Orthofix Medical Inc.
Form DEF 14A
April 29, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

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

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

ORTHOFIX MEDICAL INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

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

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

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(4) Proposed maximum aggregate value of transaction:

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Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

3451 Plano Parkway

Lewisville, Texas 75056

Dear Shareholders:

We will hold the 2019 Annual Meeting of Shareholders (the “Annual Meeting”) of Orthofix Medical Inc. (“Orthofix” or the “Company”) on June 10, 2019 at 11:00 a.m. Central Daylight Time (“CDT”) at the Four Seasons Resort and Club Dallas at Las Colinas, 4150 North MacArthur Boulevard, Irving, Texas 75038.

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

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

Sincerely,

Ronald A. Matricaria
Chairman of the Board

April 29, 2019

Notice of Annual Meeting of Shareholders

and Proxy Statement

Meeting Date:	June 10, 2019
	At 11:00 a.m. CDT
Meeting Place:	Four Seasons Resort and Club Dallas at Las Colinas
	4150 North MacArthur Boulevard
	Irving, Texas 75038

Notice and Proxy Statement for Shareholders of

ORTHOFIX MEDICAL INC.

3451 Plano Parkway

Lewisville, Texas 75056

for

2019 ANNUAL MEETING OF SHAREHOLDERS

to be held on June 10, 2019

This notice and the accompanying proxy statement are being furnished to the shareholders of Orthofix Medical Inc., a Delaware corporation ("Orthofix" or the "Company"), in connection with the upcoming 2019 Annual Meeting of Shareholders (the "Annual Meeting") and the related solicitation of proxies by the Board of Directors of Orthofix (the "Board of Directors" or "Board") from holders of outstanding shares of common stock, par value $0.10 per share, of Orthofix for use at the Annual Meeting and at any adjournment thereof. In this notice and the accompanying proxy statement, all references to "we," "our" and "us" refer to the Company, except as otherwise provided.

Time, Date and Place of Annual Meeting

Notice is hereby given that the Annual Meeting will be held on June 10, 2019 at 11:00 a.m. CDT, at the Four Seasons Resort and Club Dallas at Las Colinas, 4150 North MacArthur Boulevard, Irving, Texas 75038.

Purpose of the Annual Meeting

1 Election of Directors. Shareholders will be asked to elect the following persons to the Board: James F. Hinrichs, Alexis V. Lukianov, Lilly Marks, Bradley R. Mason, Ronald A. Matricaria, Michael E. Paolucci, Maria Sainz and John Sicard. The Board unanimously recommends that shareholders vote "FOR" each of the foregoing director nominees.

2 Advisory and Non-Binding Resolution to Approve Executive Compensation. Shareholders will be asked to approve an advisory and non-binding resolution on the compensation of the Company's named executive officers, as described in the "Compensation Discussion and Analysis" and the related compensation tables beginning on page 17 of this proxy statement. The Board values shareholders' opinions, and the Compensation Committee of the Board will take into account the outcome of the

advisory vote when considering future executive compensation decisions. The Board unanimously recommends that shareholders vote “FOR” the proposal to approve the advisory and non-binding resolution on executive compensation.

3 Ratification of the Selection of EY as Independent Registered Public Accounting Firm for 2019. Shareholders will be asked to approve a resolution to ratify the selection of Ernst & Young LLP (“EY”) as the independent registered public accounting firm for Orthofix and its subsidiaries for the fiscal year ending December 31, 2019. The Board unanimously recommends that shareholders vote “FOR” the proposal to ratify the selection of EY as the independent registered public accounting firm.

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

Please read a detailed description of proposals 1 through 3 stated above beginning on page 50 of the proxy statement.

Shareholders Entitled to Vote

All record holders of shares of Orthofix common stock at the close of business on April 23, 2019 are being sent this notice and will be entitled to vote at the Annual Meeting. Each record holder on such date is entitled to cast one vote per share of common stock.

By Order of the Board of Directors
Kimberley A. Elting
Chief Legal and Administrative Officer

April 29, 2019
IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDERS MEETING TO BE HELD JUNE 10, 2019: A COPY OF THIS PROXY STATEMENT, PROXY VOTING CARD AND THE ORTHOFIX ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2018 ARE AVAILABLE AT WWW.PROXYDOCS.COM/OFIX.

Proxy Summary

The summary highlights certain information about our business and 2018 performance. This summary does not contain all of the information that you should consider, and we encourage you to read the entire proxy statement before voting.

Current Directors

Our current directors are listed in the table below. Mr. Faulstick will be retiring from the Board as of the date of the Annual Meeting, at which time the number of seats on the Board will be reduced from nine to eight. The Board is appointing another independent director to replace Mr. Faulstick on the Nominating and Governance Committee.

In February 2019, the Company announced that Mr. Mason would be retiring as President and Chief Executive Officer. The Board has begun to search for and evaluate potential successor candidates in accordance with its CEO succession. Mr. Mason will be standing for re-election as a director at the Annual Meeting. However, it is our expectation that when a CEO successor is appointed by the Board, that Mr. Mason will retire from the Board at such time, and that the Board will appoint such CEO successor as a director.

Name	Age	Director Since	Independent	Audit & Finance Committee*	Compensation Committee*	Compliance & Ethics Committee*	Nominating & Governance Committee*
Ronald A. Matricaria	76	2014					
Luke Faulstick	55	2014					Chair
James F. Hinrichs	51	2014		Chair			
Alexis V. Lukianov	63	2016					
Lilly Marks	71	2015					
Bradley R. Mason	65	2013					
Michael E. Paolucci	59	2016			Chair		
Maria Sainz	53	2012				Chair	
John Sicard	56	2018					

*Committee composition in table reflects membership as of the date of this proxy statement. As part of the Board's periodic committee rotation process, the Board will be reconstituting committee membership as of the date of the Annual Meeting. All committee members will continue to be independent directors meeting applicable Nasdaq and SEC membership requirements.

2018 Business Highlights

In the second half of 2018, we realigned our business unit structure to better position the Company for organic and inorganic growth, and to assist us in meeting our growth expectations in 2019 and beyond. We are currently focused on our organic growth initiatives and actively pursuing value-accretive inorganic opportunities to further accelerate growth. We believe that we remain well-positioned to execute on both organic and inorganic strategic opportunities focused on accelerating shareholder value creation. Notable highlights and accomplishments in 2018 including the following:

- Net sales were $453.0 million, an increase of 4.4% on a reported basis and 3.9% on a constant currency basis.

- Net income from continuing operations was $13.8 million, an increase of 89.4% from the prior year.

Over the one, three, and five year periods ended December 31, 2018, Orthofix's common stock had an annual compound total shareholder return of -4.0%, 10.2% and 18.1%, respectively. By comparison, the S&P Healthcare Equipment Select Industry Index (which is the index that we use for purposes of employee performance stock unit grants), returned 9.6%, 17.3%, and 15.4% over the same periods.

Our Compensation Committee sets performance goals with the intent that it will be challenging for a participant to receive 100% of his or her incentive opportunity target award in any given year. For 2018, notwithstanding the year-over-year increases in net sales and net income from continuing operations described above, our executive officers received annual bonuses between 66-78% of their annual target, depending on the individual. We believe this illustrates the Company's commitment to a pay-for-performance philosophy of executive compensation.

In 2018, we had four strategic business units ("SBUs"): Bone Growth Therapies (formerly referred to as BioStim), Spinal Implants (formerly referred to as Spine Fixation), Biologics and Orthofix Extremities (formerly referred to as Extremity Fixation). The table below describes fiscal year 2018 highlights for each of our SBUs:

SBU	2018 Fiscal Year Highlights
Bone Growth Therapies	Annual net sales increased $9.4 million, or 5.0%, primarily driven by the execution of our commercial strategies and the continued leverage of our recently launched next generation products supported by our STIM On Track mobile application.
Spinal Implants	Annual net sales increased $9.7 million, or 11.8%, primarily due to an increase in international sales of M6 Artificial Discs following our acquisition of Spinal Kinetics, the addition of new distributor partners in the U.S. and recent product introductions.
Biologics	Due to a contractual reduction in the amount we receive for marketing service fees for Trinity tissues from MTF Biologics and low single-digit pricing pressure in the market, annual net sales declined by $3.0 million, or 4.8%.
Orthofix Extremities	Annual net sales increased $3.2 million, or 3.1%, primarily driven by a change in foreign currency exchange rates, continued distribution expansion and adoption of our TrueLok products in the U.S. and continued expansion of our international distributors and growth in European subsidiaries.

In 2019, following the realignment of our SBUs and the promotion of Brad Niemann to President of Global Spine, the Company revised its reporting segments to consist of Global Spine and Global Extremities. The Global Spine reporting segment includes our legacy Bone Growth Therapies, Spinal Implants, and Biologics product categories. This alignment structures Orthofix around two pillars: Spine and Extremities. We believe this change positions us for growth acceleration and to realize opportunities through leveraging our full portfolio of spine solutions.

Executive Compensation Highlights

We focus our compensation program for our named executive officers and other executive officers on financial, strategic and operational goals established by the Board of Directors to create value for our shareholders. Our guiding compensation principle is to pay for performance. Our compensation program is designed to motivate, measure and reward the successful achievement of our strategic and operating goals without promoting excessive or unnecessary risk taking. At the 2018 annual meeting, our say-on-pay proposal was supported by 98.2% of the votes cast, which we believe validates the Company's "pay-for-performance" executive compensation approach to executive compensation.

2018 Executive Total Compensation Mix

The charts below show the annual total target compensation (full-year base salary, target annual cash incentive compensation and long-term equity incentive compensation received) for our President and Chief Executive Officer and our other named executive officers for 2018. These charts illustrate that a significant portion of our named executive officer total target compensation was performance-based (53% for our President and Chief Executive Officer).

* All other compensation value not displayed as it represents less than 1% of total target compensation.

Governance of Executive Compensation

Consistent with shareholder interests and market best practices, our executive compensation program includes the following sound governance features:

What we do:

- Align a significant amount of executive pay with overall performance of the business and the Company's common stock
- Set meaningful performance targets for annual and performance-based awards, approved by the Compensation Committee
- Discourage unnecessary and inappropriate risk taking, including obtaining an annual independent risk assessment analysis
- Maintain robust stock ownership guidelines for our executive officers and directors (including 5x salary for CEO)
- Maintain an incentive compensation clawback policy
- Provide for "double-trigger" change in control vesting on all new equity grants to executive officers since 2016, and no "single-trigger" cash or similar payment rights upon a change in control
- Retain an independent compensation consultant who conducts an annual benchmarking of our compensation against industry peer group
- Include caps on annual incentive plan payments and shares earned under performance-based stock awards

What we don't do:

X Pay dividends or dividend equivalents on stock options or restricted stock units
X Maintain employment agreements with executive officers (unless required by law)
X Pay excise tax gross-ups for change in control payments
X Reprice stock options
X Provide excessive perquisites
X Pay cash severance under our current agreements and policies (including to CEO) in excess of 1.5x salary and bonus (2.0x in the case of a change in control)
X Permit hedging or pledging of our securities by directors or executive officers

Corporate Governance Highlights

We are committed to effective corporate governance and the regular review of our corporate governance practices to continue building on our success and long-term shareholder value.

Director Election

- Annual elections for all directors

Board Independence

- Seven of our eight continuing directors are fully independent under Nasdaq standards
- All four Board committees consist solely of independent directors

Standing Board Committees

- Audit and Finance Committee (met eight times in 2018)
- Compensation Committee (met six times in 2018)
- Compliance and Ethics Committee (met four times in 2018)
- Nominating and Governance Committee (met four times in 2018)

Practices and Policies

- Experienced, diverse Board membership with extensive business expertise in life sciences, finance, international business and operational matters
- Commitment to Board refreshment, with an average tenure of 4.1 years for the eight directors that are nominated to continue serving after the Annual Meeting
- Independent directors met in executive session at every regular 2018 Board meeting
- Approximately 98% average attendance by directors at Board and committee meetings in 2018
- Active Board oversight in the area of enterprise risk management
- Compliance and Ethics Committee of the Board formed in 2013 to oversee and monitor a comprehensive, Company-wide compliance and ethics program that is led by our Chief Ethics and Compliance Officer
- Annual Board and committee self-assessments including individual board member performance reviews
- Structured director education and onboarding program
- Shareholders representing at least 25% of the outstanding common shares may call a special meeting
- No shareholder rights plan (i.e., no "poison pill") or blank check preferred stock
- No supermajority voting requirements to approve mergers or other business combination transactions
- No related party transactions with any directors or named executive officers
- No political or PAC contributions by Company

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PROXY STATEMENT FOR THE

ORTHOFIX MEDICAL INC.

2019 ANNUAL MEETING OF SHAREHOLDERS

THIS PROXY STATEMENT IS BEING DISTRIBUTED TO SHAREHOLDERS ON OR ABOUT APRIL 29, 2019.

ABOUT VOTING

Who can vote?

All record holders of shares of Orthofix common stock at the close of business on April 23, 2019 (the “Record Date”), are being distributed this proxy statement and will be entitled to vote at the Annual Meeting. Each record holder on such date is entitled to cast one vote per share of common stock. As of the Record Date, there were 19,067,971 shares of Orthofix common stock outstanding.

Quorum, vote required

The presence, in person or by proxy, of the holders of a majority of the shares of Orthofix common stock outstanding on the Record Date is required to constitute a quorum at the Annual Meeting. Assuming a quorum is present, the nominees for election as directors in Proposal 1 will be elected upon the affirmative vote of a plurality of all votes cast at the Annual Meeting. Assuming a quorum is present, the approval of the holders of a majority of the votes cast on Proposals 2 and 3 at the Annual Meeting will be required to approve each of these Proposals.

Abstentions and “broker non-votes” are counted as shares that are present and entitled to vote on the proposals for purposes of determining the presence of a quorum, but they are not counted as votes cast and therefore will not have any effect on the outcome of voting on the proposals. A broker “non-vote” occurs when a broker holding shares for a beneficial owner does not vote on a particular proposal because the broker does not have discretionary voting power for that particular item and has not received instructions from the beneficial owner.

If you are a record holder, you may cast your vote at https://www.proxypush.com/ofix. See your proxy card for your online control number in order to vote. If your shares of common stock are held in street name, you will receive instructions from your broker, bank or other nominee that you must follow in order to have your shares of common stock voted.

Proxies

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

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

Any proxy given pursuant to this solicitation may be revoked by the person giving it at any time before it is voted. Proxies may be revoked by (1) filing with Orthofix, at or before the taking of the vote at the Annual Meeting, a written notice of revocation bearing a later date than the proxy, or (2) duly executing a subsequent proxy relating to the same shares of Orthofix common stock and delivering it to Orthofix before the Annual Meeting. Attending the Annual Meeting will not in and of itself constitute the revocation of a proxy. Any written notice of revocation or subsequent proxy should be sent so as to be delivered to: Orthofix Medical Inc., 3451 Plano Parkway, Lewisville, Texas 75056, at or before the taking of the vote at the Annual Meeting.

Voting is confidential

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

The costs of soliciting these proxies and who will pay them

We will pay all the costs of soliciting these proxies, including reimbursing banks, brokers, nominees and other fiduciaries for the expenses they incur in forwarding the proxy materials to you. Our directors and employees may also solicit proxies by telephone, fax or other electronic means of communication, or in person.

Obtaining an Annual Report on Form 10-K

We have filed our Annual Report on Form 10-K for the fiscal year ended December 31, 2018 (the “2018 Form 10-K”) with the U.S. Securities and Exchange Commission (the “SEC”). The 2018 Form 10-K is available on our website at www.orthofix.com and at http://www.proxydocs.com/ofix. If you would like to receive an additional copy of the 2018 Form 10-K, we will send you one free of charge. Please write to:

Orthofix Medical Inc.

3451 Plano Parkway

Lewisville, Texas 75056

Attention: Mr. Mark Quick, Investor Relations

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

The voting results

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

Whom to call if you have any questions

If you have questions about the Annual Meeting, voting or your ownership of shares of Orthofix common stock, please contact Mr. Quick at (214) 937-2924 or at MarkQuick@orthofix.com. Directions to the meeting can be found at http://www.proxydocs.com/ofix.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting To Be Held on June 10, 2019

This proxy statement, your proxy voting card and the 2018 Form 10-K are available at http://www.proxydocs.com/ofix.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDERS

Who are the principal owners of shares of Orthofix common stock?

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

The Percent of Class figures for the shares of our common stock are based on 19,067,971 shares of our common stock outstanding as of April 23, 2019. Except as otherwise indicated, each shareholder has sole voting and dispositive power with respect to the shares indicated.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
BlackRock, Inc. 55 East 52nd Street New York, NY 10055	2,908,597 (1)	15.3%
The Vanguard Group, Inc. 100 Vanguard Blvd. Malvern, PA 19355	1,921,240 (2)	10.1%

(1) Information obtained from a Schedule 13G filed with the SEC by BlackRock, Inc. ("BlackRock") on January 31, 2019. The Schedule 13G discloses that BlackRock has sole power to vote or direct the vote of 2,871,254 shares and sole power to dispose of or to direct the disposition of 2,908,597 shares.

(2) Information obtained from a Schedule 13G/A filed with the SEC by The Vanguard Group, Inc. ("Vanguard") on February 11, 2019. The Schedule 13G/A discloses that Vanguard has sole power to vote or direct the vote of 31,887 shares, shared power to vote or direct the vote of 7,396 shares, sole power to dispose of or to direct the disposition of 1,883,823 shares, and shared power to dispose of or to direct the disposition of 37,417 shares.

Shares of common stock owned by Orthofix's directors and executive officers

The following table sets forth the beneficial ownership of shares of our common stock, including stock options currently exercisable and exercisable within 60 days of April 23, 2019, by each director, each director nominee, each current executive officer listed in the Summary Compensation Table, and all current directors, director nominees and executive officers as a group. The Percent of Class figure is based on 19,067,971 shares of our common stock outstanding as of April 23, 2019. All directors and executive officers as a group beneficially owned 1,154,025 shares of our common stock as of such date. Unless otherwise indicated, the beneficial owners exercise sole voting and/or investment power over their shares.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership		Percent of Class
Ronald A. Matricaria	137,727	(1)	*
Luke Faulstick	32,179	(2)	*
James F. Hinrichs	63,567	(3)	*
Alexis V. Lukianov	22,302	(4)	*
Lilly Marks	39,765	(5)	*
Michael E. Paolucci	33,929	(6)	*
Maria Sainz	32,402	(7)	*
John Sicard	10,400	(8)	*
Bradley R. Mason	431,552	(9)	2.2%
Douglas C. Rice	73,950	(10)	*
Kimberley A. Elting	26,670	(11)	*
Michael M. Finegan	124,499	(12)	*
Bradley V. Niemann	53,229	(13)	*
All directors and executive officers as a group (14 persons)	1,154,025		5.8%

* Represents less than one percent.

(1) Reflects 95,945 shares owned directly, 11,782 shares issuable pursuant to deferred stock units that are potentially issuable within 60 days of April 23, 2019 and 30,000 shares issuable pursuant to stock options that are currently exercisable or exercisable within 60 days of April 23, 2019.

(2) Reflects 6,479 shares issuable pursuant to deferred stock units that are potentially issuable within 60 days of April 23, 2019 and 25,700 shares issuable pursuant to stock options that are currently exercisable or exercisable within 60 days of April 23, 2019.

(3) Reflects 27,088 shares owned directly, 6,479 shares issuable pursuant to deferred stock units that are potentially issuable within 60 days of April 23, 2019 and 30,000 shares issuable pursuant to stock options that are currently exercisable or exercisable within 60 days of April 23, 2019.

(4) Reflects 823 shares owned directly, 6,479 shares issuable pursuant to deferred stock units that are potentially issuable within 60 days of April 23, 2019 and 15,000 shares issuable pursuant to stock options that are currently exercisable or exercisable within 60 days of April 23, 2019.

(5) Reflects 10,786 shares owned directly, 6,479 shares issuable pursuant to deferred stock units that are potentially issuable within 60 days of April 23, 2019 and 22,500 shares issuable pursuant to stock options that are currently exercisable or exercisable within 60 days of April 23, 2019.

(6) Reflects 4,950 shares owned directly, 6,479 shares issuable pursuant to deferred stock units that are potentially issuable within 60 days of April 23, 2019 and 22,500 shares issuable pursuant to stock options that are currently exercisable or exercisable within 60 days of April 23, 2019.

(7) Reflects 25,923 shares owned directly and 6,479 shares issuable pursuant to deferred stock units that are potentially issuable within 60 days of April 23, 2019.

(8) Reflects 2,900 shares issuable pursuant to deferred stock units that are potentially issuable within 60 days of April 23, 2019 and 7,500 shares issuable pursuant to stock options that are currently exercisable or exercisable within 60 days of April 23, 2019.

(9) Reflects 139,901 shares owned directly and 291,651 shares issuable pursuant to stock options that are currently exercisable or exercisable within 60 days of April 23, 2019.

(10) Reflects 30,762 shares owned directly and 43,188 shares issuable pursuant to stock options that are currently exercisable or exercisable within 60 days of April 23, 2019.

(11) Reflects 16,570 shares owned directly and 10,100 shares issuable pursuant to stock options that are currently exercisable or exercisable within 60 days of April 23, 2019.

(12) Reflects 35,317 shares owned directly and 89,182 shares issuable pursuant to stock options that are currently exercisable or exercisable within 60 days of April 23, 2019.

(13) Reflects 25,904 shares owned directly and 27,325 shares issuable pursuant to stock options that are currently exercisable or exercisable within 60 days of April 23, 2019.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING

COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our officers and directors, and holders of more than 10% of our common stock (collectively, the “Reporting Persons”) to file with the SEC initial reports of ownership and reports of changes in ownership of our common stock. Such persons are required by regulations of the SEC to furnish us with copies of all such filings. Based on our review of these reports and related representations by the Reporting Persons, we believe that all Section 16(a) reports were filed timely in 2018, except that, due to an internal administrative error at the Company, the Form 4 relating to the September 5, 2018 grant of restricted stock to Kimberley A. Elting was filed one business day late.

executive officers

Our executive officers are listed and described below. Messrs. Mason, Rice, Finegan and Niemann, and Ms. Elting are referred to collectively throughout this proxy statement as our "named executive officers."

Name	Age	Position
Bradley R. Mason	65	President and Chief Executive Officer and Director
Douglas C. Rice	53	Chief Financial Officer
Davide Bianchi	54	President of Global Extremities
Kimberley A. Elting	54	Chief Legal and Administrative Officer
Michael M. Finegan	55	Chief Strategy Officer
Bradley V. Niemann	49	President of Global Spine

Bradley R. Mason. Mr. Mason has served as President and Chief Executive Officer since March 2013 and as a director since June 2013. Mr. Mason rejoined Orthofix in March 2013 after previously serving as Group President, North America from June 2008 through October 2009, and as a Strategic Advisor from November 2009 through October 2010. Prior to being appointed as Group President, North America, he had served as a Vice President of the Company since December 2003, when the Company acquired Breg, Inc. Prior to its acquisition by Orthofix, Mr. Mason had served as President and Chairman of Breg, a company he principally founded in 1989 with five other shareholders. Mr. Mason has over 30 years of experience in the medical device industry, some of which were spent with dj Orthopedics (formally DonJoy) where he became an owner and executive in its early development stage and held the position of Executive Vice President. Following his retirement from Orthofix in 2010, he served in a variety of part-time consulting and advisory roles, including as a consultant to Orthofix since October 2012, which consulting relationship terminated as of March 13, 2013 when he rejoined Orthofix. Mr. Mason is the named inventor on 38 issued patents in the orthopedic product arena. He graduated Summa Cum Laude with an Associate of Arts and Associate of Science degree from MiraCosta College.

Douglas C. Rice. Mr. Rice became the Company's Chief Financial Officer in April 2015. He joined Orthofix as Chief Accounting Officer in September 2014 and was appointed to the position of Interim Chief Financial Officer later that month. Mr. Rice joined the Company from Vision Source, an international optometric network provider, where he had served since 2012 as Chief Financial Officer. Mr. Rice served as the Vice President Finance, Treasurer of McAfee, a security technology company, from 2007 to 2012, when it was acquired by Intel. From 2000 to 2007, he served as the Senior Vice President, Corporate Controller of Concentra, Inc., a national healthcare service provider. Mr. Rice's over 30 years of finance experience also included finance leadership positions with la Madeleine, Allied Marketing Group as well as PricewaterhouseCoopers (formerly Coopers & Lybrand). He is a certified public accountant, and holds an MBA and BBA, with honors, from Southern Methodist University.

Davide Bianchi. Mr. Bianchi joined Orthofix as President, International Extremity Fixation in July 2013 and was named as the Company's President, Global Extremity Fixation in December 2013. In June 2018, he became the Company's President, Global Extremities. From February 2009 through June 2013, Mr. Bianchi served as President of the Heart Valve Global Business Unit at Sorin Group. Earlier in his career, he spent 10 years with Edwards Lifesciences, where he served as the European Marketing Manager; the Business Director, Emerging Markets; the Managing Director, Germany; the Vice President, Sales; and, most recently, the Vice President, Marketing, EMEA. Mr. Bianchi received his Master in Business Management from ISTUD Milano and a Non-Executive Director diploma from the Financial Times business school in London.

Kimberley A. Elting. Ms. Elting joined Orthofix as Chief Legal Officer in September 2016 and was named Chief Legal and Administrative Officer in 2017. Before joining the Company, she had served since 2013 as General Counsel and Vice President Corporate Affairs at TriVascular Technologies, Inc. In this role, she led the legal, compliance, human resources (HR) and government affairs functions. Between 2007 and 2012, she served in various roles of increasing responsibility with St. Jude Medical, including General Counsel and Vice President of HR and Health Policy for the Neuromodulation Division. She also previously was a partner at the Jones Day law firm where she counseled clients in the health care sector on mergers and acquisitions and regulatory matters. A graduate of Ithaca College, Ms. Elting earned her Law Degree from the University of Denver and an LL.M. in Health Law from Loyola University Chicago.

Michael M. Finegan. Mr. Finegan joined Orthofix in June 2006 as Vice President of Corporate Development, and became the President, Biologics in March 2009. In October 2011, he was promoted to Senior Vice President, Business Development, and President, Biologics, and in June 2013, to his current position as Chief Strategy Officer. Prior to joining Orthofix, Mr. Finegan spent 16 years as an executive with Boston Scientific in a number of different operating and strategic roles, most recently as Vice President of Corporate Sales. Earlier in his career, Mr. Finegan held sales and marketing roles with Marion Laboratories and spent three years in banking with First Union Corporation (Wachovia). Mr. Finegan earned a Bachelor of Arts in Economics from Wake Forest University.

Bradley V. Niemann. Mr. Niemann was appointed President of the BioStim strategic business unit in June 2013. In June 2018, he became the Company’s President, Global Spine. He joined Orthofix in March 2012 as Senior Vice President of Commercial Operations for Orthofix’s Global Spine Business. Mr. Niemann has more than 15 years of experience in the medical devices industry, with a particularly strong track record in expanding the utilization of bone growth stimulation technology. From 2004-2012, Mr. Niemann worked in a variety of management roles at DJO Global, Inc. before joining Orthofix. Mr. Niemann holds a Bachelor of Science in Management from DePaul University.

INFORMATION ABOUT DIRECTORS

The Board of Directors and Committees of the Board

Our Bylaws provide that the Board shall consist of not less than six and no more than fifteen directors, the exact number to be determined from time-to-time by resolution of the Board. The Board is currently comprised of nine seats, though one current member of the Board, Luke Faulstick, will be retiring from the Board effective as of the date of the Annual Meeting. The Board has resolved to set the size of the Board at eight seats effective at such time.

In February 2019, the Company announced that Mr. Mason would be retiring as President and Chief Executive Officer. The Board has begun to search for and evaluate potential successor candidates in accordance with its CEO succession. Mr. Mason will be standing for re-election as a director at the Annual Meeting. However, it is our expectation that when a CEO successor is appointed by the Board, that Mr. Mason will retire from the Board at such time, and that the Board will appoint such CEO successor as a director.

Directors are elected at each annual meeting of shareholders by a plurality of the votes cast, in person or by proxy by the shareholders. We currently do not have a policy regarding director attendance at the annual meeting. No directors were present at last year's annual meeting, which was held in Curaçao, prior to our company's subsequent domestication to the State of Delaware. Now that our annual meetings will be held in the United States, we expect that some or all directors will attend our annual meetings.

The Board meets at least four times per year in person at regularly scheduled quarterly meetings, but will meet more often in person if necessary. In addition, the Board typically holds several additional meetings each year by telephone conference as events require. The Board met seven times during 2018, five of which were in-person meetings. The Board has four standing committees: the Audit and Finance Committee, the Compensation Committee, the Compliance and Ethics Committee and the Nominating and Governance Committee. During 2018 every director attended 75% or more of the aggregate of all meetings of the Board and the Committees on which he or she served held during the period for which he or she was a director or Committee member, as applicable.

Of our nine current directors, the Board has determined that each of Mr. Faulstick, Mr. Hinrichs, Mr. Lukianov, Ms. Marks, Mr. Matricaria, Mr. Paolucci, Ms. Sainz and Mr. Sicard are independent under the current Nasdaq listing standards. Mr. Mason is not considered independent, as he also serves as the Company's President and Chief Executive Officer. A list of our director nominees and background information for each of them is presented in the section "Proposal 1: Election of Directors," beginning on page 50.

Board Leadership Structure

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

The Audit and Finance Committee

Our Audit and Finance Committee is a separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The committee oversees the Company's financial reporting process on behalf of the Board. The committee is responsible for the selection, compensation, and oversight of the Company's independent registered public accounting firm. The committee reviews matters relating to the Company's internal controls, as well as other matters warranting committee attention. The committee also meets privately, outside the presence of Orthofix management, with our independent registered public accounting firm. The Audit and Finance Committee's report for 2018 is printed below at page 58.

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

The Audit and Finance Committee met eight times during 2018 (four of which were in-person meetings).

Mr. Hinrichs, Mr. Matricaria and Mr. Sicard currently serve as members of the Audit and Finance Committee, with Mr. Hinrichs serving as Chair. Under the current rules of Nasdaq and pursuant to Rule 10A-3 of Schedule 14A under the Exchange Act, all of the committee members are independent. The Board has determined that Mr. Hinrichs is an "audit committee financial expert" as that term is defined in Item 407(d) of Regulation S-K.

The Compensation Committee

The Compensation Committee is responsible for establishing compensation policies and determining, approving and overseeing the total compensation packages for our executive officers, including all elements of compensation. The committee administers our Amended and Restated 2012 Long-Term Incentive Plan (the "2012 LTIP"), the primary equity incentive plan under which we make equity-related awards, together with its predecessor, the 2004 Long-Term Incentive Plan (under which some grants made prior to 2013 remain outstanding) (the "2004 LTIP"). In addition, the committee administers our Second Amended and Restated Stock Purchase Plan (the "SPP"), an equity plan under which most of our employees and directors are eligible to purchase shares of Company common stock.

The Compensation Committee met six times during 2018 (four of which were in-person meetings).

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

Mr. Lukianov, Mr. Paolucci and Ms. Sainz currently serve as members of the Compensation Committee, with Mr. Paolucci serving as Chair. All of these members (i) are non-employee, non-affiliated, outside directors who have been determined by the Board to be independent under the current rules of Nasdaq and (ii) satisfy the qualification standards of Section 162(m) of the Code, and Section 16 of the Exchange Act.

No interlocking relationship, as defined in the Exchange Act, currently exists, nor existed during 2018, between the Board or Compensation Committee and the board of directors or compensation committee of any other entity.

The Compliance and Ethics Committee

The Compliance and Ethics Committee assists the Board in overseeing the Company's Corporate Compliance and Ethics Program and the Company's global compliance with various international and domestic laws and regulations, including those related to the U.S. Food and Drug Administration and requirements of the U.S. Foreign Corrupt Practices Act and other applicable global anti-corruption laws. The committee also assists the Board in overseeing the Company's compliance with the Company's own Corporate Code of Conduct, policies and procedures.

The Compliance and Ethics Committee met four times in 2018 (all of which were in-person meetings).

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

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

The Nominating and Governance Committee

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

The Nominating and Governance Committee met four times in 2018 (all of which were in-person meetings).

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

Mr. Faulstick, Mr. Hinrichs and Mr. Lukianov currently serve as members of the Nominating and Governance Committee, with Mr. Faulstick serving as Chair. All of these members have been determined by the Board to be independent under the current rules of Nasdaq and the SEC.

Succession Planning

The Board has long taken succession planning seriously and views ensuring thoughtful, seamless and effective transitions of leadership to be a primary responsibility of the board. In February 2019, the Company announced that President and Chief Executive Bradley R. Mason will retire upon the appointment of his successor, which is expected to be no later than October 31, 2019 (the "Succession and Retirement Date"). Pursuant to its CEO Succession Plan, the Board has initiated its search for and evaluation of potential candidates to succeed Mr.

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Mason. The Board and Mr. Mason have agreed that Mr. Mason will provide ongoing transition assistance to Orthofix pursuant to a consulting arrangement during the twelve months following the Succession and Retirement Date. See “Potential Payments Upon Termination or Change in Control – Transition and Retirement Agreement” for more information.

Board’s Role in Risk Oversight

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

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

Corporate Code of Conduct

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

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

Corporate Responsibility, Environmental and Sustainability Matters

Patients are at the center of everything we do, and our work is focused on the development of innovative medical devices that deliver value to patients, physicians, and the broader society. In the communities where we have facilities, such as Lewisville, Texas, we are actively involved in community outreach and charitable efforts, donating time, resources and funds to veterans organizations, Habitat for Humanity, and medical aid organizations. In addition, through our grants programs, we support charitable patient programs around the world, medical research and philanthropic endeavors. We have long recognized the growing interest of our investors, associates and business partners in environmental, social and governance issues and principles of responsible investing. Accordingly, the Company has a long-standing commitment to our shareholders, patients, employees and communities to operate in a sustainable and socially responsible manner.

Shareholder Communication with the Board

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

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

Nomination of Directors

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

The Nominating and Governance Committee seeks to create a Board that is strong in its collective diversity of skills and experience with respect to finance, research and development, commercialization, sales, distribution, leadership, technologies and life science industry knowledge. The Nominating and Governance Committee reviews with the Board, on an annual basis, the current composition of the Board in light of the characteristics of independence, skills, experience and availability of service to Orthofix of its members and of anticipated needs. If necessary, we will retain a third party to assist us in identifying or evaluating any potential nominees for director. When the Nominating and Governance Committee reviews a potential new candidate, it looks specifically at the candidate's qualifications in light of the needs of the Board at that time given the then current mix of director attributes.

As provided for in our Corporate Governance Guidelines, in nominating director candidates, the Nominating and Governance Committee strives to nominate directors that exhibit high standards of ethics, integrity, commitment and accountability. In addition, our Corporate Governance Guidelines state that all nominations should attempt to ensure that the Board shall encompass a range of talent, skills and expertise sufficient to provide sound guidance with respect to our operations and activities. Other than as set forth in the Corporate Governance Guidelines with respect to the Board's objective in seeking directors with a range of talent, skills

and expertise, the Board and the Nominating and Governance Committee do not have a formal policy with respect to the diversity of directors.

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

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

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

CERTAIN RELATIONSHIPS AND RELATED

TRANSACTIONS

Compensation Committee Interlocks and Insider Participation

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

Approval of Related Person Transactions

Our policy, which is set forth in our Corporate Code of Conduct and Audit and Finance Committee charter, is that the Audit and Finance Committee will review and approve all related person transactions that meet the minimum threshold for disclosure under the relevant SEC rules (generally, transactions involving amounts exceeding $120,000 in which a related person has a direct or indirect material interest).

Transactions with Related Persons

Tyson Fujikawa, the son of Raymond Fujikawa, our former President, Spine Fixation, was employed by the Company from 2007 through June 2018 and most recently served as Vice President of International Sales Spine Fixation. For 2018, Tyson Fujikawa's total cash compensation was approximately $535,000 which includes base salary, bonus, sales commissions and severance payments. In addition, during 2018, he participated in the Company's general welfare plans. These arrangements were approved by our Audit and Finance Committee.

Compensation Discussion and Analysis

Executive Overview

We focus our compensation program for our named executive officers (“NEOs”) and other executives on financial, strategic and operational goals established by the Board of Directors to create value for our shareholders. Our guiding compensation principle is to pay for performance. Our compensation program is designed to motivate, measure and reward the successful achievement of our strategic and operating goals without promoting excessive or unnecessary risk taking. In 2018, as an example, we set ambitious financial goals for our annual cash incentive plan and fell short of achieving the full value of those goals, resulting in below target payouts for all NEOs.

In the second half of 2018, we realigned our business unit structure to better position the Company for organic and inorganic growth, and to assist us in meeting our growth expectations in 2019 and beyond. We are currently focused on our organic growth initiatives and actively pursuing value-accretive inorganic opportunities to further accelerate growth. We believe that we remain well-positioned to execute on both organic and inorganic strategic opportunities focused on accelerating shareholder value creation. Notable highlights and accomplishments in 2018 including the following:

- Net sales were $453.0 million, an increase of 4.4% on a reported basis and 3.9% on a constant currency basis.
- Net income from continuing operations was $13.8 million, an increase of 89.4% from the prior year.

Over the one, three, and five year periods ended December 31, 2018, Orthofix’s common stock had an annual compound total shareholder return of -4.0%, 10.2% and 18.1%, respectively. By comparison, the S&P Healthcare Equipment Select Industry Index (which is the index that we use for purposes of employee performance stock unit grants), returned 9.6%, 17.3%, and 15.4% over the same periods.

Our Compensation Committee sets performance goals with the intent that it will be challenging for a participant to receive 100% of his or her incentive opportunity target award in any given year. For 2018, notwithstanding the year-over-year increases in net sales and net income from continuing operations described above, our executive officers received annual bonuses between 66-78% of their annual target, depending on the individual. We believe this illustrates the Company’s commitment to a pay-for-performance philosophy of executive compensation.

Consistent with shareholder interests and market best practices, our executive compensation program includes the following sound governance features:

What we do:

Align a significant amount of executive pay with overall performance of the business and the Company’s common stock

Set meaningful performance targets for annual and performance-based awards, approved by the Compensation Committee

Discourage unnecessary and inappropriate risk taking, including obtaining an annual independent risk assessment analysis

Maintain robust stock ownership guidelines for our executive officers and directors (including 5x salary for CEO)

Maintain an incentive compensation clawback policy

Provide for “double-trigger” change in control vesting on all new equity grants to executive officers since 2016, and no “single-trigger” cash or similar payment rights upon a change in control

Retain an independent compensation consultant who conducts an annual benchmarking of our compensation against industry peer group

Include caps on annual incentive plan payments and shares earned under performance-based stock awards

What we don’t do:

X Pay dividends or dividend equivalents on stock options or restricted stock units

X Maintain employment agreements with executive officers (unless required by law)

X Pay excise tax gross-ups for change in control payments

X Reprice stock options

X Provide excessive perquisites

X Pay cash severance under our current agreements and policies (including to CEO) in excess of 1.5x salary and bonus (2.0x in the case of a change in control)

X Permit hedging or pledging of our securities by directors or executive officers

Compensation Guiding Principles and Philosophy

The Compensation Committee (referred to throughout this Compensation Discussion and Analysis as the "Committee") is comprised solely of independent directors. The Committee recommends to the Board for determination by the Board, the President and Chief Executive Officer's compensation, and discharges the responsibilities of the Board relating to all compensation of the Company's other executive officers (including equity-based compensation for both executive officers and other key employees). The Committee guides itself in large part by our executive compensation philosophy. The compensation program for executive officers reflects the Committee's "pay-for-performance" outlook, which seeks to align compensation with the goals of growing our business and increasing shareholder value.

The Committee is guided by a set of overall compensation guiding principles (the "Executive Compensation Guiding Principles"), which most recently were affirmed by the Committee in September 2018. These guiding principles are as follows:

- Each compensation element should be competitive within the medical device industry (anchored to a target market position) but also tailored to Orthofix's individual circumstances and business needs.
- Variable compensation should provide significant leverage (upside and downside) so that payouts are commensurate with performance and aligned with shareholders.
- Each compensation element should support Orthofix's business strategy and hiring objectives of attracting, retaining and motivating top talent.
- The Committee will have responsibility for all compensation decisions related to executive officers, who are Section 16 reporting persons (referred to collectively as the Section 16 executive officers).
- Management will have responsibility for compensation decisions related to all executives of the Company who are not Section 16 executive officers, subject to limits established by the Committee (i.e., long-term incentive awards and change in control agreement participation).
- The Company's executive compensation program should be easily understood by employees.

Management is responsible for effectively communicating the design and administration of the program to employees. Consistent with these principles, the Committee's compensation philosophy is to fairly compensate executive officers with an emphasis on providing incentives that balance our short- and long-term objectives. As described in more detail below, achievement of short-term objectives is rewarded through annual cash incentive awards, while grants of performance share units, and time-based vesting stock options, restricted stock and restricted stock units, encourage executive officers to focus on our long-term goals. These core components remain the basis for our executive compensation philosophy as we seek to achieve profitable growth. The Committee retains full discretion to set compensation (including salary and bonus amounts) and make long-term incentive awards that differ from the Executive Compensation Guiding Principles, especially when special retention, recruitment or other factors suggest that such changes are believed to be in the best interests of the Company and its stockholders. The Executive Compensation Guiding Principles are reviewed and updated from time to time by the Committee.

In implementing this overall "pay-for-performance" compensation philosophy for the Company's executive officers, the Committee places considerable emphasis on variable elements of pay within the executive compensation program. These elements consist of the Company's annual incentive plan, which is intended to reward executive officers for achieving specific operating and financial objectives during the fiscal year, as well as a long-term incentive plan that consists of stock options, balanced with both performance-based and time-based vesting stock awards The Committee seeks to provide rewards through the annual incentive plan by measuring performance based on key pre-established measures reflecting strong financial performance by the Company and its business units. The Committee also seeks to align executives' interests with shareholders via grants of equity, as the value of these awards appreciates in accordance with the market value of the Company's common stock. In addition to variable compensation programs, executives also receive health and welfare benefits (including our 401(k) plan) that are generally consistent with those provided by our peer group and with the level of health and welfare benefits provided to all Company employees.

Governance of Executive Compensation

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

- Pay At Risk Based on Performance — As our programs are designed using a "pay-for-performance" philosophy, actual pay realized (earned) by our executives is predominantly at risk through our performance-based annual incentive program and through our long-term incentive grants that consist of both stock options (which will only provide value to executives if our stock price appreciates) and both time-based and performance-based vesting stock awards. For example, 50% of the total annual equity awards made through our long-term incentive grants only vest based on certain total shareholder return ("TSR") criteria being met. In structuring this mix of compensatory elements, the Committee seeks to deliver pay in a way that reinforces focus on balancing short- and long-term financial performance objectives, while supporting performance with policies that focus on prudent risk taking and the balance between risk and reward.
- Stock Ownership Guidelines Align Our Executive Officers and Directors with Shareholders —We have adopted stock ownership guidelines that apply to all of our executive officers and directors. The guidelines provide that the President and Chief Executive Officer should have an ownership in the Company's common stock equal to five times his or her annual base salary, while all other executive officers (including executive officers who are not "named executive officers" in the proxy statement) should have ownership equal to two times his or her annual base salary. The guidelines provide that each director should have ownership equal to three times his or her annual director fee compensation. Full credit is given under the guidelines for common stock owned, while 50% credit is provided for (i) unvested time-based vesting restricted stock and (ii) the unrealized gain on vested and in-the-money stock options. No credit is given for unvested stock options, out-of-the-money stock options or unvested performance vesting restricted stock or units. The guidelines include a 5 year phase-in period from the date of appointment or election, as applicable, and progress towards meeting and maintaining these amounts is measured annually as of February 28. Subject to phase-in periods for recent appointments, all executive officers and directors are in compliance with the policy at the present time.

- Independent Report Supports Committee's Risk Assessment — The Committee annually assesses the relationship between the Company's compensation policies and practices as to whether such policies and practices encourage imprudent risk taking, and/or would be reasonably likely to have a material adverse effect on the Company. At the Committee's request, Mercer LLC ("Mercer") recently delivered a compensation-based risk assessment report in February 2019. This report assessed potential risk that may be present in the design or administration of the Company's compensation program, and found that the compensation program aligns overall with shareholder interests, rewards pay-for-performance, and does not promote unnecessary or excessive risk.

- Use of Independently Prepared Competitive Assessments — The practice of the Compensation Committee is to engage the Company's compensation consultant to prepare an independent executive compensation competitive assessment to measure our program against peer companies and other survey data. The Committee takes these results into consideration in approving our executive compensation program.

Compensation Process

The Committee is responsible for establishing and evaluating compensation policies and determining, approving and evaluating executive compensation, including the total compensation packages for our Section 16 executive officers. The Committee is also responsible for administering the Company's equity incentive plans and other executive compensation policies and programs. The Committee specifically considers and approves the compensation for the executive officers and recommends for approval of the Board the compensation for the Chief Executive Officer. The Chief Executive Officer is prohibited from being present during Committee or Board voting or deliberations with respect to his own compensation arrangements. The Committee also is responsible for making recommendations to the Board regarding the compensation of directors. The Committee relies on the President and Chief Executive Officer to make recommendations on certain aspects of compensation as discussed below. The Committee acts under a written charter adopted by the Board. The Committee reviews its charter annually and recommends any changes to the Board. The charter is available on our website at www.orthofix.com. Messrs. Lukianov and Paolucci and Ms. Sainz currently serve as the members of the Compensation Committee, with Mr. Paolucci serving as Chair.

Each member of the Committee is an independent, non-employee, non-affiliated, outside director. The Committee has furnished its report below.

Role of Executive Officers

At the Committee's request, from time to time certain of our senior management present compensation-related initiatives to the Committee. For instance, while the Committee approves all elements of compensation for executive officers, the Committee requests on an annual basis that senior management aid the Committee in fulfilling its duties by facilitating the gathering of information relating to potential targets and goals under our annual incentive program as well as possible equity incentive grants. The Committee then reviews this information in connection with it setting annual incentive targets and goals, or making equity grants. Under the Executive Compensation Guiding Principles, management is responsible for compensation decisions related to all executives who are non-Section 16 officers, subject to limits established by the Committee (e.g., long-term incentive awards and change in control agreement participation). In this context, the President and Chief Executive Officer has general oversight for the non-executive officer employee compensation process within the Company, and provides input to the Committee in such capacity. The President and Chief Executive Officer also provides the Committee with additional input, perspective, and recommendations in connection with the Committee's salary determinations for executive officers. The President and Chief Executive Officer, Chief Financial Officer, Chief Legal and Administrative Officer, and Vice President of Human Resources frequently attend meetings of the Committee in these respective capacities. These individuals are excluded from any Committee or Board deliberations or votes regarding their own compensation.

Compensation Consultant

The Committee has the authority under its charter to retain, at the Company's expense, outside compensation consultants to assist in evaluating compensation. The Committee also has the authority to terminate those engagements. In accordance with this authority and to aid the Committee in fulfilling its duties, the Committee has engaged Mercer as its outside compensation consultant since September 2017.

In its role as compensation consultant, Mercer, at the Committee's request, periodically conducts reviews and recommends updates to our executive officer and director compensation programs and long-term incentive practices.

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

Peer Group Benchmarking

Decisions related to executive compensation program design and pay levels are informed, in part, by the practices and pay levels of comparable peer organizations. The Committee engages Mercer to conduct an annual executive compensation analysis that provides market competitive levels of total compensation. The assessment used in connection with setting 2018 compensation, which was completed and presented in December 2017, compared Orthofix executive officer compensation levels in comparison with market data to determine whether compensation levels for our executive officers remain consistent with market practice and our compensation philosophy. In conducting the assessment, Mercer made comparisons to our peer group and survey data including companies in the life sciences/medical devices industries and technology companies.

In conducting the benchmarking, Mercer utilized a selection of 19 peer companies. This selection of peer companies, or "peer group," originally was approved by the Committee in the fall of 2017. The members of the peer group were selected for inclusion principally because of their overall similarity to Orthofix in terms of annual revenue, industry sector/sub-sector, medical technology product lines and international penetration. The peer group consists of the following medical technology and device manufacturers and distributors, which we compete against for executive talent.

ABIOMED, Inc.	K2M Group
Angiodynamics, Inc.	LivaNova PLC
Avanos Medical, Inc.	Merit Medical Systems, Inc.
Cardiovascular Systems, Inc.	Nevro Corp.
CONMED Corporation	Natus Medical Inc.

CryoLife, Inc.	NuVasive, Inc.

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Haemonetics Corporation	NxStage Medical, Inc.
ICU Medical Inc.	RTI Surgical Inc.
Integer Holdings Corporation	Wright Medical Group N.V.
Integra LifeSciences Holdings Corporation	

Mercer's assessment of compensation levels for the Company's executive officers found that each element of target total direct compensation (i.e., base salary, target cash bonus and target long-term incentive compensation) for the Section 16 executive group as a whole, on average, was within 10% of the market median based on data for the peer group and survey data (as described above). Specifically, Mercer reported that, for the group as a whole, on average, base salary was 4% above the market median, target bonus was 4% above the market median, and target long-term incentive compensation was 3% above the market median.

The Role of Shareholder Say-on-Pay Votes

The Company provides its shareholders with the opportunity to cast an annual advisory, non-binding vote on executive compensation (a "say-on-pay proposal"), and subsequently evaluates these results. At the 2018 annual meeting, the Company's say-on-pay proposal was supported by 98.2% of the votes cast, which we believe supports the Company's "pay-for-performance" approach to executive compensation. The Committee evaluated the results of the vote in September 2018.

The Committee believes that the voting results over the course of the last several years (which has included 90% or greater approval votes at each of the Company's last three annual meetings of shareholders) affirm shareholders' overall support of the Company's approach to executive compensation, including continuing efforts by the Committee during that time to evolve the Company's compensation programs towards policies viewed by institutional and other shareholders as aligning executive compensation with the interests of shareholders and good corporate governance. In addition to responding to the input of shareholders, the Committee also has considered many other factors in designing and evaluating the Company's executive compensation programs, including the Committee's assessment of the interaction of our compensation programs with our corporate business objectives, periodic analysis of our programs by our compensation consultant, and annual review of data versus a comparator group of peer companies, each of which is evaluated in the context of the Committee members' fiduciary duty to act as the directors determine to be in shareholders' best interests. Each of these factors informed the Compensation Committee's decisions regarding named executive officers' compensation for 2018. The Committee will continue to consider feedback from shareholders, including the outcome of the Company's say-on-pay votes, when making future compensation decisions for its named executive officers.

Elements of Executive Compensation

Overview

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

- annual salary;
- performance-based incentives in the form of annual cash bonuses; and
- long-term equity-based incentives under our long-term incentive plan.

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

The charts below show the annual total target compensation (full-year base salary, target annual cash incentive compensation and long-term equity incentive compensation received) for our President and Chief Executive Officer and our other named executive officers for 2018. These charts illustrate that a significant portion of our named executive officer total target compensation was performance-based (53% for our President and Chief Executive Officer).

* All other compensation value not displayed as it represents less than 1% of total target compensation.

Annual Salary

The Committee makes annual determinations with respect to the salaries of executive officers. In making these decisions, the Committee considers proxy peer data and/or market survey data for each individual person, with the target midpoint of the salary being the 50th percentile of the market. The Committee positions actual base salary within the salary range based upon an executive's experience, performance and contribution to Orthofix's success. The Committee endeavors to use the full width of the salary range to differentiate pay.

The Committee approved 2018 annual base salaries for executive officers in December 2017. These annual base salary amounts for our currently employed named executive officers were as follows:

Name	Title	2017 Annual Base Salary	2018 Annual Base Salary		Percentage Increase
Bradley R. Mason	President and Chief Executive Officer	$ 710,800	$ 740,000		4.1%
Douglas C. Rice	Chief Financial Officer	$ 390,000	$ 420,000		7.7%
Kimberley A. Elting	Chief Legal and Administrative Officer	$ 382,000	$ 410,000		7.3%
Michael M. Finegan	Chief Strategy Officer	$ 412,000	$ 418,000		1.5%
Bradley V. Niemann	President of Global Spine	$ 370,000	$ 400,000	(1)	8.1%

(1) Amount shown in table reflects Mr. Niemann's base salary during 2018 after his promotion in June 2018 to President, Global Spine.

Cash Performance-Based Incentives – Annual Incentive Program

The Committee believes that a significant portion of the compensation for each executive officer should be in the form of annual performance-based cash bonuses. These bonuses are provided through our annual incentive program, which seeks to tie an executive officer’s total cash compensation to our immediate, one-year financial performance.

The Committee is responsible for approving the annual bonus plan design every year. At the outset of each year the Committee establishes target performance goals and a range of performance around the target performance goals for which a bonus would be paid as described below. The plan design, metrics, and threshold, target, and maximum goals should support the annual corporate goals and objectives for the year.

For 2018, performance goals for Messrs. Mason, Rice and Finegan and Ms. Elting were based on Company-wide net sales and adjusted EBITDA performance, each weighted at 50%. Adjusted EBITDA consists of EBITDA (defined as GAAP-derived income from continuing operations less net interest expense, income tax expense, depreciation and amortization) net of credits or charges that were considered by the Committee at the time bonus targets were set to be outside of the normal ongoing operations of the Company. For Mr. Niemann, these two metrics were each weighted at 25%, while sales and adjusted EBITDA for Mr. Niemann’s strategic business units were each collectively weighted at 25%. Because Mr. Niemann was promoted mid-year from President of Biostim (now referred to as Bone Growth Therapies) to President, Global Spine, full-year sales and adjusted EBITDA for each of the Bone Growth Therapies SBU and Global Spine were each weighted at 12.5% to achieve this collective 25% weighting.

The Committee set the performance goals with the intent that it will be challenging for a participant to receive 100% of his or her incentive opportunity target award. However, an executive officer can earn up to 150% of his or her targeted bonus based upon actual performance measured against the range of established performance goals. No payouts are made for performance below the 50% achievement threshold on any specific goal.

The proposed goals and related matrix were reviewed and approved by the Committee in March 2018, and performance was then subsequently assessed by the Committee in February 2019. Each of the Committee members at the time of the applicable action participated in and approved these respective determinations.

The table below describes the target goals and actual achievement for the categories described above in 2018.

	Weighting		Achievement Level (in millions)					Weighted Achievement % of Target	
			Threshold	Target	Maximum		Achievement		
Category of 2018 Goals[1]	Other NEOs	Mr. Niemann	50%	100%	150%	Actual	% of Target	Other NEOs	Mr. Niemann
Company-wide Net Sales	50.0 %	25.0 %	$440.7	$459.1	$ 468.3	$446.3	65.2 %	32.6 %	16.3 %
Company-wide Adjusted EBITDA	50.0 %	25.0 %	$93.3	$106.0	$ 116.6	$97.6	66.9 %	33.4 %	16.7 %
Bone Growth Therapies SBU Net Sales	0.0 %	12.5 %	$188.2	$194.0	$ 199.8	$195.3	110.8 %	0.0 %	13.8 %
Bone Growth Therapies SBU Adjusted EBITDA	0.0 %	12.5 %	$65.3	$71.8	$ 75.4	$72.2	105.5 %	0.0 %	13.2 %
Global Spine Net Sales	0.0 %	12.5 %	$342.3	$355.1	$ 365.1	$346.9	67.9 %	0.0 %	8.5 %

Global Spine Adjusted EBITDA	0.0 %	12.5 %	$91.4	$101.8	$ 108.0	$96.2	73.4 %	0.0 %	9.2 %
Total	100.0%	100.0 %						66.0%	77.7 %

[1] Committee approval of targets in March 2018 provided that targeted amounts would be adjusted to eliminate the effect of subsequent currency fluctuations. The targeted amounts shown in the table reflect the original targets as adjusted to reflect such pre-approved constant currency adjustments.

Aggregate Payouts

To calculate the bonus amount payable, the aggregate weighted achievement percentage for each named executive officer was multiplied by the target amount of bonus for which that participant was eligible. These results are described in the table below:

Name	2018 Base Salary Amount	Target Bonus Percentage of Salary	Weighted Percent Achievement	Total Annual Incentive Plan Bonus
Bradley R. Mason	$ 740,000	100%	66.0%	$488,400
Douglas C. Rice	$ 420,000	60%	66.0%	$166,320
Kimberley A. Elting	$ 410,000	60%	66.0%	$162,360
Michael M. Finegan	$ 418,000	60%	66.0%	$165,528
Bradley V. Niemann	$ 391,000	65%	77.7%	$195,949

Payouts to the named executive officers under the annual incentive program are reflected in column (g) of the "Summary Compensation Table."

Other Cash Bonus Payments

From time-to-time, the Committee uses its discretion to grant cash bonuses for performance or for other circumstances, such as in the cases of new hires and promotions. (See column (d) of the "Summary Compensation Table.") The Committee has not granted any cash bonuses of this nature to named executive officers since 2014.

Long-Term Equity-Based Incentives

Long-Term Incentive Plan – 2012 LTIP

In accordance with the Executive Compensation Guiding Principles, the creation of sustainable shareholder value by means of equity incentive awards is a very important element of the total compensation provided to executive officers.

Our primary equity compensation plan is the 2012 LTIP, which our shareholders most recently approved in July 2018.

One of our current executive officers continues to hold outstanding awards under our 2004 LTIP, although we no longer grant awards under this plan. The Committee administers each of these plans and only the Committee makes long-term incentive plan grants to named executive officers. In addition, the Committee has in rare instances made inducement grants (in accordance with applicable Nasdaq rules) to newly hired employees outside of shareholder approved plans, as it did in 2013 in connection with the hiring of Mr. Mason, and as it did in 2018 in connection with the Company's acquisition of Spinal Kinetics, Inc., a privately held developer and manufacturer of artificial cervical and lumbar discs. These inducement grants have been made on terms that are substantially similar to grants under the 2012 LTIP.

At the present time, the Committee grants three types of equity incentive awards to executive officers: (i) time-based vesting stock options, (ii) time-based vesting restricted stock or restricted stock units, and (iii) performance-based vesting stock units.

	Stock Options	Restricted Stock	Performance Stock Units
Value Weighting	25%	25%	50%
Performance Conditions	N/A	N/A	TSR relative to the S&P Healthcare Equipment Select Industry Index
Term	Ten years	Four years	Three-year performance period with additional one-year holding period
Vesting	Vest in four equal installments on the first, second, third, and fourth anniversaries of the grant date	Vest in four equal installments on the first, second, third, and fourth anniversaries of the grant date	Cliff vest after three years upon certification of results. Subject to additional one-year holding period
Payout	Upon exercise, participant acquires common shares at the previously defined exercise price	Participant acquires unrestricted shares of common stock upon vesting	Payment made in unrestricted shares of common stock at the end of the holding period
			•Payouts at 50% of target for relative TSR performance at the 25th percentile
			•Maximum performance capped at 200% of target for relative TSR performance at or above the 75th percentile; overall payouts (i.e., including both performance results and stock price appreciation) capped at five times the fair market value of the target award on the date of grant

- Vesting may not exceed 100% if actual TSR is negative during the performance period

In accordance with the Executive Compensation Guiding Principles, equity incentive awards currently follow the following principles:

- Annual long-term incentive awards are delivered in a mix of the types of equity awards described in the preceding paragraph.
- Annual long-term incentive awards are made to all Section 16 executive officers.

- Annual long-term incentive award values are competitively positioned based on market data for comparable positions and individual performance.

Time-Based Vesting Grants

Under the Company's operative agreements with executive officers, the unvested portion of any time-based grant is forfeited if an employee voluntarily ceases employment prior to vesting. In the event that an employee is terminated by the Company without cause any remaining unvested portion of the grant is forfeited. In the event an employee dies, suffers a long-term disability, or retires within certain age and service tenure parameters, the full grant vests. In all of the foregoing circumstances, vested stock options are subject to a limited post-employment exercise period, which ranges from 3 to 18 months depending on the circumstance. In the case of stock options held by employees who remain continuously employed, the options expire and are no longer exercisable 10 years from the grant date. Should a change in control occur while a grantee remains employed, unvested portions of the grant will accelerate only if the employee separates from employment in specific circumstances within 24 months of the change in control.

Performance-Based Vesting Grants

In recent years, the Committee has actively worked with its compensation consultant to implement performance-based vesting equity grants. Performance-based awards that remained eligible to be earned as of December 31, 2018 are described below.

2015 Performance Grants

For 2015, the Committee made grants to executive officers under a form of performance-based vesting restricted stock and performance share unit agreement covering a three-year performance period. The performance criteria for these awards used two equally-weighted metrics, Adjusted EBITDA and return on invested capital ("ROIC"). Under these grants, recipients received performance-based vesting restricted stock in an amount equal to 100% of the target performance criteria and performance stock units that provide for additional shares to be issued if performance criteria is achieved between 100% and 150% of targets for the 2018 fiscal year. The aggregate award potential is illustrated in the table below:

Metric	Weighting	Threshold (50% vesting)	Target (100% vesting)	Maximum Achievement (150% vesting)
Adjusted EBITDA	50%	$74.6M for 2018 FY	$78.5M for 2016, 2017 or 2018 FY	$86.4M for 2018 FY
ROIC	50%	11.6% for 2018 FY	12.2% for 2016, 2017 or 2018 FY	13.4% for 2018 FY

In March 2019, the Committee determined that the vesting criteria for maximum achievement of both the Adjusted EBITDA and ROIC performance targets had been achieved based on the Company's financial results for the fiscal year ended December 31, 2018 and all outstanding awards vested at the maximum level.

2016, 2017 and 2018 Performance Stock Unit Grants

For 2016, 2017 and 2018, the Committee granted 50% of executive officer(s) total annual equity award value in the form of performance stock units ("PSUs") that vest based on the total shareholder return ("TSR") of the Company's common stock relative to other companies in the S&P Healthcare Equipment Select Industry Index during a three-year performance period following the date of grant, with the change in share price during the

performance period measured using the average closing price during the 20 days preceding each of the beginning and the end of the performance period. Achieved vesting percentages will be as follows:

Company's TSR Percentile Rank	Vesting Percentage
Below 25th Percentile	0%
25th Percentile	50% (threshold)
50th Percentile	100% (target)
75th Percentile	200% (maximum)

In the event that the Company's TSR percentile rank for the performance period falls between any of the amounts set forth above (to the extent greater than the threshold and lower than the maximum), the vesting percentage will be determined by linear interpolation between such amounts.

The PSU award agreement provides that the vesting percentage may not exceed 100% if the Company's absolute TSR during the performance period is negative. In addition, the vesting percentage is capped such that the PSU award will never trigger the issuance of shares with a vesting date fair market value of more than five times the fair market value of the target award on the date of grant. Following the end of the three-year performance period, the shares that vest are subject to a one-year holding period requirement. Generally, if an executive voluntarily ceases employment without "good reason" or "qualified retirement" eligibility prior to the end of the three-year performance period, the entire award is forfeited.

Equity Award Approval Process

The Committee currently reviews and approves dollar values for executive officer equity incentive grants at its March meeting, with the grant effective date being the first business day of April, and the number of shares/units underlying each award (and the exercise price for stock options) based on the closing price of the Company's common stock on such effective date. Prior to 2018, the Committee reviewed and approved annual grants in June, with grant dates occurring on or around July 1.

Generally, the Committee's approval of annual equity incentive grants occurs at a time when the Company's insider trading window for executives is open. However, in the event that grants are approved when such window is closed, the Committee does not seek to affect the value of grants by timing them in relation to the release or non-release of material public information.

Stock Purchase Plan

Our SPP, as amended, provides for the issuance of shares of our common stock to eligible employees and directors of the Company and its subsidiaries that elect to participate in the plan and acquire shares of our common stock through payroll deductions (including executive officers). During each purchase period, eligible individuals may designate between 1% and 25% (or any other percentage as determined by the Compensation Committee) of their cash compensation to be deducted from that compensation for the purchase of common stock under the plan. Under the plan, the purchase price for shares is equal to the lower of: (i) 85% of the fair market value per share on the first day of the plan year, or (ii) 85% of the fair market value of such shares on the last day of the plan year. Prior to 2019, the plan year began on January 1 and ended on December 31. For 2019 only, there is a transitional 10 month purchase period beginning on January 1, 2019 and ending on October 31, 2019. For plan years starting November 1, 2019 onwards, the plan year will begin on November 1 and end on October 31. Elections must be made prior to the beginning of each plan year, except in the case of newly

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appointed directors, who may elect to contribute within 30 days after becoming a director. As amended, up to a total of 2,350,000 shares may be issued under the SPP. As of the Record Date, 625,761 shares remain available to be issued under the SPP.

Perquisites and Other Personal Benefits

Our executive officers are entitled to or may otherwise be the beneficiaries of certain limited perquisites and other personal benefits, which have a collective value of less than $10,000 per year. Among other things, these include reimbursement for tax preparation expenses, estate planning expenses, an annual physical exam, and reimbursement of expenses relating to spousal travel in connection one Board meeting per year. We do not consider our perquisites out of the ordinary course for similarly situated companies. Under our Executive Compensation Guiding Principles, the payment of any perquisite will generally require the approval of the Compensation Committee.

Other Plans

Executive officers participate in our health and welfare benefits (including our 401(k) plan) on the same basis as other similarly situated employees.

Compensation Recoupment (Clawback) Policy

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

Accounting and Tax Effects

The impact of accounting treatment is considered in developing and implementing our compensation programs, including the accounting treatment as it applies to amounts awarded or paid to our executive officers.

The impact of federal tax laws on our compensation programs is also considered, including the deductibility of compensation paid to the named executive officers, as limited by Section 162(m) of the Code. Our compensation program historically has been designed with the intention that compensation paid in various forms may be eligible to qualify for deductibility under Section 162(m) of the Code, but there have been and may be other exceptions for administrative or other reasons. However, the Tax Cuts and Jobs Act of 2017 eliminated the exception under Section 162(m) for performance-based compensation and expanded the number of employees who may be covered by these deductibility limitations, which may have an effect on how we design future compensation programs and may affect the financial statement impact of executive compensation payments.

REPORT OF THE COMPENSATION COMMITTEE

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

The Compensation Committee

Michael E. Paolucci, Committee Chair
Alexis V. Lukianov
Maria Sainz

SUMMARY COMPENSATION TABLE

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

Name and Principal Position (a)	Year (b)	Salary ($) (c)	Bonus ($) (d)	Stock Awards ($)[1] (e)	Option Awards ($)[1] (f)	Non-Equity Incentive Plan Compensation ($)[2] (g)	All Other Compensation ($) (h)		Total ($) (i)
Bradley R. Mason - President and Chief Executive Officer	2018	740,000	—	3,592,030	1,054,348	488,400	16,670	(3)	5,891,448
	2017	710,800	—	2,354,789	705,975	920,486	13,708	(4)	4,705,758
	2016	705,576	—	2,583,953	762,136	763,000	19,180	(5)	4,833,845
Douglas C. Rice - Chief Financial Officer	2018	420,000	—	715,007	209,868	166,320	12,299	(6)	1,523,494
	2017	390,000	—	588,684	176,501	303,030	11,859	(7)	1,470,074
	2016	350,519	—	560,551	165,335	225,630	17,178	(8)	1,319,213
Kimberley A. Elting - Chief Legal and Administrative Officer	2018	410,000	—	859,696	193,634	162,360	12,297	(9)	1,637,987
	2017	382,000	—	546,657	163,882	296,814	10,861	(10)	1,400,214
Michael M. Finegan - Chief Strategy Officer	2018	418,000	—	553,269	162,402	165,528	13,142	(11)	1,312,341
	2017	412,000	—	504,630	151,279	320,124	11,902	(12)	1,399,935
	2016	401,972	—	516,100	152,224	259,311	19,036	(13)	1,348,643
Bradley V. Niemann - President of Global Spine	2018	391,000	—	659,443	143,652	195,949	941	(14)	1,390,985
	2017	370,000	—	462,549	138,675	258,630	884	(15)	1,230,738
	2016	345,519	—	824,078	139,828	263,160	6,277	(16)	1,578,862

(1) Amounts shown do not reflect compensation actually received. Instead, the amounts shown are the aggregate grant date fair value of equity awards, as computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 (formerly known as Statement of Financial Accounting Standards No. 123(R)), or ASC 718.

(2) Amounts shown reflect cash bonuses paid in 2019, 2018 and 2017 for performance in 2018, 2017 and 2016, respectively, pursuant to our annual incentive program. Our annual incentive program with respect to the 2018 fiscal year, including the Committee’s criteria for determining the amounts awarded in 2019, are described above under “Compensation Discussion and Analysis – Elements of Executive Compensation – Cash Performance-Based Incentives – Annual Incentive Program.”

(3) Reflects $11,000 for 401k matching and $5,334 and $336 for insurance premiums paid by, or on behalf of, the Company with respect to group term and term life insurance, respectively.

(4) Reflects $10,600 for 401k matching and $2,772 and $336 for insurance premiums paid by, or on behalf of, the Company with respect to group term and term life insurance, respectively.

(5) Reflects $5,400 for car allowance, $10,600 for 401k matching and $2,772 and $408 for insurance premiums paid by, or on behalf of, the Company with respect to group term and term life insurance, respectively.

(6) Reflects $11,000 for 401k matching and $964 and $335 for insurance premiums paid by, or on behalf of, the Company with respect to group term and term life insurance, respectively.

(7) Reflects $10,600 for 401k matching and $931 and $328 for insurance premiums paid by, or on behalf of, the Company with respect to group term and term life insurance, respectively.

(8) Reflects $5,400 for car allowance, $10,600 for 401k matching and $826 and $352 for insurance premiums paid by, or on behalf of, the Company with respect to group term and term life insurance, respectively.

(9) Reflects $11,000 for 401k matching and $962 and $335 for insurance premiums paid by, or on behalf of, the Company with respect to group term and term life insurance, respectively.

(10) Reflects $9,625 for 401k matching and $915 and $321 for insurance premiums paid by, or on behalf of, the Company with respect to group term and term life insurance, respectively.

(11) Reflects $11,000 for 401k matching and $1,806 and $336 for insurance premiums paid by, or on behalf of, the Company with respect to group term and term life insurance, respectively.

(12) Reflects $10,600 for 401k matching and $966 and $336 for insurance premiums paid by, or on behalf of, the Company with respect to group term and term life insurance, respectively.

(13) Reflects $5,400 for car allowance, $10,600 for 401k matching, $1,663 in disability benefits, and $968 and $405 for insurance premiums paid by, or on behalf of, the Company with respect to group term and term life insurance, respectively.

(14) Reflects $613 and $328 for insurance premiums paid by, or on behalf of, the Company with respect to group term and term life insurance, respectively.

(15) Reflects $573 and $311 for insurance premiums paid by, or on behalf of, the Company with respect to group term and term life insurance, respectively.

(16) Reflects $5,400 for car allowance and $530 and $347 for insurance premiums paid by, or on behalf of, the Company with respect to group term and term life insurance, respectively.

GRANTS OF PLAN-BASED AWARDS

The following table provides information regarding plan-based awards that were granted to our named executive officers during the fiscal year ended December 31, 2018.

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards						
Name	Grant Date	Threshold ($)(1)	Target ($)(1)	Maximum ($)(1)	Threshold (#)(2)	Target (#)(3)	Maximum (#)(2)	All Other Stock Awards (#)(4)	All Other Option Awards (#)(5)	Equity Exercise or Base Price of Option Awards ($/Sh)(6)	Grant Date Fair Value of Stock and Option Awards ($)(7)
Bradley R. Mason		370,000	740,000	1,110,000	—	—	—	—	—		—
	04/02/2018	—	—	—	18,551	37,102	74,204	—	—	—	2,537,035
	04/02/2018	—	—	—	—	—	—	18,551	—	—	1,054,995
	04/02/2018	—	—	—	—	—	—	—	65,857	56.87	1,054,348
Douglas C. Rice		126,000	252,000	378,000	—	—	—	—	—	—	—
	04/02/2018	—	—	—	3,692	7,385	14,770	—	—	—	504,986
	04/02/2018	—	—	—	—	—	—	3,693	—	—	210,021
	04/02/2018	—	—	—	—	—	—	—	13,109	56.87	209,868
Kimberley A. Elting		123,000	246,000	369,000	—	—	—	—	—	—	—
	04/02/2018	—	—	—	3,407	6,814	13,628	—	—	—	465,941
	04/02/2018	—	—	—	—	—	—	3,407	—	—	193,756
	04/02/2018	—	—	—	—	—	—	—	12,095	56.87	193,634
	09/05/2018	—	—	—	—	—	—	3,714	—	—	199,999
Michael M. Finegan		125,400	250,800	376,200	—	—	—	—	—	—	—
	04/02/2018	—	—	—	2,857	5,715	11,430	—	—	—	390,792
	04/02/2018	—	—	—	—	—	—	2,857	—	—	162,478
	04/02/2018	—	—	—	—	—	—	—	10,144	56.87	162,402
Bradley V. Niemann		127,075	254,150	381,225	—	—	—	—	—	—	—
	04/02/2018	—	—	—	2,527	5,055	10,110	—	—	—	345,661

04/02/2018	—	—	—	—	—	—	2,528	—	—	143,767
04/02/2018	—	—	—	—	—	—	—	8,973	56.87	143,652
07/02/2018	—	—	—	—	—	—	2,989	—	—	170,014

(1) Amounts shown represent the threshold, target and maximum amounts that could have been earned for fiscal year 2018 by each Named Executive Officer under our annual performance-based incentive compensation program. The actual amounts earned by each Named Executive Officer are included in the fiscal year 2018 "Non-Equity Incentive Plan Compensation" column of the Summary Compensation Table above and discussed under "—Compensation Discussion and Analysis—Elements of Executive Compensation—Cash Performance-Based Incentives – Annual Incentive Program" above.

(2) Amounts shown represent the threshold and maximum amounts in shares earned based on performance if the threshold or maximum performance goals are achieved over the three-year performance period beginning on April 2, 2018. No shares will be issued for performance below the threshold level.

(3) Amounts shown represent the target amount in shares earned if the target performance goal is achieved with respect to the three-year performance period beginning on April 2, 2018.

(4) Amounts shown include awards of time-based restricted stock granted in 2018 under the 2012 LTIP. Such shares vest ratably over four years (subject to certain acceleration provisions, as discussed under "—Potential Payments upon Termination or Change in Control" below).

(5) Amounts shown include awards of stock options granted in 2018 under the 2012 LTIP. Such options vest ratably over four years (subject to certain acceleration provisions, as discussed under "—Potential Payments upon Termination or Change in Control" below).

(6) The exercise price of the stock options is equal to the closing price of the common stock on the grant date.

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

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

The following table provides information about the number of outstanding equity awards held by our named executive officers at December 31, 2018.

	Option Awards				Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable[1]	Number of Securities Underlying Unexercised Options (#) Unexercisable[2]	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock that have not Vested (#)	Market Value of Shares or Units of Stock that have not Vested ($)	Number of Shares or Units of Stock that have not Vested (#)	Market Value of Shares or Units of Stock that have not Vested ($)
Bradley R. Mason	75,000	—	38.82	3/13/2023	—	—	—	—
	75,000	—	38.82	3/13/2023	—	—	—	—
	42,600	—	36.25	6/30/2024	—	—	—	—
	37,575	12,525 (3)	33.12	6/30/2025	—	—	—	—
	31,763							