

ORTHOFIX INTERNATIONAL N V  
Form PRER14A  
February 25, 2009

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. 1)

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
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ORTHOFIX INTERNATIONAL N.V.  
(Name of Registrant as Specified In Its Charter)

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

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PRELIMINARY COPY

Orthofix International N.V.

NOTICE OF SPECIAL GENERAL MEETING OF SHAREHOLDERS

AND

PROXY STATEMENT

Meeting Date:  
April , 2009  
at [12:00 noon] (local time)

Meeting Place:  
[7 Abraham de Veerstraat]  
Curaçao, Netherlands Antilles

Dear Shareholders:

A Special General Meeting of Shareholders (the “Special General Meeting”) of Orthofix International N.V., a Netherlands Antilles corporation, (“Orthofix” or the “Company”) will be held on April 7, 2009, at [12:00 noon] (local time) at [7 Abraham de Veerstraat], Curaçao, Netherlands Antilles. The Special General Meeting is being called by resolution of the Board of Directors of Orthofix (the “Board of Directors” or the “Board”) as a result of the delivery to the Company by Ramius Value and Opportunity Master Fund Ltd. (collectively with its affiliates, “Ramius”), of written requests to call a special general meeting of shareholders of the Company.

The purpose of the Special General Meeting is to consider the proposals that are described in Ramius’ Solicitation Statement to Request a Special General Meeting of Shareholders, dated January 7, 2009 and supplemented on January 22, 2009. The proposals are more fully addressed in the Company’s notice and proxy statement accompanying this letter. We encourage you to read the Company’s materials carefully, and then vote the enclosed BLUE proxy card.

The Ramius proposals seek to, among other things, remove four members of Orthofix’s Board of Directors and replace them with four nominees of Ramius. The Board of Directors and management of Orthofix oppose each of Ramius’ proposals to be voted upon at the Special General Meeting. Approval of Ramius’ proposals would allow Ramius and its managing members, who own 5.3% of the outstanding shares of Orthofix common stock, to control nearly half of the Board of Directors by removing four of the members of the Board of Directors, each of whom was carefully vetted and selected by the Board’s Nominating and Governance Committee, and replacing them with four of Ramius’ own nominees.

The Board of Directors is deeply committed to Orthofix, its shareholders and the enhancement of shareholder value. In the Board’s opinion, Ramius’ proposals are not in the best interests of all shareholders of Orthofix. If Ramius and its managing members, who own only 5.3% of Orthofix’s shares of common stock, all of which were acquired within the past six months, were to succeed, then their nominees would control four out of the ten seats on the Board. For the reasons described in the attached proxy statement, the Board of Directors is soliciting proxies against the Ramius proposals. We urge you to join the Board of Directors in opposing the Ramius proposals.

AS MORE FULLY DESCRIBED WITHIN THE ATTACHED PROXY STATEMENT, THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE “AGAINST REMOVAL” WITH RESPECT TO ALL ORTHOFIX DIRECTORS NAMED IN PROPOSAL 1, “AGAINST REMOVAL” ON PROPOSAL 2, AND CAST A “WITHHOLD VOTE” WITH RESPECT TO EACH OF THE RAMIUS’ NOMINEES NAMED IN PROPOSAL 3, ON THE ENCLOSED BLUE PROXY CARD TODAY.

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Your vote is important regardless of the number of shares you own. The Board of Directors urges you to show your support for Orthofix by signing, dating and delivering the enclosed BLUE proxy card by mail (using the enclosed postage-paid envelope), as promptly as possible or by voting electronically or by telephone as described in the attached proxy statement. If you have any questions or need assistance in voting your shares, please contact our proxy solicitor, Georgeson, Inc., toll-free at (800) 323-4133.

I can assure you that your Board of Directors and Orthofix's management will continue to act in the best interests of ALL Orthofix shareholders. We appreciate your continued support.

Sincerely,

Alan W. Milinazzo  
President and Chief Executive Officer and Director

February 5, 2009

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NOTICE AND PROXY STATEMENT  
for Shareholders of

ORTHOFIX INTERNATIONAL N.V.  
7 Abraham de Veerstraat  
Curaçao, Netherlands Antilles

for

SPECIAL GENERAL MEETING OF SHAREHOLDERS

to be held on April 9, 2009

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

Time, Date and Place of Special General Meeting

Notice is hereby given that the Special General Meeting will be held on April 9, 2009 at [12:00 noon], local time, at [7 Abraham de Veerstraat], Curaçao, Netherlands Antilles.

Purpose of the Special General Meeting

1. Removal of Directors. Shareholders will be asked to consider a proposal by Ramius Value and Opportunity Master Fund Ltd. (collectively with its affiliates, “Ramius”), to remove, without cause, the following four directors of the Company: James F. Gero, Peter J. Hewett, Thomas J. Kester and Walter P. von Wartburg (“Proposal 1”). The Board of Directors recommends that shareholders vote “AGAINST REMOVAL” with respect to all Orthofix directors named in Proposal 1.
2. Removal of Directors Appointed by the Board of Directors. Shareholders will be asked to consider a proposal by Ramius to remove, without cause, any director appointed by the Company’s Board of Directors without shareholder approval from December 10, 2008 through and including the date of the Special General Meeting (“Proposal 2”). The Board of Directors recommends that shareholders vote “AGAINST REMOVAL” on Proposal 2.
3. Election of Ramius Nominees. Shareholders will be asked to consider, in the event that one or more incumbent directors are removed pursuant to Proposal 1, the election of the following Ramius nominees: J. Michael Egan, Peter A. Feld, Steven J. Lee and Charles T. Orsatti, (collectively, the “Ramius Nominees”) to fill the resulting vacancies on the Board of Directors (“Proposal 3”). The Board of Directors recommends that shareholders cast a “WITHHOLD VOTE” with respect to any individual who may be nominated by Ramius pursuant to Proposal 3. Proposal 3 is conditioned on the success of Proposal 1 because if none of our existing members of the Board of Directors are removed as provided in Proposal 1, there will be no vacancies to fill, and none of the Ramius Nominees can be elected pursuant to Proposal 3.

Please read a detailed description of Proposals 1, 2 and 3 stated above beginning on page 6 of the proxy statement.



The Special General Meeting is extremely important for all Orthofix shareholders in light of the attempt by Ramius and its managing members to effect changes that would result in their control of four of the seats on the Board of Directors. Your vote is critical. Whether or not you plan to attend the Special General Meeting, and regardless of the number of shares of common stock you own, we urge you to vote "AGAINST REMOVAL" with respect to all Orthofix directors named in Proposal 1, "AGAINST REMOVAL" on Proposal 2, and cast a "WITHHOLD VOTE" with respect to any individual who may be nominated by Ramius pursuant to Proposal 3, by signing, dating and delivering the enclosed BLUE proxy card, by mail (using the enclosed postage-paid envelope) as promptly as possible or by voting electronically or telephonically as described in the attached proxy statement.

The Board of Directors urges you not to sign or return any gold proxy card that may be sent to you by Ramius, even as a protest vote against them. If you previously voted a gold proxy card provided by Ramius, you have every legal right to change your vote. You can do so simply by using the enclosed BLUE proxy card to vote today (or by voting electronically or telephonically). Only your latest dated proxy will count.

#### Shareholders Entitled to Vote

All record holders of shares of Orthofix common stock at the close of business on February 5, 2009 have been sent this notice and will be entitled to vote at the Special General Meeting. Each record holder on such date is entitled to cast one vote per share of common stock.

If you have any questions or need assistance in voting your shares, please contact our proxy solicitor, Georgeson, Inc., toll-free at (800) 323-4133.

By Order of the Board of Directors

Raymond C. Kolls  
Corporate Secretary

February 5, 2009

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PRELIMINARY COPY

PROXY STATEMENT FOR THE ORTHOFIX INTERNATIONAL N.V.  
SPECIAL GENERAL MEETING OF SHAREHOLDERS

ABOUT THE SPECIAL GENERAL MEETING

Date, Time and Place of the Special General Meeting

We are sending you this proxy statement as part of a solicitation of proxies by the Board of Directors of Orthofix International N.V. (“Orthofix” or the “Company”) for use at the Company’s upcoming Special General Meeting of shareholders and at any adjournment, postponement, continuation or rescheduling thereof (the “Special General Meeting”). We anticipate that this Proxy Statement and the accompanying BLUE proxy card will first be mailed to the holders of our common stock on or about February 5, 2009.

The Special General Meeting of Orthofix’s shareholders will be held on April 5, 2009 at [12:00 noon], local time, at [7 Abraham de Veerstraat], Curaçao, Netherlands Antilles. The Special General Meeting is being called as a result of the delivery to the Company by Ramius Value and Opportunity Master Fund Ltd. (collectively with its affiliates, “Ramius”), of written requests to call a special meeting of shareholders pursuant to the Netherlands Antilles Civil Code.

Purpose of the Special General Meeting

The purpose of the Special General Meeting is to consider the proposals that are described in Ramius’ Solicitation Statement to Request a Special General Meeting of Shareholders, dated January 7, 2009 and supplemented on January 22, 2009, and more fully discussed below.

At the Special General Meeting, shareholders will be asked to consider the following proposals:

1. Removal of Directors. Shareholders will be asked to consider a proposal by Ramius, to remove, without cause, the following four directors of the Company: James F. Gero, Peter J. Hewett, Thomas J. Kester and Walter P. von Wartburg (“Proposal 1”). The Board of Directors recommends that shareholders vote “AGAINST REMOVAL” with respect to all Orthofix directors named in Proposal 1.
2. Removal of Directors appointed by the Board of Directors. Shareholders will be asked to consider a proposal by Ramius to remove, without cause, any director appointed by the Company’s Board of Directors without shareholder approval from December 10, 2008 through and including the date of the Special General Meeting (“Proposal 2”). The Board of Directors recommends that shareholders vote “AGAINST REMOVAL” on Proposal 2.
3. Election of Ramius Nominees. Shareholders will be asked to consider, to the extent that shareholders vote to remove one or more incumbent directors pursuant to Proposal 1 above, to elect J. Michael Egan, Peter A. Feld, Steven J. Lee and Charles T. Orsatti (collectively, the “Ramius Nominees”) to the Board; provided, however, to the extent shareholders approve the removal of some, but not all, of the incumbent directors listed in Proposal 1, the nominees shall be elected to the Board in the following order: (i) the nominee receiving the highest number of votes “FOR ELECTION” from shareholders; (ii) the nominee receiving the second highest number of votes “FOR ELECTION” from shareholders; and (iii) the nominee receiving the third highest number of votes “FOR ELECTION” from shareholders. The Board of Directors recommends that shareholders cast a “WITHHOLD VOTE” with respect to each of the Ramius Nominees named in Proposal 3. Proposal 3 is conditioned on the success of Proposal 1 because if none of our existing members of the Board of Directors are removed as provided in Proposal 1, there will be no vacancies to fill and none of the Ramius Nominees can be elected pursuant to Proposal 3.

In soliciting support from Orthofix shareholders for the Ramius Proposals, Ramius expresses concerns regarding the performance and financial stability of Orthofix, particularly in light of our 2006 acquisition of Blackstone Medical Inc. (“Blackstone”). Ramius’ arguments fail to take into account a number of actions and initiatives that the Company has already taken or publicly announced. The Board and management believe that the medium and long-term growth and profitability prospects for Orthofix lie in the execution of our current strategy, which the Board unanimously endorsed at its meeting on December 9, 2008 after being notified by Ramius of its proposed solicitation to enable Ramius to request the calling of a special meeting. In the Board of Directors’ opinion, Ramius’ proposals are not in the best interests of ALL shareholders of Orthofix.

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Orthofix's Board of Directors seeks your support at the Special General Meeting. After careful consideration, the Board of Directors unanimously recommends that you reject all of the Ramius proposals and urges you to vote "AGAINST REMOVAL" with respect to all Orthofix directors named in Proposal 1, "AGAINST REMOVAL" on Proposal 2, and cast a "WITHHOLD VOTE" with respect to each of the Ramius Nominees named in Proposal 3.

Please disregard any gold proxy card sent to you by Ramius. Please vote Orthofix's BLUE proxy card TODAY by signing, dating and delivering the enclosed BLUE proxy card, by mail (using the enclosed postage-paid envelope) or by voting by telephone or through the Internet. If you have previously returned a gold proxy card provided by Ramius, you have the right to change your vote by using the enclosed BLUE proxy card (or by voting by telephone or through the Internet). Only your latest dated proxy will count.

If you have any questions about the Special General Meeting, voting or your ownership of Orthofix common stock, please contact Georgeson at (212) 440-9800 (banks and brokers) or toll free at (800) 323-4133.

## ABOUT VOTING

### Who can vote

All record holders of shares of Orthofix common stock at the close of business on February 5, 2009 (the "Record Date") have been sent this notice and will be entitled to vote at the Special General Meeting. Each record holder on such date is entitled to cast one vote per share of common stock. As of the Record Date, there were 5 shares of Orthofix common stock outstanding.

### Quorum, vote required

The presence, in person or by proxy, of the holders of fifty percent (50%) of the shares of Orthofix common stock outstanding on the Record Date is required to constitute a quorum at the Special General Meeting. An absolute majority of the votes cast at the Special General Meeting will be required in order to approve the proposals before the Special General Meeting, except that directors will be elected by a plurality of the votes cast. For Proposal 1, a separate vote will be taken with respect to each incumbent director proposed to be removed by Ramius. For Proposal 3, to the extent shareholders approve the removal of some, but not all, of the incumbent directors listed in Proposal 1, the nominees shall be elected to the Board in the following order: (i) the nominee receiving the highest number of votes "FOR ELECTION" from shareholders; (ii) the nominee receiving the second highest number of votes "FOR ELECTION" from shareholders; and (iii) the nominee receiving the third highest number of votes "FOR ELECTION" from shareholders. Abstentions and "broker non-votes" are counted as shares that are present and entitled to vote on the proposals for purposes of determining the presence of a quorum, but abstentions and broker non-votes will not have any effect on the outcome of voting on the proposals. A broker "non-vote" occurs when a broker holding shares for a beneficial owner does not vote on a particular proposal because the broker does not have discretionary voting power for that particular item and has not received instructions from the beneficial owner.

### Proxies

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

A shareholder of record on the Record Date may submit their proxy:

- By mail, by marking, signing and dating the enclosed BLUE proxy card and returning it in the postage paid envelope provided;
-

Through the Internet, by visiting the website established for that purpose and following the instructions set forth on the enclosed BLUE proxy card; or

- By telephone, by calling the toll-free number listed on the enclosed BLUE proxy card on a touch-tone phone and following the recorded instructions.

All shares of Orthofix common stock that are represented at the Special General Meeting by properly executed BLUE proxies (and proxies received pursuant to telephonic and Internet voting) received prior to or at the Special General Meeting and which are not validly revoked, will be voted at the Special General Meeting in accordance with the instructions indicated on such proxies. If no instructions are indicated on a properly executed BLUE proxy (and proxies received pursuant to telephonic and Internet voting), such proxy will be voted "AGAINST REMOVAL" with respect to all Orthofix directors named in Proposal 1, "AGAINST REMOVAL" on Proposal 2 and cast a "WITHHOLD VOTE" with respect to each of the Ramius Nominees named in Proposal 3. The Board of Directors does not know of any other matters that are to be presented for consideration at the Special General Meeting.

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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 Georgeson, at or before the taking of the vote at the Special General Meeting, a written notice of revocation bearing a later date than the proxy, (2) duly executing a subsequent proxy relating to the same shares of Orthofix common stock and delivering it to Georgeson before the Special General Meeting, (3) voting at a later time by telephone or through the Internet before the Special General Meeting or (4) if you are a holder of record, attending the Special General Meeting and voting in person. Attending the Special General Meeting will not in and of itself constitute the revocation of a proxy. Any written notice of revocation or subsequent proxy should be sent so as to be delivered to Georgeson Inc. in the enclosed postage-paid envelope, at or before the taking of the vote at the Special General Meeting.

Voting is confidential

We maintain a policy of keeping all the proxies, ballots and voting tabulations confidential.

The costs of soliciting these proxies and who will pay them

BLUE proxy cards are being solicited by and on behalf of the Board of Directors. All expenses of the proxy solicitation, including the cost of preparing and mailing this proxy statement and BLUE proxy card and the establishment of telephone and Internet voting, will be borne by the Company. The Company will also request those holding shares for the benefit of others to send the proxy statement and proxy card to, and to obtain BLUE proxy cards from, the beneficial owners and will reimburse such holders for their reasonable expenses in doing so. In addition to solicitation by use of the mails, proxies may be solicited by directors, certain officers, and employees of the Company in person or by telephone, advertisement, courier service, e-mail or facsimile. The Company will also place its solicitation materials on its website at [www.orthofix.com](http://www.orthofix.com). Such directors, officers and employees will not be additionally compensated, but may be reimbursed for out-of-pocket expenses in connection with such solicitation.

In addition, the Company has retained Georgeson Inc. to assist in the solicitation of proxies. It is anticipated that Georgeson will employ approximately [Y] persons to solicit the Company's shareholders. The Company has agreed that Georgeson will be paid a fee of up to \$100,000, plus reimbursement for their reasonable out-of-pocket expenses. The Company has also agreed to indemnify Georgeson against certain liabilities and expenses, including certain liabilities and expenses under the federal securities laws. The Company estimates that the total cost of the solicitation of proxies to be approximately [\$ Y]. The Company estimates that through the date hereof its expenses in connection with this solicitation are approximately [\$ Y].

The voting results

The Company has retained an independent inspector of elections in connection with Orthofix's solicitation. Orthofix intends to notify shareholders of the results of the solicitation for the Special General Meeting by issuing a press release, which it will also file with the SEC as an exhibit to a Current Report on Form 8-K.

## QUESTIONS AND ANSWERS ABOUT THIS PROXY SOLICITATION

Q: Who is making this solicitation?

A: Your Board of Directors.

Q: What is the Company asking you to do?

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A: You are being asked to send the BLUE proxy card and revoke any proxy (that is reflected on the gold proxy card) that you may have delivered in favor of the proposals by Ramius and, by doing so, preserve the composition of the current Board, which will continue to act in your best interests.

Q: If I have already delivered a proxy (that is reflected on the gold proxy card), is it too late for me to change my mind?

A: No. You may revoke your proxy at any time before it is voted at the Special General Meeting.

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Q: What is the effect of delivering a BLUE proxy card after previously delivering a gold proxy card?

A: By completing the enclosed BLUE proxy card and signing, dating and mailing the card in the enclosed postage-paid envelope, you will revoke as described above any earlier dated gold proxy card that you may have delivered to Ramius.

Q: What is the Board's position with respect to the Ramius proposals?

A: The Board has unanimously determined that Proposals 1, 2 and 3 are not in the best interests of the Company's shareholders. The Board's reasons and recommendations are set forth below.

Q: What does your Board of Directors recommend?

A: The Board strongly believes that the Ramius proposals are not in the best interests of the Company's shareholders. The Board therefore unanimously recommends that you vote "AGAINST REMOVAL" with respect to all Orthofix directors named in Proposal 1, "AGAINST REMOVAL" on Proposal 2 and cast a "WITHHOLD VOTE" with respect to each of the Ramius Nominees named in Proposal 3.

Q: What do I need to do now?

A: Please read and consider the information contained in this proxy statement and vote your shares in any of the ways provided in this proxy statement.

Q: What should I do with any gold proxy card I may receive from Ramius?

A: The Board of Directors recommends that you do nothing with any gold proxy card sent to you by Ramius. Instead, the Board of Directors recommends that you sign, date and deliver the enclosed BLUE proxy card, as promptly as possible, by mail (using the enclosed postage-paid envelope) or by voting by telephone or through the Internet. If you have already returned a gold proxy card to Ramius, you can revoke it by voting the enclosed BLUE proxy card or by voting by telephone or through the Internet. Only your latest dated proxy will count.

Q: How can I vote my shares?

A: If your shares are registered directly in your name with our transfer agent, you are a shareholder of record with respect to those shares, and you may vote in person at the Special General Meeting, by signing, dating and returning the BLUE proxy card in the envelope provided, through the Internet or by telephone. Whether or not you plan to attend the Special General Meeting in person, you should submit your BLUE proxy card (or vote telephonically or through the Internet) as soon as possible.

If your shares of common stock are held in "street name" through a broker, bank or other nominee, you must instruct them to vote on your behalf, otherwise your shares cannot be voted at the Special General Meeting. You should follow the directions provided by your broker, bank or other nominee regarding how to instruct such party to vote. Without such specific voting instructions, the shares held by you in "street name" will not be voted with respect to any of the proposals to be considered at the Special General Meeting. We urge you to confirm in writing your instructions to the person responsible for your account, and to provide a copy of such instructions to our proxy solicitor, Georgeson, at the address indicated below so that it can attempt to ensure that your instructions are followed.

Q: Can I change my vote?



A: You may revoke a proxy at any time prior to its exercise by (1) filing with Georgeson, at or before the taking of the vote at the Special General Meeting, a written notice of revocation bearing a later date than the proxy, (2) duly executing a subsequent proxy relating to the same shares of Orthofix common stock and delivering it to Georgeson before the Special General Meeting, (3) voting at a later time by telephone or through the Internet or (4) if you are a holder of record, attending the Special General Meeting and voting in person. The mere presence of a shareholder at the Special General Meeting will not automatically revoke any proxy previously given by such shareholder. Written notices of revoked proxies may be delivered to Georgeson Inc. in the enclosed postage-paid envelope.

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If your shares of common stock are held in “street name” through a broker, bank or other nominee, you may submit new voting instructions by contacting your broker, bank or other nominee. You may also vote in person at the Special General Meeting but only if you obtain a legal proxy from your record owner.

You are urged not to sign any gold proxy cards sent to you by Ramius. Even if you have previously signed a gold proxy card sent by Ramius, you can revoke it by voting in the manner described above.

Q: What should I do if I receive more than one set of voting materials?

A: If your shares of common stock are registered differently and are held in more than one account, then you will receive more than one proxy statement and BLUE proxy card. Please be sure to vote all of your accounts so that all of your shares are represented at the Special General Meeting.

Whom to call if you have any questions

If you have any questions about the Special General Meeting, voting or your ownership of Orthofix common stock, please contact Georgeson at (212) 440-9800 (banks and brokers) or toll free at (800) 323-4133. For directions to the meeting please consult the Company’s website at [[www.orthofix.com/investors/annuals.asp](http://www.orthofix.com/investors/annuals.asp)].

PARTICIPANTS IN THE PROXY SOLICITATION

Under applicable regulations of the Securities and Exchange Commission, each person who is a member of the Board and each person who is an executive officer of the Company listed below under “Orthofix’s Board of Directors and Certain Executive Officers” in Annex A is a “participant” in the proxy solicitation. Information relating to the participants in our solicitation is contained in Annex A and Annex B attached hereto. In addition, please refer to the section entitled “Security Ownership of Management and Principal Shareholders” for more information about the participants in the proxy solicitation.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting To Be Held on April •, 2009.

- The Proxy Statement is available at [<http://www.orthofix.com/investors/default.asp>].

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PROPOSAL NO. 1 — REMOVAL OF FOUR MEMBERS OF THE BOARD OF DIRECTORS

Ramius has made the following proposal to be voted upon at the Special General Meeting:

To remove, without cause, four directors of the current Board of Directors of Orthofix, James F. Gero, Peter J. Hewett, Thomas J. Kester, and Walter P. von Wartburg.

Statement of Orthofix's Board of Directors Opposing Proposal No. 1

The Board of Directors unanimously recommends that you vote "AGAINST REMOVAL" with respect to all Orthofix directors named in Proposal 1. The Board of Directors does not believe Proposal 1 will promote the best interests of the Company or its shareholders.

We believe that Ramius makes several flawed and ill-informed arguments in its proxy statement as to why it wants you to remove, without cause, four qualified members of your Board of Directors. Before you vote, you should be aware of the following:

We believe that Ramius' analysis of Blackstone is misguided and ill-informed.

Ramius focuses much of its argument on Orthofix's Blackstone Medical subsidiary (Blackstone), stating that the Board did not do appropriate diligence prior to Orthofix's acquisition of Blackstone, and that the Company has mismanaged Blackstone. Ramius further proposes that Orthofix immediately engage a strategic advisor to explore a possible sale of Blackstone. We believe that Ramius' arguments are based on a short-sighted strategy that, if implemented, would damage the long-term strategy that the Company is currently implementing.

In its arguments, Ramius includes information that we believe distorts the current situation at Blackstone. Ramius' criticisms of the Blackstone business focus largely on Blackstone's 2008 third quarter performance, even though the Company was engaged in a restructuring effort at Blackstone during this period, that we believe makes these results an anomaly. For example, the Company expects the size of the 2008 operating loss and negative operating cash flow to decrease substantially in 2009. In addition, the Company made substantial cash investments in 2008 related to the purchase of Trinity® and the Musculoskeletal Transplant Foundation and Intelligent Implant Systems strategic product acquisitions that the Company does not expect to recur in 2009. Finally, as previously disclosed, the Company has multiple initiatives planned or in progress that we believe are reducing operating loss and negative cash flow at Blackstone. These initiatives include:

- our previously-announced spine reorganization and consolidation plan; and
- the introduction of new products including our new Firebird Pedicle Screw System and our Trinity® Evolution™ stem-cell based allograft matrix.

Based upon our earnings guidance provided on February 12, 2009, we expect Blackstone will generate a quarterly operating profit by the fourth quarter of 2009.

Ramius also criticizes the Company's management and Board of Directors for allegedly failing to address critical risk factors during its diligence investigation of Blackstone when it was acquired. Once again, we believe these statements are baseless. In addition to internal diligence efforts undertaken as part of the Blackstone acquisition process, we supplemented our internal team with input from Ernst & Young, Hogan & Hartson LLP (our outside legal counsel) and Cowen &