,679</u>	<u>\$ 89,762</u>	<u>9.9%</u>	<u>11.8%</u>

Net sales increased by \$8.9 million, or 9.9%, when compared the same period of the prior year. Excluding the impact of foreign currency, net sales increased by approximately \$10.6 million, or 11.8%, when compared to the same period in the prior year.

Net Sales by SBU

Net sales in our BioStim SBU increased \$3.3 million, or 8.9%, as compared to the same period in the prior year. This increase was primarily due to additional market penetration through our direct and distributor sales channels as the number of unique physicians increased in comparison to the prior year.

Net sales in our Biologics SBU increased \$0.1 million, or 1.0%, as compared to the same period in the prior year. This increase was primarily driven by an expanded sales channel through additional distributors and was partially offset by additional competitors entering the market and low single digit pricing pressures.

Net sales in our Extremity Fixation SBU increased \$2.9 million, or 13.3%, as compared to the same period in the prior year, despite a negative impact from foreign currency translation of \$1.7 million. Excluding the impact of foreign currency, net sales for our Extremity Fixation SBU increased \$4.6 million, or 20.9%, primarily driven by growth in the U.S. and Brazil as well as higher than expected international cash collections.

Net sales in our Spine Fixation SBU increased \$2.5 million, or 15.6%, as compared to the same period in the prior year. This increase was primarily due to the expansion of the U.S. sales force, an uptake of new products launched in 2015, and higher than expected international cash collections.

Gross Profit

(U.S. Dollars, in thousands)	Three Months Ended March 31,		Three Month Change	
	2016	2015	\$	%
Net sales	\$ 98,679	\$ 89,762	\$ 8,917	9.9%
Cost of sales	22,136	19,339	2,797	14.5%
Total gross profit	<u>\$ 76,543</u>	<u>\$ 70,423</u>	<u>\$ 6,120</u>	<u>8.7%</u>

Gross profit improved for all SBUs when compared to the prior year. The increase in gross profit was primarily driven by the increase in net sales. Gross margin was 77.6% in the first quarter compared to 78.5% for the same period of the prior year. The decrease in gross margin was driven by the increased proportion of net sales of our fixation products, which have lower margins compared to our regenerative solutions.

Operating Expenses

(U.S. Dollars, in thousands)	Three Months Ended March 31,		Three Month Change	
	2016	2015	\$	%
Sales and marketing	\$ 44,816	\$ 44,285	\$ 531	1.2%
General and administrative	16,718	21,569	(4,851)	-22.5%
Research and development	7,636	5,845	1,791	30.6%
Restatements and related costs	245	5,916	(5,671)	-95.9%
Total operating expenses	<u>\$ 69,415</u>	<u>\$ 77,615</u>	<u>\$ (8,200)</u>	<u>-10.6%</u>

Sales and Marketing Expense

Sales and marketing expense increased \$0.5 million, or 1.2%, when compared to the same period in the prior year. This increase was primarily driven by increased commissions of \$1.1 million due to greater sales in the first quarter of 2016 as compared to the prior year, and increased bad debt expense of \$0.5 million, offset by a decrease in compensation and benefit costs, other than commissions, of \$0.9 million due to a decrease in headcount. As a percent of net sales, sales and marketing expense was 45.4% and 49.3% in the first quarter of 2016 and 2015, respectively. The decrease in sales and marketing expense as a percentage of sales is driven by a decrease in commissions as a percentage of net sales and improved operating leverage of our fixed costs.

General and Administrative Expense

General and administrative expense, inclusive of amortization of intangible assets, decreased \$4.9 million, or 22.5%, when compared to the same period in the prior year. The decrease was primarily driven by a decrease in professional fees and personnel costs of \$3.9 million due to the Company's internal control remediation efforts in 2015 and a decrease in spending of \$1.2 million associated with Project Bluecore as certain initiatives have been completed. As a percent of net sales, general and administrative expense was 16.9% and 24.0% in the first quarter of 2016 and 2015, respectively.

Research and Development Expense

Research and development expense increased \$1.8 million, or 30.6%, when compared to the same period in the prior year. This increase was primarily driven by a \$1.3 million investment to expand the processing and storage capabilities of MTF, the supplier of our Trinity Evolution[®] and Trinity ELITE[®] tissue forms. As a percent of net sales, research and development expense was 7.8% and 6.5% in the first quarter of 2016 and 2015, respectively.

Restatements and Related Costs

As part of the restatements of our consolidated financial statements, the Company incurred \$0.2 million of charges related to these activities as compared to \$5.9 million for the same period in the prior year. The costs incurred in the first quarter of 2016 are primarily continuing legal fees incurred as part of the SEC Investigation, resulting from the Original and Further Restatements. The costs incurred in the first quarter of 2015 were related to our Further Restatement filed in March 2015 and legal costs from the resulting SEC investigation and class action complaint.

Non-operating Expenses

(U.S. Dollars, in thousands)	Three Months Ended March 31,		Three Month Change	
	2016	2015	\$	%
Interest expense, net	\$ (38)	\$ (272)	\$ 234	-86.0%
Other income, net	1,833	691	1,142	165.3%
Total non-operating expenses	<u>\$ 1,795</u>	<u>\$ 419</u>	<u>\$ 1,376</u>	<u>328.4%</u>

Interest Expense, Net

Interest expense, net was less than \$0.1 million compared to interest expense, net of \$0.3 million for the same period in the prior year. The decrease in interest expense was primarily driven by an increase in interest income of \$0.2 million related to the eNeura Convertible Promissory Note, which was issued on March 4, 2015.

Other Income , Net

Other income, net was \$1.8 million as compared to other income of \$0.7 million for the same period in the prior year. The increase was primarily due to a gain of \$1.8 million recognized due to the effect of foreign exchange transactions in the first quarter of 2016 as compared to a loss of \$2.4 million in the first quarter of 2015, resulting in a net increase due to changes in foreign currency exchange rates of \$4.2 million. This net increase due to changes in foreign currency exchange rates was offset by a \$3.1 million gain on the sale of the Company's Tempus™ Cervical Plate product line in 2015.

Income Taxes

(U.S. Dollars, in thousands)	Three Months Ended March 31,		Three Month Change	
	2016	2015	\$	%
Income tax expense from continuing operations	\$ (4,294)	\$ (964)	\$ (3,330)	345.4%
Effective tax rate	48.1%	-14.2%		

We recognized income tax expense of \$4.3 million and \$1.0 million on continuing operations, which reflects an effective tax rate of 48.1% and (14.2%) on pre-tax income for the first quarter of 2016 and 2015, respectively. Excluding the impact of various discrete charges, the effective tax rate on continuing operations for the first quarter of 2016 and 2015 was 46.3% and (9.2)%, respectively. The principal factors affecting the Company's March 31, 2016 effective tax rate were the Company's mix of earnings among various tax jurisdictions, state taxes and current period losses in certain jurisdictions for which the Company does not currently receive a tax benefit.

Discontinued Operations

Net loss from discontinued operations was approximately \$0.7 million as compared to net loss of \$0.6 million for the same period in the prior year. The activity in discontinued operations is comprised of legal settlements and legal costs, net of income taxes, related to certain specified product liability matters related to our former subsidiary, Breg. We agreed to indemnify Breg and its purchaser with respect to such matters.

Liquidity and Capital Resources

Cash Flow

Cash and cash equivalents at March 31, 2016, was \$39.8 million compared to cash and cash equivalents of \$63.7 million at December 31, 2015.

(U.S. Dollars, in thousands)	Three Months Ended March 31,		
	2016	2015	Year Over Year Change
Net cash provided by operating activities	\$ 4,424	\$ 2,543	\$ 1,881
Net cash used in investing activities	(7,399)	(15,563)	8,164
Net cash provided by (used in) financing activities	(21,500)	8,938	(30,438)
Effect of exchange rate changes on cash	658	(2,949)	3,607
Net increase in cash and cash equivalents	<u>\$ (23,817)</u>	<u>\$ (7,031)</u>	<u>\$ (16,786)</u>

Operating Activities

Net cash provided by operating activities is comprised of net income, non-cash items (including depreciation and amortization, provision for doubtful accounts, share-based compensation and deferred income taxes) and changes in working capital. Net income increased \$12.3 million to net income of \$3.9 million for the three months ended March 31, 2016, from net loss of \$8.4 million for the comparable period in the prior year. Non-cash adjustments to reconcile net income (loss) to net cash provided by operating activities for the three months ended March 31, 2016 increased \$3.6 million to \$9.5 million compared to \$5.9 million in the same period of 2015. Working capital accounts used \$9.0 million of cash for the three months ended March 31, 2016, and provided \$5.0 million for the three months ended March 31, 2015, specifically driven by trade accounts receivable, inventories, and trade accounts payable.

Investing Activities

Net cash used in investing activities decreased for the three months ended March 31, 2016 due to the purchase of debt securities in connection with the Option Agreement with eNeura of \$15.3 million in the first quarter of 2015, offset by an increase in capital expenditures of \$1.3 million, proceeds from the sale of assets of \$4.8 million in the prior year, and an increase in our investment in Bone Biologics of \$1.0 million in the first quarter of 2016.

Financing Activities

Net cash from financing activities decreased for the three months ended March 31, 2016 largely due to the repurchases of the Company's stock under the share repurchase plan authorized by the Board of Directors. During the first quarter of 2016, the Company repurchased 676,259 shares for \$26.5 million. During the three months ended March 31, 2016 and 2015, we also received proceeds of \$4.7 million and \$1.7 million, respectively, from the issuance of common stock.

Infrastructure Initiative

In 2014, we initiated project Bluecore to improve the reliability and efficiency of our systems, processes and reporting as well as drive down our overhead expenses. This project is planned to continue through 2016. In addition to re-implementing our Oracle ERP platform in the U.S. and Italy, we expect to improve supply chain management, simplify finance and accounting procedures and move to less manual processes with fewer redundancies throughout the company. Bluecore and other process improvement initiatives remain on schedule and on budget. For the three months ended March 31, 2016, the Company spent \$3.5 million pursuant to this initiative, \$2.5 million of which was capitalized.

Credit Facilities

There have been no material changes to our debt instruments as disclosed in our Annual Report on Form 10-K for the year ended December 31, 2015.

Share Repurchase Plan

In August 2015, the Company's Board of Directors authorized a share repurchase plan, authorizing the purchase of up to \$75 million of the Company's common stock through and including September 2017. Under the program, common share repurchases are expected to consist primarily of open market transactions at prevailing market prices in accordance with the guidelines specified under Rule 10b-18 of the Securities Exchange Act of 1934, as amended, though the Company may also make repurchases through block trades or privately negotiated transactions. Repurchases may be made from cash on hand, cash generated from operations, and/or borrowings under the Company's secured revolving credit facility. The program does not obligate the Company to acquire any specific number of shares and may be discontinued at any time. As of March 31, 2016, the Company had repurchased a cumulative total of 970,250 shares of common stock for \$38.0 million under this authorization. Between March 31, 2016 and April 25, 2016, the Company has made additional repurchases of 136,816 shares for an amount equal to \$5.8 million.

Other

For information regarding Contingencies, see Note 11 to the Notes to the Unaudited Condensed Consolidated Financial Statements contained herein.

As a multinational company, we are subject to certain market risks, including foreign currency. We consider a variety of practices to manage these market risks. For information regarding the derivative instruments the Company owns to manage these risks, see Note 4 to the Notes to the Unaudited Condensed Consolidated Financial Statements contained herein.

Off-balance Sheet Arrangements

As of March 31, 2016, we did not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, cash flows, liquidity, capital expenditures or capital resources that are material to investors.

Contractual Obligations

There have been no material changes in any of our material contractual obligations as disclosed in our Annual Report on Form 10-K for the year ended December 31, 2015.

Critical Accounting Policies and Estimates

There have been no material changes to our critical accounting policies, as described in our Annual Report on Form 10-K for the year ended December 31, 2015.

Recently Issued Accounting Pronouncements

See Note 1 of the Notes to the Unaudited Condensed Consolidated Financial Statements for detailed information regarding the status of recently issued accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As a multinational company, we are subject to certain market risks including foreign currency, interest rate, and concentration of credit. We consider a variety of practices to manage these market risks. There have been no material changes to our market risks as disclosed in our Annual Report on Form 10-K for the year ended December 31, 2015.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act")) designed to provide reasonable assurance that the information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. These include controls and procedures designed to ensure that this information is accumulated and communicated to the Company's management, including its President and Chief Executive Officer and its Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Management, with the participation of the President and Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as of March 31, 2016. Based on this evaluation, the Company's President and Chief Executive Officer and the Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective as of March 31, 2016.

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting during the quarter ended March 31, 2016, that have materially affected or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

For information regarding legal proceedings, see Note 11 to the Notes to the Unaudited Condensed Consolidated Financial Statements contained herein, which is incorporated by reference into this Part II, Item 1.

Item 1A. Risk Factors

There have been no material changes from the risk factors disclosed in the “Risk Factors” section of our Annual Report on Form 10-K for the year ended December 31, 2015.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Stock Repurchases Made in the Quarter

Under our share repurchase plan, repurchases are being made from time to time in the open market based on market conditions, securities law limitations and other factors. The following table sets forth information with respect to shares of our common stock purchased by the Company during the first quarter of 2016.

Period	Total Number of Shares Purchased	Average price Paid Per Share	Total Number of Shares Purchased under Approved Stock Repurchase Program	Maximum Dollar Value of Shares Yet to be Purchased under Approved Stock Repurchase Program
January 2016	188,331	\$ 38.84	188,331	\$ 56,109,920
February 2016	256,407	\$ 37.67	256,407	\$ 46,451,667
March 2016	231,521	\$ 40.99	231,521	\$ 36,960,957
Total	676,259	\$ 39.13	676,259	\$ 36,960,957

Item 3. Defaults Upon Senior Securities

There are no matters to be reported under this heading.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

There are no matters to be reported under this heading.

Item 6. Exhibits

- 10.1† Amendment No. 5 to Matrix Commercialization Collaboration Agreement, entered into on March 10, 2016, by and between Musculoskeletal Transplant Foundation, Inc. and Orthofix Holdings, Inc. (filed as an exhibit to the Company’s current report on Form 8-K filed March 14, 2016 and incorporated herein by reference).
- 10.2 * First Amendment to Credit Agreement dated as of March 7, 2016 but effective as of February 29, 2016, among Orthofix Holdings, Inc. and Victory Medical Limited as borrowers, Orthofix International N.V. and certain subsidiaries of Orthofix International N.V. party thereto as guarantors, the several banks and other financial institutions as may from time to time become parties thereunder as lenders, and JPMorgan Chase, N.A., as administrative agent.
- 10.3 * Employment Agreement, effective as of August 1, 2013, by and between Orthofix, Inc. and Raymond Fujikawa.

10. 4 * Employment Agreement, effective as of April 15, 2015, by and between Blackstone Medical, Inc. and Robert Allen Goodwin II.
- 10.5 * Employment Agreement, effective as of July 1, 2013, by and between Orthofix, Inc. and Bradley V. Niemann.
- 31.1* Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer.
- 31.2* Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer.
- 32.1* Section 1350 Certifications of each of the Chief Executive Officer and Chief Financial Officer.
- 101* The following materials from this Form 10-Q, formatted in Extensible Business Reporting Language (“XBRL”): (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations and Comprehensive Income (Loss), (iii) Condensed Consolidated Statements of Cash Flows and (iv) related notes, detail tagged.

* Filed herewith.

† Certain confidential portions of this exhibit were omitted by means of redacting a portion of the text. This exhibit has been filed separately with the Secretary of the Commission without redactions pursuant to our Application Requesting Confidential Treatment under the Securities Exchange Act of 1934.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ORTHOFIX INTERNATIONAL N.V.

Date: April 28, 2016

By: /s/ BRADLEY R. MASON
Name: Bradley R. Mason
Title: President and Chief Executive Officer

Date: April 28, 2016

By: /s/ DOUG RICE
Name: Doug Rice
Title: Chief Financial Officer

FIRST AMENDMENT TO CREDIT AGREEMENT

THIS FIRST AMENDMENT TO CREDIT AGREEMENT (the "Amendment"), dated as of March 7, 2016 but effective as of February 29, 2016 (the "First Amendment Effective Date"), is among ORTHOFIX HOLDINGS, INC., a Delaware corporation ("U.S. Borrower") and VICTORY MEDICAL LIMITED, a company formed under the laws of England and Wales ("Victory" and together with U.S. Borrower, each a "Borrower" and collectively, the "Borrowers"), the other Loan Parties party hereto, each of the banks or other lending institutions which is a party hereto (individually a "Lender" and collectively the "Lenders") and JPMORGAN CHASE BANK, N.A. individually as a Lender and as Administrative Agent, Swingline Lender and Issuing Bank and JPMORGAN CHASE BANK, N.A. and BBVA COMPASS as Joint Lead Arrangers and Joint Bookrunners.

RECITALS:

The Borrowers, the other Loan Parties listed on the signature pages thereto, the Administrative Agent, and the lenders listed on the signature pages thereto have entered into that certain Credit Agreement dated as of August 31, 2015 (as the same may hereafter be amended or otherwise modified, the "Agreement"). The Borrowers, the other Loan Parties, the Administrative Agent and the Lenders now desire to amend the Agreement as herein set forth.

NOW, THEREFORE, in consideration of the premises herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows effective as of the date hereof unless otherwise indicated:

ARTICLE 1.

Definitions

Section 1.1. Definitions. Capitalized terms used in this Amendment, to the extent not otherwise defined herein, shall have the same meanings as in the Agreement, as amended hereby.

ARTICLE 2.

Amendments

Section 2.1. Amendment to Section 1.01. Section 1.01 is hereby amended by inserting in alphabetical order the following new definitions:

"Bail-In Action" means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"Bail-In Legislation" means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

"EEA Financial Institution" means (a) any institution established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any institution established in an EEA

Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

" EEA Member Country " means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

" EEA Resolution Authority " means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

" EU Bail-In Legislation Schedule " means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor Person), as in effect from time to time.

" Write-Down and Conversion Powers " means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

Section 2.2. Amendment to Section 1.01 . The definitions set forth below are hereby amended in their entirety to read as follows:

" Defaulting Lender " means any Lender that (a) has failed, within two Business Days of the date required to be funded or paid, to (i) fund any portion of its Loans, (ii) fund any portion of its participations in Letters of Credit or Swingline Loans or (iii) pay over to any Credit Party any other amount required to be paid by it hereunder, unless, in the case of clause (i) above, such Lender notifies the Administrative Agent and the Borrower Representative in writing that such failure is the result of such Lender's good faith determination that a condition precedent to funding (specifically identified and including the particular default, if any) has not been satisfied, (b) has notified any Borrower or any Credit Party in writing, or has made a public statement to the effect, that it does not intend or expect to comply with any of its funding obligations under this Agreement (unless such writing or public statement indicates that such position is based on such Lender's good faith determination that a condition precedent (specifically identified and including the particular default, if any) to funding a Loan under this Agreement cannot be satisfied) or generally under other agreements in which it commits to extend credit, (c) has failed, within three Business Days after request by a Credit Party or the Borrower Representative, acting in good faith, to provide a certification in writing from an authorized officer of such Lender that it will comply with its obligations (and is financially able to meet such obligations) to fund prospective Loans and participations in then outstanding Letters of Credit and Swingline Loans under this Agreement, provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon such Credit Party's receipt of such certification in form and substance satisfactory to it and the Administrative Agent, or (d) has become the subject of (A) a Bankruptcy Event or (B) a Bail-In Action. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under any one or more of clauses (a) through (d) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 2.19(d)) upon delivery of written notice of such determination to the Borrower Representative, each Issuing Bank, the Swingline Lender and each Lender.

" Sanctioned Person " means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC, the U.S. Department of State or by the United Nations Security Council, the European Union or any European Union member state, Her Majesty's Treasury of the United Kingdom, or other relevant sanctions authority, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person owned or controlled by any such Person or Persons described in the foregoing clauses (a) or (b).

" Sanctions " means all economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by OFAC or the U.S. Department of State, or (b) the United Nations Security Council, the European Union, any European Union member state or Her Majesty's Treasury of the United Kingdom, or other relevant sanctions authority.

Section 2.3. Amendment to Section 2.19(d). The second paragraph of Section 2.19(d) is hereby amended in its entirety to read as follows:

If (i) a Bankruptcy Event or a Bail-In Action with respect to the Parent of any Lender shall occur following the date hereof and for so long as such event shall continue or (ii) the Swingline Lender or the Issuing Bank has a good faith belief that any Lender has defaulted in fulfilling its obligations under one or more other agreements in which such Lender commits to extend credit, the Swingline Lender shall not be required to fund any Swingline Loan and the Issuing Bank shall not be required to issue, amend or increase any Letter of Credit, unless the Swingline Lender or the Issuing Bank, as the case may be, shall have entered into arrangements with the Borrowers or such Lender, satisfactory to the Swingline Lender or the Issuing Bank, as the case may be, to defease any risk to it in respect of such Lender hereunder.

Section 2.4. Amendment to Section 3.15(b). Section 3.15(b) is hereby amended in its entirety to read as follows:

(b) All Intercompany Loans as of the Effective Date (i) are described on Schedule 6.01(a), (ii) in the case of any such Intercompany Loans owed by any Loan Party to a Non-Loan Party, constitute Subordinated Indebtedness and (iii) in the case of any such Intercompany Loan owed to any such Loan Party (x) are evidenced by duly completed and executed promissory notes in form reasonably satisfactory to the Administrative Agent, and (y) as of the Effective Date will be delivered to the Administrative Agent together with an executed allonge in form reasonably satisfactory to the Administrative Agent.

Section 2.5. Amendment to Article III. Article III is hereby amended by inserting in the proper numerical order the following new Section 3.32 :

SECTION 3.32 EEA Financial Institutions. No Loan Party is an EEA Financial Institution.

Section 2.6. Amendment to Section 5.01(e). Section 5.01(e) is hereby amended in its entirety to read as follows:

(e) as soon as available, but in any event no later than sixty (60) days after the end of each fiscal year of the Company, a copy of the detailed annual budget (including a projected consolidated balance sheet, income statement and cash flow

statement and consolidating income statement) of the Company, presented on a quarterly basis with respect to the consolidated income statement only and on an annual basis with respect to all other items, of the upcoming fiscal year (the " Projections "), together with a summary of the material assumptions made in preparation of such annual budget or plan and otherwise in form reasonably satisfactory to the Administrative Agent;

Section 2.7. Amendment to clause (n) of Article VII . Clause (n) of Article VII is hereby amended in its entirety to read as follows:

(n) the Loan Guaranty or any Obligation Guaranty shall fail to remain in full force or effect other than as permitted pursuant to Section 9.02 , or any action shall be taken to discontinue or to assert the invalidity or unenforceability of the Loan Guaranty or any Obligation Guaranty, or any Guarantor shall fail to comply with any of the terms or provisions of the Loan Guaranty or any Obligation Guaranty to which it is a party, or any Guarantor shall deny that it has any further liability under the Loan Guaranty or any Obligation Guaranty to which it is a party, or any Orthofix Entity or Affiliate of any Orthofix Entity shall make that assertion, or such Guarantor, Orthofix Entity or Affiliate shall give notice to such effect, including, but not limited to notice of termination delivered pursuant to Section 10.08 or any notice of termination delivered pursuant to the terms of any Obligation Guaranty;

Section 2.8. Amendment to Article IX . Article IX is hereby amended by inserting in the proper numerical order the following new Section 9.22 :

SECTION 9.22 Acknowledgement and Consent to Bail-In of EEA Financial Institutions . Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any Loan Document may be subject to the Write-Down and Conversion Powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent entity, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of any EEA Resolution Authority.

Section 2.9. Amendment to Item 5 of Schedule 5.15. Item 5 of Schedule 5.15 is hereby amended in its entirety to read as follows:

5. As soon as available and in any event no later than six (6) months of the Effective Date, the Borrower Representative shall deliver evidence that (i) the U.S. Loan Parties have isolated deposit accounts solely for the receipt of payments in respect of Medicare and Medicaid receivables (the “ Medicare and Medicaid Deposit Accounts ”), (ii) the funds on deposit in such Medicare and Medicaid Deposit Accounts are swept daily to a separate operating account of the U.S. Loan Parties (the “ Operating Accounts ”) pursuant to standing instructions to the depository institution holding such Medicare and Medicaid Deposit Accounts and (iii) such Operating Accounts are subject to a Deposit Account Control Agreement in form and substance satisfactory to the Administrative Agent.

ARTICLE 3.

Conditions Precedent

Section 3.1. Conditions. The effectiveness of Article 2 of this Amendment is subject to the satisfaction of the following conditions precedent:

(a) The Administrative Agent (or its counsel) shall have received from each party hereto either (i) a counterpart of this Amendment signed on behalf of such party or (ii) written evidence satisfactory to the Administrative Agent (which may include telecopy or other electronic transmission of a signed signature page of this Amendment) that such party has signed a counterpart of this Amendment.

(b) The Administrative Agent shall have received all fees and other amounts due and payable on or prior to the First Amendment Effective Date, including, reimbursement or payment of all reasonable and invoiced out-of-pocket expenses (including the reasonable and invoiced fees, charges and disbursements of counsel) incurred by the Administrative Agent in connection with this Amendment, or required to be reimbursed or paid by the Borrowers by this Amendment, the Agreement or under any other Loan Document for which invoices have been presented on or before the date hereof.

(c) The representations and warranties of the Loan Parties set forth in this Amendment, the Agreement and the other Loan Documents shall be true and correct in all material respects with the same effect as though made on and as of the First Amendment Effective Date (it being understood and agreed that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material respects only as of such specified date, and that any representation or warranty which is subject to any materiality qualifier shall be required to be true and correct in all respects).

(d) At the time of and immediately after giving effect to the consummation of this Amendment, no Default shall have occurred and be continuing.

(e) No event shall have occurred and no condition shall exist which has or could be reasonably expected to have a Material Adverse Effect.

(f) The Administrative Agent shall have received such additional documentation and information as the Administrative Agent or its counsel may have reasonably requested on or prior to the date hereof.

ARTICLE 4.

Ratifications, Representations and Warranties

Section 4.1. Ratifications. The terms and provisions set forth in this Amendment shall modify and supersede all inconsistent terms and provisions set forth in the Agreement and except as expressly modified and superseded by this Amendment, the terms and provisions of the Agreement and the other Loan Documents are ratified and confirmed and shall continue in full force and effect. The Borrowers, each other Loan Party, the Administrative Agent, and the Lenders party hereto agree that the Agreement as amended hereby and the other Loan Documents shall continue to be legal, valid, binding and enforceable in accordance with their respective terms. For all matters arising prior to the First Amendment Effective Date of this Amendment (including, without limitation, the accrual and payment of interest and fees and compliance with financial covenants), the terms of the Agreement (as unmodified by this Amendment) shall control and are hereby ratified and confirmed.

Section 4.2. Representations and Warranties. Each Borrower and each other Loan Party hereby represents and warrants to the Administrative Agent and the Lenders as follows: (a) after giving effect to this Amendment, no Default or Event of Default has occurred and is continuing; (b) after giving effect to this Amendment, the representations and warranties set forth in the Loan Documents are true and correct in all material respects with the same effect as though made on and as of the First Amendment Effective Date (it being understood and agreed that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material respects only as of such specified date, and that any representation or warranty which is subject to any materiality qualifier shall be required to be true and correct in all respects); (c) the execution, delivery and performance of this Amendment and the transactions contemplated hereby have been duly authorized by all necessary action on the part of each Borrower and each other Loan Party and does not and will not: (1) violate any provision of law applicable to any Borrower or any other Loan Party, the certificate of incorporation, bylaws, partnership agreement, membership agreement, or other applicable governing document of any Borrower or any other Loan Party or any order, judgment, or decree of any court or agency of government binding upon any Borrower or any other Loan Party; (2) conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any material contractual obligation of any Borrower or any other Loan Party; (3) result in or require the creation or imposition of any material lien upon any of the assets of any Borrower or any other Loan Party; or (4) require any approval or consent of any Person under any material contractual obligation of any Borrower or any other Loan Party; and (d) the articles of incorporation, bylaws, partnership agreement, certificate of limited partnership, membership agreement, articles of organization or other applicable governing document of each Borrower and each other Loan Party and the resolutions of each Borrower and each other Loan Party attached as exhibits to the Secretary's Certificate or Director's Certificate, as applicable, of each Borrower and each other Loan Party dated as of August 31, 2015 have not been modified or rescinded and remain in full force and effect.

IN ADDITION, TO INDUCE THE ADMINISTRATIVE AGENT AND THE LENDERS TO AGREE TO THE TERMS OF THIS AMENDMENT, EACH BORROWER AND EACH OTHER LOAN PARTY (BY IT EXECUTION BELOW) REPRESENTS AND WARRANTS THAT AS OF THE DATE OF ITS EXECUTION OF THIS AMENDMENT THERE ARE NO CLAIMS OR OFFSETS AGAINST OR RIGHTS OF RECOUPMENT WITH RESPECT TO OR DEFENSES OR COUNTERCLAIMS TO ITS OBLIGATIONS UNDER THE LOAN DOCUMENTS AND IN ACCORDANCE THEREWITH IT:

(a) WAIVER. WAIVES ANY AND ALL SUCH CLAIMS, OFFSETS, RIGHTS OF RECOUPMENT, DEFENSES OR COUNTERCLAIMS, WHETHER KNOWN OR UNKNOWN, ARISING PRIOR TO THE DATE OF ITS EXECUTION OF THIS AMENDMENT AND

(b) RELEASE. RELEASES AND DISCHARGES THE ADMINISTRATIVE AGENT AND THE LENDERS, AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, SHAREHOLDERS, AFFILIATES AND ATTORNEYS (COLLECTIVELY THE "RELEASED PARTIES") FROM ANY AND ALL OBLIGATIONS, INDEBTEDNESS, LIABILITIES, CLAIMS, RIGHTS, CAUSES OF ACTION OR DEMANDS WHATSOEVER, WHETHER KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, IN LAW OR EQUITY, WHICH ANY BORROWER OR ANY OTHER LOAN PARTY EVER HAD, NOW HAS, CLAIMS TO HAVE OR MAY HAVE AGAINST ANY RELEASED PARTY ARISING PRIOR TO THE DATE HEREOF AND FROM OR IN CONNECTION WITH THE LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED THEREBY.

ARTICLE 5.

Miscellaneous

Section 5.1. Survival of Representations and Warranties. All representations and warranties made in this Amendment or any other Loan Document including any Loan Document furnished in connection with this Amendment shall survive the execution and delivery of this Amendment and the other Loan Documents, and no investigation by the Administrative Agent or any Lender or any closing shall affect the representations and warranties or the right of the Administrative Agent or any Lender to rely upon them.

Section 5.2. Reference to Agreement. Each of the Loan Documents, including the Agreement and any and all other agreements, documents, or instruments now or hereafter executed and delivered pursuant to the terms hereof or pursuant to the terms of the Agreement as amended hereby, are hereby amended so that any reference in such Loan Documents to the Agreement shall mean a reference to the Agreement as amended hereby.

Section 5.3. Expenses of Lender. As provided in the Agreement, the Loan Parties, jointly and severally, agree to pay all reasonable and invoiced out-of-pocket expenses incurred by the Administrative Agent and its Affiliates, including the reasonable fees, charges and disbursements of one counsel and one local counsel in each specialty and relevant jurisdiction for the Administrative Agent, in connection with the preparation and administration of this Amendment and the other Loan Documents executed pursuant hereto.

Section 5.4. Severability. Any provision of this Amendment held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

Section 5.5. Applicable Law. This Amendment and all other Loan Documents executed pursuant hereto (other than those containing a contrary express choice of law provision) shall be governed by and construed in accordance with the internal laws (and not the law of conflicts) of the State of New York, but giving effect to federal laws applicable to national banks.

Section 5.6. Successors and Assigns. The provisions of this Amendment are binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any Affiliate of the Issuing Bank that issues any Letter of Credit), except that (a) no Borrower may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by a Borrower without such consent

shall be null and void) and (b) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with Section 9.04 of the Agreement.

Section 5.7. Counterparts. This Amendment may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Amendment by telecopy, emailed pdf. or any other electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of a manually executed counterpart of this Amendment.

Section 5.8. Effect of Waiver. No consent or waiver, express or implied, by the Administrative Agent or any Lender to or for any breach of or deviation from any covenant, condition or duty by any Borrower or any other Loan Party shall be deemed a consent or waiver to or of any other breach of the same or any other covenant, condition or duty.

Section 5.9. Headings. Article and Section headings used herein are for convenience of reference only, are not part of this Amendment and shall not affect the construction of, or be taken into consideration in interpreting, this Amendment.

Section 5.10. ENTIRE AGREEMENT. THIS AMENDMENT AND ALL OTHER INSTRUMENTS, DOCUMENTS AND AGREEMENTS EXECUTED AND DELIVERED IN CONNECTION WITH THIS AMENDMENT REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

Executed as of the date first written above.

[*Signatures on Following Pages.*]

BORROWERS:

ORTHOFIX HOLDINGS, INC.

By: \s\ Maritza V. Royall
Name: Maritza V. Royall
Title: VP, Tax & Treasury

VICTORY MEDICAL LIMITED

By: \s\ Maritza V. Royall
Name: Maritza V. Royall
Title: Director

GUARANTORS:

ORTHOFIX INTERNATIONAL N.V.

By: \s\ Douglas C. Rice
Name: Douglas C. Rice
Title: Chief Financial Officer

COLGATE MEDICAL LIMITED

By: \s\ Maritza V. Royall
Name: Maritza V. Royall
Title: Director

SWIFTSURE MEDICAL LIMITED

By: \s\ Maritza V. Royall
Name: Maritza V. Royall
Title: Director

ORTHOFIX UK LTD

By: \s\ Maritza V. Royall
Name: Maritza V. Royall
Title: Director

ORTHOFIX INC.

By: \s\ Maritza V. Royall
Name: Maritza V. Royall
Title: VP, Tax & Treasury

BLACKSTONE MEDICAL, INC.

By: \s\ Maritza V. Royall
Name: Maritza V. Royall
Title: VP, Tax & Treasury

OSTEOGENICS INC.

By: \s\ Maritza V. Royall
Name: Maritza V. Royall
Title: VP, Tax & Treasury

AMEI TECHNOLOGIES INC.

By: \s\ Maritza V. Royall
Name: Maritza V. Royall
Title: VP, Tax & Treasury

NEOMEDICS, INC.

By: \s\ Maritza V. Royall
Name: Maritza V. Royall
Title: VP, Tax & Treasury

JPMORGAN CHASE BANK, N.A., individually, and as Administrative Agent, Swingline Lender and Issuing Bank

By: \s\ Gregory T. Martin

Name: Gregory T. Martin

Title: Executive Director

SUNTRUST BANK

By: \s\ Katherine Bass

Name: Katherine Bass

Title: Director

BANK OF AMERICA, N.A.

By: \s\ Heath Lipson

Name: Heath Lipson

Title: SVP

DNB CAPITAL LLC, AS A LENDER

By: \s\ Geshu Sugandh

Name: Geshu Sugandh

Title: First Vice President

By: \s\ Caroline Adams

Name: Caroline Adams

Title: First Vice President

EMPLOYMENT AGREEMENT

This Employment Agreement (the “Agreement”), entered into and effective as of August 1, 2013 (the “Effective Date”), is by and between Orthofix Inc., a Minnesota corporation (the “Company”), and Raymond Fujikawa, an individual (the “Executive”).

PRELIMINARY STATEMENTS

A. The Company desires to employ the Executive in the position of Senior Vice President, U.S. Commercial Strategy and the Executive desires to render such services, upon the terms and conditions contained herein.

B. The Executive desires to render such services, upon the terms and conditions contained herein.

C. The Company is a subsidiary of Orthofix International N.V., a corporation organized under the laws of Curacao (the “Parent”) for whom Executive will also perform services as contemplated hereby, and under certain compensation plans of which Executive shall be eligible to receive compensation, and Parent is agreeing to provide such compensation and guarantee the Company’s payment obligations hereunder.

D. Capitalized terms used herein and not otherwise defined have the meaning for them set forth on Exhibit A attached hereto and incorporated herein by reference.

The parties, intending to be legally bound, hereby agree as follows:

I. EMPLOYMENT AND DUTIES

1.1 Duties. The Company hereby employs the Executive as an employee, and the Executive agrees to be employed by the Company, upon the terms and conditions set forth herein. While serving as an employee of the Company, the Executive shall serve as the Senior Vice President, U.S. Commercial Strategy of the Company, and be appointed to serve as the Senior Vice President, U.S. Commercial Strategy of the Parent. The Executive shall have such power and authority and perform such duties, functions and responsibilities as are associated with and incident to such positions, and as the Board may from time to time require of him. The Executive also agrees to serve, if elected, as an officer or director of Parent or any other direct or indirect subsidiary of the Parent, in each such case at no compensation in addition to that provided for in this Agreement, but the Executive serves in such positions solely as an accommodation to the Company and such positions shall grant him no rights hereunder (including for purposes of the definition of Good Reason).

1.2 Services. During the Term (as defined in Section 1.3), and excluding any periods of vacation, sick leave or disability, the Executive agrees to devote his full business time, attention and efforts to the business and affairs of the Company. During the Term, it shall not be a violation of this Section 1.2 for the Executive to (a) serve on civic or charitable boards or committees (but not corporate boards), (b) deliver lectures or fulfill speaking engagements or (c) manage personal investments, so long as such activities do not interfere with the performance of the Executive’s responsibilities in accordance with this Agreement. The Executive must request the Board’s prior written consent to serve on a corporate board, which consent shall be at the Board’s reasonable discretion and only so long as such service does not interfere with the performance of his responsibilities hereunder.

1.3 Term of Employment. The term of this Agreement shall commence on the Effective Date and shall continue until 11:59 p.m. Eastern Time on July 1, 2014 (the “Initial Term”) unless sooner terminated or extended as provided hereunder. This Agreement shall automatically renew for additional one-year periods on July 1, 2014 and on each and every July 1 thereafter (each such extension, the “Renewal Term”) unless either party gives the other party written notice of its or his election not to extend such employment at least ninety (90) days prior to the next July 1 renewal date. Further, if a Change of Control occurs during the Initial Term or during any Renewal Term, this Agreement shall automatically be extended for two years only from the Change of Control Date and thereafter shall terminate on the second anniversary of the Change of Control Date in accordance with its terms. The Initial Term, together with any Renewal Term or extension as a result of a Change of Control, are collectively referred to herein as the “Term.” In the event the Executive continues to be employed by the Company (or any other member of the Parent Group) after the Term, unless otherwise agreed by the parties in writing, such continued employment shall be on an at-will, month-to-month basis upon terms agreed upon at such time without regard to the terms and conditions of this Agreement (except as expressly provided herein) and this Agreement shall be deemed terminated at the end of the Term, regardless of whether such employment continues at-will, other than Articles VI and VII, which shall survive the termination or expiration of this Agreement for any reason. For the avoidance of doubt, non-renewal of the Term shall not trigger any of the payments set forth in Section 5.1.

1.4 Place of Performance. During the Term, the Executive shall be based in Lewisville, Texas.

II. COMPENSATION

2.1 General. The base salary and Incentive Compensation (as defined in Section 2.3.) payable to the Executive hereunder, as well as any stock-based compensation, including stock options, stock appreciation rights and restricted stock grants, shall be determined from time to time by the Board and paid pursuant to the Company's customary payroll practices or in accordance with the terms of the applicable Plans (as defined in Section 2.4). The Company shall pay the Executive in cash, in accordance with the normal payroll practices of the Company, the base salary and Incentive Compensation set forth below. For the avoidance of doubt, in providing any compensation payable in stock, the Company may withhold, deduct or collect from the compensation otherwise payable or issuable to the Executive a portion of such compensation to the extent required to comply with applicable tax laws to the extent such withholding is not made or otherwise provided for pursuant to the agreement governing such stock-based compensation.

2.2 Base Salary. The Executive shall be paid an annual base salary of no less than \$300,000 while he is employed by the Company during the Term; provided, however, that nothing shall prohibit the Company from reducing the base salary as part of an overall cost reduction program that affects all senior executives of the Parent Group and does not disproportionately affect the Executive, so long as such reductions do not reduce the base salary to a rate that is less than 90% of the minimum base salary amount set forth above (or, if the minimum base salary amount has been increased during the Term, 90% of such increased amount). The base salary shall be reviewed annually by the Board for increase (but not decrease, except as permitted above) as part of its annual compensation review, and any increased amount shall become the base salary under this Agreement.

2.3 Bonus or other Incentive Compensation. With respect to each fiscal year of the Company during the Term, the Executive shall be eligible to receive annual bonus compensation under the Parent's Executive Annual Incentive Plan or any successor plan (the "Bonus Plan") based on the achievement of goals established by the Board from time to time (the "Goals"). During the Term, the Executive will have a target bonus opportunity under the Bonus Plan of at least 60% of his then-applicable Base Salary and an opportunity to earn a maximum annual bonus of not less than 90% of his then applicable Base Salary; provided, however, the Executive's bonus under the Annual Incentive Plan with respect to work performed during the 2013 calendar year shall be pro-rated based on the number of days employed during the 2013 calendar year. The amount of any actual payment will depend upon the achievement (or not) of the Goals established by the Board. Except as otherwise provided in this Agreement, to receive a bonus under the Bonus Plan, the Executive must be employed on the date of payment of such bonus. Amounts payable under the Bonus Plan shall be determined by the Board and shall be paid following such fiscal year and no later than two and one-half months after the end of such fiscal year. In addition, the Executive shall be eligible to receive such additional bonus or incentive compensation as the Board may establish from time to time in its sole discretion. Any bonus or incentive compensation under this Section 2.3 under the Bonus Plan or otherwise is referred to herein as "Incentive Compensation." Stock-based compensation shall not be considered Incentive Compensation under the terms of this Agreement unless the parties expressly agree otherwise in writing.

2.4 Stock Compensation. The Executive shall be eligible to receive stock-based compensation, whether stock options, stock appreciation rights, restricted stock grants or otherwise, under the Parent's 2012 Long Term Incentive Plan or other stock based compensation plans as Parent may establish from time to time (collectively, the "Plans"). The Executive shall be considered for such grants no less often than annually as part of the Board's annual compensation review, but any such grants shall be at the sole discretion of the Board. Notwithstanding the foregoing, with respect to the 2013 calendar year, the Executive shall receive on the Effective Date (i) a grant of stock options to acquire up to 10,000 shares of common stock of Parent (vesting annually 25% per year over a 4-year period), and (ii) a grant of 2,500 restricted shares of common stock of Parent (vesting annually 25% per year over a 4-year period). The Executive shall not be eligible to receive additional grants under the Plans during the 2013 calendar year other than those described in the preceding sentence.

2.5 Relocation Assistance. To facilitate Executive's relocation to Lewisville, Texas, the Company shall reimburse the Executive for up to \$100,000 in relocation expenses in accordance with any applicable Company moving and relocation policies. Company shall also reimburse the Executive for up to a total of \$25,000 in monthly membership dues incurred by Executive as the result of Executive's current membership at The Bridges at Rancho Santa Fe. The Company will not be obligated to provide any reimbursement for any personal expenses related to such membership. All such reimbursable expenses shall be documented in accordance with Section 3.5.

III. EMPLOYEE BENEFITS

3.1 General. Subject only to any post-employment rights under Article V, so long as the Executive is employed by the Company pursuant to this Agreement, he shall be eligible for the following benefits to the extent generally available to senior executives of the Company or by virtue of his position, tenure, salary and other qualifications. Any eligibility shall be subject to and in accordance with the terms and conditions of the Company's benefits policies and applicable plans (including as to deductibles, premium sharing, co-payments or other cost-splitting arrangements).

3.2 Savings and Retirement Plans. The Executive shall be entitled to participate in, and enjoy the benefits of, all savings, pension, salary continuation and retirement plans, practices, policies and programs available to senior executives of the Company.

3.3 Welfare and Other Benefits. The Executive and/or the Executive's eligible dependents, as the case may be, shall be entitled to participate in, and enjoy the benefits of, all welfare benefit plans, practices, policies and programs provided by the Company (including without limitation, medical, prescription, drug, dental, disability, salary continuance, group life, dependent life, accidental death and travel accident insurance plans and programs) and other benefits (including, without limitation, executive physicals and tax and financial planning assistance) at a level that is available to other senior executives of the Company.

3.4 Vacation. The Executive shall be entitled to 4 weeks paid vacation per 12- month period.

3.5 Expenses. The Executive shall be entitled to receive prompt reimbursement for all reasonable business-related expenses incurred by the Executive in performing his duties under this Agreement. Reimbursement of the Executive for such expenses will be made upon presentation to the Company of expense vouchers that are in sufficient detail to identify the nature of the expense, the amount of the expense, the date the expense was incurred and to whom payment was made to incur the expense, all in accordance with the expense reimbursement practices, policies and procedures of the Company.

3.6 Key Man Insurance. The Company shall be entitled to obtain a "key man" or similar life or disability insurance policy on the Executive, and neither the Executive nor any of his family members, heirs or beneficiaries shall be entitled to the proceeds thereof. Such insurance shall be available to offset any payments due to the Executive pursuant to Section 5.1 of this Agreement due to his death or Disability.

IV. TERMINATION OF EMPLOYMENT

4.1 Termination by Mutual Agreement. The Executive's employment may be terminated at any time during the Term by mutual written agreement of the Company and the Executive.

4.2 Death. The Executive's employment hereunder shall terminate upon his death.

4.3 Disability. In the event the Executive incurs a Disability for a continuous period exceeding 90 days or for a total of 180 days during any period of 12 consecutive months, the Company may, at its election, terminate the Executive's employment during the Term by delivering a Notice of Termination (as defined in Section 4.8) to the Executive 30 days in advance of the date of termination.

4.4 Good Reason. The Executive may terminate his employment at any time during the Term for Good Reason by delivering a Notice of Termination to the Company 30 days in advance of the date of termination; provided, however, that the Executive agrees not to terminate his employment for Good Reason until the Executive has given the Company at least 30 days' in which to cure the circumstances set forth in the Notice of Termination constituting Good Reason and if such circumstances are not cured by the 30th day, the Executive's employment shall terminate on such date. If the circumstances constituting Good Reason are remedied within the cure period to the reasonable satisfaction of the Executive, such event shall no longer constitute Good Reason for purposes of this Agreement and the Executive shall thereafter have no further right hereunder to terminate his employment for Good Reason as a result of such event. Unless the Executive provides written notification of an event described in the definition of Good Reason within 90 days after the Executive has actual knowledge of the occurrence of any such event, the Executive shall be deemed to have consented thereto and such event shall no longer constitute Good Reason for purposes of this Agreement.

4.5 Termination without Cause. The Company may terminate the Executive's employment at any time during the Term without Cause by delivering to the Executive a Notice of Termination 30 days in advance of the date of termination; provided that as part of such notice the Company may request that the Executive immediately tender the resignations contemplated by Section 4.9 and otherwise cease performing his duties hereunder. The Notice of Termination need not state any reason for termination and such termination can be for any reason or no reason. The date of termination shall be the date set forth in the Notice of Termination.

4.6 Cause. The Company may terminate the Executive's employment at any time during the Term for Cause by delivering a Notice of Termination to the Executive.

4.7 Voluntary Termination. The Executive may voluntarily terminate his employment at any time during the Term by delivering to the Company a Notice of Termination 30 days in advance of the date of termination (a "Voluntary Termination"). For purposes of this Agreement, a Voluntary Termination shall not include a termination of the Executive's employment by reason of death or for Good Reason, but shall include voluntary termination upon retirement in accordance with the Company's retirement policies. A Voluntary Termination shall not be considered a breach or other violation of this Agreement.

4.8 Notice of Termination. Any termination of employment under this Agreement by the Company or the Executive requiring a notice of termination shall require delivery of a written notice by one party to the other party (a "Notice of Termination"). A Notice of Termination must indicate the specific termination provision of this Agreement relied upon and the date of termination. The date of termination specified in the Notice of Termination shall comply with the time periods required under this Article IV, and may in no event be earlier than the date such Notice of Termination is delivered to or received by the party getting the notice. If the Executive fails to include a date of termination in any Notice of Termination he delivers, the Company may establish such date in its sole discretion. No Notice of Termination under Section 4.4 shall be effective until the applicable cure period, if any, shall have expired without the Company or the Executive, respectively, having corrected the event or events subject to cure to the reasonable satisfaction of the other party. The terms "termination" and "termination of employment," as used herein are intended to mean a termination of employment which constitutes a "separation from service" under Section 409A.

4.9 Resignations. Upon ceasing to be an employee of the Company for any reason, or earlier upon request by the Company pursuant to Section 4.5, the Executive agrees to immediately tender written resignations to the Company with respect to all officer and director positions he may hold at that time with any member of the Parent Group.

V. PAYMENTS ON TERMINATION

5.1 Death; Disability; Resignation for Good Reason; Termination without Cause. If at any time during the Term the Executive's employment with the Company is terminated due to his death, Disability, resignation for Good Reason or termination by the Company without Cause, the Executive shall be entitled to the payment and benefits set forth below only:

(a) Any unpaid base salary and accrued unpaid vacation then owing through the date of termination, which amounts shall be paid to the Executive within 30 days of the date of termination.

(b) If, for the calendar year prior to the Executive's termination, Executive has satisfied a sufficient portion of the Goals to be eligible for a bonus under the Bonus Plan, and such bonus has not yet been paid as of the date of Executive's termination, Executive shall be paid a bonus under the Bonus Plan for such prior calendar year, which bonus shall be paid at the same time as payments are made to other participants in the Bonus Plan.

(c) A pro rata amount of any Bonus Plan Incentive Compensation for the fiscal year of his termination of employment (based on the number of business days he was actually employed by the Company during the fiscal year in which the termination of employment occurs) based on the achievement of the Goals for the calendar year of his termination of employment. Nothing in the foregoing sentence is intended to give the Executive greater rights to such Incentive Compensation than a pro rata portion of what he would ordinarily be entitled to under the Bonus Plan Incentive Compensation that would have been applicable to him had his employment not been terminated, it being understood that Executive's termination of employment shall not be used to disqualify Executive from or make him ineligible for a pro rata portion of the Bonus Plan Incentive Compensation to which he would otherwise have been entitled. The pro rata portion of Bonus Plan Incentive Compensation shall, subject to Section 7.16, be paid at the time such Incentive Compensation is paid to other participants in the Bonus Plan.

(d) A one-time lump sum severance payment in an amount equal to 100% of the Executive's Base Amount plus, for a termination by the Executive for Good Reason or a termination by the Company without Cause only, \$12,500 to be used by the Executive for outplacement services. The lump sum severance payment shall be paid on the 60th day following the Executive's termination of employment, provided that prior to such time the Executive has signed the release described in Section 5.4 and the applicable revocation period for such release has expired, subject, in the case of termination other than as a result of the Executive's death, to Section 7.16.

(e) The post-termination exercise period for any options which are vested as of Executive's termination of employment shall be as set forth in the applicable award agreement, provided, however, that any provisions in such an award agreement purporting to give the Executive greater post-termination exercise rights because he is a party to an employment agreement shall not be given effect.

(f) Provided the Executive elects COBRA in a timely manner, for the lesser of 12 months after termination or until the Executive secures coverage from new employment, Executive shall receive a monthly cash payment equal to the cost of continuation coverage under the Company's medical and dental benefit plans in which the Executive was participating at the time of his termination of employment at the level at which the Executive was participating at the time of his termination of coverage (e.g. single or family coverage), less the amount of the employee contribution for such coverage. Such payments shall be subject to all applicable taxes and withholding.

In the event the Executive's termination is pursuant to Section 4.2, payment shall be made to the Executive's heirs, beneficiaries, or personal representatives, as applicable. Further, any payments by the Company under Section 5.1(d) above pursuant to a termination under Section 4.2 or 4.3 shall be reduced by any payments received by the Executive pursuant to any of the Company's employee welfare benefit plans providing for payments in the event of death or Disability.

5.2 Termination for Cause; Voluntary Termination. If at any time during the Term the Executive's employment with the Company is terminated by the Company for Cause or due to a Voluntary Termination, the Executive shall be entitled to only the following:

(a) any unpaid base salary and accrued unpaid vacation then owing through the date of termination, which amounts shall be paid to the Executive within 30 days of the date of termination.

(b) whatever rights, if any, that are available to the Executive upon such a termination pursuant to the Plans or any award documents related to any stock-based compensation such as stock options, stock appreciation rights or restricted stock grants. This Agreement does not grant any greater rights with respect to such items than provided for in the Plans or the award documents in the event of any termination for Cause or a Voluntary Termination.

5.3 Termination following Change of Control. The Executive shall have no specific right to terminate this Agreement or right to any severance payments or other benefits solely as a result of a Change of Control or Potential Change of Control. However, if during a Change of Control Period during the Term, (a) the Executive terminates his employment with the Company for Good Reason, or (b) the Company terminates the Executive's employment without Cause, the lump sum severance payment under Section 5.1(d) shall be increased from 100% of the Base Amount to 150% of the Base Amount and the period of monthly payment of COBRA continuation coverage for medical and dental benefits under Section 5.1(f) shall be increased to 18 months from 12 months. The terms and rights with respect to such payments shall otherwise be governed by Section 5.1. No other rights result from termination during a Change of Control Period; provided, however, that nothing in this Section 5.3 is intended to limit or impair the rights of the Executive under the Plans or any documents evidencing any stock-based compensation awards in the event of a Change of Control if such Plans or award documents grant greater rights than are set forth herein.

5.4 Release. The Company's obligation to pay or provide any benefits to the Executive following termination (other than in the event of death pursuant to Section 4.2) is expressly subject to the requirement that (i) the Executive execute the release in the form attached hereto as Exhibit B (the "Release") prior to the 60th day following Executive's termination of employment, and (ii) any revocation period for the Release shall have expired prior to the 60th day following Executive's termination of employment without Executive having breached or revoked the Release. In the event that the Executive does not sign the Release, or signs and later revokes the Release, all of the Company's obligations to make payments and provide benefits under this Agreement will terminate in full, and the Executive understands and agrees that he will not be entitled to any severance benefits in connection with his termination of employment.

5.5 Other Benefits. Except as expressly provided otherwise in this Article V, the provisions of this Agreement shall not affect the Executive's participation in, or terminating distributions and vested rights under, any pension, profit-sharing, insurance or other employee benefit plan of the Parent Group to which the Executive is entitled pursuant to the terms of such plans, or expense reimbursements he is otherwise entitled to under Section 3.5.

5.6 No Mitigation. It will be difficult, and may be impossible, for the Executive to find reasonably comparable employment following the termination of the Executive's employment, and the protective provisions under Article VI contained herein will further limit the employment opportunities for the Executive. In addition, the Company's severance pay policy applicable in general to its salaried employees does not provide for mitigation, offset or reduction of any severance payment received thereunder. Accordingly, the parties hereto expressly agree that the payment of severance compensation in accordance with the terms of this Agreement will be liquidated damages, and that the Executive shall not be required to seek other employment, or otherwise, to mitigate any payment provided for hereunder.

5.7 Limitation: No Other Rights. Any amounts due or payable under this Article V are in the nature of severance payments or liquidated damages, or both, and the Executive agrees that such amounts shall fully compensate the Executive, his dependents, heirs and beneficiaries and the estate of the Executive for any and all direct damages and consequential damages that they do or may suffer as a result of the termination of the Executive's employment, or both, and are not in the nature of a penalty. Notwithstanding the above, no member of the Parent Group shall be liable to the Executive under any circumstances for any consequential, incidental, punitive or similar damages. The Executive expressly acknowledges that the payments and other rights under this Article V shall be the sole monies or other rights to which the Executive shall be entitled to and such payments and rights will be in lieu of any other rights or remedies he might have or otherwise be entitled to. In the event of any termination under this Article V, the Executive hereby expressly waives any rights to any other amounts, benefits or other rights, including without limitation whether arising under current or future compensation or severance or similar plans, agreements or arrangements of any member of the Parent Group (including as a result of changes in (or of) control or similar transactions), unless Executive's entitlement to participate or receive benefits thereunder has been expressly approved by the Board. Similarly, no one in the Parent Group shall have any further liability or obligation to the Executive following the date of termination, except as expressly provided in this Agreement.

5.8 No Right to Set Off. The Company shall not be entitled to set off against amounts payable to the Executive hereunder any amounts earned by the Executive in other employment, or otherwise, after termination of his employment with the Company, or any amounts which might have been earned by the Executive in other employment had he sought such other employment.

5.9 Adjustments Due to Excise Tax.

(a) If it is determined that any amount or benefit to be paid or payable to the Executive under this Agreement or otherwise in conjunction with his employment (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise in conjunction with his employment) would give rise to liability of the Executive for the excise tax imposed by Section 4999 of the Code, as amended from time to time, or any successor provision (the "Excise Tax"), then the amount or benefits payable to the Executive (the total value of such amounts or benefits, the "Payments") shall be reduced by the Company so that no portion of the Payments to the Executive is subject to the Excise Tax. The Company shall reduce or eliminate the Payments by first reducing or eliminating any cash payments (with the payments to be made furthest in the future being reduced first), then by reducing or eliminating any accelerated vesting of options, then by reducing or eliminating any accelerated vesting of restricted stock, then by reducing or eliminating any other remaining Payments. Such reduction shall only be made if the net amount of the Payments, as so reduced (and after deduction of applicable federal, state, and local income and payroll taxes on such reduced Payments other than the Excise Tax (collectively, the "Deductions")) is greater than the excess of (1) the net amount of the Payments, without reduction (but after making the Deductions) over (2) the amount of Excise Tax to which the Executive would be subject in respect of such Payments.

(b) In the event it is determined that the Excise Tax may be imposed on the Executive prior to the possibility of any reductions being made pursuant to Section 5.9(a), the Company and the Executive agree to take such actions as they may mutually agree in writing to take to avoid any such reductions being made or, if such reduction is not otherwise required by Section 5.9(a), to reduce the amount of Excise Tax imposed.

(c) The independent public accounting firm serving as the Company's auditing firm, or such other accounting firm, law firm or professional consulting services provider of national reputation and experience reasonably acceptable to the Company and Executive (the "Accountants") shall make in writing in good faith all calculations and determinations under this Section 5.9, including the assumptions to be used in arriving at any calculations. For purposes of making the calculations and determinations under this Section 5.9, the Accountants and each other party may make reasonable assumptions and approximations concerning the application of Section 280G and Section 4999. The Company and Executive shall furnish to the Accountants and each other such information and documents as the Accountants and each other may reasonably request to make the calculations and determinations under this Section 5.9. The Company shall bear all costs the Accountants incur in connection with any calculations contemplated hereby.

VI. PROTECTIVE PROVISIONS

6.1 Noncompetition. Without the prior written consent of the Board (which may be withheld in the Board's sole discretion), so long as the Executive is an employee of the Company or any other member of the Parent Group and for a twelve-month period thereafter, the Executive agrees that he shall not anywhere in the Prohibited Area, for his own account or the benefit of any other, engage or participate in or assist or otherwise be connected with a Competing Business. For the avoidance of doubt, the Executive understands that this Section 6.1 prohibits the Executive from acting for himself or as an officer, employee, manager, operator, principal, owner, partner, shareholder, advisor, consultant of, or lender to, any individual or other Person that is engaged or participates in or carries out a Competing Business or is actively planning or preparing to enter into a Competing Business. The parties agree that such prohibition shall not apply to the Executive's passive ownership of not more than 5% of a publicly-traded company.

6.2 No Solicitation or Interference. So long as the Executive is an employee of the Company or any other member of the Parent Group (other than while an employee acting solely for the express benefit of the Parent Group) and for a twelve-month period thereafter, the Executive shall not, whether for his own account or for the account or benefit of any other Person, throughout the Prohibited Area:

(a) request, induce or attempt to influence (i) any customer of any member of the Parent Group to limit, curtail, cancel or terminate any business it transacts with, or products or services it receives from or sells to, or (ii) any Person employed by (or otherwise engaged in providing services for or on behalf of) any member of the Parent Group to limit, curtail, cancel or terminate any employment, consulting or other service arrangement, with any member of the Parent Group. Such prohibition shall expressly extend to any hiring or enticing away (or any attempt to hire or entice away) any employee or consultant of the Parent Group.

(b) solicit from or sell to any customer any products or services that any member of the Parent Group provides or is capable of providing to such customer and that are the same as or substantially similar to the products or services that any member of the Parent Group, sold or provided while the Executive was employed with, or providing services to, any member of the Parent Group.

(c) contact or solicit any customer for the purpose of discussing (i) services or products that are competitive with and the same or closely similar to those offered by any member of the Parent Group or (ii) any past or present business of any member of the Parent Group.

(d) request, induce or attempt to influence any supplier, distributor or other Person with which any member of the Parent Group has a business relationship or to limit, curtail, cancel or terminate any business it transacts with any member of the Parent Group.

(e) otherwise interfere with the relationship of any member of the Parent Group with any Person which is, or within one-year prior to the Executive's date of termination was, doing business with, employed by or otherwise engaged in performing services for, any member of the Parent Group.

The twelve-month post-termination employment period described herein and in Section 6.1 shall be extended to eighteen months in the event of a termination described in Section 5.3.

6.3 Confidential Information. During the period of the Executive's employment with the Company or any member of the Parent Group and at all times thereafter, the Executive shall hold in secrecy for the Company all Confidential Information that may come to his knowledge, may have come to his attention or may have come into his possession or control while employed by the Company (or otherwise performing services for any member of the Parent Group). Notwithstanding the preceding sentence, the Executive shall not be required to maintain the confidentiality of any Confidential Information which (a) is or becomes available to the public or others in the industry generally (other than as a result of disclosure or inappropriate use, or caused, by the Executive in violation of this Section 6.3) or (b) the Executive is compelled to disclose under any applicable laws, regulations or directives of any government agency, tribunal or authority having jurisdiction in the matter or under subpoena. Except as expressly required in the performance of his duties to the Company under this Agreement, the Executive shall not use for his own benefit or disclose (or permit or cause the disclosure of) to any Person, directly or indirectly, any Confidential Information unless such use or disclosure has been specifically authorized in writing by the Company in advance. During the Executive's employment and as necessary to perform his duties under Section 1.2, the Company will provide and grant the Executive access to the Confidential Information. The Executive recognizes that any Confidential Information is of a highly competitive value, will include Confidential Information not previously provided the Executive and that the Confidential Information could be used to the competitive and financial detriment of any member of the Parent Group if misused or disclosed by the Executive. The Company promises to provide access to the Confidential Information only in exchange for the Executive's promises contained herein, expressly including the covenants in Sections 6.1, 6.2 and 6.4.

6.4 Inventions

(a) The Executive shall promptly and fully disclose to the Company any and all ideas, improvements, discoveries and inventions, whether or not they are believed to be patentable (“Inventions”), that the Executive conceives of or first actually reduces to practice, either solely or jointly with others, during the Executive’s employment with the Company or any other member of the Parent Group, and that relate to the business now or thereafter carried on or contemplated by any member of the Parent Group or that result from any work performed by the Executive for any member of the Parent Group.

(b) The Executive acknowledges and agrees that all Inventions shall be the sole and exclusive property of the Company (or member of the Parent Group) and are hereby assigned to the Company (or applicable member of the Parent Group). During the term of the Executive’s employment with the Company (or any other member of the Parent Group) and thereafter, whenever requested to do so by the Company, the Executive shall take such action as may be requested to execute and assign any and all applications, assignments and other instruments that the Company shall deem necessary or appropriate in order to apply for and obtain Letters Patent of the United States and/or of any foreign countries for such Inventions and in order to assign and convey to the Company (or any other member of the Parent Group) or their nominees the sole and exclusive right, title and interest in and to such Inventions.

(c) The Company acknowledges and agrees that the provisions of this Section 6.4 do not apply to an Invention: (i) for which no equipment, supplies, or facility of any member of the Parent Group or Confidential Information was used; (ii) that was developed entirely on the Executive’s own time and does not involve the use of Confidential Information; (iii) that does not relate directly to the business of any member of the Parent Group or to the actual or demonstrably anticipated research or development of any member of the Parent Group; and (iv) that does not result from any work performed by the Executive for any member of the Parent Group.

6.5 Return of Documents and Property. Upon termination of the Executive’s employment for any reason, the Executive (or his heirs or personal representatives) shall immediately deliver to the Company (a) all documents and materials containing Confidential Information (including without limitation any “soft” copies or computerized or electronic versions thereof) or otherwise containing information relating to the business and affairs of any member of the Parent Group (whether or not confidential), and (b) all other documents, materials and other property belonging to any member of the Parent Group that are in the possession or under the control of the Executive.

6.6 Reasonableness; Remedies. The Executive acknowledges that each of the restrictions set forth in this Article VI are reasonable and necessary for the protection of the Company’s business and opportunities (and those of the Parent Group) and that a breach of any of the covenants contained in this Article VI would result in material irreparable injury to the Company and the other members of the Parent Group for which there is no adequate remedy at law and that it will not be possible to measure damages for such injuries precisely. Accordingly, the Company and any member of the Parent Group shall be entitled to the remedies of injunction and specific performance, or either of such remedies, as well as all other remedies to which any member of the Parent Group may be entitled, at law, in equity or otherwise, without the need for the posting of a bond or by the posting of the minimum bond that may otherwise be required by law or court order.

6.7 Extension; Survival. The Executive and the Company agree that the time periods identified in this Article VI will be stayed, and the Company’s obligation to make any payments or provide any benefits under Article V shall be suspended, during the period of any breach or violation by the Executive of the covenants contained herein. The parties further agree that this Article VI shall survive the termination or expiration of this Agreement for any reason. The Executive acknowledges that his agreement to each of the provisions of this Article VI is fundamental to the Company’s willingness to enter into this Agreement and for it to provide for the severance and other benefits described in Article V, none of which the Company was required to do prior to the date hereof. Further, it is the express intent and desire of the parties for each provision of this Article VI to be enforced to the fullest extent permitted by law. If any part of this Article VI, or any provision hereof, is deemed illegal, void, unenforceable or overly broad (including as to time, scope and geography), the parties express desire is that such provision be reformed to the fullest extent possible to ensure its enforceability or if such reformation is deemed impossible then such provision shall be severed from this Agreement, but the remainder of this Agreement (expressly including the other provisions of this Article VI) shall remain in full force and effect.

VII. MISCELLANEOUS

7.1 Notices. Any notice required or permitted under this Agreement shall be given in writing and shall be deemed to have been effectively made or given if personally delivered, or if sent via U.S. mail or recognized overnight delivery service or sent via confirmed e-mail or facsimile to the other party at its address set forth below in this Section 7.1, or at such other address as such party may designate by written notice to the other party hereto. Any effective notice hereunder shall be deemed given on the date personally delivered, three business days after mailed via U.S. mail or one business day after it is sent via overnight delivery service or via confirmed e-mail or facsimile, as the case may be, to the following address:

If to the Company:

Orthofix Inc.

Attn: Senior Vice President, General Counsel and
Corporate Secretary
3451 Plano Pkwy
Lewisville, TX 75056
Facsimile: 704-948-2690
E-mail: JeffSchumm@orthofix.com

With a copy which shall not constitute notice to:

Hogan Lovells US LLP
555 Thirteenth Street, N.W.
Washington, D.C. 20004
Facsimile: (202) 637-5910
Email: joseph.gilligan@hoganlovells.com

If to the Executive:

At the most recent address on file with the Company

7.2 Legal Fees.

(a) The Company shall pay all reasonable legal fees and expenses of the Executive's counsel in connection with the preparation and negotiation of this Agreement.

(b) The parties hereto agree that any dispute or controversy arising under or in connection with this Agreement shall be resolved exclusively and finally by binding arbitration in Lewisville, Texas, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction. The Company shall be responsible for its own fees, costs and expenses and shall pay to the Executive an amount equal to all reasonable attorneys' and related fees, costs and expenses incurred by the Executive in connection with such arbitration if the arbitrator determines that the Executive prevailed on a material issue of the arbitration. If there is any dispute between the Company and the Executive as to the payment of such fees and expenses, the arbitrator shall resolve such dispute, which resolution shall also be final and binding on the parties, and as to such dispute only the burden of proof shall be on the Company.

7.3 Severability. If an arbitrator or a court of competent jurisdiction determines that any term or provision hereof is void, invalid or otherwise unenforceable, (a) the remaining terms and provision hereof shall be unimpaired and (b) such arbitrator or court shall replace such void, invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the void, invalid or unenforceable term or provision. For the avoidance of doubt, the parties expressly intend that this provision extend to Article VI of this Agreement.

7.4 Entire Agreement. This Agreement represents the entire agreement of the parties with respect to the subject matter hereof and shall supersede any and all previous contracts, arrangements or understandings between the Company, the Parent and the Executive relating to the Executive's employment by the Company. Nothing in this Agreement shall modify or alter any indemnity agreement between Parent and the Executive or alter or impair any of the Executive's rights under the Plans or related award

agreements. In the event of any conflict between this Agreement and any other agreement between the Executive and the Company (or any other member of the Parent Group), this Agreement shall control.

7.5 Amendment; Modification. Except for increases in Base Salary, and adjustments with respect to Incentive Compensation, made as provided in Article II, this Agreement may be amended at any time only by mutual written agreement of the Executive and the Company; provided, however, that, notwithstanding any other provision of this Agreement or the Plans (or any award documents under the Plans), the Company may reform this Agreement, the Plans (or any award documents under the Plans) or any provision thereof (including, without limitation, an amendment instituting a six-month waiting period before a distribution) or otherwise as contemplated by Section 7.16 below.

7.6 Withholding. The Company shall be entitled to withhold, deduct or collect or cause to be withheld, deducted or collected from payment any amount of withholding taxes required by law, statutory deductions or collections with respect to payments made to the Executive in connection with his employment, termination (including Article V) or his rights hereunder, including as it relates to stock-based compensation.

7.7 Representations.

(a) The Executive hereby represents and warrants to the Company that (i) the execution, delivery and performance of this Agreement by the Executive do not and shall not conflict with, breach, violate or cause a default under any contract, agreement, instrument, order, judgment or decree to which the Executive is a party or by which he is bound, and (ii) upon the execution and delivery of this Agreement by the Company, this Agreement shall be the valid and binding obligation of the Executive, enforceable in accordance with its terms. The Executive hereby acknowledges and represents that he has consulted with legal counsel regarding his rights and obligations under this Agreement and that he fully understands the terms and conditions contained herein.

(b) The Company hereby represents and warrants to the Executive that (i) the execution, delivery and performance of this Agreement by the Company do not and shall not conflict with, breach, violate or cause a default under any material contract, agreement, instrument, order, judgment or decree to which the Company is a party or by which it is bound and (ii) upon the execution and delivery of this Agreement by the Executive, this Agreement shall be the valid and binding obligation of the Company, enforceable in accordance with its terms.

7.8 Governing Law; Jurisdiction. This Agreement shall be construed, interpreted, and in accordance with the laws of the State of Texas without regard to any provision of that State's rules on the conflicts of law that might make applicable the law of a jurisdiction other than that of the State of Texas. Except as otherwise provided in Section 7.2, all actions or proceedings arising out of this Agreement shall exclusively be heard and determined in state or federal courts in the State of Texas having appropriate jurisdiction. The parties expressly consent to the exclusive jurisdiction of such courts in any such action or proceeding and waive any objection to venue laid therein or any claim for forum nonconveniens.

7.9 Successors. This Agreement shall be binding upon and inure to the benefit of, and shall be enforceable by the Executive, the Company, and their respective heirs, executors, administrators, legal representatives, successors, and assigns. In the event of a Business Combination (as defined in clause (iii) of Change of Control), the provisions of this Agreement shall be binding upon and inure to the benefit of the parent or entity resulting from such Business Combination or to which the assets shall be sold or transferred, which entity from and after the date of such Business Combination shall be deemed to be the Company for purposes of this Agreement. In the event of any other assignment of this Agreement by the Company, the Company shall remain primarily liable for its obligations hereunder; provided, however, that if the Company is financially unable to meet its obligations hereunder, the Parent shall assume responsibility for the Company's obligations hereunder pursuant to the guaranty provision following the signature page hereof. The Executive expressly acknowledges that the Parent and other members of the Parent Group (and their successors and assigns) are third party beneficiaries of this Agreement and may enforce this Agreement on behalf of themselves or the Company. Both parties agree that there are no third party beneficiaries to this Agreement other than as expressly set forth in this Section 7.9.

7.10 Nonassignability. Neither this Agreement nor any right or interest hereunder shall be assignable by the Executive, his beneficiaries, dependents or legal representatives without the Company's prior written consent; provided, however, that nothing in this Section 7.10 shall preclude (a) the Executive from designating a beneficiary to receive any benefit payable hereunder upon his death or (b) the executors, administrators or other legal representatives of the Executive or his estate from assigning any rights hereunder to the Person(s) entitled thereto.

7.11 No Attachment. Except as required by law, no right to receive payments under this Agreement shall be subject to anticipation, commutation, alienation, sale, assignment, encumbrance, charge, pledge or hypothecation in favor of any third party, or to execution, attachment, levy or similar process or assignment by operation of law in favor of any third party, and any attempt, voluntary or involuntary, to effect any such action shall be null, void and of no effect.

7.12 Waiver. No term or condition of this Agreement shall be deemed to have been waived, nor there be any estoppel against the enforcement of any provision of this Agreement, except by written instrument of the party charged with such waiver or estoppel. No such written waiver shall be deemed a continuing waiver unless specifically stated therein, and each such waiver shall operate only as to the specific term or condition waived and shall not constitute a waiver of such term or condition for the future or as to any act other than that specifically waived.

7.13 Construction. The headings of articles or sections herein are included solely for convenience of reference and shall not control the meaning or interpretation of any of the provisions of this Agreement. References to days found herein shall be actual calendar days and not business days unless expressly provided otherwise.

7.14 Counterparts. This Agreement may be executed by any of the parties hereto in counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

7.15 Effectiveness. This Agreement shall be effective as of the Effective Date when signed by the Executive and the Company.

7.16 Code Section 409A.

(a) It is the intent of the parties that payments and benefits under this Agreement comply with Section 409A and, accordingly, to interpret, to the maximum extent permitted, this Agreement to be in compliance therewith. If the Executive notifies the Company in writing (with specificity as to the reason therefore) that the Executive believes that any provision of this Agreement (or of any award of compensation, including equity compensation or benefits) would cause the Executive to incur any additional tax or interest under Section 409A and the Company concurs with such belief or the Company (without any obligation whatsoever to do so) independently makes such determination, the parties shall, in good faith, reform such provision to try to comply with Code Section 409A through good faith modifications to the minimum extent reasonably appropriate to conform with Code Section 409A. To the extent that any provision hereof is modified by the parties to try to comply with Code Section 409A, such modification shall be made in good faith and shall, to the maximum extent reasonably possible, maintain the original intent of the applicable provision without violating the provisions of Code Section 409A. Notwithstanding the foregoing, the Company shall not be required to assume any economic burden in connection therewith.

(b) If the Executive is deemed on the date of “separation from service” to be a “specified employee” within the meaning of that term under Section 409A(a)(2)(B), then, with regard to any payment or the provision of any benefit that is specified as subject to this Section, such payment or benefit shall, if required to avoid the imposition of additional tax or interest under Section 409A, be made or provided at the date which is the earlier of (A) the expiration of the six (6)-month period measured from the date of such “separation from service” of the Executive, and (B) the date of the Executive’s death (the “Delay Period”). Upon the expiration of the Delay Period, all payments and benefits delayed pursuant to this Section 7.16 (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid or reimbursed to the Executive in a lump sum, and any remaining payments and benefits due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein. If a payment is to be made promptly after a date, it shall be made within sixty (60) days thereafter.

(c) Any expense reimbursement under this Agreement shall be made promptly upon Executive’s presentation to the Company of evidence of the fees and expenses incurred by the Executive and in all events on or before the last day of the taxable year following the taxable year in which such expense was incurred by the Executive, and no such reimbursement or the amount of expenses eligible for reimbursement in any taxable year shall in any way affect the expenses eligible for reimbursement in any other taxable year.

7.17 Survival. As provided in Section 1.3 with respect to expiration of the Term, Articles VI and VII shall survive the termination or expiration of this Agreement for any reason.

IN WITNESS WHEREOF , the parties have executed this Agreement as of the Effective Date.

ORTHOFIX INC.

EXECUTIVE

/s/ Bradley R. Mason

/s/ Raymond Fujikawa

Name: Bradley R. Mason

Raymond Fujikawa, an individual

Title: Chief Executive Officer

Guaranty by Parent

Parent (Orthofix International N.V.) is not a party to this Agreement, but joins in this Agreement for the sole purpose of guaranteeing the obligations of the Company to pay, provide, or reimburse the Executive for all cash or other benefits provided for in this Agreement, including the provision of all benefits in the form of, or related to, securities of Parent and to elect or appoint Executive to the positions with Parent and provide Executive with the authority relating thereto as contemplated by Section 1.1 of this Agreement, and to ensure the Board will take the actions required of it hereby.

ORTHOFIX INTERNATIONAL N.V.

/s/ Bradley R. Mason

Name: Bradley R. Mason

Title: President and Chief Executive Officer

EXHIBIT A

Definitions

For purposes of this Agreement, the following capitalized terms have the meanings set forth below:

“**Base Amount**” shall mean an amount equal to the sum of:

(i) the Executive’s annual base salary at the highest annual rate in effect at any time during the Term; and

(ii) the lower of (i) the Executive’s target bonus under Section 2.3 in effect during the fiscal year in which termination of employment occurs, or (ii) the average of the Incentive Compensation (as defined in Section 2.3) actually earned by the Executive (A) with respect to the two consecutive annual Incentive Compensation periods ending immediately prior to the year in which termination of the Executive’s employment with the Company occurs (which for purposes of the 2011 and 2012 calendar years, shall be deemed under this (ii)(A) to be the amount of the Executive’s target incentive bonus for 2013, and which for purposes of 2013, shall be deemed under this (ii)(A) to be the Executive’s actually earned 2013 incentive plan bonus as if such bonus were not prorated to reflect his employment for a period of less than 365 days during the 2013 calendar year) or, (B) if greater, with respect to the two consecutive annual Incentive Compensation periods ending immediately prior to the Change of Control Date or the Potential Change of Control Date.

“**Board**” shall mean the Board of Directors of Parent. Any obligation of the Board other than termination for Cause under this Agreement may be delegated to an appropriate committee of the Board, including its compensation committee, and references to the Board herein shall be references to any such committee, as appropriate.

“**Cause**” shall mean termination of the Executive’s employment because of the Executive’s: (i) involvement in fraud, misappropriation or embezzlement related to the business or property of the Company; (ii) conviction for, or guilty plea to, or plea of nolo contendere to, a felony or crime of similar gravity in the jurisdiction in which such conviction or guilty plea occurs; (iii) intentional wrongful disclosure of Confidential Information or other intentional wrongful violation of Article VI; (iv) willful and continued failure by the Executive to follow the reasonable instructions of the Board or Chief Executive Officer; (v) willful commission by the Executive of acts that are dishonest and demonstrably and materially injurious to a member of the Parent Group, monetarily or otherwise; (vi) willful or material violation of, or willful or material noncompliance with, any securities law, rule or regulation or stock exchange listing rule adversely affecting the Parent Group including without limitation (a) if the Executive has undertaken to provide any certification or related back-up material required for the chief and principal executive and financial officers to provide a certification required under the Sarbanes-Oxley Act of 2002, including the rules and regulations promulgated thereunder (the “Sarbanes-Oxley Act”), and he willfully or materially fails to take reasonable and appropriate steps to determine whether or not the certificate or related back-up material was accurate or otherwise in compliance with the requirements of the Sarbanes-Oxley Act or (b) the Executive’s willful or material failure to establish and administer effective systems and controls applicable to his area of responsibility necessary for the Parent to timely and accurately file reports pursuant to Section 13 or 15(d) of the Exchange Act. No act or omission shall be deemed willful or material for purposes of this definition if taken or omitted to be taken by Executive in a good faith belief that such act or omission to act was in the best interests of the Parent Group or if done at the express direction of the Board.

“**Change of Control**” shall occur upon any of the following events:

(i) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act), in any individual transaction or series of related transactions, of 50% or more of either (A) the then outstanding shares of common stock of Parent (the “Outstanding Common Stock”) or (B) the combined voting power of the then outstanding voting securities of Parent entitled to vote generally in the election of directors (the “Outstanding Voting Securities”); excluding, however, the following: (1) any acquisition directly from Parent, other than an acquisition by virtue of the exercise of a conversion privilege unless the security being so converted was itself acquired directly from Parent; (2) any acquisition by Parent; (3) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by Parent or any entity controlled by Parent; or (4) any acquisition pursuant to a transaction which complies with clauses (A), (B) and (C) of subsection (iii) of this definition of Change of Control;

(ii) a change in the composition of the Board such that the individuals who as of the Effective Date constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; provided, however, for purposes of this paragraph, that any individual who becomes a member of the Board subsequent to the Effective Date, whose appointment, election, or nomination for election by Parent’s shareholders was approved by a vote of at least a majority of those individuals

who are members of the Board and who were also members of the Incumbent Board (or deemed to be such pursuant to this proviso) shall be considered as though such individual were a member of the Incumbent Board; but provided further that any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board shall not be so considered as a member of the Incumbent Board;

(iii) consummation of a reorganization, merger, consolidation or other business combination or the sale or other disposition of all or substantially all of the assets of Parent (including assets that are shares held by Parent in its subsidiaries) (any such transaction, a “Business Combination”); expressly excluding, however, any such Business Combination pursuant to which all of the following conditions are met: (A) all or substantially all of the Person(s) who are the beneficial owners of the Outstanding Common Stock and Outstanding Voting Securities, respectively, immediately prior to such Business Combination will beneficially own, directly or indirectly, more than 50% of, respectively, the outstanding shares of common stock, and the combined voting power of the outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity which as a result of such transaction owns Parent or all or substantially all of Parent’s assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Outstanding Common Stock and Outstanding Voting Securities, as the case may be, (B) no Person (other than Parent, any employee benefit plan (or related trust) of Parent or such entity resulting from such Business Combination) will beneficially own, directly or indirectly, 50% or more of, respectively, the outstanding shares of common stock of the entity resulting from such Business Combination or the combined voting power of the outstanding voting securities of such entity entitled to vote generally in the election of directors except to the extent that such ownership existed prior to the Business Combination, and (C) individuals who were members of the Incumbent Board will constitute at least a majority of the members of the board of directors of the entity resulting from such Business Combination;

(iv) the approval by the shareholders of Parent of a complete liquidation or dissolution of Parent;

(v) the Parent Group (or any of them) shall sell or dispose of, in a single transaction or series of related transactions, business operations that generated two-thirds of the consolidated revenues of the Parent Group (determined on the basis of Parent’s four most recently completed fiscal quarters for which reports have been filed under the Exchange Act) and such disposal shall not be exempted pursuant to clause (iii) of this definition of Change of Control;

(vi) Parent files a report or proxy statement with the Securities and Exchange Commission pursuant to the Exchange Act disclosing in response to Form 8-K or Schedule 14A (or any successor schedule, form or report or item therein) that a change of control of Parent has or may have occurred or will or may occur in the future pursuant to any then-existing agreement or transaction; notwithstanding the foregoing, unless determined in a specific case by a majority vote of the Board, a “Change of Control” shall not be deemed to have occurred solely because: (A) an entity in which Parent directly or indirectly beneficially owns 50% or more of the voting securities, or any Parent-sponsored employee stock ownership plan, or any other employee plan of Parent or the Company, either files or becomes obligated to file a report or a proxy statement under or in response to Schedule 13D, Schedule 14D-1, Form 8-K or Schedule 14A (or any successor schedule, form or report or item therein) under the Exchange Act, disclosing beneficial ownership by form or report or item therein, disclosing beneficial ownership by it of shares of stock of Parent, or because Parent reports that a change of control of Parent has or may have occurred or will or may occur in the future by reason of such beneficial ownership or (B) any Parent-sponsored employee stock ownership plan, or any other employee plan of Parent or the Company, either files or becomes obligated to file a report or a proxy statement under or in response to Schedule 130, Schedule 140-I, Form 8-K or Schedule 14A (or any successor schedule, form or report or item therein) under the Exchange Act, disclosing beneficial ownership by form or report or item therein, disclosing beneficial ownership by it of shares of stock of Parent, or because Parent reports that a change of control of Parent has or may have occurred or will or may occur in the future by reason of such beneficial ownership; or

(vii) any other transaction or series of related transactions occur that have substantially the effect of the transactions specified in any of the preceding clauses in this definition.

Notwithstanding the above definition of Change of Control, the Board, in its sole discretion, may determine that a Change of Control has occurred for purposes of this Agreement, even if the events giving rise to such Change of Control are not expressly described in the above definition.

“**Change of Control Date**” shall mean the date on which a Change of Control occurs.

“ **Change of Control Period** ” shall mean the 24 month period commencing on the Change of Control Date; provided, however, if the Company terminates the Executive ’ s employment with the Company prior to the Change of Control Date but on or after a Potential Change of Control Date, and it is reasonably demonstrated that the Executive ’ s (i) employment was terminated at the request of an unaffiliated third party who has taken steps reasonably calculated to effect a Change of Control or (ii) termination of employment otherwise arose in connection with or in anticipation of the Change of Control, then the “ **Change of Control Period** ” shall mean the 24 month period beginning on the date immediately prior to the date of the Executive ’ s termination of employment with the Company.

“ **Code** ” shall mean the Internal Revenue Code of 1986, as amended.

“ **Competing Business** ” means any business or activity that (i) competes with any member of the Parent Group for which the Executive performed services or the Executive was involved in for purposes of making strategic or other material business decisions and involves (ii) (A) the same or substantially similar types of products or services (individually or collectively) manufactured, marketed or sold by any member of the Parent Group during Term or (B) products or services so similar in nature to that of any member of the Parent Group during Term (or that any member of the Parent Group will soon thereafter offer) that they would be reasonably likely to displace substantial business opportunities or customers of the Parent Group.

“ **Confidential Information** ” shall include Trade Secrets and includes information acquired by the Executive in the course and scope of his activities under this Agreement, including information acquired from third parties, that (i) is not generally known or disseminated outside the Parent Group (such as non-public information), (ii) is designated or marked by any member of the Parent Group as “confidential” or reasonably should be considered confidential or proprietary, or (iii) any member of the Parent Group indicates through its policies, procedures, or other instructions should not be disclosed to anyone outside the Parent Group. Without limiting the foregoing definitions, some examples of Confidential Information under this Agreement include (a) matters of a technical nature, such as scientific, trade or engineering secrets, “know-how”, formulae, secret processes, inventions, and research and development plans or projects regarding existing and prospective customers and products or services, (b) information about costs, profits, markets, sales, customer lists, customer needs, customer preferences and customer purchasing histories, supplier lists, internal financial data, personnel evaluations, non-public information about medical devices or products of any member of the Parent Group (including future plans about them), information and material provided by third parties in confidence and/or with nondisclosure restrictions, computer access passwords, and internal market studies or surveys and (c) and any other information or matters of a similar nature.

“ **Disability** ” as used in this Agreement shall have the meaning given that term by any disability insurance the Company carries at the time of termination that would apply to the Executive. Otherwise, the term “ **Disability** ” shall mean the inability of the Executive to perform his duties and responsibilities under this Agreement as a result of a physical or mental illness, disease or personal injury he has incurred. Any dispute as to whether or not the Executive has a “ **Disability** ” for purposes of this Agreement shall be resolved by a physician reasonably satisfactory to the Board and the Executive (or his legal representative, if applicable). If the Board and the Executive (or his legal representative, if applicable) are unable to agree on a physician, then each shall select one physician and those two physicians shall pick a third physician and the determination of such third physician shall be binding on the parties.

“ **Exchange Act** ” shall mean the Securities Exchange Act of 1934, as amended.

“ **Good Reason** ” shall mean the occurrence of any of the following without the written consent of the Executive: (1) the assignment to the Executive of any duties materially inconsistent in any respect with the Executive’s position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 1 of this Agreement, or any other action by the Company which results in a material diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive; (2) the Company’s material reduction of the Executive’s Base Salary or bonus opportunity, each as in effect on the date hereof or as the same may be increased from time to time; (3) the relocation of the Company’s offices at which the Executive is principally employed (the “ **Principal Location** ”) to a location more than thirty (30) miles from such location, or the Company’s requiring the Executive to be based at a location more than thirty (30) miles from the Principal Location, except for required travel on the Company’s business to an extent substantially consistent with the Executive’s present business travel obligations; (4) the Company’s failure to obtain a satisfactory agreement from any successor entity to assume and agree to perform this Agreement; or (5) any material breach of this Agreement or any other material agreement with the Executive by the Company or any successor entity.

“ **Parent** ” shall mean Orthofix International N.V., an entity organized under the laws of Curacao.

“ **Parent Group** ” shall mean Parent, together with its subsidiaries including the Company.

“ **Person** ” shall include individuals or entities such as corporations, partnerships, companies, firms, business organizations or enterprises, and governmental or quasi governmental bodies.

“ **Potential Change of Control** ” shall mean the earliest to occur of: (i) the date on which Parent executes an agreement or letter of intent, the consummation of the transactions described in which would result in the occurrence of a Change of Control or (ii) the date on which the Board approves a transaction or series of transactions, the consummation of which would result in a Change of Control, and ending when, in the opinion of the Board, the Parent (or the Company) or the respective third party has abandoned or terminated any Potential Change of Control.

“ **Potential Change of Control Date** ” shall mean the date on which a Potential Change of Control occurs; provided, however, such date shall become null and void when, in the opinion of the Board, the Parent (or the Company) or the respective third party has abandoned or terminated any Potential Change of Control.

“ **Prohibited Area** ” means North America, South America and the European Union, which Prohibited Area the parties have agreed to as a result of the fact that those are the geographic areas in which the members of the Parent Group conduct a preponderance of their business and in which the Executive provides substantive services to the benefit of the Parent Group.

“ **Section 409A** ” shall mean Section 409A of the Code and regulations promulgated thereunder (and any similar or successor federal or state statute or regulations).

“ **Trade Secrets** ” are information of special value, not generally known to the public that any member of the Parent Group has taken steps to maintain as secret from Persons other than those selected by any member of the Parent Group.

EXHIBIT B

RELEASE

In exchange for the consideration set forth in the Employment Agreement, entered into and effective as of August 1, 2013, by and among Orthofix Inc. (the “Company”) and myself (the “Employment Agreement”), the respective terms of which are incorporated herein by reference, I, Raymond Fujikawa, am entering into this Release (this “Release”) for good and valuable consideration as required by the Employment Agreement, and agree as follows:

1. GENERAL RELEASE.

(a) On behalf of myself, my heirs, executors, successors and assigns, I and unconditionally release, waive and forever discharge the Company, its members, divisions, subsidiaries, affiliates and related companies, including the Company Group (as defined below), or any member of the Company Group, and their present and former agents, employees, officers, directors, attorneys, stockholders, plan fiduciaries, successors and assigns (collectively, the “Releasees”), from any and all claims, demands, actions, causes of action, costs, fees and all liability whatsoever, whether known or unknown, fixed or contingent, suspected or unsuspected (collectively, “Claims”), which I had, have, or may have against Releasees relating to or arising out of my employment by or separation from the Company and its direct and indirect subsidiaries and parents, including, without limitation, Orthofix International N.V. (collectively, the “Company Group”), up to and including the date of execution of this Release, other than my right to receive the severance payments and other benefits and consideration described in the Employment Agreement. This Release includes, without limitation: (i) claims at law or equity or sounding in contract (express or implied) or tort; (ii) claims arising under any federal, state or local laws of any jurisdiction that prohibit age, sex, race, national origin, color, disability, religion, veteran or military status, sexual orientation or any other form of discrimination, harassment or retaliation (including, without limitation, the Civil Rights Act of 1866, the Age Discrimination in Employment Act, the Older Workers Benefit Protection Act, the Americans with Disabilities Act, Title VII of the 1964 Civil Rights Act, the Civil Rights Act of 1991, the Rehabilitation Act, the Family and Medical Leave Act, the Sarbanes-Oxley Act, the Employee Polygraph Protection Act, the Uniformed Services Employment and Reemployment Rights Act of 1994, the Unruh Civil Rights Act, or any other federal, state or local laws, regulations and ordinances governing discrimination, harassment or retaliation in employment; and the right to bring demands, complaints, causes of action, and claims under any other federal, state, local or common law, statute, regulation or decision); (iii) claims arising under the Employee Retirement Income Security Act; or (iv) any other statutory or common law claims related to my employment with the Company or my separation from the Company. I further covenant not to sue any of the Releasees with respect to any matters released hereby.

(b) This release does not include a release or waiver of any rights or claims I have, or might subsequently have in my capacity as a stockholder of Orthofix International N.V. In addition, this Release shall not release the Company from its continuing obligation to honor the terms of the Employment Agreement. However, this Release shall remain in full force and effect regardless of any claim by me that the Company failed to honor the terms of the Employment Agreement. In the event of any such dispute, my sole remedy against the Company shall be to enforce the terms of the Employment Agreement. I am also not waiving, and nothing in this Release is intended to waive, any right to coverage under any directors and officers insurance coverage, if any, provided by the Company, the Company Group, or any member of the Company Group, or any right to indemnification or expense advancement under any indemnification agreement, or any applicable Company Group articles of incorporation, bylaws or similar organizational document, if any, in each case, to which I might be entitled. I am also not waiving, and nothing in this Release is intended to waive any claims I may have for unemployment insurance or workers’ compensation benefits, state disability compensation, claims for any vested benefits under any Company-sponsored benefit plan, or any claims that, as a matter of law, may not be released by private agreement. I am also not waiving, and nothing in this Release is intended to waive, any claims relating to the validity or enforceability of this Release; or any non-waivable right to file a charge with the United States Equal Employment Opportunity Commission (the “EEOC”) or the National Labor Relations Board (“NLRB”); provided, however, that I shall not be entitled to recover any monetary damages or to non-monetary relief if the EEOC or NLRB were to pursue any claims relating to my employment with the Company.

EXCEPT AS OUTLINED ABOVE, THIS MEANS THAT, BY SIGNING THIS RELEASE, I WILL WAIVE ANY RIGHT I MAY HAVE HAD TO PURSUE OR BRING A LAWSUIT OR MAKE ANY LEGAL CLAIM AGAINST THE COMPANY OR THE RELEASEES THAT IN ANY WAY ARISES FROM OR RELATES TO MY EMPLOYMENT OR THE TERMINATION OF THAT EMPLOYMENT, UP TO AND INCLUDING THE DATE OF THE EXECUTION OF THIS RELEASE.

(c) I acknowledge that different or additional facts may be discovered in addition to what I now know or believe to be true with respect to the matters herein released, and I agree that this Release shall be and remain in effect in all respects as a complete and final release of the matters released, notwithstanding any such different or additional facts. I represent and warrant that I have not previously filed or joined in any claims against the Company or any of the Releasees, that I have not given or sold any portion of any claims released herein to anyone else, and that I will indemnify and hold harmless the Releasees from all liabilities, claims, demands, costs, expenses and/or attorneys’ fees incurred as a result of any such assignment or transfer.

(d) I acknowledge that I have been given an opportunity of [twenty one (21) / forty five (45)]¹ to consider this Release, but I may voluntarily waive that period by signing it earlier, and I acknowledge that I am being advised herein to consult with legal counsel of my own choosing prior to executing this Release. I understand that for a period ending at the end of the seventh calendar day following my execution of this Release (“ Revocation Period ”) , I shall have the right to revoke this Release by delivering a written notice of revocation to Jeffrey M. Schumm, Orthofix Inc. Senior Vice President, General Counsel and Corporate Secretary, 3451 Plano Pkwy, Lewisville, TX 75056 no later than the end of the seventh calendar day after I sign this Release. I understand and agree that this Release will not be effective and enforceable until after the Revocation Period expires without revocation, and if I elect to exercise this revocation right, this Release shall be voided in its entirety, and the Company shall be relieved of all obligations under this Release and all obligations under the Employment Agreement as provided therein. This Release shall be effective on the eighth calendar day after it is executed by me (“ Effective Date ”) provided it has not been previously revoked as provided herein.

2. I agree not to disclose, publish or use any confidential information of the Company Group, except as the Company directs or authorizes unless required by law to do so. I also agree that I will take all reasonable measures to protect the secrecy of and avoid disclosure and unauthorized use of confidential information of the Company Group, and I will immediately notify the Company in the event of any unauthorized use or disclosure of the Company Group’s confidential information of which I become aware. I agree that the obligations set forth in this paragraph do not supersede, but are in addition to, any previous confidentiality obligations agreed to by me and any member of the Company Group, including those under the Agreement. The confidentiality provisions set forth in this Release are contractual and their terms are material to this Release. In any proceeding brought to enforce or seek damages for the alleged breach of the confidentiality provisions of this Release, the party successfully prosecuting or defending such action shall be entitled to recover from the opposing party its reasonable expenses, including attorneys’ fees.

3. I agree to hold harmless the Releasees, at my sole cost and expense, from and against any claims arising from my breach of this Release (including breaches of my post separation obligations under the Agreement).

4. I agree that I have not made and shall not make, publicly or privately, any critical or negative comments to the media or any significant critical or negative comments to any other person (including future or prospective employees) regarding any of the Releasees.

5. I understand it is my choice whether or not to enter into this Release and that my decision to do so is voluntary and is made knowingly.

6. I represent and acknowledge that in executing this Release, I do not rely, and have not relied, on any communications, statements, inducements or representations, oral or written, by any of the Releasees, except as expressly contained in this Release.

7. I also represent and warrant that, on or before my last date of employment, I will have delivered to the Company (a) all documents and materials containing confidential information (including without limitation any “soft” copies or computerized or electronic versions thereof) or otherwise containing information relating to the business and affairs of any member of the Company Group (whether or not confidential), and (b) all other documents, materials and other property belonging to any member of the Company Group that are or were in my possession or under my control.

8. The Company and I agree that this Release shall be binding on us and our heirs, administrators, representatives, executors, successors and assigns, and shall inure to the benefit of our heirs, administrators, representatives, executors, successors and assigns.

9. This Release shall be interpreted under and governed by the laws of the State of Texas. The Company and I agree that the language of this Release shall in all cases be construed as a whole, according to its fair meaning, and not strictly for or against either party.

10. The Company and I agree that should that any provision of this Release be determined to be illegal or invalid, the validity of the remaining provisions will not be affected and any illegal or invalid provision will be deemed not to be a part of this Release.

11. The Company and I agree that this Release may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall be deemed one and the same instrument.

¹ To be determined at time of termination in accordance with relevant provisions of Age Discrimination in Employment Act.

(Remainder of this page intentionally left blank)

Please read carefully as this document includes a General Release of claims.

As evidenced by my signature below, I certify that I have read the above Release and agree to its terms.

/s/ Raymond Fujikawa
Raymond Fujikawa

Date: 7/16/13

Accepted and Acknowledged:

ORTHOFIX INC.

By: /s/ Bradley R. Mason

Title: PRESIDENT & CEO

Date: 7/19/13

EMPLOYMENT AGREEMENT

This Employment Agreement (the “Agreement”), entered into and effective as of April 15, 2015 (the “Effective Date”), is by and between Orthofix Inc., a Minnesota corporation (the “Company”), and Robert A. Goodwin II, an individual (the “Executive”).

PRELIMINARY STATEMENTS

A. The Company desires to employ the Executive in the position of President, Biologics and the Executive desires to render such services, upon the terms and conditions contained herein.

B. The Executive desires to render such services, upon the terms and conditions contained herein.

C. The Company is a subsidiary of Orthofix International N.V., a corporation organized under the laws of Curacao (the “Parent”) for whom Executive will also perform services as contemplated hereby, and under certain compensation plans of which Executive shall be eligible to receive compensation, and Parent is agreeing to provide such compensation and guarantee the Company’s payment obligations hereunder.

D. Capitalized terms used herein and not otherwise defined have the meaning for them set forth on Exhibit A attached hereto and incorporated herein by reference.

The parties, intending to be legally bound, hereby agree as follows:

I. EMPLOYMENT AND DUTIES

1.1 Duties. The Company hereby employs the Executive as an employee, and the Executive agrees to be employed by the Company, upon the terms and conditions set forth herein. While serving as an employee of the Company, the Executive shall serve as the President, Biologics of the Company, and be appointed to serve as the President, Biologics of the Parent. The Executive shall have such power and authority and perform such duties, functions and responsibilities as are associated with and incident to such positions, and as the Board may from time to time require of him. The Executive also agrees to serve, if elected, as an officer or director of Parent or any other direct or indirect subsidiary of the Parent, in each such case at no compensation in addition to that provided for in this Agreement, but the Executive serves in such positions solely as an accommodation to the Company and such positions shall grant him no rights hereunder (including for purposes of the definition of Good Reason).

1.2 Services. During the Term (as defined in Section 1.3), and excluding any periods of vacation, sick leave or disability, the Executive agrees to devote his full business time, attention and efforts to the business and affairs of the Company. During the Term, it shall not be a violation of this Section 1.2 for the Executive to (a) serve on civic or charitable boards or committees (but not corporate boards), (b) deliver lectures or fulfill speaking engagements or (c) manage personal investments, so long as such activities do not interfere with the performance of the Executive’s responsibilities in accordance with this Agreement. The Executive must request the Board’s prior written consent to serve on a corporate board, which consent shall be at the Board’s reasonable discretion and only so long as such service does not interfere with the performance of his responsibilities hereunder.

1.3 Term of Employment. The term of this Agreement shall commence on the Effective Date and shall continue until 11:59 p.m. Eastern Time on July 1, 2016 (the “Initial Term”) unless sooner terminated or extended as provided hereunder. This Agreement shall automatically renew for additional one-year periods on July 1, 2016 and on each and every July 1 thereafter (each such extension, the “Renewal Term”) unless either party gives the other party written notice of its or his election not to extend such employment at least ninety (90) days prior to the next July 1 renewal date. Further, if a Change of Control occurs during the Initial Term or during any Renewal Term, this Agreement shall automatically be extended for two years only from the Change of Control Date and thereafter shall terminate on the second anniversary of the Change of Control Date in accordance with its terms. The Initial Term, together with any Renewal Term or extension as a result of a Change of Control, are collectively referred to herein as the “Term.” In the event the Executive continues to be employed by the Company (or any other member of the Parent Group) after the Term, unless otherwise agreed by the parties in writing, such continued employment shall be on an at-will, month-to-month basis upon terms agreed upon at such time without regard to the terms and conditions of this Agreement (except as expressly provided herein) and this Agreement shall be deemed terminated at the end of the Term, regardless of whether such employment continues at-will, other than Articles VI and VII, which shall survive the termination or expiration of this Agreement for any reason. For the avoidance of doubt, non-renewal of the Term shall not trigger any of the payments set forth in Section 5.1.

II. COMPENSATION

2.1 General. The base salary and Incentive Compensation (as defined in Section 2.3.) payable to the Executive hereunder, as well as any stock-based compensation, including stock options, stock appreciation rights and restricted stock grants, shall be determined from time to time by the Board and paid pursuant to the Company's customary payroll practices or in accordance with the terms of the applicable Plans (as defined in Section 2.4). The Company shall pay the Executive in cash, in accordance with the normal payroll practices of the Company, the base salary and Incentive Compensation set forth below. For the avoidance of doubt, in providing any compensation payable in stock, the Company may withhold, deduct or collect from the compensation otherwise payable or issuable to the Executive a portion of such compensation to the extent required to comply with applicable tax laws to the extent such withholding is not made or otherwise provided for pursuant to the agreement governing such stock-based compensation.

2.2 Base Salary. The Executive shall be paid an annual base salary of no less than \$300,000 while he is employed by the Company during the Term; provided, however, that nothing shall prohibit the Company from reducing the base salary as part of an overall cost reduction program that affects all senior executives of the Parent Group and does not disproportionately affect the Executive, so long as such reductions do not reduce the base salary to a rate that is less than 90% of the minimum base salary amount set forth above (or, if the minimum base salary amount has been increased during the Term, 90% of such increased amount). The base salary shall be reviewed annually by the Board for increase (but not decrease, except as permitted above) as part of its annual compensation review, and any increased amount shall become the base salary under this Agreement.

2.3 Bonus or other Incentive Compensation. With respect to each fiscal year of the Company during the Term, the Executive shall be eligible to receive annual bonus compensation under the Parent's Executive Annual Incentive Plan or any successor plan (the "Bonus Plan") based on the achievement of goals established by the Board from time to time (the "Goals"). During the Term, the Executive will have a target bonus opportunity under the Bonus Plan of at least 60% of his then-applicable Base Salary and an opportunity to earn a maximum annual bonus of not less than 90% of his thenapplicable Base Salary. The amount of any actual payment will depend upon the achievement (or not) of the Goals established by the Board. Except as otherwise provided in this Agreement, to receive a bonus under the Bonus Plan, the Executive must be employed on the date of payment of such bonus. Amounts payable under the Bonus Plan shall be determined by the Board and shall be paid following such fiscal year and no later than two and one-half months after the end of such fiscal year. In addition, the Executive shall be eligible to receive such additional bonus or incentive compensation as the Board may establish from time to time in its sole discretion. Any bonus or incentive compensation under this Section 2.3 under the Bonus Plan or otherwise is referred to herein as "Incentive Compensation." Stock-based compensation shall not be considered Incentive Compensation under the terms of this Agreement unless the parties expressly agree otherwise in writing.

2.4 Stock Compensation. The Executive shall be eligible to receive stock-based compensation, whether stock options, stock appreciation rights, restricted stock grants or otherwise, under the Parent's 2012 Long Term Incentive Plan or other stockbased compensation plans as Parent may establish from time to time (collectively, the "Plans"). The Executive shall be considered for such grants no less often than annually as part of the Board's annual compensation review, but any such grants shall be at the sole discretion of the Board.

III. EMPLOYEE BENEFITS

3.1 General. Subject only to any post-employment rights under Article V, so long as the Executive is employed by the Company pursuant to this Agreement, he shall be eligible for the following benefits to the extent generally available to senior executives of the Company or by virtue of his position, tenure, salary and other qualifications. Any eligibility shall be subject to and in accordance with the terms and conditions of the Company's benefits policies and applicable plans (including as to deductibles, premium sharing, co-payments or other cost-splitting arrangements).

3.2 Savings and Retirement Plans. The Executive shall be entitled to participate in, and enjoy the benefits of, all savings, pension, salary continuation and retirement plans, practices, policies and programs available to senior executives of the Company.

3.3 Welfare and Other Benefits. The Executive and/or the Executive's eligible dependents, as the case may be, shall be entitled to participate in, and enjoy the benefits of, all welfare benefit plans, practices, policies and programs provided by the Company (including without limitation, medical, prescription, drug, dental, disability, salary continuance, group life, dependent life, accidental death and travel accident insurance plans and programs) and other benefits (including, without limitation, executive physicals and tax and financial planning assistance) at a level that is available to other senior executives of the Company.

3.4 Vacation. The Executive shall be entitled to 4 weeks paid vacation per 12-month period.

3.5 Expenses. The Executive shall be entitled to receive prompt reimbursement for all reasonable business-related expenses incurred by the Executive in performing his duties under this Agreement. Reimbursement of the Executive for such expenses will be made upon presentation to the Company of expense vouchers that are in sufficient detail to identify the nature of the expense, the amount of the expense, the date the expense was incurred and to whom payment was made to incur the expense, all in accordance with the expense reimbursement practices, policies and procedures of the Company.

3.6 Key Man Insurance. The Company shall be entitled to obtain a “key man” or similar life or disability insurance policy on the Executive, and neither the Executive nor any of his family members, heirs or beneficiaries shall be entitled to the proceeds thereof. Such insurance shall be available to offset any payments due to the Executive pursuant to Section 5.1 of this Agreement due to his death or Disability.

IV. TERMINATION OF EMPLOYMENT

4.1 Termination by Mutual Agreement. The Executive’s employment may be terminated at any time during the Term by mutual written agreement of the Company and the Executive.

4.2 Death. The Executive’s employment hereunder shall terminate upon his death.

4.3 Disability. In the event the Executive incurs a Disability for a continuous period exceeding 90 days or for a total of 180 days during any period of 12 consecutive months, the Company may, at its election, terminate the Executive’s employment during the Term by delivering a Notice of Termination (as defined in Section 4.8) to the Executive 30 days in advance of the date of termination.

4.4 Good Reason. The Executive may terminate his employment at any time during the Term for Good Reason by delivering a Notice of Termination to the Company 30 days in advance of the date of termination; provided, however, that the Executive agrees not to terminate his employment for Good Reason until the Executive has given the Company at least 30 days’ in which to cure the circumstances set forth in the Notice of Termination constituting Good Reason and if such circumstances are not cured by the 30th day, the Executive’s employment shall terminate on such date. If the circumstances constituting Good Reason are remedied within the cure period to the reasonable satisfaction of the Executive, such event shall no longer constitute Good Reason for purposes of this Agreement and the Executive shall thereafter have no further right hereunder to terminate his employment for Good Reason as a result of such event. Unless the Executive provides written notification of an event described in the definition of Good Reason within 90 days after the Executive has actual knowledge of the occurrence of any such event, the Executive shall be deemed to have consented thereto and such event shall no longer constitute Good Reason for purposes of this Agreement.

4.5 Termination without Cause. The Company may terminate the Executive’s employment at any time during the Term without Cause by delivering to the Executive a Notice of Termination 30 days in advance of the date of termination; provided that as part of such notice the Company may request that the Executive immediately tender the resignations contemplated by Section 4.9 and otherwise cease performing his duties hereunder. The Notice of Termination need not state any reason for termination and such termination can be for any reason or no reason. The date of termination shall be the date set forth in the Notice of Termination.

4.6 Cause. The Company may terminate the Executive’s employment at any time during the Term for Cause by delivering a Notice of Termination to the Executive.

4.7 Voluntary Termination. The Executive may voluntarily terminate his employment at any time during the Term by delivering to the Company a Notice of Termination 30 days in advance of the date of termination (a “Voluntary Termination”). For purposes of this Agreement, a Voluntary Termination shall not include a termination of the Executive’s employment by reason of death or for Good Reason, but shall include voluntary termination upon retirement in accordance with the Company’s retirement policies. A Voluntary Termination shall not be considered a breach or other violation of this Agreement.

4.8 Notice of Termination. Any termination of employment under this Agreement by the Company or the Executive requiring a notice of termination shall require delivery of a written notice by one party to the other party (a “Notice of Termination”). A Notice of Termination must indicate the specific termination provision of this Agreement relied upon and the date of termination. The date of termination specified in the Notice of Termination shall comply with the time periods required under this Article IV, and may in no event be earlier than the date such Notice of Termination is delivered to or received by the party getting the notice. If the Executive fails to include a date of termination in any Notice of Termination he delivers, the Company may establish such date in its sole discretion. No Notice of Termination under Section 4.4 shall be effective until the applicable cure period, if any, shall have expired without the Company or the Executive, respectively, having corrected the event or events subject to cure to the reasonable satisfaction of the other party. The terms “termination” and “termination of employment,” as used herein are intended to mean a termination of employment which constitutes a “separation from service” under Section 409A.

4.9 Resignations. Upon ceasing to be an employee of the Company for any reason, or earlier upon request by the Company pursuant to Section 4.5, the Executive agrees to immediately tender written resignations to the Company with respect to all officer and director positions he may hold at that time with any member of the Parent Group.

V. PAYMENTS ON TERMINATION

5.1 Death; Disability; Resignation for Good Reason; Termination without Cause. If at any time during the Term the Executive's employment with the Company is terminated due to his death, Disability, resignation for Good Reason or termination by the Company without Cause, the Executive shall be entitled to the payment and benefits set forth below only:

(a) Any unpaid base salary and accrued unpaid vacation then owing through the date of termination, which amounts shall be paid to the Executive within 30 days of the date of termination.

(b) If, for the calendar year prior to the Executive's termination, Executive has satisfied a sufficient portion of the Goals to be eligible for a bonus under the Bonus Plan, and such bonus has not yet been paid as of the date of Executive's termination, Executive shall be paid a bonus under the Bonus Plan for such prior calendar year, which bonus shall be paid at the same time as payments are made to other participants in the Bonus Plan.

(c) A pro rata amount of any Bonus Plan Incentive Compensation for the fiscal year of his termination of employment (based on the number of business days he was actually employed by the Company during the fiscal year in which the termination of employment occurs) based on the achievement of the Goals for the calendar year of his termination of employment. Nothing in the foregoing sentence is intended to give the Executive greater rights to such Incentive Compensation than a pro rata portion of what he would ordinarily be entitled to under the Bonus Plan Incentive Compensation that would have been applicable to him had his employment not been terminated, it being understood that Executive's termination of employment shall not be used to disqualify Executive from or make him ineligible for a pro rata portion of the Bonus Plan Incentive Compensation to which he would otherwise have been entitled. The pro rata portion of Bonus Plan Incentive Compensation shall, subject to Section 7.16, be paid at the time such Incentive Compensation is paid to other participants in the Bonus Plan.

(d) A one-time lump sum severance payment in an amount equal to 100% of the Executive's Base Amount plus, for a termination by the Executive for Good Reason or a termination by the Company without Cause only, \$12,500 to be used by the Executive for outplacement services. The lump sum severance payment shall be paid on the 60th day following the Executive's termination of employment, provided that prior to such time the Executive has signed the release described in Section 5.4 and the applicable revocation period for such release has expired, subject, in the case of termination other than as a result of the Executive's death, to Section 7.16.

(e) The post-termination exercise period for any options which are vested as of Executive's termination of employment shall be as set forth in the applicable award agreement, provided, however, that any provisions in such an award agreement purporting to give the Executive greater post-termination exercise rights because he is a party to an employment agreement shall not be given effect.

(f) Provided the Executive elects COBRA in a timely manner, for the lesser of 12 months after termination or until the Executive secures coverage from new employment, Executive shall receive a monthly cash payment equal to the cost of continuation coverage under the Company's medical and dental benefit plans in which the Executive was participating at the time of his termination of employment at the level at which the Executive was participating at the time of his termination of coverage (e.g. single or family coverage), less the amount of the employee contribution for such coverage. Such payments shall be subject to all applicable taxes and withholding.

In the event the Executive's termination is pursuant to Section 4.2, payment shall be made to the Executive's heirs, beneficiaries, or personal representatives, as applicable. Further, any payments by the Company under Section 5.1(d) above pursuant to a termination under Section 4.2 or 4.3 shall be reduced by any payments received by the Executive pursuant to any of the Company's employee welfare benefit plans providing for payments in the event of death or Disability.

5.2 Termination for Cause; Voluntary Termination. If at any time during the Term the Executive's employment with the Company is terminated by the Company for Cause or due to a Voluntary Termination, the Executive shall be entitled to only the following:

(a) any unpaid base salary and accrued unpaid vacation then owing through the date of termination, which amounts shall be paid to the Executive within 30 days of the date of termination.

(b) whatever rights, if any, that are available to the Executive upon such a termination pursuant to the Plans or any award documents related to any stock-based compensation such as stock options, stock appreciation rights or restricted stock grants. This Agreement does not grant any greater rights with respect to such items than provided for in the Plans or the award documents in the event of any termination for Cause or a Voluntary Termination.

5.3 Termination following Change of Control. The Executive shall have no specific right to terminate this Agreement or right to any severance payments or other benefits solely as a result of a Change of Control or Potential Change of Control. However, if during a Change of Control Period during the Term, (a) the Executive terminates his employment with the Company for Good Reason, or (b) the Company terminates the Executive's employment without Cause, the lump sum severance payment under Section 5.1(d) shall be increased from 100% of the Base Amount to 150% of the Base Amount and the period of monthly payment of COBRA continuation coverage for medical and dental benefits under Section 5.1(f) shall be increased to 18 months from 12 months. The terms and rights with respect to such payments shall otherwise be governed by Section 5.1. No other rights result from termination during a Change of Control Period; provided, however, that nothing in this Section 5.3 is intended to limit or impair the rights of the Executive under the Plans or any documents evidencing any stock-based compensation awards in the event of a Change of Control if such Plans or award documents grant greater rights than are set forth herein.

5.4 Release. The Company's obligation to pay or provide any benefits to the Executive following termination (other than in the event of death pursuant to Section 4.2) is expressly subject to the requirement that (i) the Executive execute the release in the form attached hereto as Exhibit B (the "Release") prior to the 60th day following Executive's termination of employment, and (ii) any revocation period for the Release shall have expired prior to the 60th day following Executive's termination of employment without Executive having breached or revoked the Release. In the event that the Executive does not sign the Release, or signs and later revokes the Release, all of the Company's obligations to make payments and provide benefits under this Agreement will terminate in full, and the Executive understands and agrees that he will not be entitled to any severance benefits in connection with his termination of employment.

5.5 Other Benefits. Except as expressly provided otherwise in this Article V, the provisions of this Agreement shall not affect the Executive's participation in, or terminating distributions and vested rights under, any pension, profit-sharing, insurance or other employee benefit plan of the Parent Group to which the Executive is entitled pursuant to the terms of such plans, or expense reimbursements he is otherwise entitled to under Section 3.5.

5.6 No Mitigation. It will be difficult, and may be impossible, for the Executive to find reasonably comparable employment following the termination of the Executive's employment, and the protective provisions under Article VI contained herein will further limit the employment opportunities for the Executive. In addition, the Company's severance pay policy applicable in general to its salaried employees does not provide for mitigation, offset or reduction of any severance payment received thereunder. Accordingly, the parties hereto expressly agree that the payment of severance compensation in accordance with the terms of this Agreement will be liquidated damages, and that the Executive shall not be required to seek other employment, or otherwise, to mitigate any payment provided for hereunder.

5.7 Limitation; No Other Rights. Any amounts due or payable under this Article V are in the nature of severance payments or liquidated damages, or both, and the Executive agrees that such amounts shall fully compensate the Executive, his dependents, heirs and beneficiaries and the estate of the Executive for any and all direct damages and consequential damages that they do or may suffer as a result of the termination of the Executive's employment, or both, and are not in the nature of a penalty. Notwithstanding the above, no member of the Parent Group shall be liable to the Executive under any circumstances for any consequential, incidental, punitive or similar damages. The Executive expressly acknowledges that the payments and other rights under this Article V shall be the sole monies or other rights to which the Executive shall be entitled to and such payments and rights will be in lieu of any other rights or remedies he might have or otherwise be entitled to. In the event of any termination under this Article V, the Executive hereby expressly waives any rights to any other amounts, benefits or other rights, including without limitation whether arising under current or future compensation or severance or similar plans, agreements or arrangements of any member of the Parent Group (including as a result of changes in (or of) control or similar transactions), unless Executive's entitlement to participate or receive benefits thereunder has been expressly approved by the Board. Similarly, no one in the Parent Group shall have any further liability or obligation to the Executive following the date of termination, except as expressly provided in this Agreement.

5.8 No Right to Set Off. The Company shall not be entitled to set off against amounts payable to the Executive hereunder any amounts earned by the Executive in other employment, or otherwise, after termination of his employment with the Company, or any amounts which might have been earned by the Executive in other employment had he sought such other employment.

5.9 Adjustments Due to Excise Tax.

(a) If it is determined that any amount or benefit to be paid or payable to the Executive under this Agreement or otherwise in conjunction with his employment (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise in conjunction with his employment) would give rise to liability of the Executive for the excise tax imposed by Section 4999 of the Code, as amended from time to time, or any successor provision (the “Excise Tax”), then the amount or benefits payable to the Executive (the total value of such amounts or benefits, the “Payments”) shall be reduced by the Company so that no portion of the Payments to the Executive is subject to the Excise Tax. The Company shall reduce or eliminate the Payments by first reducing or eliminating any cash payments (with the payments to be made furthest in the future being reduced first), then by reducing or eliminating any accelerated vesting of options, then by reducing or eliminating any accelerated vesting of restricted stock, then by reducing or eliminating any other remaining Payments. Such reduction shall only be made if the net amount of the Payments, as so reduced (and after deduction of applicable federal, state, and local income and payroll taxes on such reduced Payments other than the Excise Tax (collectively, the “Deductions”)) is greater than the excess of (1) the net amount of the Payments, without reduction (but after making the Deductions) over (2) the amount of Excise Tax to which the Executive would be subject in respect of such Payments.

(b) In the event it is determined that the Excise Tax may be imposed on the Executive prior to the possibility of any reductions being made pursuant to Section 5.9(a), the Company and the Executive agree to take such actions as they may mutually agree in writing to take to avoid any such reductions being made or, if such reduction is not otherwise required by Section 5.9(a), to reduce the amount of Excise Tax imposed.

(c) The independent public accounting firm serving as the Company’s auditing firm, or such other accounting firm, law firm or professional consulting services provider of national reputation and experience reasonably acceptable to the Company and Executive (the “Accountants”) shall make in writing in good faith all calculations and determinations under this Section 5.9, including the assumptions to be used in arriving at any calculations. For purposes of making the calculations and determinations under this Section 5.9, the Accountants and each other party may make reasonable assumptions and approximations concerning the application of Section 280G and Section 4999. The Company and Executive shall furnish to the Accountants and each other such information and documents as the Accountants and each other may reasonably request to make the calculations and determinations under this Section 5.9. The Company shall bear all costs the Accountants incur in connection with any calculations contemplated hereby.

VI. PROTECTIVE PROVISIONS

6.1 Noncompetition. Without the prior written consent of the Board (which may be withheld in the Board’s sole discretion), so long as the Executive is an employee of the Company or any other member of the Parent Group and for a twelve-month period thereafter, the Executive agrees that he shall not anywhere in the Prohibited Area, for his own account or the benefit of any other, engage or participate in or assist or otherwise be connected with a Competing Business. For the avoidance of doubt, the Executive understands that this Section 6.1 prohibits the Executive from acting for himself or as an officer, employee, manager, operator, principal, owner, partner, shareholder, advisor, consultant of, or lender to, any individual or other Person that is engaged or participates in or carries out a Competing Business or is actively planning or preparing to enter into a Competing Business. The parties agree that such prohibition shall not apply to the Executive’s passive ownership of not more than 5% of a publicly-traded company.

6.2 No Solicitation or Interference. So long as the Executive is an employee of the Company or any other member of the Parent Group (other than while an employee acting solely for the express benefit of the Parent Group) and for a twelve-month period thereafter, the Executive shall not, whether for his own account or for the account or benefit of any other Person, throughout the Prohibited Area:

(a) request, induce or attempt to influence (i) any customer of any member of the Parent Group to limit, curtail, cancel or terminate any business it transacts with, or products or services it receives from or sells to, or (ii) any Person employed by (or otherwise engaged in providing services for or on behalf of) any member of the Parent Group to limit, curtail, cancel or terminate any employment, consulting or other service arrangement, with any member of the Parent Group. Such prohibition shall expressly extend to any hiring or enticing away (or any attempt to hire or entice away) any employee or consultant of the Parent Group.

(b) solicit from or sell to any customer any products or services that any member of the Parent Group provides or is capable of providing to such customer and that are the same as or substantially similar to the products or services that any member of the Parent Group, sold or provided while the Executive was employed with, or providing services to, any member of the Parent Group.

(c) contact or solicit any customer for the purpose of discussing (i) services or products that are competitive with and the same or closely similar to those offered by any member of the Parent Group or (ii) any past or present business of any member of the Parent Group.

(d) request, induce or attempt to influence any supplier, distributor or other Person with which any member of the Parent Group has a business relationship or to limit, curtail, cancel or terminate any business it transacts with any member of the Parent Group.

(e) otherwise interfere with the relationship of any member of the Parent Group with any Person which is, or within one-year prior to the Executive's date of termination was, doing business with, employed by or otherwise engaged in performing services for, any member of the Parent Group.

The twelve-month post-termination employment period described herein and in Section 6.1 shall be extended to eighteen months in the event of a termination described in Section 5.3.

6.3 Confidential Information. During the period of the Executive's employment with the Company or any member of the Parent Group and at all times thereafter, the Executive shall hold in secrecy for the Company all Confidential Information that may come to his knowledge, may have come to his attention or may have come into his possession or control while employed by the Company (or otherwise performing services for any member of the Parent Group). Notwithstanding the preceding sentence, the Executive shall not be required to maintain the confidentiality of any Confidential Information which (a) is or becomes available to the public or others in the industry generally (other than as a result of disclosure or inappropriate use, or caused, by the Executive in violation of this Section 6.3) or (b) the Executive is compelled to disclose under any applicable laws, regulations or directives of any government agency, tribunal or authority having jurisdiction in the matter or under subpoena. Except as expressly required in the performance of his duties to the Company under this Agreement, the Executive shall not use for his own benefit or disclose (or permit or cause the disclosure of) to any Person, directly or indirectly, any Confidential Information unless such use or disclosure has been specifically authorized in writing by the Company in advance. During the Executive's employment and as necessary to perform his duties under Section 1.2, the Company will provide and grant the Executive access to the Confidential Information. The Executive recognizes that any Confidential Information is of a highly competitive value, will include Confidential Information not previously provided the Executive and that the Confidential Information could be used to the competitive and financial detriment of any member of the Parent Group if misused or disclosed by the Executive. The Company promises to provide access to the Confidential Information only in exchange for the Executive's promises contained herein, expressly including the covenants in Sections 6.1, 6.2 and 6.4.

6.4 Inventions.

(a) The Executive shall promptly and fully disclose to the Company any and all ideas, improvements, discoveries and inventions, whether or not they are believed to be patentable ("Inventions"), that the Executive conceives of or first actually reduces to practice, either solely or jointly with others, during the Executive's employment with the Company or any other member of the Parent Group, and that relate to the business now or thereafter carried on or contemplated by any member of the Parent Group or that result from any work performed by the Executive for any member of the Parent Group.

(b) The Executive acknowledges and agrees that all Inventions shall be the sole and exclusive property of the Company (or member of the Parent Group) and are hereby assigned to the Company (or applicable member of the Parent Group). During the term of the Executive's employment with the Company (or any other member of the Parent Group) and thereafter, whenever requested to do so by the Company, the Executive shall take such action as may be requested to execute and assign any and all applications, assignments and other instruments that the Company shall deem necessary or appropriate in order to apply for and obtain Letters Patent of the United States and/or of any foreign countries for such Inventions and in order to assign and convey to the Company (or any other member of the Parent Group) or their nominees the sole and exclusive right, title and interest in and to such Inventions.

(c) The Company acknowledges and agrees that the provisions of this Section 6.4 do not apply to an Invention: (i) for which no equipment, supplies, or facility of any member of the Parent Group or Confidential Information was used; (ii) that was developed entirely on the Executive's own time and does not involve the use of Confidential Information; (iii) that does not relate directly to the business of any member of the Parent Group or to the actual or demonstrably anticipated research or development of any member of the Parent Group; and (iv) that does not result from any work performed by the Executive for any member of the Parent Group.

6.5 Return of Documents and Property. Upon termination of the Executive's employment for any reason, the Executive (or his heirs or personal representatives) shall immediately deliver to the Company (a) all documents and materials containing Confidential Information (including without limitation any "soft" copies or computerized or electronic versions thereof) or otherwise containing

information relating to the business and affairs of any member of the Parent Group (whether or not confidential), and (b) all other documents, materials and other property belonging to any member of the Parent Group that are in the possession or under the control of the Executive.

6.6 Reasonableness; Remedies. The Executive acknowledges that each of the restrictions set forth in this Article VI are reasonable and necessary for the protection of the Company's business and opportunities (and, those of the Parent Group) and that a breach of any of the covenants contained in this Article VI would result in material irreparable injury to the Company and the other members of the Parent Group for which there is no adequate remedy at law and that it will not be possible to measure damages for such injuries precisely. Accordingly, the Company and any member of the Parent Group shall be entitled to the remedies of injunction and specific performance, or either of such remedies, as well as all other remedies to which any member of the Parent Group may be entitled, at law, in equity or otherwise, without the need for the posting of a bond or by the posting of the minimum bond that may otherwise be required by law or court order.

6.7 Extension; Survival. The Executive and the Company agree that the time periods identified in this Article VI will be stayed, and the Company's obligation to make any payments or provide any benefits under Article V shall be suspended, during the period of any breach or violation by the Executive of the covenants contained herein. The parties further agree that this Article VI shall survive the termination or expiration of this Agreement for any reason. The Executive acknowledges that his agreement to each of the provisions of this Article VI is fundamental to the Company's willingness to enter into this Agreement and for it to provide for the severance and other benefits described in Article V, none of which the Company was required to do prior to the date hereof. Further, it is the express intent and desire of the parties for each provision of this Article VI to be enforced to the fullest extent permitted by law. If any part of this Article VI, or any provision hereof, is deemed illegal, void, unenforceable or overly broad (including as to time, scope and geography), the parties express desire is that such provision be reformed to the fullest extent possible to ensure its enforceability or if such reformation is deemed impossible then such provision shall be severed from this Agreement, but the remainder of this Agreement (expressly including the other provisions of this Article VI) shall remain in full force and effect.

VII. MISCELLANEOUS

7.1 Notices. Any notice required or permitted under this Agreement shall be given in writing and shall be deemed to have been effectively made or given if personally delivered, or if sent via U.S. mail or recognized overnight delivery service or sent via confirmed e-mail or facsimile to the other party at its address set forth below in this Section 7.1, or at such other address as such party may designate by written notice to the other party hereto. Any effective notice hereunder shall be deemed given on the date personally delivered, three business days after mailed via U.S. mail or one business day after it is sent via overnight delivery service or via confirmed e-mail or facsimile, as the case may be, to the following address:

If to the Company:

Orthofix Inc.
Attn: Chief Administrative Officer, General Counsel
and Corporate Secretary
3451 Plano Pkwy
Lewisville, TX 75056

Facsimile: 214-937-3096
E-mail: JeffSchumm@orthofix.com

With a copy which shall not constitute notice to:

Hogan Lovells US LLP
555 Thirteenth Street, N.W.
Washington, D.C. 20004
Facsimile: (202) 637-5910
Email: joseph.gilligan@hoganlovells.com

If to the Executive:

At the most recent address on file with the
Company

7.2 Legal Fees.

(a) The Company shall pay all reasonable legal fees and expenses of the Executive's counsel in connection with the preparation and negotiation of this Agreement.

(b) The parties hereto agree that any dispute or controversy arising under or in connection with this Agreement shall be resolved exclusively and finally by binding arbitration in Lewisville, Texas, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction. The Company shall be responsible for its own fees, costs and expenses and shall pay to the Executive an amount equal to all reasonable attorneys' and related fees, costs and expenses incurred by the Executive in connection with such arbitration if the arbitrator determines that the Executive prevailed on a material issue of the arbitration. If there is any dispute between the Company and the Executive as to the payment of such fees and expenses, the arbitrator shall resolve such dispute, which resolution shall also be final and binding on the parties, and as to such dispute only the burden of proof shall be on the Company.

7.3 Severability. If an arbitrator or a court of competent jurisdiction determines that any term or provision hereof is void, invalid or otherwise unenforceable, (a) the remaining terms and provisions hereof shall be unimpaired and (b) such arbitrator or court shall replace such void, invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the void, invalid or unenforceable term or provision. For the avoidance of doubt, the parties expressly intend that this provision extend to Article VI of this Agreement.

7.4 Entire Agreement. This Agreement represents the entire agreement of the parties with respect to the subject matter hereof and shall supersede any and all previous contracts, arrangements or understandings between the Company, the Parent and the Executive relating to the Executive's employment by the Company. Nothing in this Agreement shall modify or alter any indemnity agreement between Parent and the Executive or alter or impair any of the Executive's rights under the Plans or related award agreements. In the event of any conflict between this Agreement and any other agreement between the Executive and the Company (or any other member of the Parent Group), this Agreement shall control.

7.5 Amendment; Modification. Except for increases in Base Salary, and adjustments with respect to Incentive Compensation, made as provided in Article II, this Agreement may be amended at any time only by mutual written agreement of the Executive and the Company; provided, however, that, notwithstanding any other provision of this Agreement or the Plans (or any award documents under the Plans), the Company may reform this Agreement, the Plans (or any award documents under the Plans) or any provision thereof (including, without limitation, an amendment instituting a six-month waiting period before a distribution) or otherwise as contemplated by Section 7.16 below.

7.6 Withholding. The Company shall be entitled to withhold, deduct or collect or cause to be withheld, deducted or collected from payment any amount of withholding taxes required by law, statutory deductions or collections with respect to payments made to the Executive in connection with his employment, termination (including Article V) or his rights hereunder, including as it relates to stock-based compensation.

7.7 Representations .

(a) The Executive hereby represents and warrants to the Company that (i) the execution, delivery and performance of this Agreement by the Executive do not and shall not conflict with, breach, violate or cause a default under any contract, agreement, instrument, order, judgment or decree to which the Executive is a party or by which he is bound, and (ii) upon the execution and delivery of this Agreement by the Company, this Agreement shall be the valid and binding obligation of the Executive, enforceable in accordance with its terms. The Executive hereby acknowledges and represents that he has consulted with legal counsel regarding his rights and obligations under this Agreement and that he fully understands the terms and conditions contained herein.

(b) The Company hereby represents and warrants to the Executive that (i) the execution, delivery and performance of this Agreement by the Company do not and shall not conflict with, breach, violate or cause a default under any material contract, agreement, instrument, order, judgment or decree to which the Company is a party or by which it is bound and (ii) upon the execution and delivery of this Agreement by the Executive, this Agreement shall be the valid and binding obligation of the Company, enforceable in accordance with its terms.

7.8 Governing Law; Jurisdiction. This Agreement shall be construed, interpreted, and governed in accordance with the laws of the State of Texas without regard to any provision of that State's rules on the conflicts of law that might make applicable the law of a jurisdiction other than that of the State of Texas. Except as otherwise provided in Section 7.2, all actions or proceedings arising out of

this Agreement shall exclusively be heard and determined in state or federal courts in the State of Texas having appropriate jurisdiction. The parties expressly consent to the exclusive jurisdiction of such courts in any such action or proceeding and waive any objection to venue laid therein or any claim for forum nonconveniences.

7.9 Successors. This Agreement shall be binding upon and inure to the benefit of, and shall be enforceable by the Executive, the Company, and their respective heirs, executors, administrators, legal representatives, successors, and assigns. In the event of a Business Combination (as defined in clause (iii) of Change of Control), the provisions of this Agreement shall be binding upon and inure to the benefit of the parent or entity resulting from such Business Combination or to which the assets shall be sold or transferred, which entity from and after the date of such Business Combination shall be deemed to be the Company for purposes of this Agreement. In the event of any other assignment of this Agreement by the Company, the Company shall remain primarily liable for its obligations hereunder; provided, however, that if the Company is financially unable to meet its obligations hereunder, the Parent shall assume responsibility for the Company's obligations hereunder pursuant to the guaranty provision following the signature page hereof. The Executive expressly acknowledges that the Parent and other members of the Parent Group (and their successors and assigns) are third party beneficiaries of this Agreement and may enforce this Agreement on behalf of themselves or the Company. Both parties agree that there are no third party beneficiaries to this Agreement other than as expressly set forth in this Section 7.9.

7.10 Nonassignability. Neither this Agreement nor any right or interest hereunder shall be assignable by the Executive, his beneficiaries, dependents or legal representatives without the Company's prior written consent; provided, however, that nothing in this Section 7.10 shall preclude (a) the Executive from designating a beneficiary to receive any benefit payable hereunder upon his death or (b) the executors, administrators or other legal representatives of the Executive or his estate from assigning any rights hereunder to the Person(s) entitled thereto.

7.11 No Attachment. Except as required by law, no right to receive payments under this Agreement shall be subject to anticipation, commutation, alienation, sale, assignment, encumbrance, charge, pledge or hypothecation in favor of any third party, or to execution, attachment, levy or similar process or assignment by operation of law in favor of any third party, and any attempt, voluntary or involuntary, to effect any such action shall be null, void and of no effect.

7.12 Waiver. No term or condition of this Agreement shall be deemed to have been waived, nor there be any estoppel against the enforcement of any provision of this Agreement, except by written instrument of the party charged with such waiver or estoppel. No such written waiver shall be deemed a continuing waiver unless specifically stated therein, and each such waiver shall operate only as to the specific term or condition waived and shall not constitute a waiver of such term or condition for the future or as to any act other than that specifically waived.

7.13 Construction. The headings of articles or sections herein are included solely for convenience of reference and shall not control the meaning or interpretation of any of the provisions of this Agreement. References to days found herein shall be actual calendar days and not business days unless expressly provided otherwise.

7.14 Counterparts. This Agreement may be executed by any of the parties hereto in counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

7.15 Effectiveness. This Agreement shall be effective as of the Effective Date when signed by the Executive and the Company.

7.16 Code Section 409A.

(a) It is the intent of the parties that payments and benefits under this Agreement comply with Section 409A and, accordingly, to interpret, to the maximum extent permitted, this Agreement to be in compliance therewith. If the Executive notifies the Company in writing (with specificity as to the reason therefore) that the Executive believes that any provision of this Agreement (or of any award of compensation, including equity compensation or benefits) would cause the Executive to incur any additional tax or interest under Section 409A and the Company concurs with such belief or the Company (without any obligation whatsoever to do so) independently makes such determination, the parties shall, in good faith, reform such provision to try to comply with Code Section 409A through good faith modifications to the minimum extent reasonably appropriate to conform with Code Section 409A. To the extent that any provision hereof is modified by the parties to try to comply with Code Section 409A, such modification shall be made in good faith and shall, to the maximum extent reasonably possible, maintain the original intent of the applicable provision without violating the provisions of Code Section 409A. Notwithstanding the foregoing, the Company shall not be required to assume any economic burden in connection therewith.

(b) If the Executive is deemed on the date of "separation from service" to be a "specified employee" within the meaning of that term under Section 409A(a)(2)(B), then, with regard to any payment or the provision of any benefit that is specified as subject to this Section, such payment or benefit shall, if required to avoid the imposition of additional tax or interest under

Section 409A, be made or provided at the date which is the earlier of (A) the expiration of the six (6)-month period measured from the date of such “ separation from service ” of the Executive, and (B) the date of the Executive ’ s death (the “ Delay Period ”). Upon the expiration of the Delay Period, all payments and benefits delayed pursuant to this Section 7.16 (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid or reimbursed to the Executive in a lump sum, and any remaining payments and benefits due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein. If a payment is to be made promptly after a date, it shall be made within sixty (60) days thereafter.

(c) Any expense reimbursement under this Agreement shall be made promptly upon Executive’s presentation to the Company of evidence of the fees and expenses incurred by the Executive and in all events on or before the last day of the taxable year following the taxable year in which such expense was incurred by the Executive, and no such reimbursement or the amount of expenses eligible for reimbursement in any taxable year shall in any way affect the expenses eligible for reimbursement in any other taxable year.

7.17 Survival. As provided in Section 1.3 with respect to expiration of the Term, Articles VI and VII shall survive the termination or expiration of this Agreement for any reason.

IN WITNESS WHEREOF , the parties have executed this Agreement as of the Effective Date.

ORTHOFIX INC.

/s/ Bradley R. Mason

Name: Bradley R. Mason

Title: Chief Executive Officer

EXECUTIVE

/s/ Robert A. Goodwin II

Robert A. Goodwin II, an individual

Guaranty by Parent

Parent (Orthofix International N.V.) is not a party to this Agreement, but joins in this Agreement for the sole purpose of guaranteeing the obligations of the Company to pay, provide, or reimburse the Executive for all cash or other benefits provided for in this Agreement, including the provision of all benefits in the form of, or related to, securities of Parent and to elect or appoint Executive to the positions with Parent and provide Executive with the authority relating thereto as contemplated by Section 1.1 of this Agreement, and to ensure the Board will take the actions required of it hereby.

ORTHOFIX INTERNATIONAL N.V.

/s/ Bradley R. Mason

Name: Bradley R. Mason

Title: President and Chief Executive Officer

EXHIBIT A

Definitions

For purposes of this Agreement, the following capitalized terms have the meanings set forth below:

“**Base Amount**” shall mean an amount equal to the sum of:

(i) the Executive’s annual base salary at the highest annual rate in effect at any time during the Term; and

(ii) the lower of (i) the Executive’s target bonus under Section 2.3 in effect during the fiscal year in which termination of employment occurs, or (ii) the average of the Incentive Compensation (as defined in Section 2.3) actually earned by the Executive (A) with respect to the two consecutive annual Incentive Compensation periods ending immediately prior to the year in which termination of the Executive’s employment with the Company occurs or, (B) if greater, with respect to the two consecutive annual Incentive Compensation periods ending immediately prior to the Change of Control Date or the Potential Change of Control Date.

“**Board**” shall mean the Board of Directors of Parent. Any obligation of the Board other than termination for Cause under this Agreement may be delegated to an appropriate committee of the Board, including its compensation committee, and references to the Board herein shall be references to any such committee, as appropriate.

“**Cause**” shall mean termination of the Executive’s employment because of the Executive’s: (i) involvement in fraud, misappropriation or embezzlement related to the business or property of the Company; (ii) conviction for, or guilty plea to, or plea of nolo contendere to, a felony or crime of similar gravity in the jurisdiction in which such conviction or guilty plea occurs; (iii) intentional wrongful disclosure of Confidential Information or other intentional wrongful violation of Article VI; (iv) willful and continued failure by the Executive to follow the reasonable instructions of the Board or Chief Executive Officer; (v) willful commission by the Executive of acts that are dishonest and demonstrably and materially injurious to a member of the Parent Group, monetarily or otherwise; (vi) willful or material violation of, or willful or material noncompliance with, any securities law, rule or regulation or stock exchange listing rule adversely affecting the Parent Group including without limitation (a) if the Executive has undertaken to provide any certification or related back-up material required for the chief and principal executive and financial officers to provide a certification required under the Sarbanes-Oxley Act of 2002, including the rules and regulations promulgated thereunder (the “Sarbanes-Oxley Act”), and he willfully or materially fails to take reasonable and appropriate steps to determine whether or not the certificate or related back-up material was accurate or otherwise in compliance with the requirements of the Sarbanes-Oxley Act or (b) the Executive’s willful or material failure to establish and administer effective systems and controls applicable to his area of responsibility necessary for the Parent to timely and accurately file reports pursuant to Section 13 or 15(d) of the Exchange Act. No act or omission shall be deemed willful or material for purposes of this definition if taken or omitted to be taken by Executive in a good faith belief that such act or omission to act was in the best interests of the Parent Group or if done at the express direction of the Board.

“**Change of Control**” shall occur upon any of the following events:

(i) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act), in any individual transaction or series of related transactions, of 50% or more of either (A) the then outstanding shares of common stock of Parent (the “Outstanding Common Stock”) or (B) the combined voting power of the then outstanding voting securities of Parent entitled to vote generally in the election of directors (the “Outstanding Voting Securities”); excluding, however, the following: (1) any acquisition directly from Parent, other than an acquisition by virtue of the exercise of a conversion privilege unless the security being so converted was itself acquired directly from Parent; (2) any acquisition by Parent; (3) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by Parent or any entity controlled by Parent; or (4) any acquisition pursuant to a transaction which complies with clauses (A), (B) and (C) of subsection (iii) of this definition of Change of Control;

(ii) a change in the composition of the Board such that the individuals who as of the Effective Date constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; provided, however, for purposes of this paragraph, that any individual who becomes a member of the Board subsequent to the Effective Date, whose appointment, election, or nomination for election by Parent’s shareholders was approved by a vote of at least a majority of those individuals who are members of the Board and who were also members of the Incumbent Board (or deemed to be such pursuant to this proviso) shall be considered as though such individual were a member of the Incumbent Board; but provided further that any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such terms are used in Rule 14a-

11 of Regulation 14A promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board shall not be so considered as a member of the Incumbent Board;

(iii) consummation of a reorganization, merger, consolidation or other business combination or the sale or other disposition of all or substantially all of the assets of Parent (including assets that are shares held by Parent in its subsidiaries) (any such transaction, a “Business Combination”); expressly excluding, however, any such Business Combination pursuant to which all of the following conditions are met: (A) all or substantially all of the Person(s) who are the beneficial owners of the Outstanding Common Stock and Outstanding Voting Securities, respectively, immediately prior to such Business Combination will beneficially own, directly or indirectly, more than 50% of, respectively, the outstanding shares of common stock, and the combined voting power of the outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity which as a result of such transaction owns Parent or all or substantially all of Parent’s assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Outstanding Common Stock and Outstanding Voting Securities, as the case may be, (B) no Person (other than Parent, any employee benefit plan (or related trust) of Parent or such entity resulting from such Business Combination) will beneficially own, directly or indirectly, 50% or more of, respectively, the outstanding shares of common stock of the entity resulting from such Business Combination or the combined voting power of the outstanding voting securities of such entity entitled to vote generally in the election of directors except to the extent that such ownership existed prior to the Business Combination, and (C) individuals who were members of the Incumbent Board will constitute at least a majority of the members of the board of directors of the entity resulting from such Business Combination;

(iv) the approval by the shareholders of Parent of a complete liquidation or dissolution of Parent;

(v) the Parent Group (or any of them) shall sell or dispose of, in a single transaction or series of related transactions, business operations that generated two-thirds of the consolidated revenues of the Parent Group (determined on the basis of Parent’s four most recently completed fiscal quarters for which reports have been filed under the Exchange Act) and such disposal shall not be exempted pursuant to clause (iii) of this definition of Change of Control;

(vi) Parent files a report or proxy statement with the Securities and Exchange Commission pursuant to the Exchange Act disclosing in response to Form 8-K or Schedule 14A (or any successor schedule, form or report or item therein) that a change of control of Parent has or may have occurred or will or may occur in the future pursuant to any then-existing agreement or transaction; notwithstanding the foregoing, unless determined in a specific case by a majority vote of the Board, a “Change of Control” shall not be deemed to have occurred solely because: (A) an entity in which Parent directly or indirectly beneficially owns 50% or more of the voting securities, or any Parent-sponsored employee stock ownership plan, or any other employee plan of Parent or the Company, either files or becomes obligated to file a report or a proxy statement under or in response to Schedule 13D, Schedule 14D-1, Form 8-K or Schedule 14A (or any successor schedule, form or report or item therein) under the Exchange Act, disclosing beneficial ownership by form or report or item therein, disclosing beneficial ownership by it of shares of stock of Parent, or because Parent reports that a change of control of Parent has or may have occurred or will or may occur in the future by reason of such beneficial ownership or (B) any Parent-sponsored employee stock ownership plan, or any other employee plan of Parent or the Company, either files or becomes obligated to file a report or a proxy statement under or in response to Schedule 13D, Schedule 14D-1, Form 8-K or Schedule 14A (or any successor schedule, form or report or item therein) under the Exchange Act, disclosing beneficial ownership by form or report or item therein, disclosing beneficial ownership by it of shares of stock of Parent, or because Parent reports that a change of control of Parent has or may have occurred or will or may occur in the future by reason of such beneficial ownership; or

(vii) any other transaction or series of related transactions occur that have substantially the effect of the transactions specified in any of the preceding clauses in this definition.

Notwithstanding the above definition of Change of Control, the Board, in its sole discretion, may determine that a Change of Control has occurred for purposes of this Agreement, even if the events giving rise to such Change of Control are not expressly described in the above definition.

“Change of Control Date” shall mean the date on which a Change of Control occurs.

“Change of Control Period” shall mean the 24 month period commencing on the Change of Control Date; provided, however, if the Company terminates the Executive’s employment with the Company prior to the Change of Control Date but on or after a Potential Change of Control Date, and it is reasonably demonstrated that the Executive’s (i) employment was terminated at the request of an unaffiliated third party who has taken steps reasonably calculated to effect a Change of Control or (ii) termination of employment

otherwise arose in connection with or in anticipation of the Change of Control, then the “Change of Control Period” shall mean the 24 month period beginning on the date immediately prior to the date of the Executive’s termination of employment with the Company.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Competing Business” means any business or activity that (i) competes with any member of the Parent Group for which the Executive performed services or the Executive was involved in for purposes of making strategic or other material business decisions and involves (ii) (A) the same or substantially similar types of products or services (individually or collectively) manufactured, marketed or sold by any member of the Parent Group during Term or (B) products or services so similar in nature to that of any member of the Parent Group during Term (or that any member of the Parent Group will soon thereafter offer) that they would be reasonably likely to displace substantial business opportunities or customers of the Parent Group.

“Confidential Information” shall include Trade Secrets and includes information acquired by the Executive in the course and scope of his activities under this Agreement, including information acquired from third parties, that (i) is not generally known or disseminated outside the Parent Group (such as non-public information), (ii) is designated or marked by any member of the Parent Group as “confidential” or reasonably should be considered confidential or proprietary, or (iii) any member of the Parent Group indicates through its policies, procedures, or other instructions should not be disclosed to anyone outside the Parent Group. Without limiting the foregoing definitions, some examples of Confidential Information under this Agreement include (a) matters of a technical nature, such as scientific, trade or engineering secrets, “know-how”, formulae, secret processes, inventions, and research and development plans or projects regarding existing and prospective customers and products or services, (b) information about costs, profits, markets, sales, customer lists, customer needs, customer preferences and customer purchasing histories, supplier lists, internal financial data, personnel evaluations, non-public information about medical devices or products of any member of the Parent Group (including future plans about them), information and material provided by third parties in confidence and/or with nondisclosure restrictions, computer access passwords, and internal market studies or surveys and (c) and any other information or matters of a similar nature.

“Disability” as used in this Agreement shall have the meaning given that term by any disability insurance the Company carries at the time of termination that would apply to the Executive. Otherwise, the term “Disability” shall mean the inability of the Executive to perform his duties and responsibilities under this Agreement as a result of a physical or mental illness, disease or personal injury he has incurred. Any dispute as to whether or not the Executive has a “Disability” for purposes of this Agreement shall be resolved by a physician reasonably satisfactory to the Board and the Executive (or his legal representative, if applicable). If the Board and the Executive (or his legal representative, if applicable) are unable to agree on a physician, then each shall select one physician and those two physicians shall pick a third physician and the determination of such third physician shall be binding on the parties.

“Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.

“Good Reason” shall mean the occurrence of any of the following without the written consent of the Executive: (1) the assignment to the Executive of any duties materially inconsistent in any respect with the Executive’s position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 1 of this Agreement, or any other action by the Company which results in a material diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive; (2) the Company’s material reduction of the Executive’s Base Salary or bonus opportunity, each as in effect on the date hereof or as the same may be increased from time to time; (3) the Company’s failure to obtain a satisfactory agreement from any successor entity to assume and agree to perform this Agreement; or (4) any material breach of this Agreement or any other material agreement with the Executive by the Company or any successor entity.

“Parent” shall mean Orthofix International N.V., an entity organized under the laws of Curacao.

“Parent Group” shall mean Parent, together with its subsidiaries including the Company.

“Person” shall include individuals or entities such as corporations, partnerships, companies, firms, business organizations or enterprises, and governmental or quasigovernmental bodies.

“Potential Change of Control” shall mean the earliest to occur of: (i) the date on which Parent executes an agreement or letter of intent, the consummation of the transactions described in which would result in the occurrence of a Change of Control or (ii) the date on which the Board approves a transaction or series of transactions, the consummation of which would result in a Change of Control, and ending when, in the opinion of the Board, the Parent (or the Company) or the respective third party has abandoned or terminated any Potential Change of Control.

“ **Potential Change of Control Date** ” shall mean the date on which a Potential Change of Control occurs; provided, however, such date shall become null and void when, in the opinion of the Board, the Parent (or the Company) or the respective third party has abandoned or terminated any Potential Change of Control.

“ **Prohibited Area** ” means North America, South America and the European Union, which Prohibited Area the parties have agreed to as a result of the fact that those are the geographic areas in which the members of the Parent Group conduct a preponderance of their business and in which the Executive provides substantive services to the benefit of the Parent Group.

“ **Section 409A** ” shall mean Section 409A of the Code and regulations promulgated thereunder (and any similar or successor federal or state statute or regulations).

“ **Trade Secrets** ” are information of special value, not generally known to the public that any member of the Parent Group has taken steps to maintain as secret from Persons other than those selected by any member of the Parent Group.

EMPLOYMENT AGREEMENT

This Employment Agreement (the “Agreement”), entered into and effective as of July 1, 2013 (the “Effective Date”), is by and between Orthofix Inc., a Minnesota corporation (the “Company”), and Brad Niemann, an individual (the “Executive”).

PRELIMINARY STATEMENTS

A. The Company desires to employ the Executive in the position of President, BioStim and the Executive desires to render such services, upon the terms and conditions contained herein.

B. The Executive desires to render such services, upon the terms and conditions contained herein.

C. The Company is a subsidiary of Orthofix International N.V., a corporation organized under the laws of Curacao (the “Parent”) for whom Executive will also perform services as contemplated hereby, and under certain compensation plans of which Executive shall be eligible to receive compensation, and Parent is agreeing to provide such compensation and guarantee the Company's payment obligations hereunder.

D. Capitalized terms used herein and not otherwise defined have the meaning for them set forth on Exhibit A attached hereto and incorporated herein by reference.

The parties, intending to be legally bound, hereby agree as follows:

I. EMPLOYMENT AND DUTIES

1.1 Duties. The Company hereby employs the Executive as an employee, and the Executive agrees to be employed by the Company, upon the terms and conditions set forth herein. While serving as an employee of the Company, the Executive shall serve as the President, BioStim of the Company, and be appointed to serve as the President, BioStim of the Parent. The Executive shall have such power and authority and perform such duties, functions and responsibilities as are associated with and incident to such positions, and as the Board may from time to time require of him. The Executive also agrees to serve, if elected, as an officer or director of Parent or any other direct or indirect subsidiary of the Parent, in each such case at no compensation in addition to that provided for in this Agreement, but the Executive serves in such positions solely as an accommodation to the Company and such positions shall grant him no rights hereunder (including for purposes of the definition of Good Reason).

1.2 Services. During the Term (as defined in Section 1.3), and excluding any periods of vacation, sick leave or disability, the Executive agrees to devote his full business time, attention and efforts to the business and affairs of the Company. During the Term, it shall not be a violation of this Section 1.2 for the Executive to (a) serve on civic or charitable boards or committees (but not corporate boards), (b) deliver lectures or fulfill speaking engagements or (c) manage personal investments, so long as such activities do not interfere with the performance of the Executive's responsibilities in accordance with this Agreement. The Executive must request the Board's prior written consent to serve on a corporate board, which consent shall be at the Board's reasonable discretion and only so long as such service does not interfere with the performance of his responsibilities hereunder.

1.3 Term of Employment. The term of this Agreement shall commence on the Effective Date and shall continue until 11:59 p.m. Eastern Time on July 1, 2014 (the “Initial Term”) unless sooner terminated or extended as provided hereunder. This Agreement shall automatically renew for additional one-year periods on July 1, 2014 and on each and every July 1 thereafter (each such extension, the “Renewal Term”) unless either party gives the other party written notice of its or his election not to extend such employment at least ninety (90) days prior to the next July renewal date. Further, if a Change of Control occurs during the Initial Term or during any Renewal Term, this Agreement shall automatically be extended for two years only from the Change of Control Date and thereafter shall terminate on the second anniversary of the Change of Control Date in accordance with its terms. The Initial Term, together with any Renewal Term or extension as a result of a Change of Control, are collectively referred to herein as the “Term.” In the event the Executive continues to be employed by the Company (or any other member of the Parent Group) after the Term, unless otherwise agreed by the parties in writing, such continued employment shall be on an at-will, month-to-month basis upon terms agreed upon at such time without regard to the terms and conditions of this Agreement (except as expressly provided herein) and this Agreement shall be deemed terminated at the end of the Term, regardless of whether such employment continues at-will, other than Articles VI and VII, which shall survive the termination or expiration of this Agreement for any reason. For the avoidance of doubt, non-renewal of the Term shall not trigger any of the payments set forth in Section 5.1.

1.4 Place of Performance. During the Term, the Executive shall be based in Lewisville, Texas.

II. COMPENSATION

2.1 General. The base salary and Incentive Compensation (as defined in Section 2.3.) payable to the Executive hereunder, as well as any stock-based compensation, including stock options, stock appreciation rights and restricted stock grants, shall be determined from time to time by the Board and paid pursuant to the Company's customary payroll practices or in accordance with the terms of the applicable Plans (as defined in Section 2.4). The Company shall pay the Executive in cash, in accordance with the normal payroll practices of the Company, the base salary and Incentive Compensation set forth below. For the avoidance of doubt, in providing any compensation payable in stock, the Company may withhold, deduct or collect from the compensation otherwise payable or issuable to the Executive a portion of such compensation to the extent required to comply with applicable tax laws to the extent such withholding is not made or otherwise provided for pursuant to the agreement governing such stock-based compensation.

2.2 Base Salary. The Executive shall be paid an annual base salary of no less than \$300,000 while he is employed by the Company during the Term; provided, however, that nothing shall prohibit the Company from reducing the base salary as part of an overall cost reduction program that affects all senior executives of the Parent Group and does not disproportionately affect the Executive, so long as such reductions do not reduce the base salary to a rate that is less than 90% of the minimum base salary amount set forth above (or, if the minimum base salary amount has been increased during the Term, 90% of such increased amount). The base salary shall be reviewed annually by the Board for increase (but not decrease, except as permitted above) as part of its annual compensation review, and any increased amount shall become the base salary under this Agreement.

2.3 Bonus or other Incentive Compensation. With respect to each fiscal year of the Company during the Term, the Executive shall be eligible to receive annual bonus compensation under the Parent's Executive Annual Incentive Plan or any successor plan (the "Bonus Plan") based on the achievement of goals established by the Board from time to time (the "Goals"). During the Term, the Executive will have a target bonus opportunity under the Bonus Plan of at least 60% of his then-applicable Base Salary and an opportunity to earn a maximum annual bonus of not less than 90% of his then applicable Base Salary; provided, however, the Executive's bonus under the Annual Incentive Plan with respect to work performed during the 2013 calendar year shall be pro-rated based on the number of days employed during the 2013 calendar year. The amount of any actual payment will depend upon the achievement (or not) of the Goals established by the Board. Except as otherwise provided in this Agreement, to receive a bonus under the Bonus Plan, the Executive must be employed on the date of payment of such bonus. Amounts payable under the Bonus Plan shall be determined by the Board and shall be paid following such fiscal year and no later than two and one-half months after the end of such fiscal year. In addition, the Executive shall be eligible to receive such additional bonus or incentive compensation as the Board may establish from time to time in its sole discretion. Any bonus or incentive compensation under this Section 2.3 under the Bonus Plan or otherwise is referred to herein as "Incentive Compensation." Stock-based compensation shall not be considered Incentive Compensation under the terms of this Agreement unless the parties expressly agree otherwise in writing.

2.4 Stock Compensation. The Executive shall be eligible to receive stock-based compensation, whether stock options, stock appreciation rights, restricted stock grants or otherwise, under the Parent's 2012 Long Term Incentive Plan or other stockbased compensation plans as Parent may establish from time to time (collectively, the "Plans"). The Executive shall be considered for such grants no less often than annually as part of the Board's annual compensation review, but any such grants shall be at the sole discretion of the Board. Notwithstanding the foregoing, with respect to the 2013 calendar year, the Executive shall receive on the Effective Date (i) a grant of stock options to acquire up to 10,000 shares of common stock of Parent (vesting annually 25% per year over a 4-year period), and (ii) a grant of 2,500 restricted shares of common stock of Parent (vesting annually 25% per year over a 4-year period). The Executive shall not be eligible to receive additional grants under the Plans during the 2013 calendar year other than those described in the preceding sentence.

2.5 Relocation Assistance. To facilitate Executive's relocation to Lewisville, Texas, the Company shall reimburse the Executive for up to \$75,000 in relocation expenses in accordance with any applicable Company moving and relocation policies. All such reimbursable expenses shall be documented in accordance with Section 3.5.

III. EMPLOYEE BENEFITS

3.1 General. Subject only to any post-employment rights under Article V, so long as the Executive is employed by the Company pursuant to this Agreement, he shall be eligible for the following benefits to the extent generally available to senior executives of the Company or by virtue of his position, tenure, salary and other qualifications. Any eligibility shall be subject to and in accordance with the terms and conditions of the Company's benefits policies and applicable plans (including as to deductibles, premium sharing, co-payments or other cost-splitting arrangements).

3.2 Savings and Retirement Plans. The Executive shall be entitled to participate in, and enjoy the benefits of, all savings, pension, salary continuation and retirement plans, practices, policies and programs available to senior executives of the Company.

3.3 Welfare and Other Benefits. The Executive and/or the Executive's eligible dependents, as the case may be, shall be entitled to participate in, and enjoy the benefits of, all welfare benefit plans, practices, policies and programs provided by the Company (including without limitation, medical, prescription, drug, dental, disability, salary continuance, group life, dependent life, accidental death and travel accident insurance plans and programs) and other benefits (including, without limitation, executive physicals and tax and financial planning assistance) at a level that is available to other senior executives of the Company.

3.4 Vacation. The Executive shall be entitled to 4 weeks paid vacation per 12-month period.

3.5 Expenses. The Executive shall be entitled to receive prompt reimbursement for all reasonable business-related expenses incurred by the Executive in performing his duties under this Agreement. Reimbursement of the Executive for such expenses will be made upon presentation to the Company of expense vouchers that are in sufficient detail to identify the nature of the expense, the amount of the expense, the date the expense was incurred and to whom payment was made to incur the expense, all in accordance with the expense reimbursement practices, policies and procedures of the Company.

3.6 Key Man Insurance. The Company shall be entitled to obtain a "key man" or similar life or disability insurance policy on the Executive, and neither the Executive nor any of his family members, heirs or beneficiaries shall be entitled to the proceeds thereof. Such insurance shall be available to offset any payments due to the Executive pursuant to Section 5.1 of this Agreement due to his death or Disability.

IV. TERMINATION OF EMPLOYMENT

4.1 Termination by Mutual Agreement. The Executive's employment may be terminated at any time during the Term by mutual written agreement of the Company and the Executive.

4.2 Death. The Executive's employment hereunder shall terminate upon his death

4.3 Disability. In the event the Executive incurs a Disability for a continuous period exceeding 90 days or for a total of 180 days during any period of 12 consecutive months, the Company may, at its election, terminate the Executive's employment during the Term by delivering a Notice of termination (as defined in Section 4.8) to the Executive 30 days in advance of the date of Termination.

4.4 Good Reason. The Executive may terminate his employment at any time during the Term for Good Reason by delivering a Notice of Termination to the Company 30 days in advance of the date of Termination; provided, however, that the Executive agrees not to terminate his employment for Good Reason until the Executive has given the Company at least 30 days' in which to cure the circumstances set forth in the Notice of Termination constituting Good Reason and if such circumstances are not cured by the 30 day, the Executive's employment shall terminate on such date. If the circumstances constituting Good Reason are remedied within the cure period to the reasonable satisfaction of the Executive, such event shall no longer constitute Good Reason for purposes of this Agreement and the Executive shall thereafter have no further right hereunder to terminate his employment for Good Reason as a result of such event. Unless the Executive provides written notification of an event described in the definition of Good Reason within 90 days after the Executive has actual knowledge of the occurrence of any such event, the Executive shall be deemed to have consented thereto and such event shall no longer constitute Good Reason for purposes of this Agreement.

4.5 Termination without Cause. The Company may terminate the Executive's employment at any time during the Term without Cause by delivering to the Executive a Notice of termination 30 days in advance of the date of termination; provided that as part of such notice the Company may request that the Executive immediately tender the resignations contemplated by Section 4.9 and otherwise cease performing his duties hereunder. The Notice of Termination need not state any reason for termination and such Termination can be for any reason or no reason. The date of Termination shall be the date set forth in the Notice of Termination.

4.6 Cause. The Company may terminate the Executive's employment at any time during the Term for Cause by delivering a Notice of Termination to the Executive.

4.7 Voluntary Termination. The Executive may voluntarily terminate his employment at any time during the Term by delivering to the Company a Notice of Termination 30 days in advance of the date of termination (a "Voluntary Termination"). For purposes of this Agreement, a Voluntary Termination shall not include a termination of the Executive's employment by reason of death or for Good Reason, but shall include voluntary termination upon retirement in accordance with the Company's retirement policies. A Voluntary Termination shall not be considered a breach or other violation of this Agreement.

4.8 Notice of Termination. Any Termination of employment under this Agreement by the Company or the Executive requiring a notice of Termination shall require delivery of a written notice by one party to the other party (a "Notice of Termination"). A Notice of termination must indicate the specific termination provision of this Agreement relied upon and the date of termination. The date of termination specified in the Notice of Termination shall comply with the time periods required under this Article IV, and may in no

event be earlier than the date such Notice of Termination is delivered to or received by the party getting the notice. If the Executive fails to include a date of Termination in any Notice of Termination he delivers, the Company may establish such date in its sole discretion. No Notice of Termination under Section 4.4 shall be effective until the applicable cure period, if any, shall have expired without the Company or the Executive, respectively, having corrected the event or events subject to cure to the reasonable satisfaction of the other party. The terms "termination" and "termination of employment," as used herein are intended to mean a Termination of employment which constitutes a "separation from service" under Section 409A.

4.9 Resignations. Upon ceasing to be an employee of the Company for any reason, or earlier upon request by the Company pursuant to Section 4.5, the Executive agrees to immediately tender written resignations to the Company with respect to all officer and director positions he may hold at that time with any member of the Parent Group.

V. PAYMENTS ON TERMINATION

5.1 Death; Disability; Resignation for Good Reason; Termination without Cause. If at any time during the Term the Executive's employment with the Company is terminated due to his death, Disability, resignation for Good Reason or termination by the Company without Cause, the Executive shall be entitled to the payment and benefits set forth below only:

(a) Any unpaid base salary and accrued unpaid vacation then owing through the date of Termination, which amounts shall be paid to the Executive within 30 days of the date of termination.

(b) If, for the calendar year prior to the Executive's termination, Executive has satisfied a sufficient portion of the Goals to be eligible for a bonus under the Bonus Plan, and such bonus has not yet been paid as of the date of Executive's Termination, Executive shall be paid a bonus under the Bonus Plan for such prior calendar year, which bonus shall be paid at the same time as payments are made to other participants in the Bonus Plan.

(c) A pro rata amount of any Bonus Plan Incentive Compensation for the fiscal year of his termination of employment (based on the number of business days he was actually employed by the Company during the fiscal year in which the termination of employment occurs) based on the achievement of the Goals for the calendar year of his termination of employment. Nothing in the foregoing sentence is intended to give the Executive greater rights to such Incentive Compensation than a pro rata portion of what he would ordinarily be entitled to under the Bonus Plan Incentive Compensation that would have been applicable to him had his employment not been terminated, it being understood that Executive's termination of employment shall not be used to disqualify Executive from or make him ineligible for a pro rata portion of the Bonus Plan Incentive Compensation to which he would otherwise have been entitled. The pro rata portion of Bonus Plan Incentive Compensation shall, subject to Section 7.16, be paid at the time such Incentive Compensation is paid to other participants in the Bonus Plan.

(d) A one-time lump sum severance payment in an amount equal to 100% of the Executive's Base Amount plus, for a termination by the Executive for Good Reason or a termination by the Company without Cause only, \$12,500 to be used by the Executive for outplacement services. The lump sum severance payment shall be paid on the 60th day following the Executive's termination of employment, provided that prior to such time the Executive has signed the release described in Section 5.4 and the applicable revocation period for such release has expired, subject, in the case of termination other than as a result of the Executive's death, to Section 7.16.

(e) The post-termination exercise period for any options which are vested as of Executive's termination of employment shall be as set forth in the applicable award agreement, provided, however, that any provisions in such an award agreement purporting to give the Executive greater post-termination exercise rights because he is a party to an employment agreement shall not be given effect.

(f) Provided the Executive elects COBRA in a timely manner, for the lesser of 12 months after termination or until the Executive secures coverage from new employment, Executive shall receive a monthly cash payment equal to the cost of continuation coverage under the Company's medical and dental benefit plans in which the Executive was participating at the time of his termination of employment at the level at which the Executive was participating at the time of his termination of coverage (e.g. single or family coverage), less the amount of the employee contribution for such coverage. Such payments shall be subject to all applicable taxes and withholding.

In the event the Executive's termination is pursuant to Section 4.2, payment shall be made to the Executive's heirs, beneficiaries, or personal representatives, as applicable. Further, any payments by the Company under Section 5.1 (d) above pursuant to a termination under Section 4.2 or 4.3 shall be reduced by any payments received by the Executive pursuant to any of the Company's employee welfare benefit plans providing for payments in the event of death or Disability.

5.2 Termination for Cause: Voluntary Termination. If at any time during the Term the Executive's employment with the Company is terminated by the Company for Cause or due to a Voluntary Termination, the Executive shall be entitled to only the following:

(a) any unpaid base salary and accrued unpaid vacation then owing through the date of Termination, which amounts shall be paid to the Executive within 30 days of the date of Termination.

(b) whatever rights, if any, that are available to the Executive upon such a Termination pursuant to the Plans or any award documents related to any stock-based compensation such as stock options, stock appreciation rights or restricted stock grants. This Agreement does not grant any greater rights with respect to such items than provided for in the Plans or the award documents in the event of any Termination for Cause or a Voluntary Termination.

5.3 Termination following Change of Control. The Executive shall have no specific right to terminate this Agreement or right to any severance payments or other benefits solely as a result of a Change of Control or Potential Change of Control. However, if during a Change of Control Period during the Term, (a) the Executive terminates his employment with the Company for Good Reason, or (b) the Company terminates the Executive's employment without Cause, the lump sum severance payment under Section 5.1(d) shall be increased from 100% of the Base Amount to 150% of the Base Amount and the period of monthly payment of COBRA continuation coverage for medical and dental benefits under Section 5.1(f) shall be increased to 18 months from 12 months. The terms and rights with respect to such payments shall otherwise be governed by Section 5.1. No other rights result from Termination during a Change of Control Period; provided, however, that nothing in this Section 5.3 is intended to limit or impair the rights of the Executive under the Plans or any documents evidencing any stock-based compensation awards in the event of a Change of Control if such Plans or award documents grant greater rights than are set forth herein.

5.4 Release. The Company's obligation to pay or provide any benefits to the Executive following Termination (other than in the event of death pursuant to Section 4.2) is expressly subject to the requirement that (i) the Executive execute the release in the form attached hereto as Exhibit B (the "Release") prior to the 60th day following Executive's termination of employment, and (ii) any revocation period for the Release shall have expired prior to the 60th day following Executive's termination of employment without Executive having breached or revoked the Release. In the event that the Executive does not sign the Release, or signs and later revokes the Release, all of the Company's obligations to make payments and provide benefits under this Agreement will terminate in full, and the Executive understands and agrees that he will not be entitled to any severance benefits in connection with his termination of employment.

5.5 Other Benefits. Except as expressly provided otherwise in this Article V, the provisions of this Agreement shall not affect the Executive's participation in, or terminating distributions and vested rights under, any pension, profit-sharing, insurance or other employee benefit plan of the Parent Group to which the Executive is entitled pursuant to the terms of such plans, or expense reimbursements he is otherwise entitled to under Section 3.5.

5.6 No Mitigation. It will be difficult, and may be impossible, for the Executive to find reasonably comparable employment following the Termination of the Executive's employment, and the protective provisions under Article VI contained herein will further limit the employment opportunities for the Executive. In addition, the Company's severance pay policy applicable in general to its salaried employees does not provide for mitigation, offset or reduction of any severance payment received thereunder. Accordingly, the parties hereto expressly agree that the payment of severance compensation in accordance with the terms of this Agreement will be liquidated damages, and that the Executive shall not be required to seek other employment, or otherwise, to mitigate any payment provided for hereunder.

5.7 Limitation: No Other Rights. Any amounts due or payable under this Article V are in the nature of severance payments or liquidated damages, or both, and the Executive agrees that such amounts shall fully compensate the Executive, his dependents, heirs and beneficiaries and the estate of the Executive for any and all direct damages and consequential damages that they do or may suffer as a result of the termination of the Executive's employment, or both, and are not in the nature of a penalty. Notwithstanding the above, no member of the Parent Group shall be liable to the Executive under any circumstances for any consequential, incidental, punitive or similar damages. The Executive expressly acknowledges that the payments and other rights under this Article V shall be the sole monies or other rights to which the Executive shall be entitled to and such payments and rights will be in lieu of any other rights or remedies he might have or otherwise be entitled to. In the event of any termination under this Article V, the Executive hereby expressly waives any rights to any other amounts, benefits or other rights, including without limitation whether arising under current or future compensation or severance or similar plans, agreements or arrangements of any member of the Parent Group (including as a result of changes in (or of) control or similar transactions), unless Executive's entitlement to participate or receive benefits thereunder has been expressly approved by the Board. Similarly, no one in the Parent Group shall have any further liability or obligation to the Executive following the date of termination, except as expressly provided in this Agreement.

5.8 No Right to Set Off The Company shall not be entitled to set off against amounts payable to the Executive hereunder any amounts earned by the Executive in or her employment, or otherwise, after termination of his employment with the Company, or any amounts which might have been earned by the Executive in other employment had he sought such other employment.

5.9 Adjustments Due to Excise Tax.

(a) If it is determined that any amount or benefit to be paid or payable to the Executive under this Agreement or otherwise in conjunction with his employment (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise in conjunction with his employment) would give rise to liability of the Executive for the excise tax imposed by Section 4999 of the Code, as amended from time to time, or any successor provision (the “Excise Tax”), then the amount or benefits payable to the Executive (the total value of such amounts or benefits, the “Payments”) shall be reduced by the Company so that no portion of the Payments to the Executive is subject to the Excise Tax. The Company shall reduce or eliminate the Payments by first reducing or eliminating any cash payments (with the payments to be made furthest in the future being reduced first), then by reducing or eliminating any accelerated vesting of options, then by reducing or eliminating any accelerated vesting of restricted stock, then by reducing or eliminating any other remaining Payments. Such reduction shall only be made if the net amount of the Payments, as so reduced (and after deduction of applicable federal, state, and local income and payroll taxes on such reduced Payments other than the Excise Tax (collectively, the “Deductions”)) is greater than the excess of (1) the net amount of the Payments, without reduction (but after making the Deductions) over (2) the amount of Excise Tax to which the Executive would be subject in respect of such Payments.

(b) In the event it is determined that the Excise Tax may be imposed on the Executive prior to the possibility of any reductions being made pursuant to Section 5.9(a), the Company and the Executive agree to take such actions as they may mutually agree in writing to take to avoid any such reductions being made or, if such reduction is not otherwise required by Section 5.9(a), to reduce the amount of Excise Tax imposed.

(c) The independent public accounting firm serving as the Company's auditing firm, or such other accounting firm, law firm or professional consulting services provider of national reputation and experience reasonably acceptable to the Company and Executive (the “Accountants”) shall make in writing in good faith all calculations and determinations under this Section 5.9, including the assumptions to be used in arriving at any calculations. For purposes of making the calculations and determinations under this Section 5.9, the Accountants and each other party may make reasonable assumptions and approximations concerning the application of Section 280G and Section 4999. The Company and Executive shall furnish to the Accountants and each other such information and documents as the Accountants and each other may reasonably request to make the calculations and determinations under this Section 5.9. The Company shall bear all costs the Accountants incur in connection with any calculations contemplated hereby.

VI. PROTECTIVE PROVISIONS

6.1 Noncompetition. Without the prior written consent of the Board (which may be withheld in the Board's sole discretion), so long as the Executive is an employee of the Company or any other member of the Parent Group and for a twelve-month period thereafter, the Executive agrees that he shall not anywhere in the Prohibited Area, for his own account or the benefit of any other, engage or participate in or assist otherwise be connected with a Competing Business. For the avoidance of doubt, the Executive understands that this Section 6.1 prohibits the Executive from acting for himself or as an officer, employee, manager, operator, principal, owner, partner, shareholder, advisor, consultant of, or lender to, any individual or other Person that is engaged or participates in or carries out a Competing Business or is actively planning or preparing to enter into a Competing Business. The parties agree that such prohibition shall not apply to the Executive's passive ownership of not more than 5% of a publicly-traded company.

6.2 No Solicitation or Interference. So long as the Executive is an employee of the Company or any other member of the Parent Group (other than while an employee acting solely for the express benefit of the Parent Group) and for a twelve-month period thereafter, the Executive shall not, whether for his own account or for the account or benefit of any other Person, throughout the Prohibited Area:

(a) request, induce or attempt to influence (i) any customer of any member of the Parent Group to limit, curtail, cancel or terminate any business it transacts with, or products or services it receives from or sells to, or (ii) any Person employed by (or otherwise engaged in providing services for or on behalf of) any member of the Parent Group to limit, curtail, cancel or terminate any employment, consulting or other service arrangement, with any member of the Parent Group. Such prohibition shall expressly extend to any hiring or enticing away (or any attempt to hire or entice away) any employee or consultant of the Parent Group.

(b) solicit from or sell to any customer any products or services that any member of the Parent Group provides or is capable of providing to such customer and that are the same as or substantially similar to the products or services that any member of the Parent Group, sold or provided while the Executive was employed with, or providing services to, any member of the Parent Group.

(c) contact or solicit any customer for the purpose of discussing (i) services or products that are competitive with and the same or closely similar to those offered by any member of the Parent Group or (ii) any past or present business of any member of the Parent Group.

(d) request, induce or attempt to influence any supplier, distributor or other Person with which any member of the Parent Group has a business relationship or to limit, curtail, cancel or terminate any business it transacts with any member of the Parent Group.

(e) otherwise interfere with the relationship of any member of the Parent Group with any Person which is, or within one-year prior to the Executive's date of termination was, doing business with, employed by or otherwise engaged in performing services for, any member of the Parent Group.

The twelve-month post-termination employment period described herein and in Section 6.1 shall be extended to eighteen months in the event of a termination described in Section 5.3.

6.3 Confidential Information. During the period of the Executive's employment with the Company or any member of the Parent Group and at all times thereafter, the Executive shall hold in secrecy for the Company all Confidential Information that may come to his knowledge, may have come to his attention or may have come into his possession or control while employed by the Company (or otherwise performing services for any member of the Parent Group). Notwithstanding the preceding sentence, the Executive shall not be required to maintain the confidentiality of any Confidential Information which (a) is or becomes available to the public or others in the industry generally (other than as a result of disclosure or inappropriate use, or caused, by the Executive in violation of this Section 6.3) or (b) the Executive is compelled to disclose under any applicable laws, regulations or directives of any government agency, tribunal or authority having jurisdiction in the matter or under subpoena. Except as expressly required in the performance of his duties to the Company under this Agreement, the Executive shall not use for his own benefit or disclose (or permit or cause the disclosure of) to any Person, directly or indirectly, any Confidential Information unless such use or disclosure has been specifically authorized in writing by the Company in advance. During the Executive's employment and as necessary to perform his duties under Section 1.2, the Company will provide and grant the Executive access to the Confidential Information. The Executive recognizes that any Confidential Information is of a highly competitive value, will include Confidential Information not previously provided the Executive and that the Confidential Information could be used to the competitive and financial detriment of any member of the Parent Group if misused or disclosed by the Executive. The Company promises to provide access to the Confidential Information only in exchange for the Executive's promises contained herein, expressly including the covenants in Sections 6.1, 6.2 and 6.4.

6.4 Inventions.

(a) The Executive shall promptly and fully disclose to the Company any and all ideas, improvements, discoveries and inventions, whether or not they are believed to be patentable ("Inventions"), that the Executive conceives of or first actually reduces to practice, either solely or jointly with others, during the Executive's employment with the Company or any other member of the Parent Group, and that relate to the business now or thereafter carried on or contemplated by any member of the Parent Group or that result from any work performed by the Executive for any member of the Parent Group.

(b) The Executive acknowledges and agrees that all Inventions shall be the sole and exclusive property of the Company (or member of the Parent Group) and are hereby assigned to the Company (or applicable member of the Parent Group). During the term of the Executive's employment with the Company (or any other member of the Parent Group) and thereafter, whenever requested to do so by the Company, the Executive shall take such action as may be requested to execute and assign any and all applications, assignments and other instruments that the Company shall deem necessary or appropriate in order to apply for and obtain Letters Patent of the United States and/or of any foreign countries for such Inventions and in order to assign and convey to the Company (or any other member of the Parent Group) or their nominees the sole and exclusive right, title and interest in and to such Inventions.

(c) The Company acknowledges and agrees that the provisions of this Section 6.4 do not apply to an Invention: (i) for which no equipment, supplies, or facility of any member of the Parent Group or Confidential Information was used; (ii) that was developed entirely on the Executive's own time and does not involve the use of Confidential Information; (iii) that does not relate directly to the business of any member of the Parent Group or to the actual or demonstrably anticipated research or development of any member of the Parent Group; and (iv) that does not result from any work performed by the Executive for any member of the Parent Group.

6.5 Return of Documents and Property. Upon termination of the Executive's employment for any reason, the Executive (or his heirs or personal representatives) shall immediately deliver to the Company (a) all documents and materials containing Confidential Information (including without limitation any "soft" copies or computerized or electronic versions thereof) or otherwise containing information relating to the business and affairs of any member of the Parent Group (whether or not confidential), and (b) all other documents, materials and other property belonging to any member of the Parent Group that are in the possession or under the control of the Executive.

6.6 Reasonableness; Remedies. The Executive acknowledges that each of the restrictions set forth in this Article VI are reasonable and necessary for the protection of the Company's business and opportunities (and those of the Parent Group) and that a breach or any of the covenants contained in this Article VI would result in material irreparable injury to the Company and the other members of the Parent Group for which there is no adequate remedy at law and that it will not be possible to measure damages for such injuries precisely. Accordingly, the Company and any member of the Parent Group shall be entitled to the remedies or injunction and specific performance, or either of such remedies, as well as all other remedies to which any member of the Parent Group may be entitled, at law, in equity or otherwise, without the need for the posting of a bond or by the posting of the minimum bond that may otherwise be required by law or court order.

6.7 Extension; Survival. The Executive and the Company agree that the time periods identified in this Article VI will be stayed, and the Company's obligation to make any payments or provide any benefits under Article V shall be suspended, during the period of any breach or violation by the Executive of the covenants contained herein. The parties further agree that this Article VI shall survive the termination or expiration of this Agreement for any reason. The Executive acknowledges that his agreement to each of the provisions of this Article VI is fundamental to the Company's willingness to enter into this Agreement and for it to provide for the severance and other benefits described in Article V, none of which the Company was required to do prior to the date hereof. Further, it is the express intent and desire of the parties for each provision of this Article VI to be enforced to the fullest extent permitted by law. If any part of this Article VI, or any provision hereof, is deemed illegal, void, unenforceable or overly broad (including as to time, scope and geography), the parties express desire is that such provision be reformed to the fullest extent possible to ensure its enforceability or if such reformation is deemed impossible then such provision shall be severed from this Agreement, but the remainder of this Agreement (expressly including the other provisions of this Article VI) shall remain in full force and effect.

VII. MISCELLANEOUS

7.1 Notices. Any notice required or permitted under this Agreement shall be given in writing and shall be deemed to have been effectively made or given if personally delivered, or if sent via U.S. mail or recognized overnight delivery service or sent via confirmed e-mail or facsimile to the other party at its address set forth below in this Section 7.1, or at such other address as such party may designate by written notice to the other party hereto. Any effective notice hereunder shall be deemed given on the date personally delivered, three business days after mailed via U.S. mail or one business day after it is sent via overnight delivery service or via confirmed e-mail or facsimile, as the case may be, to the following address:

If to the Company:

Orthofix Inc.
Attn: Senior Vice President, General Counsel and
Corporate Secretary
3451 Plano Pkwy
Lewisville, TX 75056
Facsimile: 704-948-2690
E-mail: JeffSehumm@orthotix.com

With a copy which shall not constitute notice to:

Hogan Lovells US LLP
555 Thirteenth Street, N.W.
Washington, D.C. 20004
Facsimile: (202) 637-5910
Email: joseph.gilligan@hoganlovells.com

If to the Executive:

At the most recent address on file with the Company

7.2 Legal Fees .

(a) The Company shall pay all reasonable legal fees and expenses of the Executive's counsel in connection with the preparation and negotiation of this Agreement.

(b) The parties hereto agree that any dispute or controversy arising under or in connection with this Agreement shall be resolved exclusively and finally by binding arbitration in Lewisville, Texas, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction. The Company shall be responsible for its own fees, costs and expenses and shall pay to the Executive an amount equal to all reasonable attorneys' and related fees, costs and expenses incurred by the Executive in connection with such arbitration if the arbitrator determines that the Executive prevailed on a material issue of the arbitration. If there is any dispute between the Company and the Executive as to the payment of such fees and expenses, the arbitrator shall resolve such dispute, which resolution shall also be final and binding on the parties, and as to such dispute only the burden of proof shall be on the Company.

7.3 Severability. If an arbitrator or a court of competent jurisdiction determines that any term or provision hereof is void, invalid or otherwise unenforceable, (a) the remaining terms and provisions hereof shall be unimpaired and (b) such arbitrator or court shall replace such void, invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the void, invalid or unenforceable term or provision. For the avoidance of doubt, the parties expressly intend that this provision extend to Article VI of this Agreement.

7.4 Entire Agreement. This Agreement represents the entire agreement of the parties with respect to the subject matter hereof and shall supersede any and all previous contracts, arrangements or understandings between the Company, the Parent and the Executive relating to the Executive's employment by the Company. Nothing in this Agreement shall modify or alter any indemnity agreement between Parent and the Executive or alter or impair any of the Executive's rights under the Plans or related award agreements. In the event of any conflict between this Agreement and any other agreement between the Executive and the Company (or any other member of the Parent Group), this Agreement shall control.

7.5 Amendment; Modification. Except for increases in Base Salary, and adjustments with respect to Incentive Compensation, made as provided in Article II, this Agreement may be amended at any time only by mutual written agreement of the Executive and the Company; provided, however, that, notwithstanding any other provision of this Agreement or the Plans (or any award documents under the Plans), the Company may reform this Agreement, the Plans (or any award documents under the Plans) or any provision thereof (including, without limitation, an amendment instituting a six-month waiting period before a distribution) or otherwise as contemplated by Section 7.16 below.

7.6 Withholding. The Company shall be entitled to withhold, deduct or collect or cause to be withheld, deducted or collected from payment any amount of withholding taxes required by law, statutory deductions or collections with respect to payments made to the Executive in connection with his employment, termination (including Article V) or his rights hereunder, including as it relates to stock-based compensation.

7.7 Representations .

(a) The Executive hereby represents and warrants to the Company that (i) the execution, delivery and performance of this Agreement by the Executive do not and shall not conflict with, breach, violate or cause a default under any contract, agreement, instrument, order, judgment or decree to which the Executive is a party or by which he is bound, and (ii) upon the execution and delivery of this Agreement by the Company, this Agreement shall be the valid and binding obligation of the Executive, enforceable in accordance with its terms. The Executive hereby acknowledges and represents that he has consulted with legal counsel regarding his rights and obligations under this Agreement and that he fully understands the terms and conditions contained herein.

(b) The Company hereby represents and warrants to the Executive that (i) the execution, delivery and performance of this Agreement by the Company do not and shall not conflict with, breach, violate or cause a default under any material contract, agreement, instrument, order, judgment or decree to which the Company is a party or by which it is bound and (ii) upon the execution and delivery of this Agreement by the Executive, this Agreement shall be the valid and binding obligation of the Company, enforceable in accordance with its terms.

7.8 Governing Law: Jurisdiction. This Agreement shall be construed, interpreted, and governed in accordance with the laws of the State of Texas without regard to any provision of that State's rules on the conflicts of law that might make applicable the law of a jurisdiction other than that of the State of Texas. Except as otherwise provided in Section 7.2, all actions or proceedings arising out of this Agreement shall exclusively be heard and determined in state or federal courts in the State of Texas having appropriate jurisdiction. The parties expressly consent to the exclusive jurisdiction of such courts in any such action or proceeding and waive any objection to venue laid therein or any claim for forum nonconveniens.

7.9 Successors. This Agreement shall be binding upon and inure to the benefit of, and shall be enforceable by the Executive, the Company, and their respective heirs, executors, administrators, legal representatives, successors, and assigns. In the event of a Business Combination (as defined in clause (iii) of Change of Control), the provisions of this Agreement shall be binding upon and inure to the benefit of the parent or entity resulting from such Business Combination or to which the assets shall be sold or transferred, which entity from and after the date of such Business Combination shall be deemed to be the Company for purposes of this Agreement. In the event of any other assignment of this Agreement by the Company, the Company shall remain primarily liable for its obligations hereunder; provided, however, that if the Company is financially unable to meet its obligations hereunder, the Parent shall assume responsibility for the Company's obligations hereunder pursuant to the guaranty provision following the signature page hereof. The Executive expressly acknowledges that the Parent and other members of the Parent Group (and their successors and assigns) are third party beneficiaries of this Agreement and may enforce this Agreement on behalf of themselves or the Company. Both parties agree that there are no third party beneficiaries to this Agreement other than as expressly set forth in this Section 7.9.

7.10 Nonassignability. Neither this Agreement nor any right or interest hereunder shall be assignable by the Executive, his beneficiaries, dependents or legal representatives without the Company's prior written consent; provided, however, that nothing in this Section 7.10 shall preclude (a) the Executive from designating a beneficiary to receive any benefit payable hereunder upon his death or (b) the executors, administrators or other legal representatives of the Executive or his estate from assigning any rights hereunder to the Person(s) entitled thereto.

7.11 No Attachment. Except as required by law, no right to receive payments under this Agreement shall be subject to anticipation, commutation, alienation, sale, assignment, encumbrance, charge, pledge or hypothecation in favor of any third party, or to execution, attachment, levy or similar process or assignment by operation of law in favor of any third party, and any attempt, voluntary or involuntary, to effect any such action shall be null, void and of no effect.

7.12 Waiver. No term or condition of this Agreement shall be deemed to have been waived, nor there be any estoppel against the enforcement of any provision of this Agreement, except by written instrument of the party charged with such waiver or estoppel. No such written waiver shall be deemed a continuing waiver unless specifically stated therein, and each such waiver shall operate only as to the specific term or condition waived and shall not constitute a waiver of such term or condition for the future or as to any act other than that specifically waived.

7.13 Construction. The headings of articles or sections herein are included solely for convenience of reference and shall not control the meaning or interpretation of any of the provisions of this Agreement. References to days found herein shall be actual calendar days and not business days unless expressly provided otherwise.

7.14 Counterparts. This Agreement may be executed by any of the parties hereto in counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

7.15 Effectiveness. This Agreement shall be effective as of the Effective Date when signed by the Executive and the Company.

7.16 Code Section 409A.

(a) It is the intent of the parties that payments and benefits under this Agreement comply with Section 409A and, accordingly, to interpret, to the maximum extent permitted, this Agreement to be in compliance therewith. If the Executive notifies the Company in writing (with specificity as to the reason therefore) that the Executive believes that any provision of this Agreement (or of any award of compensation, including equity compensation or benefits) would cause the Executive to incur any additional tax or interest under Section 409A and the Company concurs with such belief or the Company (without any obligation whatsoever to do so) independently makes such determination, the parties shall, in good faith, reform such provision to try to comply with Code Section 409A through good faith modifications to the minimum extent reasonably appropriate to conform with Code Section 409A. To the extent that any provision hereof is modified by the parties to try to comply with Code Section 409A, such modification shall be made in good faith and shall, to the maximum extent reasonably possible, maintain the original intent of the applicable provision without violating the provisions of Code Section 409A. Notwithstanding the foregoing, the Company shall not be required to assume any economic burden in connection therewith.

(b) If the Executive is deemed on the date of “ separation from service ” to be a “ specified employee ” within the meaning of that term under Section 409A(a)(2)(B), then, with regard to any payment or the provision of any benefit that is specified as subject to this Section, such payment or benefit shall, if required to avoid the imposition of additional tax or interest under Section 409A, be made or provided at the date which is the earlier of (A) the expiration of the six (6)-month period measured from the date of such “ separation from service ” of the Executive, and (B) the date of the Executive's death (the “ Delay Period ”). Upon the expiration of the Delay Period, all payments and benefits delayed pursuant to this Section 7.16 (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid or reimbursed to the Executive in a lump sum, and any remaining payments and benefits due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein. If a payment is to be made promptly after a date, it shall be made within sixty (60) days thereafter.

(c) Any expense reimbursement under this Agreement shall be made promptly upon Executive's presentation to the Company of evidence of the fees and expenses incurred by the Executive and in all events on or before the last day of the taxable year following the taxable year in which such expense was incurred by the Executive, and no such reimbursement or the amount of expenses eligible for reimbursement in any taxable year shall in any way affect the expenses eligible for reimbursement in any other taxable year.

7.17 Survival. As provided in Section 1.3 with respect to expiration of the Term, Articles VI and VII shall survive the termination or expiration of this Agreement for any reason.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date .

ORTHOFIX INC.

EXECUTIVE

/s/ Bradley R. Mason

/s/ Brad Niemann

Name: Bradley R. Mason

Brad Niemann, an individual

Title: Chief Executive Officer

Guaranty by Parent

Parent (Orthofix International N.V.) is not a party to this Agreement, but joins in this Agreement for the sole purpose of guaranteeing the obligations of the Company to pay, provide, or reimburse the Executive for all cash or other benefits provided for in this Agreement, including the provision of all benefits in the form of, or related to, securities of Parent and to elect or appoint Executive to the positions with Parent and provide Executive with the authority relating thereto as contemplated by Section 1.1 of this Agreement, and to ensure the Board will take the actions required of it hereby.

ORTHOFIX INTERNATIONAL N.V.

/s/ Bradley R. Mason

Name: Bradley R. Mason

Title: President and Chief Executive Officer

EXHIBIT A

Definitions

For purposes of this Agreement, the following capitalized terms have the meanings set forth below:

“ **Base Amount** ” shall mean an amount equal to the sum of:

(i) the Executive's annual base salary at the highest annual rate in effect at any time during the Term; and

(ii) the lower of (i) the Executive's target bonus under Section 2.3 in effect during the fiscal year in which termination of employment occurs, or (ii) the average of the Incentive Compensation (as defined in Section 2.3) actually earned by the Executive (A) with respect to the two consecutive annual Incentive Compensation periods ending immediately prior to the year in which termination of the Executive's employment with the Company occurs (which for purposes of the 2011 and 2012 calendar years, shall be deemed under this (ii)(A) to be the amount of the Executive's target incentive bonus for 2013, and which for purposes of 2013, shall be deemed under this (ii)(A) to be the Executive's actually earned 2013 incentive plan bonus as if such bonus were not prorated to reflect his employment for a period of less than 365 days during the 2013 calendar year) or, (B) if greater, with respect to the two consecutive annual Incentive Compensation periods ending immediately prior to the Change of Control Date or the Potential Change of Control Date.

“ **Board** ” shall mean the Board of Directors of Parent. Any obligation of the Board other than termination for Cause under this Agreement may be delegated to an appropriate committee of the Board, including its compensation committee, and references to the Board herein shall be references to any such committee, as appropriate.

“ **Cause** ” shall mean termination of the Executive's employment because of the Executive's: (i) involvement in fraud, misappropriation or embezzlement related to the business or property of the Company; (ii) conviction for, or guilty plea to, or plea of nolo contendere to, a felony or crime of similar gravity in the jurisdiction in which such conviction or guilty plea occurs; (iii) intentional wrongful disclosure of Confidential Information or other intentional wrongful violation of Article VI; (iv) willful and continued failure by the Executive to follow the reasonable instructions of the Board or Chief Executive Officer; (v) willful commission by the Executive of acts that are dishonest and demonstrably and materially injurious to a member of the Parent Group, monetarily or otherwise; (vi) willful or material violation of, or willful or material noncompliance with, any securities law, rule or regulation or stock exchange listing rule adversely affecting the Parent Group including without limitation (a) if the Executive has undertaken to provide any certification or related back-up material required for the chief and principal executive and financial officers to provide a certification required under the Sarbanes-Oxley Act of 2002, including the rules and regulations promulgated thereunder (the “ **Sarbanes-Oxley Act** ”), and he willfully or materially fails to take reasonable and appropriate steps to determine whether or not the certificate or related back-up material was accurate or otherwise in compliance with the requirements of the Sarbanes-Oxley Act or (b) the Executive's willful or material failure to establish and administer effective systems and controls applicable to his area of responsibility necessary for the Parent to timely and accurately file reports pursuant to Section 13 or 15(d) of the Exchange Act. No act or omission shall be deemed willful or material for purposes of this definition if taken or omitted to be taken by Executive in a good faith belief that such act or omission to act was in the best interests of the Parent Group or if done at the express direction of the Board.

“ **Change of Control** ” shall occur upon any of the following events:

(i) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act), in any individual transaction or series of related transactions, of 50% or more of either (A) the then outstanding shares of common stock of Parent (the “ **Outstanding Common Stock** ”) or (B) the combined voting power of the then outstanding voting securities of Parent entitled to vote generally in the election of directors (the “ **Outstanding Voting Securities** ”); excluding, however, the following: (1) any acquisition directly from Parent, other than an acquisition by virtue of the exercise of a conversion privilege unless the security being so converted was itself acquired directly from Parent; (2) any acquisition by Parent; (3) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by Parent or any entity controlled by Parent; or (4) any acquisition pursuant to a transaction which complies with clauses (A), (B) and (C) of subsection (iii) of this definition of Change of Control;

(ii) a change in the composition of the Board such that the individuals who as of the Effective Date constitute the Board (the “ **Incumbent Board** ”) cease for any reason to constitute at least a majority of the Board; provided, however, for purposes of this paragraph, that any individual who becomes a member of the Board subsequent to the Effective Date, whose appointment, election, or nomination for election by Parent's shareholders was approved by a vote of at least a majority of those individuals who are members of the Board and who were also members of the Incumbent Board (or deemed to be such pursuant to this

proviso) shall be considered as though such individual were a member of the Incumbent Board; but provided, further that any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board shall not be so considered as a member of the Incumbent Board;

(iii) consummation of a reorganization, merger, consolidation or other business combination or the sale or other disposition of all or substantially all of the assets of Parent (including assets that are shares held by Parent in its subsidiaries) (any such transaction, a “Business Combination”); expressly excluding, however, any such Business Combination pursuant to which all of the following conditions are met: (A) all or substantially all of the Person(s) who are the beneficial owners of the Outstanding Common Stock and Outstanding Voting Securities, respectively, immediately prior to such Business Combination will beneficially own, directly or indirectly, more than 50% of, respectively, the outstanding shares of common stock, and the combined voting power of the outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity which as a result of such transaction owns Parent or all or substantially all of Parent's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Outstanding Common Stock and Outstanding Voting Securities, as the case may be, (B) no Person (other than Parent, any employee benefit plan (or related trust) of Parent or such entity resulting from such Business Combination) will beneficially own, directly or indirectly, 50% or more of, respectively, the outstanding shares of common stock of the entity resulting from such Business Combination or the combined voting power of the outstanding voting securities of such entity entitled to vote generally in the election of directors except to the extent that such ownership existed prior to the Business Combination, and (C) individuals who were members of the Incumbent Board will constitute at least a majority of the members of the board of directors of the entity resulting from such Business Combination;

(iv) the approval by the shareholders of Parent of a complete liquidation or dissolution of Parent;

(v) the Parent Group (or any of them) shall sell or dispose of, in a single transaction or series of related transactions, business operations that generated two-thirds of the consolidated revenues of the Parent Group (determined on the basis of Parent's four most recently completed fiscal quarters for which reports have been filed under the Exchange Act) and such disposal shall not be exempted pursuant to clause (iii) of this definition of Change of Control;

(vi) Parent files a report or proxy statement with the Securities and Exchange Commission pursuant to the Exchange Act disclosing in response to Form 8-K or Schedule 14A (or any successor schedule, form or report or item therein) that a change of control of Parent has or may have occurred or will or may occur in the future pursuant to any then-existing agreement or transaction; notwithstanding the foregoing, unless determined in a specific case by a majority vote of the Board, a “Change of Control” shall not be deemed to have occurred solely because: (A) an entity in which Parent directly or indirectly beneficially owns 50% or more of the voting securities, or any Parent-sponsored employee stock ownership plan, or any other employee plan of Parent or the Company, either files or becomes obligated to file a report or a proxy statement under or in response to Schedule 13 D, Schedule 14D-1, Form 8-K or Schedule 14A (or any successor schedule, form or report or item therein) under the Exchange Act, disclosing beneficial ownership by form or report or item therein, disclosing beneficial ownership by it of shares of stock of Parent, or because Parent reports that a change of control of Parent has or may have occurred or will or may occur in the future by reason of such beneficial ownership or (B) any Parent-sponsored employee stock ownership plan, or any other employee plan of Parent or the Company, either files or becomes obligated to file a report or a proxy statement under or in response to Schedule 13 D, Schedule 14D-1, Form 8-K or Schedule 14A (or any successor schedule, form or report or item therein) under the Exchange Act, disclosing beneficial ownership by form or report or item therein, disclosing beneficial ownership by it of shares of stock of Parent, or because Parent reports that a change of control of Parent has or may have occurred or will or may occur in the future by reason of such beneficial ownership; or

(vii) any other transaction or series of related transactions occur that have substantially the effect of the transactions specified in any of the preceding clauses in this definition.

Notwithstanding the above definition of Change of Control, the Board, in its sole discretion, may determine that a Change of Control has occurred for purposes of this Agreement, even if the events giving rise to such Change of Control are not expressly described in the above definition.

“**Change of Control Date**” shall mean the date on which a Change of Control occurs.

“**Change of Control Period**” shall mean the 24 month period commencing on the Change of Control Date; provided, however, if the Company terminates the Executive's employment with the Company prior to the Change of Control Date but on or after a Potential Change of Control Date, and it is reasonably demonstrated that the Executive's (i) employment was terminated at the request

of an unaffiliated third party who has taken steps reasonably calculated to effect a Change of Control or (ii) termination of employment otherwise arose in connection with or in anticipation of the Change of Control, then the “Change of Control Period” shall mean the 24 month period beginning on the date immediately prior to the date of the Executive's termination of employment with the Company.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Competing Business” means any business or activity that (i) competes with any member of the Parent Group for which the Executive performed services or the Executive was involved in for purposes of making strategic or other material business decisions and involves (ii) (A) the same or substantially similar types of products or services (individually or collectively) manufactured, marketed or sold by any member of the Parent Group during Term or (B) products or services so similar in nature to that of any member of the Parent Group during Term (or that any member of the Parent Group will soon thereafter offer) that they would be reasonably likely to displace substantial business opportunities or customers of the Parent Group.

“Confidential Information” shall include Trade Secrets and includes information acquired by the Executive in the course and scope of his activities under this Agreement, including information acquired from third parties, that (i) is not generally known or disseminated outside the Parent Group (such as non-public information), (ii) is designated or marked by any member of the Parent Group as “confidential” or reasonably should be considered confidential or proprietary, or (iii) any member of the Parent Group indicates through its policies, procedures, or other instructions should not be disclosed to anyone outside the Parent Group. Without limiting the foregoing definitions, some examples of Confidential Information under this Agreement include (a) matters of a technical nature, such as scientific, trade or engineering secrets, “know-how”, formulae, secret processes, inventions, and research and development plans or projects regarding existing and prospective customers and products or services, (b) information about costs, profits, markets, sales, customer lists, customer needs, customer preferences and customer purchasing histories, supplier lists, internal financial data, personnel evaluations, non-public information about medical devices or products of any member of the Parent Group (including future plans about them), information and material provided by third parties in confidence and/or with nondisclosure restrictions, computer access passwords, and internal market studies or surveys and (c) and any other information or matters of a similar nature.

“Disability” as used in this Agreement shall have the meaning given that term by any disability insurance the Company carries at the time of termination that would apply to the Executive. Otherwise, the term “Disability” shall mean the inability of the Executive to perform his duties and responsibilities under this Agreement as a result of a physical or mental illness, disease or personal injury he has incurred. Any dispute as to whether or not the Executive has a “Disability” for purposes of this Agreement shall be resolved by a physician reasonably satisfactory to the Board and the Executive (or his legal representative, if applicable). If the Board and the Executive (or his legal representative, if applicable) are unable to agree on a physician, then each shall select one physician and those two physicians shall pick a third physician and the determination of such third physician shall be binding on the parties.

“Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.

“Good Reason” shall mean the occurrence of any of the following without the written consent of the Executive: (1) the assignment to the Executive of any duties materially inconsistent in any respect with the Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 1 of this Agreement, or any other action by the Company which results in a material diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive; (2) the Company's material reduction of the Executive's Base Salary or bonus opportunity, each as in effect on the date hereof or as the same may be increased from time to time; (3) the relocation of the Company's offices at which the Executive is principally employed (the “Principal Location”) to a location more than thirty (30) miles from such location, or the Company's requiring the Executive to be based at a location more than thirty (30) miles from the Principal Location, except for required travel on the Company's business to an extent substantially consistent with the Executive's present business travel obligations; (4) the Company's failure to obtain a satisfactory agreement from any successor entity to assume and agree to perform this Agreement; or (5) any material breach of this Agreement or any other material agreement with the Executive by the Company or any successor entity.

“Parent” shall mean Orthofix International N.V., an entity organized under the laws of Curacao.

“Parent Group” shall mean Parent, together with its subsidiaries including the Company.

“Person” shall include individuals or entities such as corporations, partnerships, companies, firms, business organizations or enterprises, and governmental or quasigovernmental bodies.

“ **Potential Change of Control** ” shall mean the earliest to occur of: (i) the date on which Parent executes an agreement or letter of intent, the consummation of the transactions described in which would result in the occurrence of a Change of Control or (ii) the date on which the Board approves a transaction or series of transactions, the consummation of which would result in a Change of Control, and ending when, in the opinion of the Board, the Parent (or the Company) or the respective third party has abandoned or terminated any Potential Change of Control.

“ **Potential Change of Control Date** ” shall mean the date on which a Potential Change of Control occurs; provided, however, such date shall become null and void when, in the opinion of the Board, the Parent (or the Company) or the respective third party has abandoned or terminated any Potential Change of Control.

“ **Prohibited Area** ” means North America, South America and the European Union, which Prohibited Area the parties have agreed to as a result of the fact that those are the geographic areas in which the members of the Parent Group conduct a preponderance of their business and in which the Executive provides substantive services to the benefit of the Parent Group.

“ **Section 409A** ” shall mean Section 409A of the Code and regulations promulgated thereunder (and any similar or successor federal or state statute or regulations).

“ **Trade Secrets** ” are information of special value, not generally known to the public that any member of the Parent Group has taken steps to maintain as secret from Persons other than those selected by any member of the Parent Group.

EXHIBIT B

RELEASE

In exchange for the consideration set forth in the Employment Agreement, entered into and effective as of June 6, 2013, by and among Orthofix Inc. (the "Company") and myself (the "Employment Agreement"), the respective terms of which are incorporated herein by reference, I, Brad Niemann, am entering into this Release (this "Release") for good and valuable consideration as required by the Employment Agreement, and agree as follows:

I. GENERAL RELEASE.

(a) On behalf of myself, my heirs, executors, successors and assigns, I and unconditionally release, waive and forever discharge the Company, its members, divisions, subsidiaries, affiliates and related companies, including the Company Group (as defined below), or any member of the Company Group, and their present and former agents, employees, officers, directors, attorneys, stockholders, plan fiduciaries, successors and assigns (collectively, the "Releasees"), from any and all claims, demands, actions, causes of action, costs, fees and all liability whatsoever, whether known or unknown, fixed or contingent, suspected or unsuspected (collectively, "Claims"), which I had, have, or may have against Releasees relating to or arising out of my employment by or separation from the Company and its direct and indirect subsidiaries and parents, including, without limitation, Orthofix International N.V. (collectively, the "Company Group"), up to and including the date of execution of this Release, other than my right to receive the severance payments and other benefits and consideration described in the Employment Agreement. This Release includes, without limitation: (i) claims at law or equity or sounding in contract (express or implied) or tort; (ii) claims arising under any federal, state or local laws of any jurisdiction that prohibit age, sex, race, national origin, color, disability, religion, veteran or military status, sexual orientation or any other form of discrimination, harassment or retaliation (including, without limitation, the Civil Rights Act of 1866, the Age Discrimination in Employment Act, the Older Workers Benefit Protection Act, the Americans with Disabilities Act, Title VII of the 1964 Civil Rights Act, the Civil Rights Act of 1991, the Rehabilitation Act, the Family and Medical Leave Act, the Sarbanes-Oxley Act, the Employee Polygraph Protection Act, the Uniformed Services Employment and Reemployment Rights Act of 1994, the Unruh Civil Rights Act, or any other federal, state or local laws, regulations and ordinances governing discrimination, harassment or retaliation in employment; and the right to bring demands, complaints, causes of action, and claims under any other federal, state, local or common law, statute, regulation or decision); (iii) claims arising under the Employee Retirement Income Security Act; or (iv) any other statutory or common law claims related to my employment with the Company or my separation from the Company. I further covenant not to sue any of the Releasees with respect to any matters released hereby.

(b) This release does not include a release or waiver of any rights or claims I have, or might subsequently have in my capacity as a stockholder of Orthofix International N.V. In addition, this Release shall not release the Company from its continuing obligation to honor the terms of the Employment Agreement. However, this Release shall remain in full force and effect regardless of any claim by me that the Company failed to honor the terms of the Employment Agreement. In the event of any such dispute, my sole remedy against the Company shall be to enforce the terms of the Employment Agreement. I am also not waiving, and nothing in this Release is intended to waive, any right to coverage under any directors and officers insurance coverage, if any, provided by the Company, the Company Group, or any member of the Company Group, or any right to indemnification or expense advancement under any indemnification agreement, or any applicable Company Group articles of incorporation, bylaws or similar organizational document, if any, in each case, to which I might be entitled. I am also not waiving, and nothing in this Release is intended to waive any claims I may have for unemployment insurance or workers' compensation benefits, state disability compensation, claims for any vested benefits under any Company-sponsored benefit plan, or any claims that, as a matter of law, may not be released by private agreement. I am also not waiving, and nothing in this Release is intended to waive, any claims relating to the validity or enforceability of this Release; or any non-waivable right to file a charge with the United States Equal Employment Opportunity Commission (the "EEOC") or the National Labor Relations Board ("NLRB"); provided, however, that I shall not be entitled to recover any monetary damages or to non-monetary relief if the EEOC or NLRB were to pursue any claims relating to my employment with the Company.

EXCEPT AS OUTLINED ABOVE, THIS MEANS THAT, BY SIGNING THIS RELEASE, I WILL WAIVE ANY RIGHT I MAY HAVE HAD TO PURSUE OR BRING A LAWSUIT OR MAKE ANY LEGAL CLAIM AGAINST THE COMPANY OR THE RELEASEES THAT IN ANY WAY ARISES FROM OR RELATES TO MY EMPLOYMENT OR THE TERMINATION OF THAT EMPLOYMENT, UP TO AND INCLUDING THE DATE OF THE EXECUTION OF THIS RELEASE.

(c) I acknowledge that different or additional facts may be discovered in addition to what I now know or believe to be true with respect to the matters herein released, and I agree that this Release shall be and remain in effect in all respects as a complete and final release of the matters released, notwithstanding any such different or additional facts. I represent and warrant that I have not previously filed or joined in any claims against the Company or any of the Releasees, that I have not given or sold any portion of any claims released herein to anyone else, and that I will indemnify and hold harmless the Releasees from all liabilities, claims, demands, costs, expenses and/or attorneys' fees incurred as a result of any such assignment or transfer.

(d) I acknowledge that I have been given an opportunity of [twenty one (21) / forty five (45)]¹ to consider this Release, but I may voluntarily waive that period by signing it earlier, and I acknowledge that I am being advised herein to consult with legal counsel of my own choosing prior to executing this Release. I understand that for a period ending at the end of the seventh calendar day following my execution of this Release ("Revocation Period"), I shall have the right to revoke this Release by delivering a written notice of revocation to Jeffrey M. Schumm, Orthofix Inc. Senior Vice President, General Counsel and Corporate Secretary, 3451 Plano Pkwy, Lewisville, TX 75056 no later than the end of the seventh calendar day after I sign this Release. I understand and agree that this Release will not be effective and enforceable until after the Revocation Period expires without revocation, and if I elect to exercise this revocation right, this Release shall be voided in its entirety, and the Company shall be relieved of all obligations under this Release and all obligations under the Employment Agreement as provided therein. This Release shall be effective on the eighth calendar day after it is executed by me ("Effective Date") provided it has not been previously revoked as provided herein.

2. I agree not to disclose, publish or use any confidential information of the Company Group, except as the Company directs or authorizes unless required by law to do so. I also agree that I will take all reasonable measures to protect the secrecy of and avoid disclosure and unauthorized use of confidential information of the Company Group, and I will immediately notify the Company in the event of any unauthorized use or disclosure of the Company Group's confidential information of which I become aware. I agree that the obligations set forth in this paragraph do not supersede, but are in addition to, any previous confidentiality obligations agreed to by me and any member of the Company Group, including those under the Agreement. The confidentiality provisions set forth in this Release are contractual and their terms are material to this Release. In any proceeding brought to enforce or seek damages for the alleged breach of the confidentiality provisions of this Release, the party successfully prosecuting or defending such action shall be entitled to recover from the opposing party its reasonable expenses, including attorneys' fees.

3. I agree to hold harmless the Releasees, at my sole cost and expense, from and against any claims arising from my breach of this Release (including breaches of my post separation obligations under the Agreement).

4. I agree that I have not made and shall not make, publicly or privately, any critical or negative comments to the media or any significant critical or negative comments to any other person (including future or prospective employees) regarding any of the Releasees.

5. I understand it is my choice whether or not to enter into this Release and that my decision to do so is voluntary and is made knowingly.

6. I represent and acknowledge that in executing this Release, I do not rely, and have not relied, on any communications, statements, inducements or representations, oral or written, by any of the Releasees, except as expressly contained in this Release.

7. I also represent and warrant that, on or before my last date of employment, I will have delivered to the Company (a) all documents and materials containing confidential information (including without limitation any "soft" copies or computerized or electronic versions thereof) or otherwise containing information relating to the business and affairs of any member of the Company Group (whether or not confidential), and (b) all other documents, materials and other property belonging to any member of the Company Group that are or were in my possession or under my control.

8. The Company and I agree that this Release shall be binding on us and our heirs, administrators, representatives, executors, successors and assigns, and shall inure to the benefit of our heirs, administrators, representatives, executors, successors and assigns.

9. This Release shall be interpreted under and governed by the laws of the State of Texas. The Company and I agree that the language of this Release shall in all cases be construed as a whole, according to its fair meaning, and not strictly for or against either party.

10. The Company and I agree that should that any provision of this Release be determined to be illegal or invalid, the validity of the remaining provisions will not be affected and any illegal or invalid provision will be deemed not to be a part of this Release.

11. The Company and I agree that this Release may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall be deemed one and the same instrument.

(Remainder of this page intentionally left blank)

¹ To be determined at time of termination in accordance with relevant provisions of Age Discrimination in Employment Act.

Please read carefully as this document includes a General Release of claims.

As evidenced by my signature below, I certify that I have read the above Release and agree to its terms.

/s/ Brad Niemann

Brad Niemann

Date: 6/12/13

Accepted and Acknowledged:

ORTHOFIX INC.

By Brad R. Mason

Title: PRESIDENT & CEO

Date: 6/13/13

CERTIFICATION

I, Bradley R. Mason, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarterly period ended March 31, 2016, of Orthofix International N.V.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has material affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: April 28, 2016

By: /s/ BRADLEY R. MASON
Name: Bradley R. Mason
Title: President and Chief Executive Officer

CERTIFICATION

I, Doug Rice, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarterly period ended March 31, 2016, of Orthofix International N.V.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has material affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: April 28, 2016

By: /s/ DOUG RICE
Name: Doug Rice
Title: Chief Financial Officer

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Orthofix International N.V. (“Orthofix”) on Form 10-Q for the quarterly period ended March 31, 2016, (the “Report”), as filed with the Securities and Exchange Commission on the date hereof, Bradley R. Mason, Chief Executive Officer and President of Orthofix, and Doug Rice, Chief Financial Officer, each certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Orthofix.

Dated: April 28, 2016

/s/ BRADLEY R. MASON

Name: Bradley R. Mason

Title: President and Chief Executive Officer

Dated: April 28, 2016

/s/ DOUG RICE

Name: Doug Rice

Title: Chief Financial Officer