Hillenbrand, Inc.
Form DEF 14A
January 08, 2014
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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.)

Filed by the Registrant x

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Check the appropriate box:

o	Preliminary Proxy Statement
o	**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
x	Definitive Proxy Statement
o	Definitive Additional Materials
o	Soliciting Material under §240.14a-12

Hillenbrand, Inc.
(Name of Registrant as Specified In Its Charter)

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

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x	No fee required.	
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HILLENBRAND, INC.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held February 26, 2014

The Annual Meeting of the shareholders of Hillenbrand, Inc. (the Company) will be held at the Company s headquarters at One Batesville Boulevard, Batesville, Indiana 47006, on Wednesday, February 26, 2014, at 10:00 a.m. Eastern Standard Time, for the following purposes:

(1) to elect five members to the Board of Directors;

(2) to approve, by a non-binding advisory vote, the compensation paid by the Company to its Named Executive Officers;

(3) to approve the amendment and restatement of the Hillenbrand, Inc. Stock Incentive Plan;

(4) to approve the amendment and restatement of the Hillenbrand, Inc. Short-Term Incentive Compensation Plan for Key Executives;

(5) to ratify the appointment of PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm; and

(6) to transact such other business as may properly come before the meeting and any postponement or adjournment of the meeting.

By Order of the Board of Directors,

John R. Zerkle
Secretary

Important notice regarding the availability of proxy materials for the Annual Meeting of shareholders to be held on February 26, 2014. This proxy statement and our 2013 Annual Report to Shareholders are available on the Internet at *www.hillenbrand.com*.

January 8, 2014

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HILLENBRAND, INC.

PROXY STATEMENT

This proxy statement relates to the solicitation by the Board of Directors of Hillenbrand, Inc. (the Company or Hillenbrand) of proxies for use at the Annual Meeting of the Company s shareholders to be held at the Company s headquarters at One Batesville Boulevard, Batesville, Indiana 47006, telephone (812) 934-7500, on Wednesday, February 26, 2014, at 10:00 a.m. Eastern Standard Time, and at any postponements or adjournments of the meeting. This proxy statement was first mailed to shareholders on or about January 8, 2014.

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING

The following questions and answers will explain the purpose of this proxy statement and what you need to know in order to vote your shares. Throughout these questions and answers and the proxy statement, we sometimes refer to Hillenbrand and the Company in terms of we, us, or our.

Q: What is the purpose of this proxy statement?

A: The Board of Directors of Hillenbrand (the Board) is soliciting your proxy to vote at the 2014 Annual Meeting of the shareholders of Hillenbrand because you were a shareholder at the close of business on December 20, 2013, the record date for the 2014 Annual Meeting, and are entitled to vote at the Annual Meeting. The record date for the 2014 Annual Meeting was established by the Board in accordance with our Amended and Restated Code of By-laws (the By-laws) and Indiana law.

This proxy statement contains the matters that must be set out in a proxy statement according to the rules of the U.S. Securities and Exchange Commission (the SEC) and provides the information you need to know to vote at the Annual Meeting. You do not need to attend the Annual Meeting to vote your shares.

Q: What is the difference between holding shares as a shareholder of record and as a beneficial owner ?

A: If your shares are registered directly in your name with Hillenbrand s transfer agent, Computershare Investor Services, you are the shareholder of record with respect to those shares, and you tell us directly how your shares are to be voted.

If your shares are held in a stock brokerage account or by a bank or other nominee, then your nominee is the shareholder of record for your shares and you are considered the beneficial owner of shares held in street name. As the beneficial owner, you have the right to direct your broker, bank, or nominee how to vote your shares.

Q: What am I being asked to vote on?

A:

- Election of five directors: Joy M. Greenway, W August Hillenbrand, Thomas H. Johnson, Neil S. Novich, and Joe A. Raver;

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- Approval, by a non-binding advisory vote, of the compensation paid to the Company s Named Executive Officers,(1) as disclosed pursuant to SEC compensation disclosure rules in the Compensation Discussion and Analysis and Executive Compensation Tables sections of this proxy statement and in any related material herein (the Say on Pay Vote);

- Approval of the amendment and restatement of the Hillenbrand, Inc. Stock Incentive Plan;

- Approval of the amendment and restatement of the Hillenbrand, Inc. Short-Term Incentive Compensation Plan for Key Executives; and

- Ratification of the appointment of PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm for 2014.

The Board recommends a vote **FOR** each of the director nominees; **FOR** approval of the compensation paid to the Named Executive Officers of the Company pursuant to the Say on Pay Vote; **FOR** approval of the amendment and restatement of the Hillenbrand, Inc. Stock Incentive Plan; **FOR** approval of the amendment and restatement of the Hillenbrand, Inc. Short-Term Incentive Compensation Plan for Key Executives; and **FOR** the ratification of the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm for 2014.

Q: What are the voting requirements to elect the directors and to approve the other proposals being voted on?

A: Under Indiana law, corporate directors are elected by a plurality of the votes cast for the election of directors. A plurality means, in this case, that the five nominees receiving the most votes in their favor at the Annual Meeting will be elected to the Board.

While directors are elected by a plurality under Indiana law, the Company s Board of Directors has adopted Corporate Governance Standards providing that, notwithstanding the minimum requirements of Indiana Law, any individual elected as a director with *less than a majority* of the votes cast in an uncontested election must immediately resign from the Board.

The adoption of each of the proposals to approve the compensation paid to the Named Executive Officers, to approve the amendment and restatement of the Hillenbrand, Inc. Stock Incentive Plan and Short-Term Incentive Compensation Plan for Key Executives, and to ratify the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm requires the affirmative vote of a majority of the votes cast for or against approval.

If you are present or represented by proxy at the Annual Meeting and you affirmatively elect to abstain, your abstention, as well as any broker non-votes, will not be counted as votes cast on any matter to which they relate. See How will my shares be voted? below for more information about broker non-votes.

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(1) Our Named Executive Officers are those officers specified by Item 402(a)(3) of the SEC s Regulation S-K. See the discussion under the heading Introduction in the Compensation Discussion and Analysis section of this proxy statement for more information regarding Named Executive Officers.

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Q: How many votes do I have?

A: You are entitled to one vote for each share of Hillenbrand common stock that you held as of the record date.

Q: How do I vote?

A: The different ways that you (if you are a shareholder of record) or your nominee (if you are a beneficial owner) can tell us how to vote your shares depend on how you received your proxy statement this year.

For shareholders of record, many of you were not mailed a paper copy of proxy materials, including this proxy statement, a proxy card, and our 2013 Annual Report to Shareholders. Instead, commencing on or about January 8, 2014, we sent you a Notice of Internet Availability of Proxy Materials (Notice) telling you that proxy materials are available at the web site indicated in that Notice, *www.proxyvote.com*, and giving you instructions for voting your shares at that web site. We also told you in that Notice (and on the web site) how you could request us to mail proxy materials to you. If you subsequently do receive proxy materials by mail, you can vote in any of the ways described below. If not, you must vote via the Internet (and we encourage you to do so) at *www.proxyvote.com* or in person at the Annual Meeting as explained below.

With respect to shareholders of record who received proxy materials by mail, we commenced mailing on or about January 8, 2014. You can vote using any of the following methods:

- **Proxy card or voting instruction card.** Be sure to complete, sign, and date the card and return it in the prepaid envelope.

- **By telephone or the Internet.** The telephone and Internet voting procedures established by Hillenbrand for shareholders of record are explained in detail on your proxy card and in the Notice many shareholders receive. These procedures are designed to authenticate your identity, to allow you to give your voting instructions, and to confirm that these instructions have been properly recorded.

- **In person at the Annual Meeting.** You may vote in person at the Annual Meeting. You may also be represented by another person at the meeting by executing a proper proxy designating that person. If you are a beneficial owner of shares and want to attend the meeting and vote in person, you must obtain a legal proxy from your broker, bank, or nominee and present it to the inspectors of election with your ballot when you vote at the meeting.

With respect to the beneficial owners of shares held by nominees, the methods by which you can access proxy materials and give voting instructions to your nominee may vary, depending on the nominee. Accordingly, if you are a beneficial owner, you should follow the instructions provided by your nominee.

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Q: I share an address with another shareholder and we received only one Notice of Internet Availability of Proxy Materials or one paper copy of the proxy materials, as applicable. How may I obtain an additional copy?

A: The Company has adopted a procedure called householding, which the SEC has approved. Under this procedure, the Company is delivering a single copy of either the Notice of Internet Availability of Proxy Materials or a paper copy of the proxy materials, as applicable, to multiple shareholders who share the same address, unless the Company has received contrary instructions from one or more of the shareholders. This procedure reduces the Company s printing costs, mailing costs, and fees. Shareholders who participate in householding will continue to be able to access and receive separate proxy cards. Upon written or oral request, a separate copy of the Notice of Internet Availability of Proxy Materials or a paper copy of the proxy materials, as applicable, will be promptly delivered to any shareholder at a shared address to which the Company delivered a single copy. To receive a separate copy, or a separate copy of future materials, shareholders may write or call the Company s Investor Relations Department at One Batesville Boulevard, Batesville, Indiana, 47006, telephone (812) 931-6000 and facsimile (812) 931-5209. Shareholders who hold shares in street name may contact their broker, bank, or other nominee to request information about householding.

Q: How will my shares be voted?

A: For shareholders of record, all shares represented by the proxies mailed to shareholders will be voted at the Annual Meeting in accordance with instructions given by the shareholders. Where proxies are returned without instructions, the shares will be voted: (1) **FOR** the election of each of the five nominees named above as directors of the Company; (2) **FOR** the approval of the compensation paid to the Named Executive Officers pursuant to the Say on Pay Vote; (3) **FOR** the approval of the amendment and restatement of the Hillenbrand, Inc. Stock Incentive Plan; (4) **FOR** the approval of the amendment and restatement of the Hillenbrand, Inc. Short-Term Incentive Compensation Plan for Key Executives; (5) **FOR** the ratification of the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm of the Company; and (6) in the discretion of the proxy holders upon such other business as may properly come before the Annual Meeting. Where a proxy is not returned, the shares will not be voted.

For beneficial owners, the brokers, banks, or nominees holding shares for beneficial owners must vote those shares as instructed. If the broker, bank, or nominee has not received instructions from the beneficial owner, the broker, bank, or nominee generally has discretionary voting power only with respect to matters that are considered routine matters. Under applicable New York Stock Exchange rules, Proposal No. 1 relating to the election of directors, Proposal No. 2 relating to an advisory vote to approve named executive officer compensation, Proposal No. 3 relating to approval of the amendment and restatement of the Hillenbrand, Inc. Stock Incentive Plan, and Proposal No. 4 relating to approval of the amendment and restatement of the Hillenbrand, Inc. Short-Term Incentive Compensation Plan for Key Executives are deemed to be non-routine matters with respect to which brokers and nominees may not exercise their voting discretion without receiving instructions from the beneficial owners of the shares. Proposal No. 5 relating to the ratification of the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm of the Company is a matter on which brokers holding stock for the accounts of their clients who have not been given specific voting instructions are allowed to

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vote client shares. In order to avoid a broker non-vote of your shares on the election of directors or Proposals No. 2, No. 3, and No. 4, you must send voting instructions to your bank, broker, or nominee or obtain a legal proxy and vote your shares in person at the Annual Meeting.

Q: What can I do if I change my mind after I vote my shares prior to the Annual Meeting?

A: If you are a shareholder of record, you may revoke your proxy at any time before it is voted at the Annual Meeting by:

- sending written notice of revocation to the Secretary of Hillenbrand at One Batesville Boulevard, Batesville, Indiana 47006;
- submitting a revised proxy by telephone, Internet, or paper ballot after the date of the revoked proxy; or
- attending the Annual Meeting and voting in person.

If you are a beneficial owner of shares, you may submit new voting instructions by contacting your broker, bank, or nominee. You may also vote in person at the Annual Meeting if you obtain a legal proxy as described under How do I vote? above.

Q: Who will count the votes?

A: Representatives of Broadridge Investor Communication Solutions, Inc. (Broadridge) will tabulate the votes and act as inspectors of election.

Q: What constitutes a quorum at the Annual Meeting?

A: As of the record date, 62,896,047 shares of Hillenbrand common stock were outstanding. A majority of the outstanding shares must be present or represented by proxy at the Annual Meeting in order to constitute a quorum for the purpose of conducting business at the Annual Meeting. If you submit a properly executed proxy or attend the Annual Meeting, then your shares will be considered part of the quorum.

Q: Who can attend the Annual Meeting in person?

A: All shareholders as of the record date may attend the Annual Meeting in person, but must have an admission ticket. If you are a shareholder of record, the ticket attached to the proxy card or a copy of your Notice (whichever you receive) will admit you and one guest. If you are a beneficial owner, you may request a ticket by writing to the Secretary of Hillenbrand at One Batesville Boulevard, Batesville, Indiana 47006, or by faxing your request to (812) 931-5185 or emailing it to *investors@hillenbrand.com*. You must provide evidence of your ownership of shares with your ticket request, which you can obtain from your broker, bank, or nominee. We encourage you or your broker to fax or email your ticket request and proof of ownership in order to avoid any mail delays.

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Q: When are shareholder proposals due for the 2015 Annual Meeting?

A: For a shareholder proposal to be presented at the Company s 2015 Annual Meeting of shareholders and to be considered for possible inclusion in the Company s proxy statement and form of proxy relating to that meeting, such proposal must be submitted to and received by the Secretary of Hillenbrand at its principal offices at One Batesville Boulevard, Batesville, Indiana 47006, not later than September 10, 2014. Our By-laws describe certain information required to be submitted with such a proposal.

In addition, without regard to whether a proposal is or is not submitted in time for possible inclusion in our proxy statement for the 2015 Annual Meeting, our By-laws provide that for business to be brought before the Annual Meeting by a shareholder, or for director nominations to be made by a shareholder for consideration at the Annual Meeting, written notice thereof must be received by the Secretary of Hillenbrand at its principal offices not later than 100 days prior to the anniversary of the immediately preceding Annual Meeting, or not later than November 18, 2014, for the 2015 Annual Meeting of shareholders. This notice must also provide certain information as set forth in our By-laws. See the section of this proxy statement entitled Committees of the Board of Directors under The Board of Directors and Committees for additional details regarding shareholder nominees for director.

Q: What happens if a nominee for director is unable to serve as a director?

A: If any of the nominees becomes unavailable for election, which we do not expect to happen, votes will be cast for such substitute nominee or nominees as may be designated by the Board, unless the Board reduces the number of directors.

Q: Can I view the shareholder list? If so, how?

A: A complete list of the shareholders entitled to vote at the Annual Meeting will be available to view during the Annual Meeting. The list will also be available to view at the Company s principal offices during regular business hours during the five business days preceding the Annual Meeting.

Q: Who pays for the proxy solicitation related to the Annual Meeting?

A: The Company pays for the proxy solicitation related to the Annual Meeting. In addition to sending you these materials, some of our directors and officers, as well as management and non-management employees, may contact you by telephone, mail, email, or in person. You may also be solicited by means of press releases issued by Hillenbrand and postings on our web site, *www.hillenbrand.com*. None of our officers or employees will receive any additional compensation for soliciting your proxy. We have retained Broadridge to assist us with proxy solicitation and related services for an estimated fee of $37,000, plus reasonable out of pocket expenses. Broadridge will ask brokers, banks, and other custodians and nominees whether they hold shares for which other persons are beneficial owners. If so, we will supply them with additional copies of the proxy materials for distribution to the beneficial owners. We will also

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reimburse banks, nominees, fiduciaries, brokers, and other custodians for their costs of sending proxy materials to the beneficial owners of Hillenbrand common stock.

Q: How can I obtain a copy of the Annual Report on Form 10-K?

A: **A copy of Hillenbrand s 2013 Annual Report on Form 10-K may be obtained free of charge by writing or calling the Investor Relations Department of Hillenbrand at its principal offices at One Batesville Boulevard, Batesville, Indiana, 47006, telephone (812) 931-6000 and facsimile (812) 931-5209.** The 2013 Annual Report on Form 10-K, as well as Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, are also available at Hillenbrand s web site, *www.hillenbrand.com*.

Q: How can I obtain the Company s corporate governance information?

A: The documents listed below are available on the Internet at the Company s web site, *www.hillenbrand.com*. You may also go directly to *www.hillenbrand.com/CorpGov_overview.htm* for those documents. The documents are also available in print to any shareholder who requests copies through our Investor Relations Department at One Batesville Boulevard, Batesville, Indiana 47006, telephone (812) 931-6000 and facsimile (812) 931-5209. The available documents are:

- Hillenbrand, Inc. Corporate Governance Standards
- Hillenbrand, Inc. Committee Charters Audit Committee, Nominating/Corporate Governance Committee, Compensation and Management Development Committee, and Mergers and Acquisitions Committee
- Position Descriptions for Chairperson of the Board, Members of the Board of Directors, and Committee Chairpersons
- Hillenbrand, Inc. Code of Ethical Business Conduct
- Hillenbrand, Inc. Global Anti-Corruption Policy
- Restated and Amended Articles of Incorporation of Hillenbrand, Inc.
- Amended and Restated Code of By-laws of Hillenbrand, Inc.

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PROPOSAL NO. 1 ELECTION OF DIRECTORS

This section of the proxy statement introduces the current members of our Board of Directors, including the four directors in Class III who have been nominated to serve additional three-year terms and the one director in Class II who has been nominated to serve an additional two-year term.

The Restated and Amended Articles of Incorporation and the Amended and Restated Code of By-laws of Hillenbrand provide that members of the Board of Directors are classified with respect to the terms that they serve by dividing them into three equal (or near-equal) classes. Directors in each class are elected to serve three-year terms or until their successors have been duly elected and qualified.

The Board of Directors currently consists of eleven members, with four directors in Class I and Class III, and three directors in Class II. The terms of the directors expire as follows:

Class	**Term Expires at**
Class III	2014 Annual Meeting
Class I	2015 Annual Meeting
Class II	2016 Annual Meeting

Four directors in Class III are nominated for election to the Board at the 2014 Annual Meeting. Three of these directors are nominated to serve a three-year term ending at the 2017 Annual Meeting, each of whom has agreed to serve as a director if elected. These three are Thomas H. Johnson, Neil S. Novich, and Joe A. Raver. Joe A. Raver was elected by the Board as a director effective September 6, 2013, to serve for an interim term ending at the 2014 Annual Meeting and to fill the Class III vacancy created upon the retirement of Kenneth A. Camp from the Board.

The fourth Class III director, W August Hillenbrand, has been nominated for a three-year term as required by our By-laws, but he has informed the Board that he will serve only two years and will retire from the Board effective at the Annual Meeting of shareholders in 2016. Accordingly, Mr. Hillenbrand will serve a two-year term if elected.

Additionally, one director in Class II, Joy M. Greenway, was elected by the Board as a director effective February 27, 2013, to serve for an interim term ending at the 2014 Annual Meeting and to fill the Class II vacancy created upon the retirement of Ray J. Hillenbrand from the Board. Ms. Greenway has been nominated to serve a two-year term ending at the 2016 Annual Meeting. Ms. Greenway has agreed to serve for the additional term if elected.

The Board of Directors recommends that the shareholders vote FOR Proposal No. 1 to elect to the Board of Directors each of the five nominees.

Under Indiana law, corporate directors are elected by a plurality of the votes cast for the election of directors. Notwithstanding the above, the Company s Corporate Governance Standards provide that a director must immediately resign from the Board if he or she does not receive at least a majority of votes cast in an uncontested election. If you own shares through a bank, broker, or other holder of record, you must instruct your bank, broker, or other holder of record how to vote your shares in order for your vote to be counted on this Proposal.

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Set forth below is information about all of our current directors, including the five nominees for election at the 2014 Annual Meeting of shareholders. The biographical information provided for each person includes all directorships held by such person at any time during the past five years.

Class III (Nominated for election this year; will serve only two years until 2016)

Name, Age, and Year First Elected as a Director	Other Information
W August Hillenbrand Age 73 Director since 2008	**W August Hillenbrand** has served as a director of the Company since February 8, 2008. Mr. Hillenbrand also is a director of Hill-Rom Holdings, Inc. (formerly Hillenbrand Industries, Inc.), the former parent corporation of the Company, having served on that Board since 1972. He served as that company s Chief Executive Officer from 1989 until 2000 and as President from 1981 until 1999. Prior to his retirement in December 2000, Hillenbrand Industries, Inc. had employed Mr. Hillenbrand throughout his business career. Mr. Hillenbrand is a member of the Board of the Ocean Reef Medical Center, the Ocean Reef Medical Center Foundation, and the Ocean Reef Cultural Center. He previously served on the Boards of DPL, Inc. (1992-2008) and Pella Corporation (2001-2008). Mr. Hillenbrand is the Chief Executive Officer of Hillenbrand Capital Partners, an unaffiliated family investment partnership. *The Company s Board of Directors concluded that Mr. Hillenbrand should serve as a director based on his valuable insight into and experience in the death care industry. Mr. Hillenbrand is one of three directors remaining on the Board who has deep experience in the death care industry (the others being Mr. Johnson and Mr. Raver). The Board also believes his years of experience as the CEO of Hillenbrand Industries, Inc. and service on the Board of Hillenbrand Industries provide invaluable insight into the history of the Company and, in particular, Batesville Casket Company.*

Class III (Nominated for election this year with terms expiring in 2017)

Name, Age, and Year First Elected as a Director	Other Information
Thomas H. Johnson Age 63 Director since 2008	**Thomas H. Johnson** has served as a director of the Company since March 31, 2008. Mr. Johnson founded Johnson Consulting Group, a consulting firm focused on the death care industry. Prior to founding Johnson Consulting, he founded and served as President and Chief Executive Officer of Prime Succession. Before Prime Succession, he served in a variety of other capacities in the death care profession, including as an executive of Batesville. Mr. Johnson is the sole owner of Johnson Investment Group, LLC, which owns and operates two funeral homes in the Phoenix, Arizona vicinity. Mr. Johnson is also a 25 percent owner, and the managing member, of Fire and Stone Group, LLC, which owns and operates a funeral home in Batesville, Indiana. Mr. Johnson currently serves on the Board of Great Western Life Insurance. He previously served on the Board of the Funeral Service Foundation (2004-2010). *The Company s Board of Directors concluded that Mr. Johnson should serve as a director based on his long service in the death care industry and resultant expertise in funeral services, including his prior*

service on the Board of the Funeral Service Foundation. He is one of the three directors on the Board who has deep experience in the death care industry (the others being Mr. Hillenbrand and Mr. Raver).

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Neil S. Novich Age 59 Director since 2010	**Neil S. Novich** has served as a director of the Company since February 24, 2010. He is the former Chairman and President and Chief Executive Officer of Ryerson, Inc., a global metals distributor and fabricator. Mr. Novich joined Ryerson in 1994 as Chief Operating Officer and was named President and CEO in 1995. He served on the Board of Ryerson from 1994 until 2007, adding Chairman to his title in 1999. He remained Chairman and CEO until 2007, when the company was sold. Prior to his time at Ryerson, Mr. Novich spent 13 years with Bain & Company, an international management consulting firm, where he spent several years as a partner. He serves on the Boards of Analog Devices, Inc., Beacon Roofing Supply, and W.W. Grainger, Inc., and he chairs the Compensation Committee of Analog Devices, Inc., is chair of the Audit Committee at Beacon Roofing Supply, and is a member of the Compensation Committee of W.W. Grainger, Inc. Mr. Novich is also a trustee of both the Field Museum of National History and of Children s Home & Aid in Chicago and is a member of the Visiting Committee to the Physical Sciences Division of the University of Chicago. *The Company s Board of Directors concluded that Mr. Novich should serve as a director based on his service as President and CEO of a major public corporation and his several years of experience as a partner with a major consulting firm, together with his continuing service on the boards of several public companies and non-profit organizations.*
Joe A. Raver Age 47 Director since 2013	**Joe A. Raver** has served as a director and as President and Chief Executive Officer of the Company since September 6, 2013. He also has served as President of the Company s Process Equipment Group since April 4, 2011. Prior to that, he had been President of Batesville Casket Company since June 2008. He also previously served as Vice President and General Manager of the respiratory care division of Hill-Rom Holdings, a leading global provider of medical equipment and services. He joined Hill-Rom in 2004 as Vice President of Strategy and Shared Services. Prior to taking that position, Mr. Raver spent ten years in a variety of leadership positions at Batesville Casket Company and Hill-Rom Holdings. *The Company s Board of Directors concluded that Mr. Raver should serve as a director based on his years of experience as an executive of the Company s Process Equipment Group, Batesville, Hill-Rom and Hillenbrand, Inc. and his in-depth knowledge of the death care and process equipment industries.*

Class II (Nominated for election this year for a two-year term expiring in 2016)

Name, Age, and Year First Elected as a Director	**Other Information**
Joy M. Greenway	**Joy M. Greenway** has served as a director of the Company since February 27, 2013. She previously served as Senior Vice President of Visteon Corporation, a Tier 1 automotive systems supplier (2000-2013). Prior to joining Visteon, Ms. Greenway was employed as the Director, Manufacturing for United Technologies Corporation (1995-2000). Before United Technologies Corporation, Ms. Greenway was employed by GE Industrial Power Systems as a Materials Manager (1994-1995) and served in various management positions at GE Aerospace/Martin Marietta (1982-1994).

Age 53 Director since 2013	*The Company s Board of Directors concluded that Ms. Greenway should serve as a director based on her deep operations and global leadership experience, particularly in the manufacturing industry, and her tenure as a senior executive of a Fortune 500 public company.*

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Class I (Terms expire in 2015)

Name, Age, and Year First Elected as a Director	**Other Information**
Edward B. Cloues, II Age 66 Director since 2010	**Edward B. Cloues, II** has served as a director of the Company since April 2, 2010. He also is a director and non-executive Chairman of the Board of each of AMREP Corporation, Penn Virginia Corporation, and PVR GP, LLC, which is the general partner of PVR Partners, L.P. He previously served as Chairman of the Board of Directors and Chief Executive Officer of K-Tron International, Inc. (K-Tron) from January 5, 1998, until the Company acquired K-Tron on April 1, 2010. Prior to joining K-Tron, Mr. Cloues was a senior partner of Morgan, Lewis & Bockius LLP (1973-1997), which is one of the world s largest law firms. He has been a member of and chaired audit, compensation, and nominating committees and has substantial experience with corporate governance issues. He also serves on the Board of Trustees of Virtua Health, Inc., a non-profit hospital and healthcare system. *The Company s Board of Directors concluded that Mr. Cloues should serve as a director based on his past extensive legal experience as a law firm partner specializing in business law matters, particularly in the area of mergers and acquisitions, and his experience as CEO of K-Tron International, Inc. prior to its acquisition by the Company in 2010.*
Helen W. Cornell Age 55 Director since 2011	**Helen W. Cornell** has served as a director of the Company since August 10, 2011. In November 2010, Ms. Cornell retired as Executive Vice President and Chief Financial Officer of Gardner Denver, Inc., a leading global manufacturer of compressors, blowers, pumps, loading arms, and fuel systems for various industrial, medical, environmental, transportation, and process applications. During her 22-year tenure with Gardner Denver, Inc., Ms. Cornell served in various operating and financial roles, including Vice President and General Manager of the Fluid Transfer Division and Vice President of Strategic Planning. Ms. Cornell chairs the Audit Committee for Alamo Group Inc., where she is also a member of the Compensation Committee; is on the Board of the privately-owned Owensboro Grain Company, where she is Chairman of the Audit Committee and a member of the Executive Committee; and is on the Board of the privately-owned Dot Foods, Inc., where she is a member of the Nominating Committee and Compensation Committee. Ms. Cornell also serves on the boards of several not-for-profit organizations and is a Certified Public Accountant. *The Company s Board of Directors concluded that Ms. Cornell should serve as a director based on her long tenure in operations and finance, most recently as Chief Financial Officer of another major public company, and her experience as a member of the board of both a public and private company.*

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Eduardo R. Menascé

Age 68

Director since 2008

Eduardo R. Menascé has served as a director of the Company since February 8, 2008. Mr. Menascé also is a director of Hill-Rom Holdings, Inc. (formerly Hillenbrand Industries, Inc.), the former parent corporation of the Company, having served on that Board since 2004. He is a member of the New York Chapter of the NACD (National Association of Corporate Directors). He is the retired President of the Enterprise Solutions Group for Verizon Communications, Inc., New York City, New York. Prior to the merger of Bell Atlantic and GTE Corporation, which created Verizon Communications, he was the Chairman and President and Chief Executive Officer of CTI MOVIL S.A. (Argentina), a business unit of GTE Corporation (1996-2000). Mr. Menascé has also held senior positions at CANTV in Venezuela (1994-1996) and Wagner Lockheed and Alcatel in Brazil (1992-1994), and served as Chairman of the Board and Chief Executive Officer of GTE Lighting in France (1981-1992). He earned a bachelor s degree in Industrial Engineering from Universidad Pontificia Catolica de Rio de Janeiro and a master s degree in Business Administration from Columbia University. Mr. Menascé currently serves on the Board of Directors of Pitney Bowes Inc., a global provider of integrated mail and document management solutions, and John Wiley & Sons, Inc., a developer, publisher, and seller of products in print and electronic media for educational, professional, scientific, technical, medical, and consumer markets.

The Company s Board of Directors concluded that Mr. Menascé should serve as a director based on his prior service as a director of Hillenbrand Industries, Inc. and his broad experience as a corporate executive of a major public corporation and experience as a member of several boards of directors, including service on the audit committees of several of those boards.

Stuart A. Taylor, II

Age 53

Director since 2008

Stuart A. Taylor, II has served as a director of the Company since September 26, 2008. Mr. Taylor is the Chief Executive Officer of The Taylor Group LLC in Chicago, a private equity firm focused on creating and acquiring businesses. He has previously held positions as Senior Managing Director at Bear, Stearns & Co. Inc. (1999-2001) and Managing Director of CIBC World Markets and head of its Global Automotive Group and Capital Goods Group (1996-1999). He also served as Managing Director of the Automotive Industry Group at Bankers Trust (1993-1996) following a ten-year position in corporate finance at Morgan Stanley & Co. Incorporated. Mr. Taylor has been a member of the Board of Directors of Ball Corporation since 1999, where he currently serves as Chairman of the Human Resources Committee. He has also been a member of the Board of Directors of United Stationers Inc. since 2011, where he currently serves as Chairman of the Finance Committee.

The Company s Board of Directors concluded that Mr. Taylor should serve as a director based on his experience with several leading investment firms, his ongoing experience as a member of another public company board, and his broad merger and acquisition experience.

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Class II (Terms expire in 2016)

Name, Age, and Year First Elected as a Director	Other Information
Mark C. DeLuzio Age 57 Director since 2008	**Mark C. DeLuzio** has served as a director of the Company since March 31, 2008. He is President and Chief Executive Officer of Lean Horizons Consulting, LLC, a global management consulting business which he founded in 2001. Prior to founding Lean Horizons, he served as Vice President, Danaher Business Systems for Danaher Corporation (1988-2001). Mr. DeLuzio also serves as a member of the Advisory Board for Central Connecticut State University s School of Business. *The Company s Board of Directors concluded that Mr. DeLuzio should serve as a director based on his years of service as Vice President, Danaher Business Systems for Danaher Corporation and his leadership of Lean Horizons Consulting, LLC, where he continues to provide expertise in lean business concepts.*
F. Joseph Loughrey Age 64 Director since 2009	**F. Joseph Loughrey** has served as a director of the Company since February 11, 2009, and has been Chairperson of the Board since February 27, 2013. On April 1, 2009, he retired from Cummins Inc. after serving in a variety of roles for 35 years, most recently as Vice Chairman of the Board of Directors and as the company s President and Chief Operating Officer. Mr. Loughrey served on the Board of Directors of Cummins from July 2005 until May 2009. He has also served as a director of Sauer-Danfoss, Inc. (2000-2010). Mr. Loughrey currently serves on a number of boards, including as Chairman of the Board of Oxfam America and as a member of the Boards of AB SKF, Hyster-Yale Materials Handlings, Inc., Vanguard Group, Lumina Foundation for Education, and the V Foundation for Cancer Research. He is past chairman and a current member of the Advisory Council to the College of Arts & Letters at The University of Notre Dame, where he also serves on the Advisory Board to the Kellogg Institute for International Studies. Recently, Mr. Loughrey was appointed by the Governor of Indiana to the newly-created Indiana Career Council. *The Company s Board of Directors concluded that Mr. Loughrey should serve as a director based on his service as President and Chief Operating Officer of a major public corporation and his continuing service on several public company and educational boards of directors.*

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THE BOARD OF DIRECTORS AND COMMITTEES

The Company s business is managed under the direction of its Board of Directors. In this section of the proxy statement we describe the general and certain specific responsibilities of the Board of Directors and its committees. These pages provide detailed information about the role of the Board and its committees, our corporate governance, and how you can communicate with the Board or with individual directors.

Board s Responsibilities

The Board of Directors is the ultimate decision-making body of the Company, except with respect to those matters reserved to the shareholders. The Board acts as an advisor and counselor to senior management and oversees and monitors management s performance. The Board also oversees the Company s management of risk involved or potentially involved in the Company s business.

Board Leadership Structure and Role in Risk Oversight

The Corporate Governance Standards for our Board of Directors provide that the Company s Chief Executive Officer (CEO) shall not also be the Chairperson of the Board. At all times since the Company s formation, the positions of CEO and Chairperson of the Board have been held by separate individuals. Our Board believes that the separation of these two positions is the most appropriate leadership structure for the Company because it enables us to benefit from the expertise, experience, and strengths of both of the individuals holding those key leadership positions in the Company. Our CEO, Joe A. Raver, has served as a director and as President and CEO of the Company since September 6, 2013, and as President of the Company s Process Equipment Group since April 4, 2011. Prior to that, he had been President of Batesville Casket Company for several years and also held a variety of leadership positions at the Company s former parent company. The Chairperson of the Board, F. Joseph Loughrey, has extensive executive management and board of director experience, as further described in his biographical information set forth under the heading Proposal No. 1 above.

The Board of Directors as a whole has direct responsibility for overseeing the Company s exposures to risk and also performs its risk oversight responsibilities through the work of the Compensation and Management Development Committee (the Compensation Committee) and the Audit Committee of the Board. As a part of its responsibility, the Board ensures that the risk management processes implemented by management are adapted to the Company s strategy and are functioning as directed, and that a culture of risk-adjusted decision making exists throughout the organization in an appropriate manner. At each meeting of the Board of Directors, the Board discusses with management and evaluates any new material risks to the Company. No less than once each year, management makes a formal presentation to the entire Board of Directors that describes all significant risks of the Company to ensure that the Board is apprised of the overall risk profile of the Company and that the risks are being properly mitigated and managed.

In addition, the Compensation Committee analyzes and manages risks related to our compensation policies and practices, and the Audit Committee has oversight responsibility for all financial-related risks facing the Company. The Compensation Committee s risk management efforts are discussed under Part V of the Executive Compensation section of this proxy statement. The Audit Committee, in accordance with its Charter, performs its risk management oversight by discussing with senior management the Company s guidelines and policies that govern the process by which the

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Company assesses and manages the Company s exposure to risks and the steps management has taken to monitor and control such exposure.

Meetings of the Board and Committees

A proposed agenda for each regularly scheduled Board meeting is developed by the Chairperson of the Board and the Company s CEO, together with the other member or members of management that the Chairperson or CEO may select. The proposed agenda is circulated to each member of the Board for review and comment before it is finalized. Proposed agenda items that fall within the scope of responsibilities of a Board committee are initially developed by the chairperson of that committee with management assistance. Each committee s chairperson also develops, with the assistance of management, a proposed agenda for each regularly scheduled meeting of that committee. Board and committee materials related to agenda items are provided to Board and committee members sufficiently in advance of meetings (typically approximately one week) to allow the directors to prepare for discussion of the items at the meetings.

At the invitation of the Board and its committees, members of senior management attend Board and committee meetings or portions thereof for the purpose of reporting to the Board and participating in discussions. Generally, discussions of matters to be considered by the Board and its committees are facilitated by the manager responsible for that function or area of the Company s operations. In addition, Board members have free access to all other members of management and employees of the Company. As necessary and appropriate in their discretion, the Board and its committees consult with independent legal, financial, human resource, compensation, and accounting advisors to assist in their duties to the Company and its shareholders.

The chairpersons of the committees of the Board preside over the portions of Board meetings in which the principal items to be considered are within the scope of the authority of their respective committees.

Executive sessions, which are meetings of non-employee directors without management present, are held after each Board meeting, and after each committee meeting as scheduled by the chairpersons of the committees. The Chairperson of the Board generally presides at executive sessions of the Board, while the chairpersons of the committees of the Board preside at executive sessions of their committees or at Board executive sessions in which the principal items to be considered are within the scope of the authority of their respective committees.

Other Corporate Governance Matters

Both the Board of Directors and management of the Company firmly embrace good and accountable corporate governance and believe that an attentive, performing Board is a tangible competitive advantage. The composition of our Board was formed with an emphasis on independence and the mix of characteristics, experiences, and diverse perspectives and skills most appropriate for the Company. The Board has established position specifications, including performance criteria, for its members, the Chairperson of the Board, and the chairpersons of the standing Board committees discussed below. These position specifications are available on the Company s web site at *www.hillenbrand.com*.

The Board of Directors has also taken other measures to ensure continued high standards for corporate governance. Specifically, the Board has adopted Corporate Governance Standards for the Board of Directors, the current version of which can be found on the Company s web site at

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www.hillenbrand.com. The Board has also adopted a Code of Ethical Business Conduct that is applicable to all employees of the Company and its subsidiaries, including the Company s Chief Executive Officer, Chief Financial Officer, and Principal Accounting Officer. No waivers of the requirements of our Code of Ethical Business Conduct were granted during fiscal year 2013.

The Board regularly discusses and reviews the Corporate Governance Standards and also general principles of corporate governance to evaluate whether it can improve upon the practices and procedures of the Company. In 2013, following such a review, and in connection with certain other initiatives launched pursuant to shareholder outreach efforts described more fully in the Compensation Discussion and Analysis section below, the Board decided to take certain actions that it believed would make the Board and the Company more aligned with best practices in governance matters. These changes included, but were not limited to, the following:

- Amended the Corporate Governance Standards to provide that if a director receives less than a majority of the votes cast in an uncontested election, he or she must immediately resign from the Board;

- Amended the Corporate Governance Standards to increase the required percentage of independent directors from 51 percent to 70 percent;

- Amended the Corporate Governance Standards to require each non-employee director to hold shares of the Company s common stock in an amount equal to five times the director s annual cash compensation by the fifth anniversary of his or her election to the Board; and

- Adopted a new Insider Trading and Disclosure Policy for all employees and directors, which now includes, among other provisions, an anti-hedging provision with respect to the Company s stock.

Consistent with the Company s commitment to sound corporate governance, the Board and management believe that the policies and procedures described in this section of the proxy statement, and other steps that have been taken, place the Company in compliance with listing and corporate governance requirements of the New York Stock Exchange, the Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act, and related rules of the SEC. The Company s Corporate Governance Standards and Code of Ethical Business Conduct are available on the Company s web site at *www.hillenbrand.com* or in print to any shareholder who requests copies through the Company s Investor Relations Department at One Batesville Boulevard, Batesville, Indiana 47006, telephone (812) 931-6000 and facsimile (812) 931-5209.

Determinations with Respect to Independence of Directors

The Corporate Governance Standards adopted by the Board of Directors, in accordance with New York Stock Exchange listing standards, require the Board to make an annual determination regarding the independence of each of the Company s directors and provide standards for making those determinations. The Board made those determinations for each member of the Board on December 4, 2013, based on an annual evaluation performed by and recommendations made by the Nominating/Corporate Governance Committee.

To assist in the Board s determinations, each director completed materials designed to identify any relationships that could affect the director s independence. On the basis of these materials and the standards described above, the Board determined that each of Helen W. Cornell, Mark C. DeLuzio,

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Joy M. Greenway, Thomas H. Johnson, F. Joseph Loughrey, Eduardo R. Menascé, Neil S. Novich, and Stuart A. Taylor, II is independent.

On the basis of the standards described above and the materials submitted by the directors, the Board determined that W August Hillenbrand does not meet the standards for director independence because of an agreement we have with him to provide him with certain benefits. We assumed that agreement from our former corporate parent in connection with our spin-off in 2008. Details concerning the agreement are described below under the heading Certain Relationships and Related Person Transactions and in the Compensation of Directors section of this proxy statement. In addition, the Board determined that Joe A. Raver does not meet the director independence standards because of his current service as President and CEO of the Company. The Board also determined that Edward B. Cloues, II does not meet the director independence standards because of his prior service as Chief Executive Officer of K-Tron International, Inc. before it was acquired by the Company. Accordingly, none of these non-independent directors currently serves on the Audit, Compensation, or Nominating/Corporate Governance Committees of the Board of Directors.

Committees of the Board of Directors

It is the general policy of the Company that significant decisions be considered by the Board as a whole. As a consequence, the standing (or permanent) committee structure of the Board is limited to those committees considered to be basic to, or required for, the operation of a publicly held company. Currently those committees are the Audit Committee, Compensation Committee, Nominating/Corporate Governance Committee, and Mergers and Acquisitions Committee, each of which has a written charter adopted by the Board of Directors. The Nominating/Corporate Governance Committee recommends the members and chairpersons of those committees to the Board. The Audit Committee, Compensation Committee, and Nominating/Corporate Governance Committee are made up of only independent directors. The current charter for each of the Board s standing committees is available on the Company s web site at *www.hillenbrand.com* and is available in print to any shareholder who requests it through the Company s Investor Relations Department at One Batesville Boulevard, Batesville, Indiana 47006, telephone (812) 931-6000 and facsimile (812) 931-5209.

In furtherance of its policy of having significant decisions made by the Board as a whole, the Company has an orientation and continuing education process for Board members that includes the furnishing of extensive materials, meetings with key management, visits to Company facilities, and attendance at Company and industry events. Moreover, the directors education includes, among other things, regular dedicated sessions regarding the Company s businesses and operations and Audit Committee-sponsored financial literacy and legal and regulatory compliance training. Throughout their terms, directors are expected to continue to deepen their experience in the industries and markets served by the Company and to remain generally apprised of trends and developments in corporate governance.

***Audit Committee*.** The Audit Committee has general oversight responsibilities with respect to the Company s financial reporting and financial controls, as well as all financial-related risks facing the Company. The Audit Committee annually reviews the Company s financial reporting process, its system of internal controls regarding accounting, legal, and regulatory compliance and ethics that management or the Board has established, and the internal and external audit processes of the Company. During fiscal year 2013, the Audit Committee consisted of Eduardo R. Menascé (Chairperson), Thomas H. Johnson, Stuart A. Taylor, II, Helen W. Cornell (until February 27, 2013), and Joy M. Greenway (effective February 27, 2013). Each current member of the Audit Committee is independent under SEC Rule 10A-3 and New York Stock Exchange listing standards and meets the financial literacy guidelines established by the Board in the Audit Committee Charter. The Board interprets financial literacy to

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mean the ability to read and understand audited and unaudited consolidated financial statements (including the related notes) and monthly operating statements of the sort released or prepared by the Company, as the case may be, in the normal course of its business. The Board of Directors has determined that each current member of the Audit Committee is an audit committee financial expert as that term is defined in Item 407(d) of SEC Regulation S-K.

Compensation and Management Development Committee. The Compensation and Management Development Committee (the Compensation Committee) assists the Board in ensuring that the officers and key management of the Company are effectively compensated in terms of salaries, incentive compensation, and other benefits that are internally equitable and externally competitive. As described in more detail in the Compensation Discussion and Analysis section of this proxy statement, the Compensation Committee is guided by its compensation philosophy that executives should be fairly compensated for creating appropriate long-term returns for shareholders. As noted above, the Compensation Committee also analyzes and determines the risks, if any, created by our compensation policies and practices. In addition, the Compensation Committee is responsible for reviewing and assessing the talent development and succession management actions concerning the officers and key employees of the Company. During fiscal year 2013, the Compensation Committee consisted of James A. Henderson (Chairperson and member until his retirement on February 27, 2013), Neil S. Novich (Chairperson effective February 27, 2013), Helen W. Cornell (effective February 27, 2013), Mark C. DeLuzio, Ray J. Hillenbrand (until his retirement on February 27, 2013), and F. Joseph Loughrey. Each current member of the Compensation Committee is independent as defined by New York Stock Exchange listing standards and SEC rules.

Nominating/Corporate Governance Committee. The Charter for the Nominating/Corporate Governance Committee provides that the primary function of this Committee is to assist the Board of Directors in (i) ensuring that the Company is operated in accordance with prudent and practical corporate governance standards; (ii) ensuring that the Board consists of an appropriate number of independent directors, sufficient to satisfy the 70 percent threshold established by the Company s Corporate Governance Standards and the majority threshold established by New York Stock Exchange standards and other regulations; and (iii) identifying candidates for the Board.

During fiscal year 2013, the Nominating/Corporate Governance Committee consisted of F. Joseph Loughrey (Chairperson), James A. Henderson (Vice Chairperson and member until his retirement on February 27, 2013), Helen W. Cornell, Mark C. DeLuzio, Joy M. Greenway (effective February 27, 2013), Ray J. Hillenbrand (until his retirement on February 27, 2013), Thomas H. Johnson, Eduardo R. Menascé, Neil S. Novich, and Stuart A. Taylor, II. Each current member of the Nominating/Corporate Governance Committee is independent as defined by New York Stock Exchange listing standards and SEC rules.

The Board has adopted position specifications applicable to members of the Board, and nominees for the Board recommended by the Nominating/Corporate Governance Committee must meet the qualifications set forth in those position specifications. The specifications provide that a candidate for director should not ever have (i) been the subject of an SEC enforcement action in which he or she consented to the entry of injunctive relief, a cease and desist order, or a suspension or other limitation on the ability to serve as a corporate officer or supervisor; (ii) had any license suspended or revoked due to misconduct of any type; or (iii) violated any fiduciary duty to the Company or any provision of its Code of Ethical Business Conduct. Additionally, each candidate for director should exhibit the following characteristics:

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- Have a reputation for industry, integrity, honesty, candor, fairness, and discretion;

- Be an acknowledged expert in his or her chosen field of endeavor, which area of expertise should have some relevance to the Company s businesses or operations;

- Be knowledgeable, or willing and able to quickly become knowledgeable, in the critical aspects of the Company s businesses and operations; and

- Be experienced and skillful in serving as a competent overseer of, and trusted advisor to, senior management of a substantial publicly held corporation.

The Nominating/Corporate Governance Committee reviews incumbent directors against the position specifications applicable to members of the Board of Directors and independence standards set forth in New York Stock Exchange listing standards and SEC rules. The Nominating/Corporate Governance Committee oversees a formal evaluation of the whole Board and its various committees on an annual basis, and it assesses the effectiveness of the individual directors at such intervals as it deems appropriate.

The Board typically engages and pays a fee to a third-party consultant to assist in performing the annual Board evaluation and also in identifying and evaluating potential director nominees.

While the Company does not have a formal policy regarding diversity among our directors, the Board believes that diversity in the broadest sense is good business, and it seeks talented people with diverse backgrounds, skills, and perspectives who can work together to lead the Company to long-term success.

The Nominating/Corporate Governance Committee s policy with respect to the consideration of director candidates recommended by shareholders is that it will consider such candidates. Any such recommendations should be communicated to the Chairperson of the Nominating/Corporate Governance Committee in the manner described below under the heading How You Can Communicate with Directors and should be accompanied by the information required under the Company s By-laws for shareholder nominees.

The Company s By-laws provide that nominations of persons for election to the Board of Directors may be made for any meeting of shareholders at which directors are to be elected by or at the direction of the Board or by any shareholder entitled to vote for the election of members of the Board at the meeting. For nominations to be made by a shareholder, the shareholder must have given timely notice thereof in writing to the Secretary of the Company, and any nominee must satisfy the qualifications established by the Board from time to time as contained in the Company s proxy statement for the immediately preceding Annual Meeting of shareholders or posted on the Company s web site at *www.hillenbrand.com*.

To be timely, a shareholder s nomination must be delivered to or mailed and received by the Secretary at the Company s principal offices not later than (i) in the case of the Annual Meeting, 100 days prior to the anniversary of the date of the immediately preceding Annual Meeting that was specified in the initial formal notice of such meeting (but if the date of the forthcoming Annual Meeting is more than 30 days after such anniversary date, such written notice will also be timely if received by the Secretary by the later of (a) 100 days prior to the forthcoming meeting date, or (b) the close of business on the tenth day following the date on which the Company first makes public disclosure of the

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meeting date); and (ii) in the case of a special meeting, the close of business on the tenth day following the date on which the Company first makes public disclosure of the meeting date. The notice given by a shareholder must set forth: (i) the name and address of the shareholder who intends to make the nomination and of the person or persons to be nominated; (ii) a representation that the shareholder is a holder of record, setting forth the shares so held, and intends to appear in person or by proxy as a holder of record at the meeting to nominate the person or persons specified in the notice; (iii) a description of all arrangements or understandings between such shareholder and each nominee proposed by the shareholder and any other person or persons (identifying such person or persons) pursuant to which the nomination or nominations are to be made by the shareholders; (iv) such other information regarding each nominee proposed by such shareholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the SEC; (v) the consent in writing of each nominee to serve as a director of the Company if so elected; and (vi) a description of the qualifications of such nominee to serve as a director of the Company.

Mergers and Acquisitions Committee. The Mergers and Acquisitions Committee (the M&A Committee) assists the Board in reviewing and assessing potential acquisitions, strategic investments, joint ventures, and divestitures. The M&A Committee also provides guidance to management with respect to the Company s transaction strategies and the identification and evaluation of strategic transactions. The authority to actually approve significant transactions, however, rests with the full Board. During fiscal year 2013, the M&A Committee consisted of Stuart A. Taylor, II (Chairperson), Edward B. Cloues, II, Helen W. Cornell, Mark C. DeLuzio, Thomas H. Johnson, and Neil S. Novich.

Certain Relationships and Related Person Transactions

The Corporate Governance Standards for the Board require that all new proposed related party transactions involving executive officers or directors must be reviewed and approved by the Nominating/Corporate Governance Committee in advance. The Corporate Governance Standards do not specify the standards to be applied by the Nominating/Corporate Governance Committee in reviewing transactions with related persons. However, we expect that in general the Nominating/Corporate Governance Committee will consider all of the relevant facts and circumstances, including, if applicable, but not limited to: the benefits to the Company; the impact on a director s independence in the event the related person is a director, an immediate family member of a director, or an entity in which a director is a partner, shareholder, or executive officer; the availability of other sources for comparable products or services; the terms of the transaction; and the terms available for similar transactions with unrelated third parties.

In 2003, our subsidiary Batesville Casket Company entered into a contract with Nambé Mills, Inc., pursuant to which Batesville purchases urn products from Nambé Mills. Purchases during fiscal year 2013 were approximately $262,000, and purchases during fiscal 2014 are projected to remain consistent with prior years. John A. Hillenbrand, II, a director of Hillenbrand Industries, Inc. until February 8, 2008, serves as Chairman Emeritus of Nambé Mills. Mr. Hillenbrand s children own substantially all of the equity of Nambé Mills. John A. Hillenbrand, II is the brother of our retired Board Chairperson, Ray J. Hillenbrand. We believe these purchases were made, and will continue to be made, on terms similar to those Batesville could obtain from an unrelated third party for these products.

Thomas H. Johnson, a director of the Company, through various companies owned by him or in which he owns an interest, owns (i) 100 percent of the Menke Funeral Home in Sun City, Arizona, and the Whitney & Murphy Funeral Home in Scottsdale, Arizona, and (ii) a 25 percent interest in the Weigel Funeral Home in Batesville, Indiana. Those funeral homes purchase products from the Company s Batesville subsidiary at market prices. In fiscal year 2013, the total amount of purchases made from

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Batesville by those three funeral homes was $557,058, and purchases during fiscal 2014 are projected to remain consistent with prior years. Mr. Johnson has been nominated for re-election to the Board of Directors at the upcoming Annual Meeting. See his biographical information provided under the heading Proposal No. 1 above for details regarding his contributions to the Board, including his long service in the death care industry and the fact that he is one of the three directors remaining on the Board who has deep experience in the funeral services industry, following the retirement of Kenneth A. Camp.

In connection with the spin-off of our Company in April of 2008, we were required to assume a binding contract between our former parent corporation, Hillenbrand Industries, Inc., and W August Hillenbrand, who had served as CEO of that corporation from 1989 until 2000. Pursuant to that contract, which is not subject to modification without the consent of both parties, Mr. Hillenbrand is contractually entitled to receive the following: lifetime annual supplemental pension fund payments directly related to his time as an executive of Hillenbrand Industries, which totaled $411,171 in fiscal year 2013; reimbursement for premium payments over a ten-year period for a life insurance policy, including tax gross-ups, which totaled $318,290 in fiscal 2013 (which was the final year of this ten-year period); and certain other benefits and expenses, all related to his service as CEO of Hillenbrand Industries, consisting of provision of a personal assistant and reimbursement of medical expenses not covered by insurance and certain other miscellaneous expenses, totaling $98,929 in fiscal 2013. During fiscal year 2013, the aggregate value of these items totaled $828,390. Additionally, during fiscal year 2013 the Company paid $193 for term life insurance for Mr. Hillenbrand because of his service as a director of the Company the same as it does for all of its directors. Mr. Hillenbrand has been nominated for re-election to the Board of Directors at the upcoming Annual Meeting. He has informed the Board that he will serve only two years and will retire from the Board effective at the Annual Meeting of shareholders in 2016. See his biographical information provided under the heading Proposal No. 1 above for details regarding his contributions to the Board. Of particular importance is his insight into and experience in the death care industry. Mr. Hillenbrand is one of three directors on the Board who has deep experience in the death care industry, a key factor in the Board s desire to nominate him for another term on the Board.

In December 2012, the Company completed its acquisition of Coperion Capital GmbH (Coperion). At the time of the acquisition, Thomas Kehl, currently an executive officer of Hillenbrand, was a minority stockholder in Coperion and a member of its management team. The Company purchased 100 percent of the outstanding capital stock of Coperion for approximately $530 million in aggregate consideration. As a result of Mr. Kehl s ownership interest in Coperion, he was entitled to receive approximately $3,820,000 in cash as consideration for his stock, approximately $3,705,000 of which he received at closing and approximately $115,000 of which he may receive in the future, pending the result of any indemnification claims that may be made against the sellers. Mr. Kehl s stock was purchased on the same terms as that of the other stockholders of Coperion.

How You Can Communicate with Directors

Shareholders of the Company and other interested persons may communicate with the Chairperson of the Board, the chairpersons of the Board s committees, or the non-management directors of the Company as a group, by sending an email to our Investor Relations Department at *investors@hillenbrand.com*. The email should specify which of the foregoing is the intended recipient so that it can be forwarded accordingly.

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Attendance at Meetings

The upcoming Annual Meeting will be the sixth Annual Meeting of the Company s shareholders. It is anticipated that all Company directors will be in attendance at the Annual Meetings of the shareholders. The Chairperson of the Board generally presides at the Annual Meetings of shareholders, and the Board holds one of its regular meetings in conjunction with each such Annual Meeting. All of the directors attended the Company s 2013 Annual Meeting of shareholders.

The Board held a total of nine meetings during the fiscal year ended September 30, 2013. During that fiscal year, the Compensation Committee held seven meetings, the Nominating/Corporate Governance Committee held four meetings, and the Audit Committee met ten times. No member of the Board of Directors attended fewer than 75 percent of the aggregate of the number of meetings of the full Board of Directors and the number of meetings of the committees on which he or she served during the 2013 fiscal year.

Compensation Committee Interlocks and Insider Participation

The Compensation Committee had no interlocks or insider participation during fiscal year 2013. Specifically in that regard, during all or some portion of fiscal 2013, Messrs. DeLuzio, Henderson, Loughrey, Novich, and Ray J. Hillenbrand, and Ms. Cornell were the directors who served on the Compensation Committee of the Company. None of such directors:

- Is or has at any time been an officer or employee of the Company or any of its subsidiaries; or

- Has or has had at any time any direct or indirect interest in an existing or proposed transaction involving more than $120,000 in which the Company is, was, or was proposed to be a participant, or that is otherwise required to be disclosed by us under the proxy disclosure rules.

Also in that regard, during fiscal year 2013 none of our executive officers served as a member of the board of directors or on the compensation committee of another company, which other company had an executive officer who served on our Board of Directors or our Compensation Committee.

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SECURITY OWNERSHIP OF DIRECTORS AND MANAGEMENT

We believe it is important for our directors and executive officers to own stock in the Company. In that regard, each non-employee director is required, within five years after becoming a director, to own and maintain ownership of a minimum number of shares of our common stock equal in value to five times his or her annual cash compensation. Such ownership includes shares of restricted stock and restricted stock units but not shares that underlie unexercised stock options. In addition, non-employee directors are required to hold any vested shares of stock awarded as part of their annual equity compensation until the occurrence of one of the following: a change in control of the Company, the director s death or permanent and total disability, or the six-month anniversary of the date the director ceases to be a director of the Company. Ownership requirements for our Named Executive Officers and other executive officers are detailed in the Compensation Discussion and Analysis section of this proxy statement.

The table below shows shares beneficially owned by all directors and executive officers as of December 20, 2013.

Security Ownership of Directors:

Name	Shares (1) Beneficially Owned As Of December 20, 2013	Percent Of Total Shares Outstanding
F. Joseph Loughrey - Chairperson	43,786(2)	*
Edward B. Cloues, II	15,217(3)	*
Helen W. Cornell	10,444(4)	*
Mark C. DeLuzio	41,769(5)	*
Joy M. Greenway	2,032(6)	*
W August Hillenbrand	1,106,154(7)	1.8%
Thomas H. Johnson	29,852(8)	*
Eduardo R. Menascé	32,889(9)	*
Neil S. Novich	18,783(10)	*
Joe A. Raver	234,133(11)	*
Stuart A. Taylor, II	33,827(12)	*

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Security Ownership of Named Executive Officers:

Name	Shares (1) Beneficially Owned As Of December 20, 2013	Percent Of Total Shares Outstanding
Kenneth A. Camp (13)	927,250(14)	1.5%
Kimberly K. Ryan	116,025(15)	*
Cynthia L. Lucchese	55,724(16)	*
Scott P. George	51,811(17)	*
John R. Zerkle	186,313(18)	*
All directors and executive officers of the Company as a group, consisting of 22 persons	3,270,438	5.1%

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* Ownership is less than one percent of the total shares outstanding.

(1) The Company s only class of equity securities outstanding is common stock without par value. Except as otherwise indicated in these footnotes, the persons named have sole voting and investment power with respect to all shares shown as beneficially owned by them. None of the shares beneficially owned by directors or executive officers is pledged as security. Information regarding shares beneficially owned by Mr. Raver, our President and CEO, is included in the Security Ownership of Directors table above.

(2) Includes 23,786 restricted stock units held on the books and records of the Company.

(3) Includes 15,217 restricted stock units held on the books and records of the Company.

(4) Includes 1,500 shares held by trust of which Ms. Cornell is trustee, and 8,944 restricted stock units held on the books and records of the Company.

(5) Includes 24,852 restricted stock units held on the books and records of the Company and 16,917 shares acquired with deferred director fees and held on the books and records of the Company under the Board deferred compensation plan.

(6) Includes 2,032 restricted stock units held on the books and records of the Company.

(7) Includes (i) 34,758 restricted stock units held on the books and records of the Company; (ii) 9,704 shares acquired with deferred director fees and held on the books and records of the Company under the Board deferred compensation plan; (iii) 95,808 shares owned beneficially by W August Hillenbrand s wife, Nancy K. Hillenbrand; (iv) 74,613 shares owned by grantor retained annuity trusts; and (v) 643,187 shares owned of record, or which may be acquired within 60 days, by trusts of which W August Hillenbrand is trustee or co-trustee. Mr. Hillenbrand disclaims beneficial ownership of the 643,187 shares owned by trusts of which he is a trustee.

(8) Includes 24,852 restricted stock units held on the books and records of the Company.

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(9) Includes 32,889 restricted stock units held on the books and records of the Company.

(10) Includes 16,008 restricted stock units held on the books and records of the Company and 2,775 shares acquired with deferred director fees and held on the books and records of the Company under the Board deferred compensation plan.

(11) Includes 173,909 shares that may be purchased pursuant to stock options that are exercisable within 60 days of December 20, 2013.

(12) Includes 23,751 restricted stock units held on the books and records of the Company and 10,076 shares acquired with deferred director fees and held on the books and records of the Company under the Board deferred compensation plan.

(13) Mr. Camp retired from his position as President and CEO and a director of the Company effective as of September 6, 2013. He remained an employee of the Company through the end of December 2013.

(14) Includes 680,056 shares that may be purchased pursuant to stock options that are exercisable within 60 days of December 20, 2013.

(15) Includes 78,306 shares that may be purchased pursuant to stock options that are exercisable within 60 days of December 20, 2013, and 21,180 restricted stock units held on the books and records of the Company.

(16) Includes 6,305 shares that may be purchased pursuant to stock options that are exercisable within 60 days of December 20, 2013.

(17) Includes 38,357 shares that may be purchased pursuant to stock options that are exercisable within 60 days of December 20, 2013, and 13,454 restricted stock units, all held on the books and records of the Company.

(18) Includes 132,715 shares that may be purchased pursuant to stock options that are exercisable within 60 days of December 20, 2013.

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SECURITY OWNERSHIP OF BENEFICIAL OWNERS OF MORE THAN 5 PERCENT OF THE COMPANY S COMMON STOCK

The following table provides information regarding all persons or entities known to us that, as of the date indicated, were beneficial owners of more than 5 percent of the Company s common stock.

Name	Shares Beneficially Owned As Of December 20, 2013	Percent Of Total Shares Outstanding
Franklin Resources, Inc. One Franklin Parkway San Mateo, CA 94403	4,811,655(1)	7.7%
Vanguard Group, Inc. P.O. Box 2600, V26 Valley Forge, PA 19482	3,595,861(2)	5.7%
BlackRock Fund Advisors 400 Howard Street San Francisco, CA 94105	3,159,918(3)	5.0%

(1) This information is based on a Form 13F-HR filed by Franklin Resources, Inc. with the Securities and Exchange Commission on November 14, 2013; reflects shared investment discretion with respect to all shares; reflects sole voting power with respect to 4,652,155 shares, and no voting power with respect to 159,500 shares.

(2) This information is based on a Form 13F filed by Vanguard Group, Inc. with the Securities and Exchange Commission on November 7, 2013; reflects sole investment discretion with respect to 3,519,525 shares, and shared investment discretion with respect to 76,336 shares; reflects sole voting power with respect to 79,936 shares, and no voting power with respect to 3,515,925 shares.

(3) This information in based on a Form 13F filed by BlackRock Fund Advisors with the Securities and Exchange Commission on November 12, 2013; reflects sole investment discretion and voting power with respect to all shares.

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EXECUTIVE COMPENSATION

Letter from the Chairperson of the Compensation and Management Development Committee:

In 2013 Hillenbrand, Inc. accelerated the course of growth that has marked our journey since the Company s formation nearly six years ago. Guided by our strategy, the Company took another major step in its evolution as a global diversified industrial company by completing the acquisition of Coperion our largest acquisition to date. The evolution in our businesses was accompanied this year by an evolution in leadership, with the retirement of CEO Kenneth A. Camp and the appointment of new CEO Joe A. Raver. These transitions in business and leadership, coupled with a major shareholder outreach initiative undertaken during the year, provided the Board of Directors and its Compensation Committee the opportunity to make a variety of changes described in more detail in this letter and throughout this proxy statement.

Our Strategy. Over six years as a public company, Hillenbrand has been guided by our strategy of leveraging our strong financial foundation and core competencies to deliver sustainable growth and long-term value. Our goals have been and continue to be to grow organically and through acquisition and to maintain a strong balance sheet and superior cash generation. In executing our strategy, we have evolved from a North America-centric death care products company with $650 million in revenue and 3,000 associates in 2008, to today s global diversified industrial company with multiple brands and approximately $1.6 billion in revenue and 6,000 associates in over 25 countries. And we look forward to continuing on this path.

Our Compensation Philosophy. The Compensation Committee plays an important role in driving the Company s success by aligning executive compensation with our strategy. The Committee seeks to ensure that management is focused and motivated by implementing compensation practices that follow our adopted compensation philosophy that executives be fairly compensated for creating appropriate long-term returns for shareholders. Our philosophy strongly emphasizes compensation that is performance-based. It also recognizes that creating shareholder value takes time. Therefore, while a portion of our executives performance-based compensation is driven by annual performance, a greater portion is based on longer measurement periods. We believe our compensation philosophy is best executed through a commitment to long-term incentive compensation, particularly in light of the Company s increased exposure to cyclicality, which necessarily accompanies our diversification into higher growth industries.

Fiscal Year Highlights. The Company s commitment to our strategy was demonstrated as clearly in 2013 as in any other year in our history. The closing of the Coperion acquisition significantly advanced our growth and diversification both geographically and by industry. This year represented the first fiscal year in which a majority of our consolidated revenue came from our process equipment business, rather than from death care. Also for the first time this year, more than 40 percent of our consolidated revenue was generated outside of the United States.

This year was also highlighted by transition in our leadership. In February, F. Joseph (Joe) Loughrey became the Chairperson of the Board of Directors, upon the retirement of former Chair Ray J. Hillenbrand. And effective September 6, 2013, the Company transitioned the role of President and CEO from Mr. Camp to Mr. Raver, following Mr. Camp s retirement after more than five years in that role and over thirty years of dedicated service to the Company and its predecessors. We are forever grateful

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to Mr. Hillenbrand and Mr. Camp for their bold leadership and immeasurable contributions to the Company s success, and we look forward to the bright future ahead.

Shareholder Outreach. Our 2013 fiscal year was also marked by a robust shareholder outreach initiative. At the Company s 2013 Annual Meeting, our shareholders approved the Company s annual Say on Pay Vote with a clear majority, but with a lower rate of support than in previous years. This vote followed a report issued by one of the prominent proxy advisory firms that raised concerns with elements of our executive compensation program. Consequently, the Compensation Committee and full Board launched a campaign to solicit feedback from major shareholders and their proxy advisors regarding the Company s compensation practices and other matters.

We have been extremely pleased with the response to this outreach campaign. Coupled with advice from the Committee s independent compensation consultant, these efforts ultimately led us to implement changes to our compensation program described in more detail in this letter and in the Compensation Discussion and Analysis section, or CD&A, that follows. Similarly, the Board of Directors and its Nominating/Corporate Governance Committee also took action this year in connection with these outreach efforts, launching certain corporate governance changes described elsewhere in this proxy statement that are intended to more closely align the Company with current best practices. We believe efforts like these demonstrate our commitment to listening and responding to the interests of our shareholders a commitment that will continue to guide our compensation practices and decisions.

Introduction to CD&A. The Compensation Discussion and Analysis that follows highlights the Committee s efforts to align executive compensation with Company strategy and with the interests of shareholders. The section begins by introducing the Company s executive officers and its Executive Compensation Philosophy, which is driven by a strong commitment to performance-based compensation. The CD&A also focuses on the process and factors considered in determining our executives compensation. Among other items considered, the Committee reviewed the compensation practices of our selected peer group of companies, a group we changed significantly this year to reflect the Company s evolution.

The CD&A provides detailed descriptions of the components of our compensation, including our performance-based short-term and long-term incentive compensation plans. With advice and leadership from the Committee, this year Company management and the Board of Directors developed amended and restated versions of each of these plans, which will be presented to the shareholders for approval at the Annual Meeting as described in this proxy statement. We believe that the ability to offer the equity and other incentive awards contemplated by these plans is necessary to attract, retain, and motivate executives upon whom the continued growth of the Company largely depends.

Finally, the CD&A provides a summary of the employment-related agreements we have with our executives, as well as certain of the Company s compensation-related policies. Among other items, you will read about the initiative led by the Committee this year to eliminate single-trigger vesting of benefits and excise tax gross-ups for our President and CEO in the event of a change in control transaction.

Conclusion. We believe that decisions and actions implemented by Company management in successfully executing our strategy, and by the Committee in driving an effective compensation program, have begun to bear fruit and will continue to do so. In the words of retired CEO Mr. Camp, we are pleased with the Company s progress over the past year, but not satisfied. Actions taken this year support an evolution that has been calculated and intentional, as we continue to drive shareholder value by aligning management interests with those of our shareholders.

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In conclusion, all of us at Hillenbrand wish to express our gratitude to you, our shareholders, for your investment and continued support. Together we will continue to make decisions that we believe will sustain the creation of long-term shareholder value.

Respectfully,

Neil S. Novich
Chairperson, Compensation and
Management Development Committee

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PART I: COMPENSATION DISCUSSION AND ANALYSIS

Introduction

Part I of this Executive Compensation section presents a thorough discussion of our executive compensation philosophy, policies, actions, decisions (and the basis for such decisions), and procedures as they relate to our executive officers who are included in the compensation disclosures in this proxy statement pursuant to SEC rules persons who are identified as our Named Executive Officers. The discussion in this section is organized as follows:

- Our Executive Compensation Philosophy
- Process for Determining Compensation
- Changes Made in Response to Feedback from Shareholder Outreach
- Compensation of Our Named Executive Officers for Fiscal Year 2013
- Retirement and Savings Plans
- Employment Agreements and Termination Benefits
- Other Personal Benefits
- Compensation-Related Policies

Part II of this Executive Compensation section is a report from the Compensation and Management Development Committee of our Board of Directors (the Compensation Committee). Following that report, in Part III, we present numerous tables that report in detail the compensation of, and the potential amounts payable by the Company under certain contractual agreements with, the Named Executive Officers. Part IV provides information regarding the engagement of Ernst & Young LLP, the independent compensation consultant engaged by the Compensation Committee. Part V provides information relating to the compensation-related risk assessment and management strategies employed by the Company.

We have attempted to assist you in your understanding of the information presented by the use of tables and charts as much as possible. We encourage you to keep two basic thoughts in mind as you read:

- First, the compensation of our Named Executive Officers is set by our Compensation Committee, which is a committee of independent directors.

- Second, a significant portion of each Named Executive Officer s compensation is variable based on individual performance and the performance of the Company. This design aligns compensation with the interests of the shareholders of the Company.

Our Named Executive Officers. SEC rules identify our Named Executive Officers as those persons who served as (i) our principal executive officer during the year ended September 30, 2013, (ii) our principal financial officer during the year ended September 30, 2013, and (iii) our other three most highly compensated executive officers for the year ended September 30, 2013. Effective September 6, 2013, Kenneth A. Camp retired from his position as President and CEO of the Company and, at such time, Joe A. Raver was appointed to succeed him.(2) Accordingly, as a result of Mr. Camp and Mr. Raver each having served as our principal executive officer during the year, each is a Named Executive Officer and the Company will report and discuss the compensation information required in this proxy statement for the following six Named Executive Officers:

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(2) Mr. Camp remained an employee of the Company through December 2013.

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Joe A. Raver	President and Chief Executive Officer (effective September 6, 2013) and President of Process Equipment Group
Kenneth A. Camp	Former President and Chief Executive Officer (retired effective September 6, 2013)
Kimberly K. Ryan	Senior Vice President and President of Batesville
Cynthia L. Lucchese	Senior Vice President and Chief Financial Officer
Scott P. George	Senior Vice President, Corporate Development
John R. Zerkle	Senior Vice President, General Counsel and Secretary

Our Executive Compensation Philosophy

Our Compensation Committee has adopted the following Executive Compensation Philosophy, which describes the objectives and principles of our executive compensation program and which is used as the guide to our program design and compensation decisions:

Hillenbrand s executives should be fairly compensated for creating appropriate long-term returns for shareholders.

The executive compensation program is designed to ensure officers and key management personnel are effectively compensated in terms of base salary, incentive compensation, and other benefits that advance the long-term interest of Hillenbrand s shareholders.

The compensation program is based on the following principles:

- Reinforcing the absolute requirement for ethical behavior in all practices;
- Aligning management s interests with those of shareholders;
- Motivating management to achieve superior results by paying for sustainable performance;
- Ensuring competitive compensation in order to attract and retain superior talent;
- Maintaining a significant portion of at-risk compensation (superior performance is rewarded with commensurate incentives, while little to no incentive is paid for underperformance);

- Delineating clear accountabilities; and
- Providing clarity and transparency in compensation structure.

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Key Point: Focus on Performance-Based Compensation. It is important to note that a key element of the compensation philosophy of Hillenbrand and our Compensation Committee is that a significant portion of each Named Executive Officer s compensation will be performance-based and, therefore, at risk. This theme is highlighted in the table below, which summarizes the components of our executive compensation program. A more detailed discussion of these components and the plans under which they are provided appears later in this Compensation Discussion and Analysis section.

Component	**Description and Purpose**
Base Salary	Fixed compensation intended to provide a base level of income and aid in the attraction and retention of talent in a competitive market.
Short-Term Incentive Compensation (STIC)	Variable annual cash bonus designed to motivate and reward individuals based on achieving both company (Hillenbrand or its business units, as applicable) and individual performance goals for a given fiscal year. Also aids in the attraction and retention of talent in a competitive market.
Long-Term Incentive Compensation (LTIC)	Variable annual equity grant with three-year vesting period designed to reward executives for creating long-term shareholder value and for their individual contributions to the Company s performance, as well as to motivate future contributions and decisions aimed at increasing shareholder value. Also aids in the attraction and retention of talent in a competitive market. Our Named Executive Officers, as well as certain other officers, are required to retain a certain amount of Company common stock or equivalents as described below under the heading Compensation-Related Policies.
Retirement and Other Benefits	Fixed component of compensation intended to protect against catastrophic expenses (healthcare, disability, and life insurance) and provide opportunity to save for retirement (pension and 401(k)).
Post-Termination Compensation (Severance and Change in Control)	Severance program designed to allow executives to focus on acting in the best interests of shareholders regardless of the impact on their own employment.

The first three compensation components shown in the above table (base salary, STIC, and LTIC) make up what is generally referred to as an employee s core compensation. While the core compensation of our Named Executive Officers consists of both fixed and variable components, a significant portion is variable, or performance-based. Stated another way, each of the Named Executive Officers receives a base salary regardless of the performance of the Company in any individual year. Any particular officer s salary can be and is modified from year to year based on such officer s individual performance and changes in responsibilities, as determined by the CEO or our Compensation Committee, as applicable. Beyond base salary, each of our Named Executive Officers is eligible to receive STIC and LTIC, but those components of compensation are variable and at risk, dependent upon the performance of the Company and the individual performance of the officer. STIC payouts vary based on the annual performance of the Company or its applicable business unit and the individual officer, while LTIC payouts vary based on the performance of the Company or business unit over a three-year measurement period. Detailed explanations of our performance-based STIC and LTIC programs are provided in the pages that follow.

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Our commitment to performance-based compensation is illustrated by the following chart, which shows the fixed (base salary) and variable (STIC and LTIC) core compensation at target levels for our President and CEO for fiscal year 2013:(3)

This chart shows that over 75 percent of the target core compensation of the Company s President and CEO for the year was performance-based, and at-risk, while less than 25 percent was fixed. The Compensation Committee believes that this approach to compensating our President and CEO, and the similar approach taken with the other Named Executive Officers, aligns executive compensation appropriately with the interests of shareholders of the Company and creates incentives for executives to act in the best interests of the shareholders.

Target Core Compensation Mix. The Compensation Committee s approach to creating annual target STIC and LTIC awards for Named Executive Officers, and the principles driving that approach, are discussed in more detail below. This approach generally produces a core compensation mix of approximately 24 percent base salary, 22 percent STIC, and 54 percent LTIC for our President and CEO (as reflected in the chart above), and a mix of approximately 30 percent base salary, 20 percent STIC, and 50 percent LTIC for the other Named Executive Officers.

Process for Determining Compensation

In December of each year, the Compensation Committee takes the following actions:

- It sets the base salaries of the Named Executive Officers for the coming calendar year.

- It adjusts, if deemed appropriate, the STIC target award formula for each Named Executive Officer and establishes the performance objectives that are to be used in the award formula for the new fiscal year. See the discussion below under the heading Annual Cash Incentive Awards for more details regarding performance objectives and the STIC award formula.

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(3) The figures in this chart relate to the compensation of our former President and CEO, Mr. Camp, who retired from that position effective September 6, 2013. These figures would be similar but not identical for fiscal year 2013 for the compensation of our new President and CEO, Mr. Raver, since he spent a large portion of the year in another role (for which he was compensated accordingly) prior to his promotion. However, the figures in the chart accurately reflect Mr. Raver s core fixed and variable compensation at target levels for fiscal year 2014 in his role as President and CEO.

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- It certifies performance and confirms the computation of the actual STIC awards to be paid to the Named Executive Officers with respect to the fiscal year ended on the preceding September 30.

- It makes LTIC grants to the Named Executive Officers and determines the performance period and performance objectives that are to be used in the award formula. See the discussion below under the heading Long-Term Incentive Compensation (LTIC) for more details regarding performance periods and objectives and the LTIC award formula.

- It certifies performance and confirms the computation of the actual award amounts to be paid to the Named Executive Officers with respect to performance-based LTIC awards whose three-year performance measurement period ended on the preceding September 30.

Factors Considered in Setting Compensation

General. In establishing and adjusting the elements of our executive compensation program and the compensation packages for the Named Executive Officers, the Compensation Committee considers and analyzes a number of factors. No single factor determines the outcome of the Committee s work. The Compensation Committee strives to establish compensation packages for the Named Executive Officers that enable the Company to attract, motivate, and retain the executive talent needed to operate the Company in a manner that is in the best interests of the shareholders.

Factors the Compensation Committee considers are discussed below. They are not discussed in any order of priority, and no one factor standing alone is necessarily more important than the others.

Peer Group Data. The Compensation Committee compares the components and levels of our compensation program to those of a selected peer group of companies. Our Compensation Committee believes that we have to remain competitive in order to attract, retain, and motivate our executive talent and believes that when the Company exceeds expected performance targets, our Named Executive Officers should be rewarded accordingly.

Our Compensation Committee benchmarks the target compensation of our Named Executive Officers to the 50th percentile of the compensation paid by our peer group, although actual compensation paid in any given year may be above or below the benchmark, as a result of the performance-based nature of our executive compensation program and a variety of other factors that the Committee considers in setting compensation.

The Compensation Committee regularly reviews the composition of the Company s peer group and, as appropriate, updates the group to reflect changes among peer companies, industry consolidation, and the Company s own evolution as a global diversified industrial company. In developing our peer group, our Compensation Committee, aided by its independent compensation consultant, reviews various business attributes and financial metrics to assess whether additions or deletions to the current peer group are appropriate. Qualitative factors considered in developing the peer group include the complexity of a company s product line, extent of its global operations, cyclicality of its business, application of a continuous improvement model across its entire business, and whether it maintains an internal distribution method and supply chain management focus. Quantitative factors include free cash flow, operating income, and return on invested capital, among others. In addition, various members of management provide input to the Committee relative to understanding the Company s key financial metrics, key competitors for talent, key competitors in the markets we serve, the Company s business plan, and other factors. Notwithstanding the above, decisions regarding the composition of the peer group ultimately rest with the Compensation Committee.

During fiscal year 2013, the Compensation Committee spent significant time evaluating the peer group and made changes to the Company s peer group to more closely align the group with the Company s growing scope and revenues and changing portfolio, particularly in light of the Company s acquisition of Coperion. The peer group now consists of the following 16 companies:

Acuity Brands, Inc.	Itron, Inc.
Bruker Corporation	John Bean Technologies Corporation
CLARCOR, Inc.	Matthews International Corporation
EnPro Industries, Inc.	Rexnord Corporation
Graco Inc.	Steelcase Inc.
Herman Miller, Inc.	Tempur Sealy International Inc.
HNI Corporation	The Middleby Corporation
IDEX Corporation	Waters Corporation

Independent Compensation Consultant Expertise. The Compensation Committee engages an independent compensation consultant to provide various items of relevant information and to perform various services for the Committee in connection with the establishment of the elements of our executive compensation program. Ernst & Young LLP (EY) has been the Committee s independent compensation consultant since 2008. The Compensation Committee seeks and considers the expert advice and recommendations of the independent compensation consultant in connection with the administration of our compensation program and the establishment of appropriate compensation components and levels with respect to our Named Executive Officers.

The independent compensation consultant advises the Compensation Committee on an ongoing basis with regard to the general competitive landscape and trends in compensation matters, including (i) incentive plan design, (ii) peer group selection and competitive market analyses, (iii) compensation risk management, and (iv) developments in emerging trends and practices. The consultant attends meetings of the Compensation Committee and at the request of the Chairperson participates in the Committee s executive sessions.

See Compensation Consultant Matters in Part IV below for additional information regarding the Compensation Committee s engagement of EY as its compensation consultant, as well as amounts paid to EY and its affiliates during fiscal year 2013 for executive compensation consulting and other services.

Survey Data. In addition to peer group data, the Compensation Committee considers published compensation survey data provided by its independent compensation consultant, focusing on compensation data for companies in the manufacturing industry with revenues within a comparable range of the Company s revenue. The survey data provides additional compensation data targeted to the specific job responsibilities of our Named Executive Officers.

External Market Conditions. The Compensation Committee also takes into account external market conditions when establishing the total compensation of each Named Executive Officer. Our headquarters is located in a relatively small rural community between Indianapolis, Indiana, and Columbus, Indiana, and Cincinnati, Ohio, all of which are home to other public companies, and we must compete with companies in those metropolitan areas for our executive talent.

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Individual Factors. Individual factors are also considered by the Compensation Committee in establishing the compensation packages of our Named Executive Officers. These factors include the level and breadth of experience and responsibility of the officer, the complexity of the position, individual performance and growth potential, and the difficulty of replacement. Individual performance of our Named Executive Officers is evaluated in large part based upon the achievement of group and personal goals that are established by management and approved by the Compensation Committee each year. These goals for 2013 are described below. The Company s Chief Executive Officer discusses with the Compensation Committee his review and analysis of the performance of the other Named Executive Officers and makes recommendations to the Committee regarding their compensation packages.

2013 Individual Performance Goals. Management identified and the Compensation Committee approved five common objectives for all of our Named Executive Officers for fiscal year 2013. They were as follows:

- Strengthen our corporate capabilities by ensuring that resources, processes, procedures, and controls necessary to be a successful, compliant, efficient, and well-controlled public company are in place. This will be accomplished through the application of the principles of Lean Business across the enterprise.

- Support the operating companies by providing necessary and sufficient resources to continue to generate profitable organic and acquisition growth that generates strong, predictable cash flows. This will be accomplished through a transparent resource allocation process and a commitment to a lean organization and leadership talent development, both at the corporate and operating company levels.

- Actively pursue acquisitions by pursuing prudent opportunities that provide revenue and earnings per share growth, meet our strategic criteria, and leverage our core competencies. This will be accomplished through an active and effective screening process that engages the senior-most leadership in the identification of targets and the broader organization in evaluation.

- Ensure acquisition success by planning and preparing for due diligence and integration with a specific focus on our areas of competency, including Lean Business, Strategic Planning, and Talent Development. This will be accomplished through creating an environment so compelling that individuals, who can compete for the best opportunities anywhere, choose us.

- Actively engage and shape the environment in which we compete by ensuring that the Company s voice on national, state, and local issues is heard. This will be accomplished through dialogue between senior management and members of local, state, and national legislative and executive branches of government, civic engagement in our communities, and active participation in business and industry associations.

The following unique personal objectives were identified for each of the Named Executive Officers for fiscal year 2013:

- For Mr. Camp, executing the Company s strategy and business plan; leading the Company s growth initiatives; overseeing the Company s acquisition activities; overseeing efforts

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designed to strengthen the talent pool, capabilities, and competencies of the Company; ensuring that the Company engages in appropriate, meaningful, and transparent conversations with shareholders; achieving the Company s financial objectives; and leading the CEO and executive officer succession planning and implementation process.

- For Mr. Raver,(4) developing and executing the strategic and the resulting operating plan of the Process Equipment Group; growing core revenue and income before taxes (IBT) through organic growth in under-penetrated segments and new product development; creating strategic acquisitions and alliances; with respect to the Process Equipment Group s acquisition activities, leading due diligence efforts and subsequent integration; and improving the Process Equipment Group s cost structure and strengthening its core capabilities.

- For Ms. Ryan, developing and executing the strategic and the resulting operating plan of Batesville; growing core revenue and IBT through organic growth in under-penetrated segments and new product development; creating strategic acquisitions and alliances; with respect to Batesville s acquisition activities, leading due diligence efforts and subsequent integration; and improving Batesville s cost structure and strengthening its core capabilities.

- For Ms. Lucchese, ensuring appropriate processes and procedures for the operation of the Company as a public company are in place and functioning effectively; providing financial leadership with excellence to the Company; managing financial due diligence efforts and subsequent integration with respect to the Company s acquisition activities; and providing financial support where necessary to the Company s subsidiaries and their finance staffs.

- For Mr. George, providing the Company with high quality leadership and performance in all areas of Corporate Development; providing support, where appropriate, to the Company s business units and their staffs with respect to their individual Corporate Development activities; supervising and coordinating the work of multi-disciplinary teams involved in the Company s acquisition and divestiture efforts, particularly as it relates to opportunity identification and analysis, due diligence, and integration; and strengthening the Company s Corporate Development talent pool.

- For Mr. Zerkle, ensuring appropriate processes and procedures for the operation of the Company as a public company are in place and functioning effectively; providing general legal counsel with excellence to the Company; providing legal support where necessary to the Company s subsidiaries; managing legal due diligence efforts, transaction documentation with respect to the Company s acquisition activities and subsequent integration; managing all litigation involving the Company; and supervising and coordinating the responsibilities of other attorneys in the Company s legal department.

Internal Pay Equity. The Compensation Committee considers the differentials between the compensation levels of our Named Executive Officers in light of their respective positions and responsibilities and seeks to maintain those differentials at equitable levels, considering peer group and survey data with respect to corresponding differentials at other companies.

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(4) Mr. Raver s identified personal objectives for fiscal year 2013 related to his role as Senior Vice President and President of Process Equipment Group. His objectives related to his role as President and CEO of the Company will be identified beginning with fiscal year 2014.

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Aggregate Compensation. The Compensation Committee considers the aggregate value of the Named Executive Officers core compensation components of base salary, STIC at target level, and LTIC at target level. The Compensation Committee compares the aggregate amount of these elements for our Named Executive Officers to the aggregate amount of the same elements of executive officer compensation at other companies using peer group and survey data.

Our Compensation Committee benchmarks the target compensation of our Named Executive Officers to the 50th percentile of the compensation paid by our peer group, although actual compensation paid in any given year may be above or below the benchmark, due to the performance-based nature of our executive compensation program and a variety of other factors that the Committee considers in setting compensation.

Additionally, the Compensation Committee reviews tally sheets reflecting all compensation paid to our Named Executive Officers, including retirement and other benefits, perquisites, and amounts potentially payable to them upon a change in control of the Company. The Compensation Committee also considers projections as to the potential future value of long-term equity awards made to the Named Executive Officers.

Shareholder Say on Pay Vote. At each Annual Meeting of the Company s shareholders since 2011, the Company has held a Say on Pay Vote, which is a non-binding advisory resolution stating that shareholders approve the compensation paid to the Company s Named Executive Officers. The Compensation Committee carefully considers the results of this vote each year. Prior to the 2013 Annual Meeting, Company shareholders had approved each previous Say on Pay Vote with an average of approximately 97 percent support. At the 2013 Annual Meeting, shareholders approved the Say on Pay Vote with just over 80 percent support. This lower rate of support, while still a clear majority, prompted the Compensation Committee to seek additional shareholder feedback with respect to the Company s compensation practices and other matters. This shareholder outreach effort and the resulting changes to Company practices are described in more detail in the next section.

Changes Made in Response to Feedback from Shareholder Outreach

In the weeks before the Company s 2013 Annual Meeting of its shareholders, one of the prominent proxy advisory firms issued a proxy report raising concerns with elements of our executive compensation program. Soon after the issuance of this report, our shareholders approved the Company s Say on Pay Vote with a lower rate of support than in previous years, prompting the Compensation Committee to solicit shareholder input specifically regarding the compensation paid to the Company s Named Executive Officers. In connection with this process, our Board of Directors and the Nominating/Corporate Governance Committee also took the opportunity to evaluate certain of our corporate governance practices that, although not directly related to compensation, constitute part of the Company s overall approach to the relationship with our shareholders.

As part of this evaluation, we engaged in substantial outreach efforts with our major shareholders and their proxy advisors to gather feedback, beginning even before the results of last year s Say on Pay Vote were final. We reached out to our top 60 shareholders cumulatively representing roughly 66 percent of our outstanding stock at the time and requested individual meetings to discuss our executive compensation practices and other matters. We ultimately held one-on-one conversations with approximately 50 of those shareholders. In addition, we engaged with certain proxy advisory firms in order to better understand their pay-for-performance guidelines, to discuss certain elements of our executive compensation program that had been deemed negative, and to better understand their positions on certain governance matters.

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These efforts were led by our senior management and, in some cases, a member of our Compensation Committee, with the purpose of exchanging insight and perspective into our executive compensation program, including a focus on CEO compensation, perquisites, pay-for-performance, compensation disclosure, and change in control payments, as well as other non-compensation corporate governance issues. The shareholder discussions were conducted by telephone and occurred primarily during our second fiscal quarter of 2013, as our Board and its committees were considering certain updates to our executive compensation program and corporate governance policies. Universally, shareholders expressed appreciation for our high level of shareholder outreach and were generally supportive of the changes to our executive compensation program that were discussed, many of which have now been implemented and are described further below.

In the months that followed the shareholder and proxy advisory firm discussions, the Compensation Committee also obtained feedback, advice, and recommendations on compensation best practices from its independent external compensation consultant, Ernst & Young LLP. The Committee and the full Board also reviewed the Company s performance, the practices of its peers, compensation surveys, and other materials regarding executive compensation and corporate governance.

As a result of the outreach, feedback, and review process, the Compensation Committee and Board have adopted certain executive compensation and corporate governance changes. The governance changes are described above in the The Board of Directors and Committees section under the heading Other Corporate Governance Matters. Set forth below are descriptions of the principal compensation-related changes that have been made. Recognizing historical compensation practices and arrangements already in place, the Compensation Committee decided to use the appointment of Joe A. Raver as President and CEO during fiscal year 2013 as the opportunity to take the first step in implementing certain of these changes.

• *Eliminated excise tax gross-ups for CEO*. With guidance from the Compensation Committee, the Company entered into a new change in control agreement with Mr. Raver in connection with his appointment as President and CEO during fiscal 2013. This new agreement eliminated the Company gross-up payment provided for in Mr. Raver s prior change in control agreement, relating to excise taxes imposed on certain parachute payments by Section 4999 of the Internal Revenue Code. Mr. Raver s new change in control agreement is intended to serve as the Company s model for future executive change in control agreements. See the discussion below under the heading Change in Control Agreements for additional information regarding this agreement.

• *Eliminated single-trigger vesting for CEO*. Mr. Raver s new change in control agreement, coupled with an amendment to certain existing incentive compensation award agreements, eliminated the provisions which provided for single-trigger accelerated vesting of certain incentive compensation awards. Therefore, all benefits payable to Mr. Raver upon a change in control of the Company both cash-based and stock-based are now payable only under a double-trigger provision, meaning that they are payable only if his employment is terminated under certain specified circumstances either in anticipation of, or within a set period of time after the occurrence of, the change in control transaction. See the discussion below under the heading Change in Control Agreements for additional information.

• *Implemented comprehensive anti-hedging policy*. The Board adopted a new Insider Trading and Disclosure Policy for all employees and directors, which now includes, among other provisions, an anti-hedging provision with respect to the Company s stock.

• *Increased stock ownership requirement for CEO.* The Board amended our Corporate Governance Standards to increase the Company stock ownership requirement applicable to our President and CEO, who is now required to own and hold shares of our common stock equal to five times his annual base salary. The previous ownership requirement was four times annual base salary.

The Board and the Compensation Committee believe these changes are responsive to feedback from shareholders and enhance the performance orientation of our executive compensation program. In addition, these changes, coupled with some of the transformative changes made to our LTIC program in recent years specifically, changes to the payout curve and the manner in which acquired businesses are factored into the formula reflect our ongoing commitment to aligning executive pay with long-term shareholder value.

Compensation of Our Named Executive Officers for Fiscal Year 2013

The discussion that follows concerning compensation decisions regarding our Named Executive Officers for 2013 should be read with the understanding that Mr. Raver was not yet in his role as President and CEO of the Company in December 2012 when the Committee approved the compensation paid to our Named Executive Officers for 2013, as Mr. Camp held this position at that time, prior to his retirement.

In considering fiscal year 2013 compensation, the Compensation Committee received from and reviewed in detail with the Committee s independent compensation consultant an Executive Compensation Analysis reporting, among other things, the median compensation paid by members of our peer group to their highest-paid executive officers, as well as the 25th percentile, median, and 75th percentile compensation levels of similar executive officers as determined from various published compensation surveys.

Mr. Camp provided to and discussed with the Compensation Committee his review and analysis of the performance of the other Named Executive Officers. Mr. Camp also recommended to the Committee proposed compensation packages for the other Named Executive Officers for fiscal year 2013, which, at the request of the Committee, he had developed after reviewing the Executive Compensation Analysis provided to the Committee. After discussing the recommendations, reviewing individual performance, and considering Company performance data and competitive benchmark information, the Committee approved the compensation for the Named Executive Officers.

The Compensation Committee, outside of Mr. Camp s presence, also discussed Mr. Camp s performance when setting his fiscal year 2013 compensation. This discussion included a review of Mr. Camp s objectives as approved by the Committee for the prior year and the level of achievement of each of those objectives. After assessing Mr. Camp s performance for the year, the Committee, considering the impact of all relevant factors and considering the advice and recommendations of the Committee s independent compensation consultant, determined Mr. Camp s compensation for 2013.

Mr. Raver began the fiscal year as Senior Vice President of Hillenbrand and President of Process Equipment Group. Then, in March 2013, the Board appointed him to succeed Mr. Camp as President and CEO of the Company, effective September 6, 2013. In connection with that decision, the Compensation Committee, with the assistance of its independent compensation consultant, agreed with Mr. Raver on a compensation package, including a base salary and short- and long-term incentive components. In composing this package, the Committee carefully analyzed CEO compensation within

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the Company s peer group, with a particular focus on CEO tenure. The Committee also considered published survey data and other relevant information in arriving at this compensation package.

The individual components of our Named Executive Officers 2013 compensation packages are described in detail below.

Base Salaries. The following adjustments were made to the Named Executive Officers calendar year base salaries(5) during the fiscal year ended September 30, 2013:

		2012		2013	% Increase
Joe A. Raver(6)	$	454,000	$	467,620	3.00
Kenneth A. Camp	$	742,000	$	764,260	3.00
Kimberly K. Ryan	$	412,000	$	424,360	3.00
Cynthia L. Lucchese	$	351,000	$	361,530	3.00
Scott P. George	$	400,000	$	412,000	3.00
John R. Zerkle	$	322,000	$	331,660	3.00

The Compensation Committee believes these adjustments are not only appropriate in light of available comparative data and the total mix of compensation for each of these officers, but also necessary in order to provide a base level of income and aid in the attraction and retention of talent in a competitive market.

Annual Cash Incentive Awards

Overview. The payment of annual cash short-term incentive compensation (STIC) to our Named Executive Officers for fiscal year 2013 was formula-based and was governed by our Short-Term Incentive Compensation Plan for Key Executives in place during fiscal 2013 (STIC Plan). See the discussion under the heading Proposal No. 4 below for more information regarding the proposed restatement of the STIC Plan effective beginning with fiscal year 2014. The proposed restatement of the STIC Plan, a copy of which is attached to this proxy statement as Appendix B, is in most respects similar to the STIC Plan that was in place during fiscal 2013, with the primary difference being the addition of certain performance measures that were not included in the STIC Plan previously in place.

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(5) Although the Company s fiscal year ends September 30, base salary decisions and adjustments are generally made on a calendar year basis. Consequently, the calendar year base salaries shown in this table differ from the fiscal year base salaries reflected elsewhere in this proxy statement, including later in this Part I and in the Summary Compensation Table in Part III below.

(6) This chart reflects the annual adjustment made to Mr. Raver s salary at the beginning of fiscal year 2013 in connection with his role as Senior Vice President of Hillenbrand and President of Process Equipment Group. Mr. Raver subsequently received a salary increase within the compensation package offered to him in connection with his appointment to President and CEO of the Company, effective September 6, 2013, which compensation package is detailed throughout this Executive Compensation section. Mr. Raver s annual base salary was increased to $600,000 effective upon his assumption of the role of Hillenbrand President and CEO.

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The STIC Plan is designed to motivate our Named Executive Officers to perform and meet both company and individual objectives. It is consistent with our philosophy that employees should share in the Company s success when value is created for our shareholders. The potential to be paid short-term cash incentive awards plays an important role in the attraction and retention of our Named Executive Officers.

STIC awards are calculated primarily using a formula (described in detail below) based on achievement of pre-established financial performance targets set by the Compensation Committee, with limited flexibility for the Committee to make adjustments on an officer-by-officer basis to reflect individual performance. The process by which an officer s STIC award is determined is as follows:

- At the beginning of each fiscal year, the Compensation Committee approves a formula for calculating each officer s STIC award and sets financial performance targets for the Company or its applicable business unit that underlie this formula.

- Following the end of the fiscal year, the Committee certifies the level of achievement of these performance targets, which achievement levels are then entered into the STIC formula for each officer. More detail regarding achievement of performance targets is provided below under the headings STIC Award Formula and Company Performance Factors.

- After achievement levels are entered into the formula, the Committee then applies a Maximum Award Factor to determine the maximum, or capped, award that each officer is entitled to receive. More detail regarding the determination of a maximum amount is provided below under the heading STIC Award Formula.

- Finally, the Committee evaluates the individual performance of the officer for the prior fiscal year and approves his or her actual award amount. In approving the final award, the Committee has the authority to reduce, on an individual not an aggregate basis, that officer s STIC award below the maximum, or capped, amount, if and to the extent deemed appropriate based on his or her individual performance. The Committee determines whether or not such an adjustment is appropriate for our Named Executive Officers after considering individual performance reviews relating to the achievement of established goals, which are described above under the heading Factors Considered in Setting Compensation.

STIC Award Formula. Our formula for calculating the maximum STIC awards potentially payable to our Named Executive Officers each year is as follows:

Base Salary	x	Individual Factor	x	Company Performance Factor	x	Maximum Award Factor	=	Maximum (or Capped) Potential STIC Award

The formula components are described and quantified as follows:

- *Base Salary*: the amount of salary paid to the Named Executive Officer during the applicable fiscal year.

• *Individual Factor*: a pre-established percentage of base salary that varies among the Named Executive Officers. Mr. Raver s Individual Factor as President and CEO of the Company is 90 percent, and his Individual Factor relating to the portion of the year during which he

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served as Senior Vice President and President of Process Equipment Group was 75 percent.(7) Mr. Camp s Individual Factor was 90 percent. Ms. Ryan s Individual Factor was 75 percent. The Individual Factor for each of Ms. Lucchese, Mr. George, and Mr. Zerkle was 50 percent. The Compensation Committee may adjust those percentages from year to year if deemed appropriate.

- *Company Performance Factor*: a percentage reflecting the Company s or, as applicable, its business unit s actual achievement level with respect to the pre-established financial performance targets set by the Compensation Committee for each fiscal year. These financial performance targets are designated amounts of Net Revenue, Core IBT, and Core Cash Flow, which are further described below:

- Net Revenue: this is a calculation of revenue, ignoring the effects of the following items:

- acquisitions made during the fiscal year (corresponding adjustments will be made to the plan targets);

- divestitures made during the fiscal year (corresponding adjustments will be made to the plan targets);

- changes in accounting pronouncements in accounting principles generally accepted in the United States (GAAP) or applicable international standards that cause an inconsistency in computation as originally designed; and

- the foreign exchange translation of income statements at exchange rates that differ from those assumed in the STIC Plan.

- Core IBT: this is income before taxes, adjusted to eliminate the following selected extraordinary and non-recurring items (adjustment items are determined in advance by the Compensation Committee during the first quarter of each fiscal year):

- all professional fees, due diligence fees, expenses, and integration costs related to a specific acquisition;

- all professional fees, due diligence fees, expenses, and integration costs related to a specific divestiture;

- income, losses, or impairments from specific financial instruments transferred to the Company as part of our spin-off in 2008 (*i.e.*, auction rate securities, equity limited partnerships, common stock, and promissory notes);

- stock compensation expense;
- external extraordinary legal costs (*e.g.*, antitrust litigation);
- restructuring charges and other items related to a restructuring plan approved by the Company s CEO;

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(7) As a result of Mr. Raver s promotion to the role of Hillenbrand President and CEO during the fiscal year, his Individual Factor and other elements of his 2013 STIC award were prorated to account for the time he spent in each of his roles during the year. The remainder of this section provides further detail regarding the calculation of Mr. Raver s 2013 STIC award.

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- changes in accounting pronouncements in GAAP or applicable international standards that cause an inconsistency in computation as originally designed; and

- realized and unrealized transaction gains and losses caused by foreign exchange, gains and losses caused by foreign exchange translation of balance sheet accounts, and any effects of the foreign exchange translation of income statements at exchange rates that differ from those assumed in the STIC Plan.

- Core Cash Flow: this is a calculation of cash flow that excludes the effects of transactions not related to ongoing operations; the calculation uses a standard 36 percent tax rate, and adjustments (which are determined in advance by the Compensation Committee during the first quarter of each fiscal year) are made to exclude the effects of the following items:

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