

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

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): February 17, 2017

**XTANT MEDICAL HOLDINGS, INC.**

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

001-34951

(Commission File Number)

20-5313323

(IRS Employer Identification No.)

664 Cruiser Lane  
Belgrade, Montana

(Address of Principal Executive Offices)

59714

(Zip Code)

(406) 388-0480

(Registrant's Telephone Number, Including Area Code)

Not applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 1.01 Entry into a Material Definitive Agreement.**

The disclosure set forth below under Item 5.02 is hereby incorporated by reference into this Item 1.01.

**Item 5.02 Departure of Directors or Principal Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

Effective February 17, 2017, Xtant Medical Holdings, Inc. (the “Company,” “we,” “us,” or “our”) announced that its board of directors (the “Board”) appointed Carl D. O’Connell to serve as the Chief Executive Officer and a director of the Company. Mr. O’Connell previously served as the Interim Chief Executive Officer of the Company since January 21, 2017, which was reported in a Current Report on Form 8-K filed with the Securities and Exchange Commission (the “SEC”) on January 23, 2017, and the President of the Company since October 6, 2016, which was reported in a Current Report on Form 8-K filed with the SEC on October 6, 2016.

Mr. O’Connell will serve as a Class I Director until the 2018 Annual Meeting of Stockholders and until his successor has been duly elected and qualified. As Mr. O’Connell is an officer of the Company, he will not qualify as an independent director and will not serve on any committees of the Board.

Prior to his service as President of the Company, Carl D. O’Connell, age 53, most recently worked as Global Vice President of Marketing for Wright Medical Group N.V., as the leader for the Foot and Ankle division, from October 2013 until September 2016. Mr. O’Connell has been a director of Calmare Therapeutics Incorporated (formerly known as Competitive Technologies), a Delaware corporation, since January 2013, and served as President and Chief Executive Officer of Calmare from November 2012 through September 2013. Mr. O’Connell has 30 years of experience in the healthcare field and 20 years as a leader in the medical device arena. Prior to joining Calmare, Mr. O’Connell held executive positions for top global medical device and Fortune 500 companies. From 2008 to 2011, Mr. O’Connell served as President and Chief Executive Officer for the US Healthcare Division MedSurg for ITOCHU, a Japanese conglomerate, vice president of global marketing for Stryker Spine, and President of Carl Zeiss Surgical, the market leader in optical digital solutions for Neurosurgery, Spine, Ophthalmology, ENT and Dentistry.

There are no family relationships between Mr. O’Connell and any director, executive officer or person nominated or chosen by the Company to become a director or executive officer, and, except as noted below, there have been no transactions between Mr. O’Connell or any of his immediate family members and the Company or any of its subsidiaries.

*Amendment to O’Connell Employment Agreement*

Also effective February 17, 2017, Mr. O’Connell entered into an amendment to his employment agreement with the Company (the “O’Connell Amendment”), to serve as Chief Executive Officer of the Company and our wholly-owned subsidiaries, Bacterin International, Inc., a Nevada corporation, X-Spine Systems, Inc., an Ohio corporation, and Xtant Medical, Inc., a Delaware corporation (collectively, the “Subsidiaries”). The O’Connell Amendment provides that the Company shall pay Mr. O’Connell an annual base salary of \$520,000 (with a retroactive payment of \$12,822, for the period of January 21, 2017 through February 16, 2017, the time Mr. O’Connell served as Interim Chief Executive Officer), subject to adjustments as may be approved by the Company.

In addition, the O’Connell Amendment provides that Mr. O’Connell will receive a special recognition bonus for 2016 of \$85,000, which will be paid to Mr. O’Connell no later than April 30, 2017. Except as expressly modified by the O’Connell Amendment, all other terms of Mr. O’Connell’s employment agreement remain in full force and effect.

*Amendment to Gandolfo Employment Agreement*

Effective February 17, 2017, John Gandolfo, Chief Financial Officer of the Company and the Subsidiaries, entered into an amendment to his employment agreement with the Company (the “Gandolfo Amendment”).

The Gandolfo Amendment increases Mr. Gandolfo’s annual base salary to \$375,000 (with a retroactive payment of \$1,931.51 for the period of January 1, 2017 through February 16, 2017), subject to adjustments as may be approved by the Company. Except as expressly modified by the Gandolfo Amendment, all other terms of Mr. Gandolfo’s employment agreement remain in full force and effect.

The foregoing descriptions of the O’Connell Amendment and the Gandolfo Amendment do not purport to be complete and are qualified in their entirety by reference to the O’Connell Amendment and the Gandolfo Amendment, which are attached hereto as Exhibits 10.1 and 10.2, respectively, and are incorporated by reference herein.

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**Item 7.01 Regulation FD Disclosure**

On February 22, 2017, the Company issued a press release announcing the appointment of Mr. O’Connell. A copy of this press release is furnished herewith as Exhibit 99.1.

The information in this Item 7.01 and the document attached as Exhibit 99.1 are being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended (the “Exchange Act”), nor otherwise subject to the liabilities of that section, nor incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

<b><u>Exhibit No.</u></b>	<b><u>Description</u></b>
10.1	Amendment No. 1 to Carl O’Connell Employment Agreement, dated effective as of February 17, 2017, between Xtant Medical Holdings, Inc. and Carl O’Connell.
10.2	Amendment No. 2 to John Gandolfo Employment Agreement, dated effective as of February 17, 2017, between Bacterin International, Inc. and John Gandolfo.
99.1	Press Release, dated February 22, 2017.

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: February 23, 2017

**XTANT MEDICAL HOLDINGS, INC.**

By: /s/ John Gandolfo

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Name: John Gandolfo

Title: Chief Financial Officer

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**EXHIBIT INDEX**

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10.2	Amendment No. 2 to John Gandolfo Employment Agreement, dated effective as of February 17, 2017, between Bacterin International, Inc. and John Gandolfo.
99.1	Press Release, dated February 22, 2017.

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**AMENDMENT NO. 1  
TO  
EMPLOYMENT AGREEMENT**

This Amendment No. 1 to Employment Agreement (this "Amendment"), between Xtant Medical Holdings, Inc., a Delaware corporation (the "Company"), and Carl O'Connell, an individual ("Employee"), is entered into effective as of February 17, 2017 (the "Effective Date"), and amends that certain Employment Agreement, effective as of October 6, 2016 (the "Agreement"). Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Agreement.

1. Job Title and Responsibilities. Section 1A of the Agreement is hereby amended in its entirety as follows:

The Company hereby employs Employee, and Employee hereby agrees to be employed, as Chief Executive Officer of the Company and its subsidiaries. Employee's title and responsibilities may change during the course of Employee's employment with the Company, but the terms of this Agreement shall remain in full force and effect regardless of any change in Employee's title or responsibilities.

2. Base Pay. Section 2A of the Agreement is hereby amended in its entirety as follows:

Commencing on the Effective Date, Company agrees to pay Employee gross annual compensation of \$520,000 (the "Base Salary"), less usual and customary withholdings, which shall be payable in arrears in accordance with the Company's customary payroll practices. In addition, Company agrees to pay Employee \$12,822, representing the difference between the Base Salary and Employee's prior base salary for the period beginning January 21, 2017, when Employee was named interim Chief Executive Officer, through the Effective Date. The Base Salary will be subject to normal periodic review at least annually, and such review will consider Employee's contributions to the Company and the Company's overall performance.

3. Special Recognition Bonus. Not later than April 30, 2017, the Company will pay the Employee a special recognition bonus for 2016 of \$85,000.

4. Miscellaneous.

(a) Continuing Validity. Except as expressly modified by this Amendment, the Agreement remains in full force and effect.

(b) Counterparts. This Amendment may be executed in two or more counterparts and by electronic signature, each of which shall be deemed an original and all of which shall together constitute one and the same instrument.

IN WITNESS WHEREOF, and intending to be legally bound, the parties have executed this Amendment as of the date first written above.

EMPLOYEE

XTANT MEDICAL HOLDINGS, INC.

Print Name: Carl O'Connell

Print Name: John Gandolfo

Signature: /s/ Carl O'Connell

Signature: /s/ John Gandolfo

Title: Chief Financial Officer

**AMENDMENT NO. 2  
TO  
EMPLOYMENT AGREEMENT**

This Amendment No. 2 to Employment Agreement (this "Amendment"), between Bacterin International, Inc., a Delaware corporation (the "Company"), and John Gandolfo, an individual ("Employee"), is entered into effective as of February 17, 2017 (the "Effective Date"), and amends that certain Employment Agreement, effective as of June 5, 2014, and as amended thereafter (the "Agreement"). Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Agreement.

1. Base Pay. Section 2(A) of the Agreement is hereby amended in its entirety as follows:

Company agrees to pay Employee gross annual compensation of \$375,000 (the "Base Pay"), less usual and customary withholdings, which shall be payable in arrears in accordance with the Company's customary payroll practices. In addition, Company agrees to pay Employee \$1,931.51, representing the difference between the Base Pay and Employee's prior base pay for the period beginning January 1, 2017 through the Effective Date. The Base Pay will be subject to normal periodic review at least annually. Such review will consider Employee's contributions to the Company and the Company's overall performance. Although subject to adjustment, the Base Pay will not be reduced unless agreed to by the Employee.

2. Miscellaneous.

(a) Continuing Validity. Except as expressly modified by this Amendment, the Agreement remains in full force and effect.

(b) Counterparts. This Amendment may be executed in two or more counterparts and by electronic signature, each of which shall be deemed an original and all of which shall together constitute one and the same instrument.

[Signature page follows.]

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IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first above written.

**EMPLOYEE:**

/s/ John Gandolfo  
John Gandolfo

**COMPANY:**

**BACTERIN INTERNATIONAL, INC.**

By: /s/ Carl O'Connell  
Name: Carl O'Connell  
Title: Chief Executive Officer

*[Signature Page to Amendment No. 2 to Employment Agreement.]*

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# Xtant Medical Announces Appointment of Carl O'Connell to Permanent CEO

BELGRADE, Mont., February 22, 2017 (GLOBE NEWSWIRE) -- Xtant Medical Holdings, Inc. (NYSE MKT:XTNT), a leader in the development of regenerative medicine products and medical devices, today announced the appointment of Carl O'Connell as the permanent CEO, effective February 17th, 2017. Mr. O'Connell previously served as president of Xtant since October of 2016 and was appointed as interim CEO on January 21st, 2017.

Prior to joining Xtant Medical, Mr. O'Connell most recently served as the Vice President Global Marketing - Extremities for Wright Medical, a recognized leader in the global foot and ankle market. Mr. O'Connell lead marketing teams and initiatives that were instrumental in achieving US growth initiatives that exceeded 28%, and 23% globally. He also lead the completion of marketing integration of 3 acquired businesses within a year, recruited top talent to his team, and supported the launch of multiple product line extensions and new products, including the successful launch of the market leading Infinity Total Ankle. During his tenure as Global Vice President Marketing for Stryker Spine, Mr. O'Connell drove marketing leadership and brand differentiation programs to support a 20% growth imperative, which was achieved through strategic cross divisional collaboration and the successful launches of line extensions and product upgrades. Mr. O'Connell served as the President and CEO of MedSurg - ITOCHU International, a division of ITOCHU Corporation, the 3rd largest Japanese trading corporation with over \$70B in sales transactions, where he was responsible for the reorganization of three recently impaired acquisitions by supporting success attributes, acquiring new vendor contracts, stabilizing and growing top line sales at double digit growth rates, and driving the division to profitability.

"We are proud to announce Carl O'Connell has been promoted to the position of CEO" said Kent Swanson, Chairman of Xtant Medical's Board of Directors. "With his extensive leadership in the medical device industry and commercialization expertise, we are confident that he is the right choice to lead Xtant to new levels of growth and profitability. Since joining the organization as President in 2016, he has made significant contributions to the record performance of the Company in Q4 2016 and we share his enthusiasm for the outlook of the Company."

"I am excited to lead what I feel has the potential to be a world-class organization and a considerable competitor in the market" said Carl O'Connell, now CEO of Xtant Medical. "Since joining the organization, I have had a chance to assess the talented Xtant Medical team, the quality of our products, the commitment to our customers, the respect for the gift of donation, and the opportunity that lies ahead. I look forward to continuing to work with this team, expanding upon our recent successes and continuing to establish the strategic course to take Xtant Medical to the next level. I am appreciative of the confidence bestowed in me by the executive management team, the board of directors, and our stakeholders."

Carl O'Connell has over 30 years of experience in the healthcare and medical device arena. In addition to the positions held above, Mr. O'Connell also served as a Principal at Hudson Healthcare Partners, and President for Carl Zeiss Surgical, Inc. Mr. O'Connell's responsibilities have spanned from global marketing, sales, manufacturing, leadership development, regulatory affairs, corporate quality systems, research, product and business development functions. Carl received a bachelor's degree in Psychology and an M.B.A. from Mount St. Mary's College, Maryland. Through the span of his career, Mr. O'Connell has launched more than 100 products and participated in numerous M&A events.

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## About Xtant Medical

Xtant Medical develops, manufactures and markets regenerative medicine products and medical devices for domestic and international markets. Xtant Medical products serve the specialized needs of orthopedic and neurological surgeons, including orthobiologics for the promotion of bone healing, implants and instrumentation for the treatment of spinal disease, tissue grafts for the treatment of orthopedic disorders, and biologics to promote healing following cranial, and foot and ankle surgeries. With core competencies in both biologic and non-biologic surgical technologies, Xtant Medical can leverage its resources to successfully compete in global neurological and orthopedic surgery markets. For further information, please visit [www.xtantmedical.com](http://www.xtantmedical.com).

## Important Cautions Regarding Forward-looking Statements

This press release contains certain disclosures that may be deemed forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are subject to significant risks and uncertainties. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "continue," "efforts," "expects," "anticipates," "intends," "plans," "believes," "estimates," "projects," "forecasts," "strategy," "will," "goal," "target," "prospects," "potential," "optimistic," "confident," "likely," "probable" or similar expressions or the negative thereof.

Statements of historical fact also may be deemed to be forward-looking statements. We caution that these statements by their nature involve risks and uncertainties, and actual results may differ materially depending on a variety of important factors, including, among others: our ability to integrate the acquisition of X-spine Systems, Inc. and any other business combinations or acquisitions successfully; our ability to remain listed on the NYSE MKT; our ability to obtain financing on reasonable terms; our ability to increase revenue; our ability to comply with the covenants in our credit facility; our ability to maintain sufficient liquidity to fund our operations; the ability of our sales force to achieve expected results; our ability to remain competitive; government regulations; our ability to innovate and develop new products; our ability to obtain donor cadavers for our products; our ability to engage and retain qualified technical personnel and members of our management team; the availability of our facilities; government and third-party coverage and reimbursement for our products; our ability to obtain regulatory approvals; our ability to successfully integrate recent and future business combinations or acquisitions; our ability to use our net operating loss carry-forwards to offset future taxable income; our ability to deduct all or a portion of the interest payments on the notes for U.S. federal income tax purposes; our ability to service our debt; product liability claims and other litigation to which we may be subjected; product recalls and defects; timing and results of clinical studies; our ability to obtain and protect our intellectual property and proprietary rights; infringement and ownership of intellectual property; our ability to remain accredited with the American Association of Tissue Banks; influence by our management; our ability to pay dividends; our ability to issue preferred stock; and other factors.

Additional risk factors are listed in the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q under the heading "Risk Factors." You should carefully consider the trends, risks and uncertainties described in this document, the Form 10-K and other reports filed with or furnished to the SEC before making any investment decision with respect to our securities. If any of these trends, risks or uncertainties actually occurs or continues, our business, financial condition or operating results could be materially adversely affected, the trading prices of our securities could decline, and you could lose all or part of your investment. The Company undertakes no obligation to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as required by law. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by this cautionary statement.

## Investor Contact

CG CAPITAL

Rich Cockrell

877.889.1972

[investorrelations@cg.capital](mailto:investorrelations@cg.capital)

## Company Contact

Xtant Medical

Molly Mason

[mmason@xtantmedical.com](mailto:mmason@xtantmedical.com)

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