EDGAR Online

HILLENBRAND, INC.

FORM 10-Q
(Quarterly Report)

Filed 02/04/14 for the Period Ending 12/31/13

Address	ONE BATESVILLE BOULEVARD BATESVILLE, IN 47006
Telephone	(812)931-2304
CIK	0001417398
Symbol	HI
SIC Code	3990 - Miscellaneous Manufacturing Industries
Industry	Furniture & Fixtures
Sector	Consumer Cyclical
Fiscal Year	09/30

Powered By EDGAR Online
http://www.edgar-online.com
© Copyright 2014, EDGAR Online, Inc. All Rights Reserved.
Distribution and use of this document restricted under EDGAR Online, Inc. Terms of Use.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the quarterly period ended December 31, 2013

Commission File No. 001-33794

HILLENBRAND, INC.

(Exact name of registrant as specified in its charter)

Indiana	**26-1342272**
(State of incorporation)	(I.R.S. Employer Identification No.)
One Batesville Boulevard **Batesville, IN**	**47006**
(Address of principal executive offices)	(Zip Code)

(812) 934-7500
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☒ No ☐

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

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell Company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

The registrant had 63,049,281 shares of common stock, no par value per share, outstanding as of January 28, 2014.

HILLENBRAND, INC.
INDEX TO FORM 10-Q

		Page
	PART I — FINANCIAL INFORMATION	
Item 1.	Financial Statements (Unaudited)	
	Consolidated Statements of Income for the Three Months Ended December 31, 2013 and 2012	3
	Consolidated Statements of Comprehensive Income for the Three Months Ended December 31, 2013 and 2012	4
	Consolidated Balance Sheets at December 31, 2013, and September 30, 2013	5
	Consolidated Statements of Cash Flow for the Three Months Ended December 31, 2013 and 2012	6
	Condensed Notes to Consolidated Financial Statements	7
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	23
Item 3.	Quantitative and Qualitative Disclosures About Market Risks	31
Item 4.	Controls and Procedures	31
	PART II — OTHER INFORMATION	
Item 1.	Legal Proceedings	31
Item 1A.	Risk Factors	31
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	36
Item 6.	Exhibits	37
SIGNATURES		

PART I — FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

Hillenbrand, Inc.
Consolidated Statements of Income (Unaudited)
(*in millions, except per share data*)

	Three Months Ended December 31,	
	2013	2012
Net revenue	$ 384.9	$ 305.2
Cost of goods sold	253.9	194.7
Gross profit	131.0	110.5
Operating expenses	94.0	86.4
Operating profit	37.0	24.1
Interest expense	6.3	4.5
Other income (expense), net	(0.1)	0.9
Income before income taxes	30.6	20.5
Income tax expense	9.0	5.9
Consolidated net income	21.6	14.6
Less: Net income attributable to noncontrolling interests	1.3	0.3
Net income(1)	$ 20.3	$ 14.3
Net income(1) — per share of common stock:		
Basic earnings per share	$ 0.32	$ 0.23
Diluted earnings per share	$ 0.32	$ 0.23
Weighted-average shares outstanding — basic	63.1	62.4
Weighted-average shares outstanding — diluted	63.7	62.6
Cash dividends per share	$ 0.1975	$ 0.1950

(1) Net income attributable to Hillenbrand

See Condensed Notes to Consolidated Financial Statements

Hillenbrand, Inc.
Consolidated Statements of Comprehensive Income (Unaudited)
(*in millions*)

	Three Months Ended December 31,	
	2013	2012
Consolidated net income	$ 21.6	$ 14.6
Other comprehensive income (loss), net of tax		
Currency translation	8.7	10.2
Pension and postretirement (net of tax of $1.0 and $0.7)	2.2	1.1
Change in net unrealized gain (loss) on derivative instruments (net of tax of $0.2 and $0.0)	0.5	0.2
Change in net unrealized gain (loss) on available-for-sale securities (net of tax of $0.0 and $0.1)	—	(0.2)
Total other comprehensive income, net of tax	11.4	11.3
Consolidated comprehensive income	33.0	25.9
Less: Comprehensive income attributable to noncontrolling interests	1.2	0.3
Comprehensive income (2)	$ 31.8	$ 25.6

(2) Comprehensive income attributable to Hillenbrand

See Condensed Notes to Consolidated Financial Statements

Hillenbrand, Inc.
Consolidated Balance Sheets (Unaudited)
(*in millions*)

	December 31, 2013	September 30, 2013
ASSETS		
Current Assets		
Cash and cash equivalents	$ 62.3	$ 42.7
Trade receivables, net	189.6	213.4
Unbilled receivables from long-term manufacturing contracts	131.0	142.1
Inventories	178.6	177.5
Deferred income taxes	23.4	22.3
Prepaid expenses	28.9	20.4
Other current assets	16.7	21.0
Total current assets	630.5	639.4
Property, plant, and equipment, net	171.9	171.9
Intangible assets, net	556.1	558.6
Goodwill	599.4	585.8
Other assets	46.0	47.5
Total Assets	$ 2,003.9	$ 2,003.2
LIABILITIES		
Current Liabilities		
Trade accounts payable	$ 169.6	$ 183.2
Liabilities from long-term manufacturing contracts and advances	97.1	80.9
Current portion of long-term debt	11.2	10.0
Accrued compensation	43.3	59.6
Deferred income taxes	11.0	12.1
Other current liabilities	117.6	119.7
Total current liabilities	449.8	465.5
Long-term debt	640.5	654.3
Accrued pension and postretirement healthcare	193.0	190.3
Deferred income taxes	74.0	75.4
Other long-term liabilities	39.8	41.4
Total Liabilities	1,397.1	1,426.9
Commitments and contingencies		
SHAREHOLDERS' EQUITY		
Common stock, no par value (63.1 and 63.1 shares issued, 63.0 and 62.9 shares outstanding)	—	—
Additional paid-in capital	328.1	321.7
Retained earnings	259.8	252.2
Treasury stock (0.1 and 0.2 shares)	(1.6)	(4.2)
Accumulated other comprehensive gain (loss)	10.0	(1.4)
Hillenbrand Shareholders' Equity	596.3	568.3
Noncontrolling interests	10.5	8.0
Total Shareholders' Equity	606.8	576.3
Total Liabilities and Equity	$ 2,003.9	$ 2,003.2

See Condensed Notes to Consolidated Financial Statements

Hillenbrand, Inc.
Consolidated Statements of Cash Flow (Unaudited)
(*in millions*)

	Three Months Ended December 31,	
	2013	2012
Operating Activities		
Consolidated net income	$ 21.6	$ 14.6
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	14.3	15.0
Deferred income taxes	(5.4)	4.7
Share-based compensation	1.7	4.5
Trade accounts receivable and receivables on long-term manufacturing contracts	38.3	4.3
Inventories	0.4	8.4
Other current assets	(2.1)	(8.3)
Trade accounts payable	(16.6)	0.2
Accrued expenses and other current liabilities	(5.6)	(25.3)
Income taxes payable	(2.6)	(1.2)
Defined benefit plan funding	(4.2)	(1.2)
Defined benefit plan expense	3.6	3.8
Other, net	2.5	0.2
Net cash provided by operating activities	45.9	19.7
Investing Activities		
Capital expenditures	(5.6)	(5.6)
Proceeds from sales of property, plant, and equipment	—	1.2
Proceeds from sales of investments	—	1.4
Acquisition of business, net of cash acquired	—	(415.6)
Other, net	(0.6)	—
Net cash used in investing activities	(6.2)	(418.6)
Financing Activities		
Proceeds from term loan	—	200.0
Repayments on term loan	(2.5)	(2.5)
Proceeds from revolving credit facilities, net of financing costs	94.2	535.3
Repayments on revolving credit facilities	(105.9)	(238.0)
Payment of dividends on common stock	(12.4)	(12.1)
Net proceeds (payments) on stock plans	7.6	(2.7)
Other, net	(0.3)	—
Net cash (used in) provided by financing activities	(19.3)	480.0
Effect of exchange rates on cash and cash equivalents	(0.8)	0.8
Net cash flows		
	19.6	81.9
Cash and cash equivalents:		
At beginning of period	42.7	20.2
At end of period	$ 62.3	$ 102.1

See Condensed Notes to Consolidated Financial Statements

Hillenbrand, Inc.
Condensed Notes to Consolidated Financial Statements (Unaudited)
(in millions, except share and per share data)

1. Background and Basis of Presentation

Hillenbrand, Inc. ("Hillenbrand") is a global diversified industrial company that makes and sells premium business-to-business products and services for a wide variety of industries. We pursue profitable growth and meaningful dividends for our shareholders by leveraging our leading brands, robust cash generation capabilities, and strong core competencies. Hillenbrand has two segments: the Process Equipment Group and Batesville ®. The Process Equipment Group has multiple market-leading brands of process and material handling equipment and systems serving a wide variety of industries across the globe. Batesville is a recognized leader in the North American death care industry. Hillenbrand was incorporated on November 1, 2007, in the state of Indiana and began trading on the New York Stock Exchange under the symbol "HI" on April 1, 2008. "Hillenbrand," "the Company," "we," "us," "our," and similar words refer to Hillenbrand and its subsidiaries.

The accompanying unaudited consolidated financial statements include the accounts of Hillenbrand and its subsidiaries, including Coperion Capital GmbH ("Coperion"), which was acquired on December 1, 2012. The acquisition of Coperion included a few small subsidiaries where Coperion's ownership percentage was less than 100% . These unaudited financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") for interim financial statements and therefore do not include all information required in accordance with accounting principles generally accepted in the United States ("GAAP "). The unaudited consolidated financial statements have been prepared on the same basis as , and should be read in conjunction with, the audited consolidated financial statements and notes thereto included in our latest Annual Report on Form 10-K for the fiscal year ended September 30, 2013, as filed with the SEC. Certain prior period balances have been reclassified to conform to the current presentation. In the opinion of management, these financial statements reflect all adjustments necessary to present a fair statement of the Company's consolidated financial position and the consolidated results of operations and cash flow as of the dates and for the periods presented.

The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the period. Actual results could differ from those estimates. Examples of such estimates include, but are not limited to, revenue recognition under the percentage-of-completion method, the establishment of reserves related to customer rebates, doubtful accounts, warranties, early-pay discounts, inventories, income taxes, litigation, self-insurance, and progress toward achievement of performance criteria under the incentive compensation programs.

Correction of Errors

During the first quarter of fiscal 2014, we recorded an adjustment to operating expenses to correct errors related to the accounting for sales commissions at Coperion in fiscal 2013. The adjustment reduced operating expenses in the first quarter of fiscal 2014 by $2.0, which should have been recorded in fiscal 2013. In connection with this same issue, we identified a classification error of $8.5 between operating expenses and cost of goods sold in fiscal 2013. We have revised our consolidated statement of income for the three months ended December 31, 2012, to increase cost of goods sold and decrease operating expenses by $0.1. We will revise the March 31, 2013; June 30, 2013; and September 30, 2013; consolidated statements of income to reflect the revisions the next time such financial information is included in future filings for comparable purposes. These revisions will decrease operating expenses and increase cost of goods sold by $2.6 in the second quarter of 2013, $2.3 in the third quarter of 2013, and $8.5 for fiscal year 2013. We believe the impact of these income statement classification errors and the $2.0 adjustment to correct prior period errors was immaterial to our consolidated financial statements for the current and prior periods.

2. Summary of Significant Accounting Policies

The significant accounting policies used in preparing these financial statements are consistent with the accounting policies described in our Annual Report on Form 10-K for the fiscal year ended September 30, 2013.

Recently Adopted and Issued Accounting Standards

In February 2013, the FASB issued an accounting standards update titled *Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income* . This standard is intended to improve the reporting of reclassifications out of accumulated other comprehensive income of various components. An entity is required to present significant amounts reclassified from each component of accumulated other comprehensive income and the income statement affected by the reclassification. The new disclosure requirements became effective and were adopted for our fiscal year beginning October 1, 2013. The adoption of this disclosure-only guidance did not have an impact on our financial statements.

In July 2013, the FASB issued an accounting standard update titled *Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists* . The new standard requires the netting of unrecognized tax benefits ("UTBs") against a deferred tax asset for a loss or other carryforward that would apply in settlement of the uncertain tax positions. Under the new standard, UTBs will be netted against all available same—jurisdiction loss or other tax carryforwards that would be utilized, rather than only against carryforwards that are created by the UTBs. The standard will be effective for our fiscal year beginning October 1, 2014. We do not expect the adoption of this standard to have a significant impact on our financial statements.

3. Business Acquisitions

We completed the acquisition of Coperion on December 1, 2012, in a transaction valued at $545.0. The aggregate purchase consideration consisted of $269.1 of cash, net of cash acquired, and the assumption of $146.0 of debt and $129.9 of pension liabilities. We utilized $426.3 of borrowings under our revolving credit facility and cash on hand to finance the acquisition, including the repayment of $146.0 of debt outstanding under Coperion's prior financing arrangements.

This acquisition was the largest in the Company's history and represented an important step in the execution of our strategic plans to further diversify Hillenbrand and accelerate the growth of the Process Equipment Group. The integration of Coperion with the Process Equipment Group will continue to be a key initiative for the near term. Combining our product offerings to provide a more complete system solution is our highest priority from an integration perspective. In addition, we believe leveraging Coperion's global infrastructure will enable the existing businesses within the Process Equipment Group to enter new global markets more quickly. We also expect the Process Equipment Group's existing strong U.S. sales network will enhance Coperion's expansion in North America. Finally, the application of the Company's Lean tools and other core competencies to Coperion's operations is expected to contribute to improved margins and increased customer satisfaction.

The following table summarizes fair values of the assets acquired and liabilities assumed for the Coperion acquisition:

	December 1, 2012
Cash and cash equivalents	$ 32.8
Inventory	112.4
Current assets, excluding cash and cash equivalents and inventory	175.2
Property, plant, and equipment	54.4
Identifiable intangible assets	291.8
Goodwill	275.1
Other assets	2.1
Total assets acquired	943.8
Current liabilities	282.5
Accrued pension obligations	129.9
Deferred income taxes	68.6
Other long-term liabilities	6.7
Total liabilities assumed	487.7
Noncontrolling interests	8.2
Aggregate purchase price	$ 447.9

Final purchase accounting adjustments were made during the first quarter of fiscal 2014 that increased goodwill ($7.3) and the accrued pension obligations ($4.3) based on finalization of the actuarial analysis for Coperion's defined benefit plans. In addition, adjustments were made to current liabilities ($1.3) and the noncontrolling interests ($1.7) based on final valuation adjustments. The remaining change in consolidated goodwill during the first quarter of fiscal 2014 was related to change in foreign currency.

Set forth below is unaudited pro forma information for the first quarter of fiscal 2013. It excludes acquisition costs ($8.2) and backlog amortization and inventory step-up costs ($6.8). The unaudited pro forma information is presented for informational purposes only and does not necessarily reflect the results of operations that would actually have been achieved.

	Three Months Ended December 31, 2012
Pro forma net revenue	$ 420.4
Pro forma net income(1)	28.3
Pro forma basic and diluted earnings per share	$ 0.46

(1)Pro forma net income attributable to Hillenbrand

We incurred $8.2 of net business acquisition costs associated with acquisitions during the first quarter of fiscal 2013. These costs consisted of $9.0 of operating expenses, partially offset by $0.8 of other income (see Note 12).

4. Supplemental Balance Sheet Information

	December 31, 2013		September 30, 2013	
Trade accounts receivable reserves	$	18.7	$	19.3
Accumulated depreciation on property, plant, and equipment	$	272.0	$	268.0
Accumulated amortization on intangible assets	$	110.4	$	99.6
Inventories:				
Raw materials and components	$	54.8	$	58.3
Work in process		78.6		74.8
Finished goods		45.2		44.4
Total inventories	$	178.6	$	177.5

5. Financing Agreements

	December 31, 2013		September 30, 2013	
$700 revolving credit facility (excludes outstanding letters of credit)	$	315.4	$	325.5
$200 term loan		187.5		190.0
$150 senior unsecured notes, due July 15, 2020, net of discount		148.8		148.8
Total debt		651.7		664.3
Less: current portion		11.2		10.0
Total long-term debt	$	640.5	$	654.3

With respect to the $700 revolving credit facility (the “Facility”), as of December 31, 2013, we had $23.0 in outstanding letters of credit issued and $361.6 of remaining borrowing capacity available. The weighted-average interest rate on borrowings under the Facility was 1.35% in the first quarter of fiscal 2014 and 2013.

The weighted average interest rates on the term loan were 1.68% and 1.81% for the first quarter of fiscal 2014 and 2013.

In the normal course of business, the Process Equipment Group provides certain customers with bank guarantees and other credit arrangements in support of performance, warranty, advance payment, and other contract obligations. This form of trade finance is customary in the industry and, as a result, we are required to maintain adequate capacity to provide the guarantees. As of December 31, 2013, we had credit arrangements totaling $301.0 under which $210.9 was utilized for this purpose. These arrangements include a €150.0Syndicated Letter of Guarantee Facility (“LG Facility”) under which unsecured letters of credit, bank guarantees, or other surety bonds may be issued. There were no borrowings under these credit arrangements.

The availability of borrowings under the Facility and the LG Facility is subject to our ability to meet certain conditions including compliance with covenants, absence of default, and continued accuracy of certain representations and warranties. As of December 31, 2013, we were in compliance with all covenants.

We had restricted cash of $0.5 and $1.6 at December 31, 2013 and 2012.

6. Retirement Benefits

Defined Benefit Plans

	U.S. Pension Benefits Three Months Ended December 31,		Non-U.S. Pension Benefits Three Months Ended December 31,	
	2013	2012	2013	2012
Service costs	$ 1.0	$ 1.2	$ 0.4	$ 0.4
Interest costs	3.7	2.9	1.1	0.6
Expected return on plan assets	(3.5)	(3.0)	(0.3)	(0.4)
Amortization of unrecognized prior service costs, net	0.2	0.2	—	—
Amortization of net loss	0.9	1.8	—	—
Net pension costs	$ 2.3	$ 3.1	$ 1.2	$ 0.6

Postretirement Healthcare Plans — Net postretirement healthcare costs were $0.1 and $0.1 for the first quarter of fiscal 2014 and 2013.

Defined Contribution Plans — E xpenses related to our defined contribution plans were $2.1 and $2.0 for the first quarter of fiscal 2014 and 2013.

7. Income Taxes

The effective tax rates for the first quarter of fiscal 2014 and 2013 were 29.4% and 28.8%. The year-over-year change in the effective tax rate was largely due to a prior year discrete tax benefit related to changes in California tax law, offset by higher business acquisition and integration costs related to Coperion in fiscal 2013.

8. Earnings Per Share

The dilutive effects of performance-based stock awards were included in the computation of diluted earnings per share at the level the related performance criteria were met through the respective balance sheet date. At December 31, 2013 and 2012, potential dilutive effects, representing approximately 1,800,000 and 2,000,000 shares were excluded from the computation of diluted earnings per share as the related performance criteria were not yet met, although we expect to meet various levels of criteria in the future.

	Three Months Ended December 31,	
	2013	2012
Net income (1)	$ 20.3	$ 14.3
Weighted-average shares outstanding — basic (in millions)	63.1	62.4
Effect of dilutive stock options and other unvested equity awards (in millions)	0.6	0.2
Weighted-average shares outstanding — diluted (in millions)	63.7	62.6
Earnings per share — basic	$ 0.32	$ 0.23
Earnings per share — diluted	$ 0.32	$ 0.23
Shares with anti-dilutive effect excluded from the computation of diluted earnings per share (in millions)	0.6	2.4

(1) Net income attributable to Hillenbrand

9. Shareholders' Equity

During the first quarter of fiscal 2014, we paid $12.4 of cash dividends and acquired the remaining shares of one of the less than wholly-owned subsidiaries for $1.4.

Table of Contents

10. Other Comprehensive Income (Loss)

Changes in Accumulated Other Comprehensive Income

	Pension and Postretirement	Currency Translation	Net Unrealized Gain (Loss) on Derivative Instruments	Net Unrealized Gain (Loss) on Available-for-Sale Securities	Total attributable to Hillenbrand, Inc.	Noncontrolling Interests	Total
Balance at September 30, 2012	$ (58.5)	$ 16.2	$ (0.3)	$ 0.2	$ (42.4)		
Other comprehensive income before reclassifications							
Before tax amount	—	10.2	0.2	(0.3)	10.1	$ —	$ 10.1
Tax benefit	—	—	—	0.1	0.1	—	0.1
After tax amount	—	10.2	0.2	(0.2)	10.2	—	10.2
Amounts reclassified from accumulated other comprehensive income(1)	1.1	—	—	—	1.1	—	1.1
Net current period other comprehensive income (loss)	1.1	10.2	0.2	(0.2)	11.3	$ —	$ 11.3
Balance at December 31, 2012	$ (57.4)	$ 26.4	$ (0.1)	$ —	$ (31.1)		
Balance at September 30, 2013	$ (33.0)	$ 31.4	$ 0.2	$ —	$ (1.4)		
Other comprehensive income before reclassifications							
Before tax amount	2.1	8.7	0.6	—	11.4	$ (0.1)	$ 11.3
Tax expense	(0.6)	—	(0.2)	—	(0.8)	—	(0.8)
After tax amount	1.5	8.7	0.4	—	10.6	—	10.5
Amounts reclassified from accumulated other comprehensive income(1)	0.7	—	0.1	—	0.8	—	0.8
Net current period other comprehensive income (loss)	2.2	8.7	0.5	—	11.4	$ (0.1)	$ 11.3
Balance at December 31, 2013	$ (30.8)	$ 40.1	$ 0.7	$ —	$ 10.0		

(1) Amounts are net of tax.

Table of Contents

Reclassifications out of Accumulated Other Comprehensive Income

	Three Months Ended December 31, 2013			
	Amortization of Pension and Postretirement (1)			
	Net Loss Recognized	Prior Service Costs Recognized	Realized (Gain)/Loss on Derivative Instruments	Total
Affected Line in the Consolidated Statement of Operations:				
Net revenue	$ —	$ —	$ 0.1	$ 0.1
Cost of goods sold	0.6	0.1	(0.1)	0.6
Operating expenses	0.3	0.1	—	0.4
Other income (expense), net	—	—	0.1	0.1
Total before tax	$ 0.9	$ 0.2	$ 0.1	1.2
Tax expense				(0.4)
Total reclassifications for the period, net of tax				$ 0.8

(1) These accumulated other comprehensive income components are included in the computation of net periodic pension cost (see Note 6).

11. Share-Based Compensation

	Three Months Ended December 31,	
	2013	2012
Share-based compensation cost	$ 1.7	$ 4.5
Less impact of income tax	0.6	1.6
Share-based compensation cost, net of tax	$ 1.1	$ 2.9

During the first quarter of fiscal 2014, we made the following grants:

	Number of Units
Stock options	449,706
Time-based stock awards	22,891
Performance-based stock awards (maximum that can be earned)	575,782

Stock options granted had a weighted-average exercise price of $28.16 and a weighted-average grant date fair value of $6.95. Our time-based stock awards and performance-based stock awards had a weighted-average grant date fair value of $28.39 and $28.49. Included in the performance-based stock awards granted in the first quarter of fiscal 2014 are 185,278 units whose payout level is based upon the Company's total shareholder return as it relates to the performance of companies in its compensation peer group over a three-year measurement period. These units will be expensed on a straight-line basis over the measurement period.

12. Other Income (Expense), Net

	Three Months Ended December 31,	
	2013	2012
Equity in net income (loss) of affiliates	$ (0.2)	$ (0.2)
Foreign currency exchange gain (loss)	(0.3)	0.8
Business acquisition and integration costs, net	—	0.8
Other, net	0.4	(0.5)
Other income and expense, net	$ (0.1)	$ 0.9

The acquisition of Coperion was transacted in euros. Business acquisition and integration costs, net within other income and expense represent the foreign exchange gain recognized on euro-denominated cash required to fund the acquisition, offset by the costs of derivative contracts that hedged currency exposure on the funds required to close the transaction.

13. Commitments and Contingencies

Litigation

General — Like most companies, we are involved on an ongoing basis in claims, lawsuits, and government proceedings relating to our operations, including environmental, patent infringement, business practices, commercial transactions, product and general liability, workers' compensation, auto liability, employment, and other matters. The ultimate outcome of these matters cannot be predicted with certainty. An estimated loss from these contingencies is recognized when we believe it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated; however, it is difficult to measure the actual loss that might be incurred related to litigation. If a loss is not considered probable and/or cannot be reasonably estimated, we are required to make a disclosure if there is at least a reasonable possibility that a significant loss may have been incurred. Legal fees associated with claims and lawsuits are generally expensed as incurred.

Claims other than employment and related matters have deductibles and self-insured retentions ranging from $0.5 to $1.0 per occurrence or per claim, depending upon the type of coverage and policy period. Outside insurance companies and third-party claims administrators assist in establishing individual claim reserves, and an independent outside actuary provides estimates of ultimate projected losses, including incurred but not reported claims, which are used to establish reserves for losses. Claim reserves for employment-related matters are established based upon advice from internal and external counsel and historical settlement information for claims and related fees when such amounts are considered probable of payment.

The recorded amounts represent our best estimate of the costs we will incur in relation to such exposures, but it is possible that actual costs will differ from those estimates.

Matthews Litigation — In August 2010, the York Group, Inc., Milso Industries Corporation, and Matthews International Corporation (collectively "Matthews") filed a lawsuit against Scott Pontone and Batesville Casket Company, Inc. in the U.S. District Court, Western District of Pennsylvania, which was subsequently amended by Matthews in February 2011 to include two additional defendants, Harry Pontone and Pontone Casket Company, LLC (the "Matthews Litigation"). The Matthews Litigation arises, in part, as a result of a Marketing Consulting Agreement entered into between Batesville and Pontone Casket Company effective June 24, 2010, and Batesville's hiring of two former employees of certain Matthews entities in June 2010. Scott Pontone provides consulting services to Batesville pursuant to the Marketing Consulting Agreement entered into between Batesville and Pontone Casket Company. Matthews alleges that Scott Pontone and Harry Pontone breached contractual and business obligations with Matthews and that Batesville induced certain of those breaches as part of its sales initiatives in the New York metropolitan area.

Matthews claims that it has lost revenue and will lose future revenue in the New York metropolitan area, although the amount of those alleged damages is unspecified. Matthews seeks to: (i) recover compensatory damages, punitive damages, attorneys' fees and costs; and (ii) enjoin certain activities by Harry Pontone, Scott Pontone, Pontone Casket Company, and Batesville and its employees in the New York metropolitan area. Although Matthews originally moved for a preliminary injunction, that request was withdrawn. Discovery has closed. Batesville has moved for summary judgment on Matthews' claims. No trial date has been set.

The Company believes Batesville acted lawfully and intends to defend this matter vigorously. The Company does not believe, based on currently available information, that the outcome of this lawsuit will have a material adverse effect on the Company's financial condition or liquidity. If Matthews prevails at trial, however, the outcome could be materially adverse to the Company's operating results or cash flows for the particular period, depending, in part, upon the operating results or cash flows for such period.

Horstmann Litigation — On March 18, 2013, a joint and several judgment was entered by the Higher Regional Court (OLG) Hamm, Germany, in favor of plaintiff, Jürgen Horstmann, and against defendants, Atlas-Vermögensverwaltungs GmbH, ThyssenKrupp Technologies Beteiligungen ("ThyssenKrupp"), and Hillenbrand subsidiary, Coperion, in the amount of €10.3, plus interest, for a total estimated judgment of €18.5 to €19.6 (the "Horstmann Litigation"). In theHorstmann Litigation, the plaintiff alleged numerous claims relating to its purchase from ThyssenKrupp of a former ThyssenKrupp business in 1996. This judgment reversed a ruling on September 1, 2010, by the Court of First Instance that previously dismissed these claims.

Pursuant to a Framework Agreement entered into in 2000 between ThyssenKrupp and Admini Zweiundsiebzig ("Admini") (predecessor to Coperion), ThyssenKrupp agreed to indemnify Coperion for all liability associated with the Horstmann Litigation. Additionally, pursuant to the Share Purchase Agreement by which the Company acquired Coperion, the sellers are required to indemnify Hillenbrand in the event ThyssenKrupp does not fulfill its indemnification obligations, subject to the terms and conditions of such Share Purchase Agreement.

On August 22, 2013, the defendants in the Horstmann Litigation filed an appeal with the German Federal Court of Justice of the judgment that was entered on March 18, 2013. Even if the appeal is unsuccessful and the judgment stands, Hillenbrand believes it will be fully indemnified with respect to the Horstmann Litigation and does not believe that the outcome of this lawsuit will have a material adverse effect on the Company's financial condition or liquidity. Hillenbrand's balance sheet at December 31, 2013 and September 30, 2013, included a long-term liability of $8.9 and $8.7 and a corresponding indemnification receivable, recorded in other assets, for $8.9 and $8.7.

14. Fair Value Measurements

Fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. The authoritative guidance establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are from sources independent of the Company. Unobservable inputs reflect the Company's assumptions about the factors market participants would use in valuing the asset or liability developed based upon the best information available in the circumstances. The categorization of financial assets and liabilities within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The hierarchy is broken down into three levels:

Level 1: Inputs are quoted prices in active markets for identical assets or liabilities.
Level 2: Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs (other than quoted prices) that are observable for the asset or liability, either directly or indirectly.
Level 3: Inputs are unobservable for the asset or liability.

	Carrying Value at December 31, 2013	Fair Value at December 31, 2013 Using Inputs Considered as:		
		Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents	$ 62.3	$ 62.3	$ —	$ —
Equity investments	1.0	—	—	6.2
Investments in rabbi trust	6.0	6.0	—	—
Derivative instruments	1.8	—	1.8	—
Liabilities:				
$150 senior unsecured notes	148.8	159.1	—	—
Revolving credit facility	315.4	—	315.4	—
Term loan	187.5	—	187.5	—
Derivative instruments	0.6	—	0.6	—

The equity investments include $1.0 of warrants to purchase the common stock of a privately held company that was acquired by a third-party on January 2, 2014. The warrants were exercised as described in Note 17, and had a fair value of $6.2 at December 31, 2013.

The fair values of the revolving credit facility and term loan approximated book value at December 31, 2013. The fair values of the revolving credit facility and term loan are estimated based on internally developed models, using current market interest rate data for similar issues as there is no active market for our revolving credit facility and term loan.

The fair values of the Company's derivative instruments are based upon pricing models using inputs derived from third-party pricing services or observable market data such as currency spot and forward rates. These values are periodically validated by comparing to third-party broker quotes. The aggregate notional value of these derivatives was $165.1 at December 31, 2013.

15. Segment and Geographical Information

	Three Months Ended December 31,	
	2013	2012
Net revenue		
Process Equipment Group	$ 242.2	$ 153.7
Batesville	142.7	151.5
Total	$ 384.9	$ 305.2
Adjusted EBITDA		
Process Equipment Group	$ 26.7	$ 20.9
Batesville	34.5	38.5
Corporate	(8.0)	(8.0)
Net revenue (1)		
United States	$ 202.4	$ 205.5
International	182.5	99.7
Total	$ 384.9	$ 305.2

(1) We attribute revenue to a geography based upon the location of the business unit that consummates the external sale.

	December 31, 2013	September 30, 2013
Total assets		
Process Equipment Group	$ 1,714.8	$ 1,708.6
Batesville	236.3	238.3
Corporate	52.8	56.3
Total	$ 2,003.9	$ 2,003.2
Tangible long-lived assets		
United States	$ 101.2	$ 101.9
International	70.7	70.0
Total	$ 171.9	$ 171.9

The following schedule reconciles segment adjusted EBITDA to consolidated net income.

	Three Months Ended December 31,	
	2013	2012
Adjusted EBITDA:		
Process Equipment Group	$ 26.7	$ 20.9
Batesville	34.5	38.5
Corporate	(8.0)	(8.0)
Less:		
Interest income	(0.2)	(0.1)
Interest expense	6.3	4.5
Income tax expense	9.0	5.9
Depreciation and amortization	14.3	15.0
Business acquisition and integration	1.9	8.2
Inventory step-up	—	2.6
Restructuring	0.3	0.6
Antitrust litigation	—	0.1
Consolidated net income	$ 21.6	$ 14.6

16. Condensed Consolidating Information

On January 9, 2013, the Company's subsidiary, Coperion Corporation, a Delaware corporation, was joined as a party to the Guaranty dated July 27, 2012 ("Guaranty"), by certain subsidiaries of the Company (including Coperion Corporation, the "Guarantors"), which was entered into in connection with the Company's revolving credit facility. In accordance with the terms of the revolving credit facility, Coperion Corporation was required to join the Guaranty as a material domestic subsidiary of the Company following the acquisition of Coperion Capital GmbH.

On January 10, 2013, the Company, the Guarantors, and U.S. Bank National Association ("Trustee") entered into a supplemental indenture pursuant to which the Guarantors agreed to guarantee the obligations of the Company under its 5.50% Notes due 2020 issued pursuant to an Indenture entered into on July 9, 2010, between the Company and the Trustee. As such, certain 100% owned subsidiaries of Hillenbrand fully and unconditionally, jointly and severally, agreed to guarantee all of the indebtedness relating to our obligations under our 5.50% Notes due 2020. The following are the condensed consolidating financial statements, including the guarantors, which present the statements of income, balance sheets, and cash flows of (i) the parent holding company, (ii) the guarantor subsidiaries, (iii) the non-guarantor subsidiaries, and (iv) eliminations necessary to present the information for Hillenbrand on a consolidated basis.

Condensed Consolidating Statements of Income

	Three months ended December 31, 2013					Three months ended December 31, 2012				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Net revenue	$ —	$ 200.3	$ 225.0	$ (40.4)	$ 384.9	$ —	$ 198.7	$ 148.2	$ (41.7)	$ 305.2
Cost of goods sold	—	102.5	166.6	(15.2)	253.9	—	98.5	110.9	(14.7)	194.7
Gross profit	—	97.8	58.4	(25.2)	131.0	—	100.2	37.3	(27.0)	110.5
Operating expenses	9.0	61.9	48.3	(25.2)	94.0	18.1	60.8	34.5	(27.0)	86.4
Operating profit	(9.0)	35.9	10.1	—	37.0	(18.1)	39.4	2.8	—	24.1
Interest expense	4.9	0.1	1.3	—	6.3	4.1	—	0.4	—	4.5
Other income (expense), net	(0.1)	(0.7)	0.7	—	(0.1)	1.5	(0.9)	0.3	—	0.9
Equity in net income (loss) of subsidiaries	28.6	1.9	—	(30.5)	—	25.1	1.5	—	(26.6)	—
Income (loss) before income taxes	14.6	37.0	9.5	(30.5)	30.6	4.4	40.0	2.7	(26.6)	20.5
Income tax expense (benefit)	(5.7)	13.2	1.5	—	9.0	(9.9)	14.4	1.4	—	5.9
Consolidated net income	20.3	23.8	8.0	(30.5)	21.6	14.3	25.6	1.3	(26.6)	14.6
Less: Net income attributable to noncontrolling interests	—	—	1.3	—	1.3	—	—	0.3	—	0.3
Net income (loss)(1)	$ 20.3	$ 23.8	$ 6.7	$ (30.5)	$ 20.3	$ 14.3	$ 25.6	$ 1.0	$ (26.6)	$ 14.3
Consolidated comprehensive income (loss)	$ 31.8	$ 24.5	$ 18.7	$ (42.0)	$ 33.0	$ 25.6	$ 25.6	$ 15.2	$ (40.5)	$ 25.9
Less: Comprehensive income attributable to noncontrolling interests	—	—	1.2	—	1.2	—	—	0.3	—	0.3
Comprehensive income (loss)(2)	$ 31.8	$ 24.5	$ 17.5	$ (42.0)	$ 31.8	$ 25.6	$ 25.6	$ 14.9	$ (40.5)	$ 25.6

(1) Net income attributable to Hillenbrand

(2) Comprehensive income attributable to Hillenbrand

Condensed Consolidating Balance Sheets

	As of December 31, 2013					As of September 30, 2013				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Cash and equivalents	$ 1.2	$ 9.0	$ 52.1	$ —	$ 62.3	$ 0.6	$ 8.7	$ 33.4	$ —	$ 42.7
Trade receivables, net	—	92.7	96.9	—	189.6	—	97.0	116.4	—	213.4
Unbilled receivables from long-term manufacturing contracts	—	9.6	121.4	—	131.0	—	15.2	126.9	—	142.1
Inventories	—	75.6	105.9	(2.9)	178.6	—	72.4	107.8	(2.7)	177.5
Deferred income taxes	9.1	11.4	2.9	—	23.4	9.1	8.3	4.9	—	22.3
Prepaid expense	1.5	4.6	22.8	—	28.9	1.0	4.4	15.0	—	20.4
Intercompany receivables	238.3	1,019.9	71.7	(1,329.9)	—	222.5	1,011.3	33.3	(1,267.1)	—
Other current assets	0.5	2.7	14.3	(0.8)	16.7	0.4	4.3	17.0	(0.7)	21.0
Total current assets	250.6	1,225.5	488.0	(1,333.6)	630.5	233.6	1,221.6	454.7	(1,270.5)	639.4
Property, plant and equipment, net	7.4	67.8	96.7	—	171.9	7.4	69.0	95.5	—	171.9
Intangible assets, net	2.6	191.6	361.9	—	556.1	2.7	194.3	361.6	—	558.6
Goodwill	—	209.1	390.3	—	599.4	—	209.3	376.5	—	585.8
Investment in consolidated subsidiaries	1,987.2	644.0	—	(2,631.2)	—	1,938.9	644.0	—	(2,582.9)	—
Other assets	13.1	19.4	13.5	—	46.0	13.9	19.0	15.5	(0.9)	47.5
Total Assets	$2,260.9	$ 2,357.4	$ 1,350.4	$ (3,964.8)	$ 2,003.9	$2,196.5	$ 2,357.2	$ 1,303.8	$ (3,854.3)	$ 2,003.2
Trade accounts payable	$ 0.3	$ 21.0	$ 148.3	$ —	$ 169.6	$ 0.6	$ 25.8	$ 156.8	$ —	$ 183.2
Liabilities from long-term manufacturing contracts and advances	—	13.8	83.3	—	97.1	—	12.3	68.6	—	80.9
Current portion of long-term debt	11.2	—	—	—	11.2	10.0	—	—	—	10.0
Accrued compensation	1.0	14.7	28.4	(0.8)	43.3	3.6	22.3	33.7	—	59.6
Deferred income taxes	—	—	11.0	—	11.0	—	—	12.1	—	12.1
Intercompany payables	1,091.0	233.1	8.7	(1,332.8)	—	1,048.1	221.7	—	(1,269.8)	—
Other current liabilities	5.0	62.6	50.0	—	117.6	3.6	69.3	47.5	(0.7)	119.7
Total current liabilities	1,108.5	345.2	329.7	(1,333.6)	449.8	1,065.9	351.4	318.7	(1,270.5)	465.5
Long-term debt	555.1	—	85.4	—	640.5	562.3	—	92.0	—	654.3
Accrued pension and postretirement healthcare	1.0	84.9	107.1	—	193.0	—	86.1	104.2	—	190.3
Deferred income taxes	—	21.8	52.2	—	74.0	—	46.2	30.1	(0.9)	75.4
Other long-term liabilities	—	23.6	16.2	—	39.8	—	24.4	17.0	—	41.4
Total Liabilities	1,664.6	475.5	590.6	(1,333.6)	1,397.1	1,628.2	508.1	562.0	(1,271.4)	1,426.9
Total Hillenbrand Shareholders' Equity	596.3	1,881.9	749.3	(2,631.2)	596.3	568.3	1,849.1	733.8	(2,582.9)	568.3
Noncontrolling interests	—	—	10.5	—	10.5	—	—	8.0	—	8.0
Total Equity	596.3	1,881.9	759.8	(2,631.2)	606.8	568.3	1,849.1	741.8	(2,582.9)	576.3
Total Liabilities and Equity	$2,260.9	$ 2,357.4	$ 1,350.4	$ (3,964.8)	$ 2,003.9	$2,196.5	$ 2,357.2	$ 1,303.8	$ (3,854.3)	$ 2,003.2

Condensed Consolidating Statements of Cash Flows

	Three months ended December 31, 2013					Three months ended December 31, 2012				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Net cash provided by (used in) operating activities	$11.8	$ 2.2	$ 31.9	$ —	$ 45.9	$(12.1)	$ 26.9	$ 4.9	$ —	$ 19.7
Investing activities:										
Capital expenditures	(0.3)	(1.9)	(3.4)	—	(5.6)	(0.9)	(2.7)	(2.0)	—	(5.6)
Proceeds from property, plant, and equipment	—	—	—	—	—	1.1	0.1	—	—	1.2
Proceeds from sales of investments	—	—	—	—	—	1.4	—	—	—	1.4
Acquisition of business, net of cash acquired	—	—	—	—	—	(404.2)	(0.5)	(10.9)	—	(415.6)
Other, net	(0.6)	—	—	—	(0.6)	—	—	—	—	—
Net cash used in investing activities	(0.9)	(1.9)	(3.4)	—	(6.2)	(402.6)	(3.1)	(12.9)	—	(418.6)
Financing activities:										
Proceeds from term loan	—	—	—	—	—	200.0	—	—	—	200.0
Repayments on term loan	(2.5)	—	—	—	(2.5)	(2.5)	—	—	—	(2.5)
Proceeds from revolving credit facilities, net of financing costs	76.5	—	17.7	—	94.2	484.1	—	51.2	—	535.3
Repayments on revolving credit facilities	(80.0)	—	(25.9)	—	(105.9)	(238.0)	—	—	—	(238.0)
Payment of dividends on common stock	(12.4)	—	—	—	(12.4)	(12.1)	—	—	—	(12.1)
Net proceeds (payments) on stock plans	7.6	—	—	—	7.6	(2.7)	—	—	—	(2.7)
Other, net	0.5	—	(0.8)	—	(0.3)	—	—	—	—	—
Net cash (used in) provided by financing activities	(10.3)	—	(9.0)	—	(19.3)	428.8	—	51.2	—	480.0
Effect of exchange rates on cash and cash equivalents	—	—	(0.8)	—	(0.8)	—	—	0.8	—	0.8
Net cash flow	0.6	0.3	18.7	—	19.6	14.1	23.8	44.0	—	81.9
Cash and equivalents at beginning of period	0.6	8.7	33.4	—	42.7	3.9	6.3	10.0	—	20.2
Cash and equivalents at end of period	$ 1.2	$ 9.0	$ 52.1	$ —	$ 62.3	$ 18.0	$ 30.1	$ 54.0	$ —	$ 102.1

17. Subsequent Event

At December 31, 2013, we held warrants with a carrying value of $1.0 to purchase common stock of a privately held company, which was acquired by a third party on January 2, 2014. In connection with that transaction, the Company exercised the warrants and received $5.5 of cash in January with a majority of the remaining $0.7 of payments due over the next 12 months. The transaction resulted in a gain of $5.2 that will be recognized in the second quarter of fiscal 2014.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements and Factors That May Affect Future Results

Throughout this Form 10-Q, we make a number of "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. As the words imply, these are statements about future plans, objectives, beliefs, and expectations that might or might not happen in the future, as contrasted with historical information. Forward-looking statements are based on assumptions that we believe are reasonable, but by their very nature are subject to a wide range of risks.

Accordingly, in this Form 10-Q, we may say something like,

"We expect that future revenue associated with the Process Equipment Group will be influenced by order backlog."

That is a forward-looking statement, as indicated by the word "expect" and by the clear meaning of the sentence.

Other words that could indicate we are making forward-looking statements include:

intend	believe	plan	expect	may	goal	would
become	pursue	estimate	will	forecast	continue	could
targeted	encourage	promise	improve	progress	potential	should

This is not an exhaustive list, but is intended to give you an idea of how we try to identify forward-looking statements. The absence of any of these words; however, does not mean that the statement is not forward-looking.

Here is the key point : Forward-looking statements are not guarantees of future performance, and our actual results could differ materially from those set forth in any forward-looking statements. Any number of factors, many of which are beyond our control, could cause our performance to differ significantly from what is described in the forward-looking statements.

For a discussion of factors that could cause actual results to differ from those contained in forward-looking statements, see the discussions under the heading "Risk Factors" in Item 1A of Part II of this Form 10-Q. We assume no obligation to update or revise any forward-looking statements.

The following discussion compares our results for the three months ended December 31, 2013, to the same period in fiscal 2013. We begin the discussion at a consolidated level and then provide separate detail about the Process Equipment Group, Batesville, and Corporate. These financial results are prepared in accordance with accounting principles generally accepted in the U.S. ("GAAP").

We also provide certain non-GAAP operating performance measures. These non-GAAP measures are referred to as "adjusted" and exclude expenses associated with backlog amortization, inventory step-up, business acquisition and integration, restructuring, and antitrust litigation. The related income tax for all of these items is also excluded. This non-GAAP information is provided as a supplement, not as a substitute for, or as superior to, measures of financial performance prepared in accordance with GAAP.

An important non-GAAP measure that we use is adjusted earnings before interest, income tax, depreciation and amortization ("adjusted EBITDA"). As previously discussed, a part of our strategy is to selectively acquire companies that we believe can benefit from our core competencies to spur faster and more profitable growth. Given that strategy, it is a natural consequence to incur related expenses, such as amortization from acquired intangible assets and additional interest expense from debt-funded acquisitions. Accordingly, we use adjusted EBITDA, among other measures, to monitor our business performance.

We analyze net revenue on a constant currency basis to better measure the comparability of results between periods. We provide this information because exchange rates can distort the underlying change in sales, either positively or negatively.

We use this non-GAAP information internally to make operating decisions and believe it is helpful to investors because it allows more meaningful period-to-period comparisons of our ongoing operating results. The information can also be used to perform trend analysis and to better identify operating trends that may otherwise be masked or distorted by these types of items. We believe this information provides a higher degree of transparency.

See page 28 for a reconciliation of non-GAAP measures to the closest GAAP-equivalent of each measure.

CRITICAL ACCOUNTING ESTIMATES

For the three months ended December 31, 2013, there were no significant changes to our critical accounting estimates, as outlined in our Annual Report on Form 10-K for the year ended September 30, 2013.

EXECUTIVE OVERVIEW
(financial amounts in millions, except share and per share data, throughout Management's Discussion and Analysis)

Hillenbrand is a global diversified industrial company that makes and sells premium business-to-business products and services for a wide variety of industries. We pursue profitable growth and meaningful dividends for our shareholders by leveraging our leading brands, robust cash generation capabilities, and strong core competencies. Hillenbrand has two segments: the Process Equipment Group and Batesville ®. The Process Equipment Group has multiple market-leading brands of process and material handling equipment and systems serving a wide variety of industries across the globe. Batesville is a recognized leader in the North American death care industry, and performs several critical roles within the portfolio. It serves as the Company's core cash-generating operation by providing robust annual operating cash flows. In addition, as the source of Hillenbrand's strong core competencies, including Lean, strategy management, and talent development, it provides talent to imbed these core competencies in acquired companies.

Batesville's performance has allowed management to invest in acquisitions that provide diversification, with a focus on companies with growth opportunities and an ability to benefit from Hillenbrand's strong core competencies. We believe we can most effectively continue to increase shareholder value by leveraging our strong financial position and core competencies to continue to build a global diversified industrial company with strong positions in multiple growth-oriented industries.

On December 1, 2012, we acquired Coperion Capital GmbH ("Coperion"), in a transaction valued at $545.0 . The Coperion acquisition was the largest in the Company's history and represented an important step in the execution of our strategic plans to further diversify Hillenbrand and accelerate the growth of the Process Equipment Group. The integration of Coperion will continue to be a key initiative for the near term. Combining our product offerings to provide a more complete system solution is our highest priority from an integration perspective. In addition, we believe leveraging Coperion's global infrastructure will enable the existing businesses within the Process Equipment Group to enter new global markets more quickly. We also expect the Process Equipment Group's existing strong U.S. sales network will enhance Coperion's expansion in North America. Finally, the application of the Company's Lean tools and other core competencies to Coperion's operations is expected to contribute to improved margins and increased customer satisfaction.

During the first quarter of fiscal 2014, the Company integrated the Coperion and K-Tron (now Coperion K-Tron) businesses under the same management team to more quickly realize synergies identified when Coperion was acquired. This merger of the two reporting units was considered a triggering event that required management to perform impairment testing for the related goodwill and other indefinite-lived assets. In determining fair value, management relied on a number of factors including operating results, forecasts, anticipated future cash flows, and market data. No impairment was identified.

OPERATIONS REVIEW — CONSOLIDATED

	Three Months Ended December 31,			
	2013		2012 (a)	
	Amount	% of Revenue	Amount	% of Revenue
Revenue	$ 384.9	100.0	$ 305.2	100.0
Gross profit	131.0	34.0	110.5	36.2
Operating expenses	94.0	24.4	86.4	28.3
Operating profit	37.0	9.6	24.1	7.9
Interest expense	6.3	1.6	4.5	1.5
Other income (expense), net	(0.1)	—	0.9	0.3
Income taxes	9.0	2.3	5.9	1.9
Net income (1)	20.3	5.3	14.3	4.7

(1) Net income attributable to Hillenbrand

(a) Included one month of operations related to Coperion following its acquisition on December 1, 2012

Three Months Ended December 31, 2013 Compared to Three Months Ended December 31, 2012

Revenue grew $79.7 (26%) or $78.2 (26%) on a constant currency basis.

- The Process Equipment Group's revenue increased $88.5 (58%) or $86.4 (56%) on a constant currency basis. The revenue increase was primarily due to two additional months of Coperion revenue compared to the first quarter of fiscal 2013 ($95.8). Revenue for the rest of the Process Equipment Group decreased 9% ($7.3) primarily due to reduced demand for small systems and equipment in certain end markets, principally chemicals and engineered plastics.

- Batesville's revenue decreased $8.8 (6%) or $8.2 (5%) on a constant currency basis, due to decreased volume ($7.2) and average selling price ($1.0). The decrease in volume was driven by a decrease in North American burials combined with an increase in the year-over-year impact of customers buying ahead of price increases.

Gross profit grew $20.5 (19%) to $131.0 due to the Coperion acquisition. Consolidated gross profit margin was 34.0%, a decrease of 220 basis points. On an adjusted basis, which excluded items described below, the consolidated gross profit margin was 34.1%, a decrease of 310 basis points.

- The Process Equipment Group's gross profit grew $23.3 (45%) to $75.2, driven by two additional months of Coperion operations. This increase was offset in part by a $1.1 decrease for the rest of the Process Equipment Group due to lower revenue. Gross profit margin was 31.0% compared to 33.8% in the prior year. The decrease in gross profit margin was a reflection of the Coperion acquisition, which includes large systems sales. A certain amount of revenue for large system sales comes from third-party-sourced products that carry only a small up-charge. As a result, margins are lower on these large system sales when compared to the rest of the business.

  Gross profit also included $2.6 of inventory step-up related to the Coperion acquisition and restructuring charges in fiscal 2013. Excluding these items, adjusted gross profit decreased from 35.5% in fiscal 2013 to 31.0% in fiscal 2014.

- Batesville's gross profit decreased 5% to $55.8 due to lower volume. Gross profit margin grew 40 basis points to 39.1% due to supply chain cost reduction initiatives. Included in gross profit are restructuring charges ($0.1 in fiscal 2014 and $0.3 in fiscal 2013). Excluding these charges, adjusted gross profit was $55.9, a $3.0 decrease from the prior year. Adjusted gross profit margin was 39.2%, a 30 basis point improvement over the prior year.

Operating expenses increased $7.6 (9%) to $94.0, primarily due to the Coperion acquisition, which added two months of operations in fiscal 2014. Operating expenses as a percentage of revenue decreased 390 basis points to 24.4% in fiscal 2014 due primarily to lower acquisition related costs in fiscal 2014. Operating expenses included the following items:

	Three months Ended December 31,	
	2013	2012
Business acquisition and integration costs	$ 1.9	$ 9.0
Backlog amortization	—	4.2
Restructuring charges	0.2	0.2
Antitrust litigation	—	0.1

On an adjusted basis, which excluded business acquisition and integration costs, backlog amortization, restructuring charges, and antitrust litigation, operating expenses increased $19.1 to $91.9. The adjusted operating expense-to-revenue ratio was flat to prior year at 23.9%.

Interest expense increased $1.8 due primarily to borrowings in connection with the Coperion acquisition, which led to higher weighted-average principal borrowings and higher interest rates on the revolving credit facility, as well as interest expense incurred on the term loan.

The income tax rate was 29.4% compared to 28.8%. The year-over-year change in the effective tax rate was largely due to a prior year discrete tax benefit related to changes in California tax law, offset by higher business acquisition and integration costs related to Coperion in fiscal 2013. Our adjusted effective income tax rate was 29.3% compared to 27.9% for the prior year and excludes acquisition costs.

OPERATIONS REVIEW — PROCESS EQUIPMENT GROUP

	Three Months Ended December 31,			
	2013		2012 (a)	
	Amount	% of Revenue	Amount	% of Revenue
Net revenue	$ 242.2	100.0	$ 153.7	100.0
Gross profit	75.2	31.0	51.9	33.8
Operating expenses	60.3	24.9	44.4	28.9
Operating profit	14.9	6.2	7.5	4.9

(a) Included one month of operations related to Coperion following its acquisition on December 1, 2012

Three Months Ended December 31, 2013 Compared to Three Months Ended December 31, 2012

Revenue increased $88.5 (58%) or $86.4 (56%) on a constant currency basis. The revenue increase was due to two additional months of Coperion operations compared to the prior year ($95.8). For the rest of the Process Equipment Group, revenue decreased 9% ($7.3) primarily due to reduced demand for small systems and equipment in certain end markets, principally chemicals and engineered plastics. Some of the larger orders in the prior year were for production line upgrades or new facilities for these industries. Beginning in early 2013, there was a decrease in new orders for these types of small systems, which led to lower revenue in fiscal 2014.

We believe that the industries the Process Equipment Group serves have attractive long-term growth prospects because of the increase in demand resulting from the expanding middle class in countries such as China and India. While overall demand for Process Equipment Group products is expected to increase over the long run, we expect demand to shift from time to time. These shifts can be attributed to the cyclicality of these industries or by long-term capacity expansions, as demonstrated currently with the construction and expansion of polyolefin plants.

We expect future revenue for the Process Equipment Group to continue to be influenced by order backlog because of the lead time involved in fulfilling engineered-to-order equipment for customers. Though backlog can be an indicator of future revenue, it does not include projects and parts orders that are booked and shipped within the same

quarter. The timing of order placement, size of orders, extent of order customization, and customer delivery dates can create fluctuations in backlog and revenue. Revenue attributable to backlog is also affected by foreign exchange rate fluctuations for orders denominated in currencies other than U.S. dollars. Based upon new orders accepted, less orders completed and shipped, backlog increased $54.2 from $556.6 on December 31, 2012, to $610.8 on December 31, 2013.

Gross profit grew $23.3 (45%) to $75.2 due to the Coperion acquisition, which added two months of operations in fiscal 2014 compared to fiscal 2013. This was offset in part by a $1.1 decrease for the rest of the Process Equipment Group due to lower revenue. Gross profit margin decreased from 33.8% in fiscal 2013 to 31.0% in fiscal 2014.

The decrease in gross profit margin was a reflection of the Coperion acquisition, which includes large system sales. A certain amount of revenue for large system sales comes from third-party-sourced products that carry only a small up-charge. As a result, margins are lower on these large system sales when compared to the rest of the business within the Process Equipment Group.

Gross profit included $2.6 of inventory step-up charges related to the Coperion acquisition and restructuring charges in fiscal 2013. Step-ups in inventory value were recorded at the time of the Coperion acquisition and were subsequently expensed when the inventory was sold. Excluding inventory step-up and restructuring charges, adjusted gross profit increased $20.6 (38%) to $75.2 and adjusted gross profit margin decreased from 35.5% to 31.0%.

Operating expenses increased $15.9 (36%) to $60.3 due primarily to the acquisition of Coperion, which added two months of operations in fiscal 2014 compared to 2013. Operating expenses in fiscal 2014 included $3.3 of ongoing amortization expense related to intangible assets compared to $1.0 in fiscal 2013. The operating expense to sales ratio improved by 400 basis points to 24.9% in fiscal 2014 from 28.9% in fiscal 2013. The improved ratio is primarily due to lower acquisition-related costs in fiscal 2014.

Operating expenses included $0.9 of business acquisition and integration costs and restructuring costs in fiscal 2014 and $4.2 of backlog amortization related to Coperion in fiscal 2013. Excluding these items, the adjusted operating expense ratio improved by 160 basis points to 24.5% in fiscal 2014.

OPERATIONS REVIEW — BATESVILLE

	Three Months Ended December 31,			
	2013		2012	
	Amount	% of Revenue	Amount	% of Revenue
Net revenue	$ 142.7	100.0	$ 151.5	100.0
Gross profit	55.8	39.1	58.6	38.7
Operating expenses	24.6	17.2	24.2	16.0
Operating profit	31.2	21.9	34.4	22.7

Three Months Ended December 31, 2013 Compared to Three Months Ended December 31, 2012

Revenue decreased $8.8 (6%) or $8.2 (5%) on a constant currency basis, due to decreased volume ($7.2) and average selling price ($1.0). The decrease in volume was driven by a decrease in North American burials combined with an increase in the year-over-year impact of customers buying ahead of price increases.

Gross profit decreased 5% to $55.8. Gross profit margin increased 40 basis points to 39.1%. The decrease in gross profit was due to lower volume ($5.3) offset in part by supply chain cost reduction initiatives ($2.8).

Gross profit included restructuring charges of $0.1 in fiscal 2014 and $0.3 in fiscal 2013. Excluding these restructuring charges, adjusted gross profit margin increased 30 basis points to 39.2%.

Operating expenses increased $0.4 to $24.6 in fiscal 2014 driven primarily by increased technology initiatives and sales training. The operating expense-to-sales ratio increased 120 basis points to 17.2%.

REVIEW OF CORPORATE EXPENSES

	Three Months Ended December 31,			
	2013		2012	
	$	% of Revenue	$	% of Revenue
Operating expenses, excluding business acquisition and integration costs and restructuring costs	$ 7.9	2.1	$ 8.6	2.8
Business acquisition and integration costs	1.2	0.3	9.0	2.9
Restructuring	—	—	0.2	0.1
Operating expenses	$ 9.1	2.4	$ 17.8	5.8

Three Months Ended December 31, 2013 Compared to Three Months Ended December 31, 2012

Operating expenses excluding business acquisition and integration costs and restructuring costs decreased $0.7 (8%) primarily due to lower incentive compensation. These expenses as a percentage of revenue were 2.1%, an improvement of 70 basis points compared to 2.8% in fiscal 2013. The timing of the acquisition of Coperion drove a $7.8 decrease in business acquisition and integration costs.

NON -GAAP OPERATING PERFORMANCE MEASURES

The following are reconciliations from GAAP operating performance measures to the relevant non-GAAP (adjusted) performance measures.

	Three Months Ended December 31,					
	2013			2012		
	GAAP	Adjustments	Adjusted	GAAP	Adjustments	Adjusted
Cost of goods sold	$ 253.9	$ (0.1)(a)	$ 253.8	$ 194.7	$ (3.0)(d)	$ 191.7
Operating expenses	94.0	(2.1)(b)	91.9	86.4	(13.6)(e)	72.8
Other income (expense), net	(0.1)	—	(0.1)	0.9	(0.9)(f)	—
Income tax expense	9.0	0.6 (c)	9.6	5.9	4.2 (c)	10.1
Net income (1)	20.3	1.6	21.9	14.3	11.5	25.8
Diluted EPS	0.32	0.02	0.34	0.23	0.18	0.41
Ratios:						
Gross margin	34.0%	0.1%	34.1%	36.2%	1.0%	37.2%
Operating expenses as a % of revenue	24.4%	(0.5)%	23.9%	28.3%	(4.4)%	23.9%

Both GAAP and adjusted results for the three months ended December 31, 2013, include an adjustment to operating expenses to correct errors related to the accounting for sales commissions at Coperion in fiscal 2013. The adjustment reduced operating expenses in the first quarter of fiscal 2014 by $2.0, which should have been recorded in fiscal 2013.

(1)Net income attributable to Hillenbrand

P = Process Equipment Group; B = Batesville; C = Corporate

(a) Restructuring ($0.1 B)
(b) Business acquisition and integration costs ($0.7 P, $1.2 C), restructuring ($0.2 P)
(c) Tax effect of adjustments
(d) Inventory step up ($2.6 P), restructuring ($0.1 P, $0.3 B)
(e) Business acquisition and integration costs ($9.0 C), backlog amortization ($4.2 P), restructuring ($0.2 C), antitrust litigation ($0.1 B), other ($0.1 B)
(f) Acquisition-related foreign currency transactions ($0.8 C), other ($0.1 B)

	Three Months Ended December 31,	
	2013	2012
Net income of consolidated and affiliated subsidiaries	$ 21.6	$ 14.6
Interest income	(0.2)	(0.1)
Interest expense	6.3	4.5
Income tax expense	9.0	5.9
Depreciation and amortization	14.3	15.0
EBITDA	$ 51.0	$ 39.9
Business acquisition and integration	1.9	8.2
Inventory step-up	—	2.6
Restructuring	0.3	0.6
Antitrust litigation	—	0.1
EBITDA - Adjusted	$ 53.2	$ 51.4

For the first quarter of fiscal 2014, consolidated adjusted EBITDA grew $1.8 (4%). Increased Process Equipment Group EBITDA was offset in part by lower volume at Batesville.

LIQUIDITY AND CAPITAL RESOURCES

We believe our ability to generate cash from operating activities is one of our fundamental financial strengths. In this section, we discuss our ability to generate and access cash to meet business needs. We describe actual results in generating and utilizing cash by comparing the first quarter of fiscal 2014 to the same period last year. We discuss how we see cash flow being affected for the next 12 months. While it is not a certainty, we explain where we think the cash will come from and how we intend to use it. Finally, we identify other significant matters that could affect liquidity on an ongoing basis.

We believe the twelve-month outlook for our business remains strong. As a result of our expected cash flows from operations, we have significant flexibility to meet our financial commitments including working capital needs, capital expenditures, and financing obligations. Our debt financing includes long-term notes, a term loan, and a revolving credit facility, as part of our overall financing strategy. We believe we continue to have ready access to capital markets and we regularly review the optimal mix of fixed-rate and variable-rate debt. In addition to cash balances and our ability to access long-term financing, we had $361.6 of borrowing capacity available under the revolving credit facility as of December 31, 2013. The available borrowing capacity reflects a reduction of $23.0 for outstanding letters of credit issued under the revolving credit facility. The Company has the ability to increase the total borrowing capacity under the revolving credit facility by an additional $300.0 subject to approval of the lenders.

In the normal course of business, the Process Equipment Group provides certain customers with bank guarantees and other credit arrangements in support of performance, warranty, advance payment, and other contractual obligations. This form of trade finance is customary in the industry and, as a result, we are required to maintain adequate capacity to provide the guarantees. As of December 31, 2013, we had credit arrangements totaling $301.0, under which $210.9 was utilized for this purpose. These arrangements include a €1500 Syndicated Letter of Guarantee Facility ("LG Facility"), under which unsecured letters of credit, bank guarantees, or other surety bonds may be issued. The Company has the ability to increase the total capacity under the LG facility by an additional €70.0 subject to approval of the lenders. There were no borrowings under these credit arrangements as of December 31, 2013.

We have significant operations outside the U.S. The majority of foreign earnings is considered to be indefinitely reinvested in foreign jurisdictions where the Company has made, and intends to continue to make, substantial investments to support the ongoing development and growth of our international operations. Accordingly, no U.S. federal and state income taxes have been accrued on the portion of our foreign earnings that is considered to be indefinitely reinvested in foreign jurisdictions. The cash at our international subsidiaries totaled $50.8 at December 31, 2013. We do not intend, nor do we foresee a need, to repatriate these funds; however, repatriation of these funds under current regulatory and tax law for use in domestic operations would expose us to additional taxes.

We do not currently have plans to make contributions to our pension plans in excess of statutory requirements during 2014. Our minimum required contribution to our pension plans in 2014 is $20.1. We will continue to

monitor plan funding levels, performance of the assets within the plans, and overall economic activity, and will make funding decisions based on the net impact of these factors.

We currently expect to pay quarterly cash dividends in the future comparable to those we paid in 2013, which will require approximately $12.4 each quarter based on our outstanding common stock at December 31, 2013. We are currently authorized by our Board of Directors to purchase additional shares of our common stock, and may elect to do so, depending on market conditions and other needs for cash consistent with our growth strategy. No repurchases were made in the first quarter of fiscal 2014.

We expect existing cash, cash flows from operations, and the issuance of debt to continue to be sufficient to fund our operating activities and cash commitments for investing and financing activities. Based on these factors, we believe our current liquidity position is strong, and will continue to meet all of our financial commitments for the foreseeable future.

	Three Months Ended December 31,	
	2013	2012
Cash flow provided by (used in):		
Operating activities	$ 45.9	$ 19.7
Investing activities	(6.2)	(418.6)
Financing activities	(19.3)	480.0
Effect of exchange rate changes on cash and cash equivalents	(0.8)	0.8
Net cash flow	$ 19.6	$ 81.9

Operating Activities

Cash provided by operating activities in the first quarter of fiscal 2014 compared to the same period in the prior year increased $26.2 (133%) primarily due to decreased working capital and two additional months of Coperion operations. Working capital requirements for Coperion generally range from an optimal negative working capital position, where cash received from customers is more heavily weighted toward the beginning of the project, to a working capital position where a large portion of the cash will be received in later stages of manufacturing. We expect working capital may fluctuate in the future due to the mix and geography of customer projects in process at any point in time.

Investing Activities

The change in cash used in investing activities in the first quarter of fiscal 2014 compared to the same period in the prior year was primarily due to decreased acquisition activity. We paid $415.6 in 2013 for Coperion but had no acquisition activity in 2014.

Financing Activities

Cash (used in)/provided by financing activities was largely impacted by our acquisition activity. Our general practice is to utilize our cash to pay down debt unless it is needed for an acquisition. Cash used in financing activities in the first quarter of fiscal 2014 was $19.3, including a total of $14.2 of net debt repayments. Cash provided by financing activities in the first quarter of fiscal 2013 was $480.0 primarily due to the acquisition of Coperion. This included net borrowings on the term loan ($197.5) and net borrowings on the revolving credit facility ($297.3).

We returned over $12.4 to shareholders in the first quarter of fiscal 2014 in the form of quarterly dividends. We increased our quarterly dividend in 2014 to $0.1975 per common share from $0.1950 paid during 2013.

Off-Balance Sheet Arrangements

We have no significant off-balance sheet arrangements.

Recently Adopted and Issued Accounting Standards

For a summary of recently issued and adopted accounting standards applicable to us, see Item 1, Note 2 of this Form 10-Q.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

A discussion of quantitative and qualitative disclosures about market risk may be found in Item 7A of our 2013 Form 10-K. There have been no material changes in this information since the filing of our 2013 Form 10-K.

Item 4. CONTROLS AND PROCEDURES

Our management, with the participation of our President and Chief Executive Officer and the Senior Vice President and Chief Financial Officer (the "Certifying Officers"), evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Based upon that evaluation, the Certifying Officers concluded that our disclosure controls and procedures as of the end of the period covered by this report are effective.

There have been no changes in internal controls over financial reporting for the period covered by this report that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

Information pertaining to legal proceedings can be found in Note 13 to the interim consolidated financial statements included in Part I, Item 1 of this report.

Item 1A. RISK FACTORS

In this section of the Form 10-Q, we describe the risks we believe are most important for you to think about when you consider investing in, selling, or owning our stock or debt. This information should be assessed along with the other information we provide you in this Form 10-Q. Like most companies, our business involves risks. The risks described below are not the only risks we face, but these are the ones we currently think have the potential to significantly affect stakeholders in our Company if they were to develop adversely (due to size, volatility, or both). We exclude risks that we believe are inherent in all businesses broadly as a function of simply being "in business." Additional risks not currently known or considered immaterial by us at this time and thus not listed below could also result in adverse effects on our business. We have assigned the risks into categories to help you understand from where they emanate (e.g. the overall Company or a specific segment).

Risk Related to Hillenbrand

1. A key component of our growth strategy is making significant acquisitions, some of which may be outside the industries in which we currently operate. We may not be able to achieve some or all of the benefits that we expect to achieve from these acquisitions. If an acquisition were to perform unfavorably, it could have an adverse impact on our value.

All acquisitions involve inherent uncertainties, which may include, among other things, our ability to:

- successfully identify targets for acquisition;
- negotiate reasonable terms;
- properly perform due diligence and determine all the significant risks associated with a particular acquisition;

- properly evaluate target company management capabilities; and
- successfully transition the acquired company into our business and achieve the desired performance.

We may acquire businesses with unknown liabilities, contingent liabilities, internal control deficiencies, or other risks. We have plans and procedures to review potential acquisition candidates for a variety of due diligence matters, including compliance with applicable regulations and laws prior to acquisition. Despite these efforts, realization of any of these liabilities or deficiencies may increase our expenses, adversely affect our financial position, or cause us to fail to meet our public financial reporting obligations.

We generally seek indemnification from sellers covering these matters; however, the liability of the sellers is often limited, and certain former owners may be unable to meet their indemnification responsibilities. We cannot assure you that these indemnification provisions will fully protect us, and as a result we may face unexpected liabilities that adversely affect our profitability and financial position.

We may not achieve the intended benefits of the acquisition and our business could be materially impacted. Under such circumstances, management could be required to spend significant amounts of time and resources in the transition of the acquired business. In addition, any benefits we anticipate from application of our Lean manufacturing and Lean business expertise may not be fully realized.

If we acquire a company that operates in an industry that is different from the ones in which we currently operate, our lack of experience with that company's industry could have a material adverse impact on our ability to manage that business and realize the benefits of that acquisition.

2. Global market and economic conditions, including those related to the financial markets, could have a material adverse effect on our operating results, financial condition, and liquidity.

Our business is sensitive to changes in general economic conditions, both inside and outside the U.S. Although we have seen stability or growth in some geographies since the global economic turmoil that began in 2008, we cannot assure you that these improvements will be sustainable or predict when the next recession will occur. In addition, uncertainties in the euro zone may depress demand in the area and create additional risk to our financial results.

Instability in the global economy and financial markets can adversely affect our business in several ways, including limiting our customers' ability to obtain sufficient credit or pay for our products within the terms of sale. Competition could further intensify among the manufacturers and distributors with whom we compete for volume and market share, resulting in lower net revenue due to steeper discounts and product mix-down. In addition, if certain key or sole suppliers were to become capacity constrained or insolvent, it could result in a reduction or interruption in supplies or a significant increase in the price of supplies.

Substantial losses in the equity markets could have an adverse effect on the assets of the Company's pension plans. Volatility of interest rates and negative equity returns could require greater contributions to the defined benefit plans in the future.

3. International economic, political, legal, and business factors could negatively affect our operating results, cash flows, financial condition, and growth.

We derived approximately 47% and 33% of our revenue from outside the U.S. for the first quarter of fiscal 2014 and 2013. This revenue is primarily generated in Europe, the Middle East, Asia, South America, and Canada. In addition, we have manufacturing operations, suppliers, and employees located outside the U.S. Since our growth strategy depends in part on our ability to further penetrate markets outside the U.S., we expect to continue to increase our sales and presence outside the U.S., including in emerging markets.

Our international business is subject to risks that are often encountered in non-U.S. operations, including:

- interruption in the transportation of materials to us and finished goods to our customers;
- differences in terms of sale, including payment terms;
- local product preferences and product requirements;

- changes in a country's or region's political or economic condition, including with respect to safety and health issues;
- trade protection measures and import or export licensing requirements;
- unexpected changes in laws or regulatory requirements, including negative changes in tax laws;
- limitations on ownership and on repatriation of earnings and cash;
- difficulty in staffing and managing widespread operations;
- differing labor regulations;
- difficulties in enforcing contract and property rights under local law;
- difficulties in implementing restructuring actions on a timely or comprehensive basis; and
- differing protection of intellectual property.

Such risks may be more likely in emerging markets, where our operations may be subject to greater uncertainty due to increased volatility associated with the developing nature of their economic, legal, and governmental systems.

If we are unable to successfully manage the risks associated with expanding our global business, or to adequately manage operational fluctuations, it could adversely affect our business, financial condition or results of operations.

4. We rely upon our employees, agents, and business partners to comply with laws in many different countries and jurisdictions. We establish policies and provide training to assist them in understanding our policies and the regulations applicable to our business; however, our reputation, ability to do business, and financial results may be impaired by improper conduct by these individuals.

We cannot provide assurance that our internal controls and compliance systems will always protect us from acts committed by our employees, agents, or business partners that would violate U.S. and/or non-U.S. laws, including the laws governing payments to government officials, bribery, fraud, anti-kickback and false claims, competition, export and import compliance, money laundering, and data privacy. In particular, the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act, and similar anti-bribery laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments to government officials for the purpose of obtaining or retaining business, and we operate in many parts of the world that have experienced governmental corruption to some degree. Any such improper actions could subject us to civil or criminal investigations in the U.S. and in other jurisdictions; could lead to substantial civil and criminal, monetary and non-monetary penalties, and related shareholder lawsuits; could cause us to incur significant legal fees; and could damage our reputation.

5. We are subject to risks arising from currency exchange rate fluctuations, which may adversely affect our results of operations and financial condition.

We are subject to currency exchange rate risk to the extent that our costs are denominated in currencies other than those in which we earn revenues. In addition, since our financial statements are denominated in U.S. dollars, changes in currency exchange rates between the U.S. dollar and other currencies have had, and will continue to have, an impact on our results of operations. Although we address currency risk management through regular operating and financing activities, and through the use of derivative financial instruments, those actions may not prove to be fully effective.

6. Increased prices for, or unavailability of, raw materials used in our products could adversely affect profitability.

Our profitability is affected by the prices of the raw materials used in the manufacture of our products. These prices fluctuate based on a number of factors beyond our control, including changes in supply and demand, general economic conditions, labor costs, fuel-related delivery costs, competition, import duties, tariffs, currency exchange rates, and, in some cases, government regulation. Significant increases in the prices of raw materials that cannot be recovered through increases in the price of our products could adversely affect our results of operations and cash flows.

We cannot guarantee that the prices we are paying for commodities today will continue in the future or that the marketplace will continue to support current prices for our products or that such prices can be adjusted to fully offset commodity price increases in the future. Any increases in prices resulting from a tightening supply of these or other

commodities could adversely affect our profitability. We do not engage in hedging transactions for raw material purchases, but we do enter into some fixed-price supply contracts.

Our dependency upon regular deliveries of supplies from particular suppliers means that interruptions or stoppages in such deliveries could adversely affect our operations until arrangements with alternate suppliers could be made. Several of the raw materials used in the manufacture of our products currently are procured from a single source. If any of these sole-source suppliers were unable to deliver these materials for an extended period of time as a result of financial difficulties, catastrophic events affecting their facilities, or other factors, or if we were unable to negotiate acceptable terms for the supply of materials with these sole-source suppliers, our business could be adversely affected. We may not be able to find acceptable alternatives, and any such alternatives could result in increased costs. Extended unavailability of a necessary raw material could cause us to cease manufacturing one or more products for a period of time.

7. The Company could face labor disruptions that would interfere with operations.

Approximately 40% of Hillenbrand's employees work under collective bargaining agreements. Although we have not experienced any significant work stoppages in the past 20 years as a result of labor disagreements, we cannot ensure that such a stoppage will not occur in the future. Inability to negotiate satisfactory new agreements or a labor disturbance at one or more of our facilities could have a material adverse effect on our operations.

8. Volatility in our investment portfolio could adversely impact our operating results and financial condition.

Hillenbrand has certain investments that were transferred to us by our former parent company with an aggregate carrying value of $10.9 as of December 31, 2013. Volatility in our investment portfolio impacts earnings. These investments could be adversely affected by general economic conditions, changes in interest rates, equity market volatility, and other factors, resulting in an adverse impact on our operating results and financial condition.

9. We are involved on an ongoing basis in claims, lawsuits, and governmental proceedings relating to our operations, including environmental, antitrust, patent infringement, business practices, commercial transactions, and other matters. The ultimate outcome of these claims, lawsuits, and governmental proceedings cannot be predicted with certainty, but could have a material adverse effect on our financial condition, results of operations, and cash flows.

We are also subject to other potential claims, including product and general liability, workers compensation, auto liability, and employment-related matters. While we maintain insurance for certain of these exposures, the policies in place are high-deductible policies. For a more detailed discussion of asserted claims, see Item 1, Note 13 of this Form 10-Q.

10. Upon the closing of our recent acquisition of Coperion, we increased our debt obligations significantly. This increase could adversely affect the Company and limit our ability to respond to changes in our businesses.

As of December 31, 2013, our outstanding debt was $651.7. This level of debt could have important consequences to our businesses. For example:

- We may be more vulnerable to general adverse economic and industry conditions because we have lower borrowing capacity.
- We will be required to dedicate a larger portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow for other purposes, including business development efforts and acquisitions.
- We will continue to be exposed to the risk of increased interest rates because a portion of our borrowings is at variable rates of interest.
- We may be more limited in our flexibility in planning for, or reacting to, changes in our businesses and the industries in which they operate, thereby placing us at a competitive disadvantage compared to competitors that have less indebtedness.

11. Provisions in our Articles of Incorporation and By-laws and facets of Indiana law may prevent or delay an acquisition of the Company, which could decrease the trading price of our common stock.

Our Articles of Incorporation and By-laws, as well as Indiana law, contain provisions that could delay or prevent changes in control if our Board of Directors determines that such changes in control are not in the best interests of our shareholders. While these provisions have the effect of encouraging persons seeking to acquire control of our Company to negotiate with our Board of Directors, they could enable our Board of Directors to hinder or frustrate a transaction that the Board of Directors believes is not in the best interests of shareholders, but which some, or a majority, of our shareholders might believe to be in their best interests.

These provisions include, among others:

- the division of our Board of Directors into three classes with staggered terms;
- the inability of our shareholders to act by less than unanimous written consent;
- rules regarding how shareholders may present proposals or nominate directors for election at shareholder meetings;
- the right of our Board of Directors to issue preferred stock without shareholder approval; and
- limitations on the right of shareholders to remove directors.

Indiana law also imposes some restrictions on mergers and other business combinations between us and any holder of 10% or more of our outstanding common stock.

We believe these provisions are important for a public company and protect our shareholders from coercive or otherwise potentially unfair takeover tactics by requiring potential acquirers to negotiate with our Board of Directors and by providing our Board of Directors with appropriate time to assess any acquisition proposal. These provisions are not intended to make our Company immune from takeovers; however, they may apply if the Board of Directors determines that a takeover offer is not in the best interests of our shareholders, even if some shareholders believe the offer to be beneficial.

Risk Related to the Process Equipment Group

1. A significant portion of our investments in the Process Equipment Group includes goodwill and intangible assets that are subject to periodic impairment evaluations. An impairment loss on these assets could have a material adverse impact on our financial condition and results of operations.

We acquired intangible assets with the acquisitions of Coperion, K-Tron, and Rotex, portions of which were identified as either goodwill or indefinite-lived assets. We periodically assess these assets to determine if they are impaired. Significant negative industry or economic trends, disruptions to our business, inability to effectively integrate acquired businesses, unexpected significant changes, or planned changes in use of the assets, divestitures, and market capitalization declines may impair these assets. Any charges relating to such impairments could adversely affect our results of operations in the periods recognized.

2. The Process Equipment Group operates in cyclical industries.

As an industrial capital goods supplier, the Process Equipment Group serves industries that are cyclical. During periods of economic expansion, when capital spending normally increases, the Process Equipment Group generally benefits from greater demand for its products. During periods of economic contraction, when capital spending normally decreases, the Process Equipment Group generally is adversely affected by declining demand for new equipment orders, and it may be subject to uncollectible receivables from customers who become insolvent. There can be no assurance that economic expansion or increased demand will be sustainable.

3. The Process Equipment Group derives significant revenues from the energy industry. Any decrease in demand for electricity, natural gas, or coal, or an increase in regulation of the energy industry, could have a material adverse effect on our business, financial condition, and results of operations.

The Process Equipment Group sells dry material separation and size reduction equipment to the electric generating, natural gas, and coal mining industries. A significant portion of its sales are tied to the consumption of natural gas

and coal as a means of generating electricity. The demand for natural gas and coal is dependent upon the availability and cost of alternative sources of energy, such as oil or nuclear power. Additionally, the cost of compliance with federal, state, and local laws and regulations on the energy industry may impact the demand for our products. As a result, any downturn in or disruption to the natural gas or coal industries or decrease in the demand for electricity could have a material adverse effect on our business, financial condition, and results of operations.

Risk Related to Batesville

1. Continued fluctuations in mortality rates and increased cremations may adversely affect, as they have in recent years, the sales volume of our burial caskets.

The life expectancy of U.S. citizens has increased steadily since the 1950s and is expected to continue to do so for the foreseeable future. As the population of the U.S. continues to age, we anticipate the number of deaths in the U.S. will be relatively flat until aging baby boomers cause the number of deaths to increase.

Cremations as a percentage of total U.S. deaths have increased steadily since the 1960s and are expected to continue to increase for the foreseeable future. The increase in the number of cremations in the U.S. has resulted in a contraction in the demand for burial caskets. This has been a contributing factor to lower burial casket sales volumes for Batesville in each of the last five years. We expect these trends to continue in the foreseeable future and will likely continue to negatively impact burial casket volumes.

Finally, the number of deaths can vary over short periods of time and among different geographical areas, due to a variety of factors, including the timing and severity of seasonal outbreaks of illnesses such as pneumonia and influenza. Such variations could cause the sale of burial caskets to fluctuate from quarter to quarter and year to year.

2. Batesville's business is dependent on several major contracts with large national funeral providers. The relationships with these customers pose several risks.

Batesville has contracts with a number of national funeral home customers that constitute a sizeable portion of its overall sales volume. Any decision by national funeral home customers to discontinue purchases from Batesville could have a material adverse effect on our financial condition, results of operations, and cash flows. Also, while contracts with national funeral service providers give Batesville important access to purchasers of death care products, they may obligate Batesville to sell products at contracted prices for extended periods of time, therefore limiting Batesville's ability, in the short term, to raise prices in response to significant increases in raw material prices or other factors.

3. Batesville is facing competition from a number of non-traditional sources and from caskets manufactured abroad and imported into North America.

Non-traditional death care product providers, such as large discount retail stores, casket stores, and internet casket retailers could present more of a competitive threat to Batesville and its sales channel than is currently anticipated. In addition, a few foreign manufacturers, mostly from China, import caskets into the U.S. and Canada. For the past three years, sales from these non-traditional and Chinese providers have remained relatively stable and represent a small percentage of total casket sales in North America, collectively less than 5%. It is not possible to quantify the financial impact that these competitors will have on Batesville in the future. These competitors and any new entrants into the funeral products business may drive pricing and other competitive actions in an industry that already has nearly twice the necessary domestic production capacity. Such competitive developments could have a negative impact on our results of operations and cash flows.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

There were no unregistered sales of equity securities in the three months ended December 31, 2013.

Item 6. EXHIBITS

The exhibits filed with this report are listed on the Exhibit Index, which is incorporated herein by reference. In reviewing any agreements included as exhibits to this report, please remember that they are included to provide you with information regarding their terms and are not intended to provide any other factual or disclosure information about us or the other parties to the agreements. The agreements may contain representations and warranties by the parties to the agreements, including us. Except where explicitly stated otherwise, these representations and warranties have been made solely for the benefit of the other parties to the applicable agreement and:

- should not necessarily be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate;
- may have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement;
- may apply standards of materiality in a way that is different from what may be viewed as material to you or other investors; and
- were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments.

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time.

Table of Contents

SIGNATURES

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

	HILLENBRAND, INC.
Date: February 4, 2014	BY: /s/ Cynthia L. Lucchese Cynthia L. Lucchese Senior Vice President and Chief Financial Officer
Date: February 4, 2014	BY: /s/ Elizabeth E. Dreyer Elizabeth E. Dreyer Vice President, Controller, and Chief Accounting Officer

EXHIBIT INDEX

Exhibit 3.1	Amended and Restated Code of By-laws of Hillenbrand, Inc. (as adopted by the Board of Directors on December 4, 2013) (Incorporated by reference to Exhibit 3.2 to Current Report on Form 8-K, filed on December 6, 2013)
Exhibit 10.1*	Employment Agreement dated as of November 4, 2013, by and between Hillenbrand, Inc. and William A. Canady
Exhibit 10.2*	Change in Control Agreement dated as of November 4, 2013, by and between Hillenbrand, Inc. and William A. Canady
Exhibit 10.3*	Form of Hillenbrand, Inc. Stock Incentive Plan Performance Based Unit Award Agreement — Relative Total Shareholder Value, by and between Hillenbrand, Inc. and certain employees including executive officers
Exhibit 31.1*	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 31.2*	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 32.1*	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
Exhibit 32.2*	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
Exhibit 101.INS	Instance document
Exhibit 101.SCH	Schema document
Exhibit 101.CAL	Calculation linkbase document
Exhibit 101.LAB	Labels linkbase document
Exhibit 101.PRE	Presentation linkbase document
Exhibit 101.DEF	Definition linkbase document

---

* Filed herewith.

Exhibit 10.1

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (this “Agreement”), is made to be effective as of the 4 th day of November, 2013 (the “Effective Date”), by and between Hillenbrand, Inc., an Indiana corporation (the “Company”), and William Canady (“Executive”). Each of the Company and Executive is sometimes referred to below as a “Party” and together they are the “Parties.” The Company’s direct and remote parent and subsidiary companies, and those companies under common control with the Company, as constituted from time to time, are referred to below as its “affiliated companies.”

RECITALS

The Parties have agreed that as of the Effective Date the Company will employ Executive in an executive capacity in accordance with the terms of this Agreement. This Agreement is made to document certain of the terms and conditions of such employment relationship.

AGREEMENTS

NOW, THEREFORE, the Parties, intending to be legally bound, agree as follows:

1. Employment. The Company will employ Executive on an at-will employment basis commencing on the Effective Date. Executive accepts employment by the Company on that basis.

2. Position and Duties. Executive’s position and title will initially be as the Vice President, Corporate Strategy of the Company and General Manager, Process Equipment Group. Executive agrees to perform all duties and accept all responsibilities incidental to that position (or any other position in which Executive may be employed) or as may be assigned to Executive. Executive’s position and duties may include being employed by, serving as an officer or director of, and providing services to or for, one or more of the Company’s affiliated companies, as directed by the Company. Executive is instructed by the Company, and agrees, not to perform any duties or engage in any activities that would conflict with any potential post-employment obligations to any prior employers.

3. Efforts and Loyalty. During the term of Executive’s employment under this Agreement, Executive agrees to use Executive’s reasonable best efforts in the conduct of the Company’s business endeavors entrusted to Executive and agrees to devote substantially all of Executive’s working time and efforts, attention and energy to the discharge of the duties and responsibilities of Executive to and for the Company. Executive agrees not to engage in any other activities that interfere with Executive’s performance under this Agreement and agrees not to work in any capacity for any other business or enterprise without first obtaining the Company’s written consent thereto.

4. Compensation. Commencing on the Effective Date, for all services rendered by Executive to or for the Company or its affiliated companies, Executive shall be paid as follows:

   (a) A base salary at an initial annual rate of $315,000, less withholdings and deductions;

(b) Incentive compensation, payable solely at the discretion of the Company (and subject to repayment in full or in part in the event of a restatement of the Company's financial statements in accordance with any applicable policy, law or agreement);

(c) The other compensation and benefits described in the attached summary, subject, however, to the terms of this Agreement; and

(d) Such additional compensation, benefits and perquisites as the Company may from time to time deem appropriate.

5. Changes to Compensation . Subject to Section 10 below, the Company reserves the right to, and Executive agrees that the Company may, make changes to Executive's compensation from time to time in the Company's sole discretion, including, but not limited to, modifying or eliminating a compensation component; provided, however, that Executive shall be and shall remain entitled to participate in all benefit plans and programs maintained by the Company in its sole discretion from time to time on the same basis as other peer-level officers.

6. Restrictions; Defense and Indemnification . Executive represents and warrants to the Company that Executive is not a party to or bound by any noncompetition or other agreement, with any former employer or otherwise, that limits or restricts in any manner Executive's right, as an employee or in any other capacity, to be employed by or provide advice or services to, any person or entity. Executive further represents and warrants that Executive does not have or possess any non-public, confidential information of or relating to any business or enterprise (other than the Company or its affiliated companies). Executive agrees to defend and indemnify the Company from and against any loss or expense suffered or incurred by the Company or any of its affiliated companies as a result of an inaccuracy or breach of any of Executive's representations, warranties or agreements made in this Section 6, or any breach by Executive of any post-employment obligations to any prior employer.

7. Termination Without Cause . The Company may terminate the employment relationship between Executive and the Company at any time, without Cause for doing so, upon written notice of termination given to Executive, effective as of a date specified by the Company that is on or after the date of such notice. In such event, Executive shall be entitled to all compensation, benefits and perquisites paid or accrued as of the date of termination and shall also be entitled to receive severance compensation and benefits in accordance with the provisions of Section 12.

8. Termination With Cause . Executive's employment may be terminated by the Company at any time with "Cause" for doing so upon written notice of termination to Executive specifying the date of termination and the factual circumstances constituting "Cause" for such termination. For purposes of this Agreement, the Company will have "Cause" to terminate Executive's employment if Executive has:

(a) Acted with gross neglect or willful misconduct in the discharge of Executive's duties and responsibilities or refused to follow or comply with the lawful direction of the Company or the terms and conditions of this Agreement, provided such

refusal is not based primarily on Executive's good faith compliance with applicable legal or ethical standards; or

(b) Acquiesced or participated in any conduct that is dishonest, fraudulent, illegal (at the felony level), unethical, involves moral turpitude or is otherwise illegal and involves conduct that has the potential, in the Company's reasonable opinion, to cause the Company, its officers or its directors embarrassment or ridicule; or

(c) Violated a material requirement of any Company policy or procedure, or policy or procedure of an affiliated company that applies to Executive; or

(d) Disclosed without proper authorization any trade secrets or other confidential information of the Company or any of its affiliated companies; or

(e) Engaged in any act that, in the reasonable opinion of the Company, is contrary to its best interests or would hold the Company, its officers or directors up to probable civil or criminal liability, provided that, if Executive acts in good faith in compliance with applicable legal or ethical standards, such actions shall not be grounds for termination for Cause.

Upon the termination of Executive's employment for Cause, Executive shall only be entitled to such compensation, benefits, and perquisites that have been paid or accrued as of the effective date of termination. To the extent any violation of this Section is capable of being promptly cured by Executive (or cured within a reasonable period to the Company's satisfaction), the Company agrees to provide Executive with a reasonable opportunity to so cure such defect. Absent written mutual agreement otherwise, the Parties agree in advance that it is not possible for Executive to cure any violations of sub-paragraph (b) or (d) and, therefore, no opportunity for cure need be provided in those circumstances.

9. Termination Without Good Reason. Executive may terminate the employment relationship between Executive and the Company at any time, without Good Reason for doing so, upon sixty (60) days' advance written notice of such termination given to the Company. In such event, Executive shall only be entitled to such compensation, benefits and perquisites that have been paid or accrued as of the effective date of termination.

10. Termination With Good Reason. Executive may terminate the employment relationship between Executive and the Company with "Good Reason" for doing so by following the process provided below in this Section. For such purpose, "Good Reason" means:

(a) A material reduction in Executive's then-current base annual salary, except to the extent that such reduction is accompanied by a corresponding increase in another form of compensation;

(b) Failure to provide Executive the same benefits and perquisites that are provided to other peer-level officers;

(c) Relocation of Executive's principal location of work to any location that is in excess of 100 miles from the Company's then-existing corporate headquarters;

(d) A material diminution in Executive's authority, duties or responsibilities; or

(e) Any action or inaction that constitutes a material breach of this Agreement by the Company.

In order for Executive to initiate the process of terminating the employment relationship for Good Reason, Executive must first provide written notice to the Company of Executive's intent to terminate for Good Reason, and in such notice Executive must describe in reasonable detail the event or circumstance that Executive believes constitutes Good Reason for such termination of employment. That notice must be received by the Company within 90 days after the initial occurrence of such "Good Reason" event or circumstance described by Executive in the notice in order for the notice to be effective under this Section. The Company shall then have 30 days following the receipt of such notice in which to remedy or cure such event or circumstance so that Good Reason no longer exists for Executive to terminate the employment relationship. If the Company does not remedy or cure such event or circumstance within such 30-day cure period, Executive may then terminate the employment relationship by written notice of termination for Good Reason received by the Company within 60 days after the end of the above 30-day cure period, again describing in reasonable detail in such notice the event or circumstance relied on by Executive as constituting Good Reason for such termination. Notice of termination received by the Company after such 60-day period will not be effective under this Section. In the event Executive's employment is terminated by Executive for Good Reason in accordance with this Section, Executive shall be entitled to all compensation, benefits and perquisites paid or accrued as of the date of termination and shall also be entitled to receive severance compensation and benefits in accordance with the provisions of Section 12.

11. Termination Due to Death or Disability. In the event Executive dies or suffers a disability (as defined below) during the term of employment, this Agreement shall automatically be terminated on the date of such death or may be terminated on account of such disability by the Company by written notice to Executive specifying the date of termination. For purposes of this Agreement, Executive shall be considered to have suffered a "disability" upon a determination by the Company, or an admission by Executive, that Executive cannot perform the essential functions of Executive's position as a result of physical or mental incapacity and the occurrence of one or more of the following events:

(a) Executive becomes eligible for or receives any benefits pursuant to any disability insurance policy as a result of a determination under such policy that Executive is permanently disabled;

(b) Executive becomes eligible for or receives any disability benefits under the Social Security Act; or

(c) A good faith determination by the Company that Executive is and will likely remain unable to perform the essential functions of Executive's duties or responsibilities hereunder on a full-time basis, with or without reasonable accommodation, as a result of any mental or physical impairment.

In the event of the termination of Executive's employment on account of death or disability, Executive shall be entitled only to such compensation, benefits and perquisites as shall have been paid or accrued as of the date of such termination.

12. Severance Compensation and Benefits. In the event that (a) Executive's employment is either terminated by the Company without Cause under Section 7 or by Executive for Good Reason under Section 10, and (b) Executive is not entitled to any severance or similar compensation or benefits under a "Change in Control" or similar agreement in connection with the termination of Executive's employment relationship, and (c) Executive executes and delivers to the Company, within twenty-one (21) days (or such longer period required by law if applicable) after termination of Executive's employment relationship, and does not revoke, a written Release (as defined below), then, except as provided below in this Section 12 and subject to the terms of this Agreement and the aforementioned Release, Executive shall be entitled to receive the following:

(a) Severance compensation ("Severance Pay") equal to the greater of twelve (12) months of Executive's base salary (based upon Executive's base salary at the time of termination of employment and subject to required tax or other withholdings) payable to Executive in a lump sum within thirty (30) days after the date on which Executive's employment is terminated or the period provided in the Company's severance guidelines in effect at the time; provided, that notwithstanding the foregoing: (i) if the termination of Executive's employment occurs during November or December, the commencement of Severance Pay payable to Executive shall not occur prior to January 1 of the following year, and (ii) if Executive is a "specified employee" under Section 409A of the Internal Revenue Code of 1986, as amended, or any successor law (the "Code"), then any portion of the Severance Pay that is not exempt from Section 409A, and that would otherwise be payable to Executive during the first six (6) months following the termination of Executive's employment, shall not be paid to Executive until the ten (10) business day period immediately following the expiration of such six (6) month period.

(b) If Executive timely elects in the proper form, pursuant to the Consolidated Budget Reconciliation Act ("COBRA"), to continue health care coverage for Executive and/or Executive's dependents under the health plan in which Executive had coverage at the time of the termination of Executive's employment, and if Executive continues paying the premiums for such COBRA coverage (subject to any COBRA premium subsidy Executive is eligible for under the American Recovery and Reinvestment Act of 2009 or similar law), then the Company will reimburse to Executive monthly (as taxable income to Executive) an amount that is not less than the dollar amount of health care premiums that the Company and its affiliated companies were paying on behalf of Executive and/or Executive's dependents immediately prior to the termination of Executive's employment, such premium reimbursements to continue until the earlier of (i) the date that is twelve (12) months after Executive's employment is terminated, or (ii) the date as of which Executive ceases to carry COBRA continuation health care coverage following Executive's termination of employment.

(c) Limited out-placement counseling with a company of the Company's choice, provided that Executive commences participation in such counseling immediately following termination of employment, for a period of up to twelve (12) months following the termination of Executive's employment.

In order to receive the foregoing severance compensation and benefits, Executive must execute and not revoke a release, in a form acceptable to the Company, of any and all claims against the Company and its affiliated companies and all related parties with respect to all matters arising out of Executive's employment by the Company or any of its affiliated companies and the termination thereof (other than claims for any entitlements under the terms of this Agreement or under any plans or programs of the Company or any of its affiliated companies under which Executive has accrued and is due a benefit) (a "Release").

The Company and Executive mutually acknowledge and agree that payment of the foregoing severance compensation and benefits may be adjusted, from a timing standpoint or in the form or manner of payment, as necessary to comply with (avoid adverse tax consequences under) Section 409A or other applicable provisions of the Code.

13. Confidential Information; Company Property . Executive acknowledges that, by reason of Executive's employment by the Company and/or any of its affiliated companies, Executive has had and/or will have access to confidential information of the Company and its affiliated companies, including, without limitation, information and knowledge pertaining to business strategies, financial performance, products, inventions, discoveries, improvements, innovations, designs, ideas, trade secrets, proprietary information, manufacturing, packaging, advertising, distribution and sales methods, customer and client lists, and relationships among and between the Company and its affiliated companies and their respective dealers, distributors, sales representatives, wholesalers, customers, clients, suppliers and others who have business dealings with them ("Confidential Information"). Executive also acknowledges that such Confidential Information is a valuable and unique asset of the Company and its affiliated companies. Executive promises that, both during and at all times after the period during which Executive is employed by the Company or any of its affiliated companies, Executive will not disclose any such Confidential Information to any person or entity or use any such Confidential Information for the benefit of Executive or any other person or entity (except in either case as Executive's duties as an employee of the Company may require) without the prior written authorization of the Company. In this regard, and in order to comply with Executive's obligations regarding the non-use and non-disclosure of Confidential Information, Executive promises that Executive will not provide advice or services to any person or entity, in any capacity whatsoever, if the Confidential Information possessed by Executive would be useful or of benefit to such person or entity in competing against the Company or any of its affiliated entities or otherwise. The provisions in this Section and this Agreement regarding "Confidential Information" are intended to be supplemental and in addition to, and are not intended to be in lieu or in any way a limitation of, the protections afforded by, and remedies for misuse or misappropriation available under, applicable law regarding the trade secrets of the Company and its affiliated companies.

Executive shall not remove any property or information of Company or its affiliated companies from the Company's premises, except in discharge of Executive's duties or when otherwise authorized by the Company. Executive shall return all of the Company's or its affiliated companies' property and information within seven (7) days following the cessation of Executive's employment for any reason. Upon request by the Company, Executive shall certify in writing that all copies of information subject to this Agreement located on Executive's computers or other electronic storage devices have been permanently deleted; provided, that Executive may retain copies of Executive's personnel file and documents relating to employee benefit programs or insurance plans applicable to Executive and income records to the extent necessary for Executive to prepare individual tax returns.

14. Non-Competition. Executive promises that, during the period that Executive is employed by the Company or any of its affiliated companies and for twelve (12) months thereafter, Executive will not, unless acting as an employee of the Company or any of its affiliated companies or with the prior written consent of the Company, directly or indirectly, own, manage, operate, finance, join, control or participate in the ownership, management, operation, financing or control of, or be connected in a competitive capacity as an officer, director, employee, partner, principal, agent, representative, consultant or otherwise with, or use or permit Executive's name to be used in connection with, any business or enterprise that (a) is engaged in the business of designing, engineering, manufacturing, marketing, selling or distributing any products or services that compete with, or are a functional equivalent of or alternative for, any of the products or services designed, engineered, manufactured, marketed, sold or distributed by the Company or any of its affiliated companies within the year prior to the termination of Executive's employment or that the Company or any of its affiliated companies are about to so do at the time of such termination of employment (the "Competing Products"), and (b) is engaged in any such activities within any state of the United States or the District of Columbia or any other country in which the Company or any of its affiliated companies engages in or is about to engage in any of such activities.

15. No Solicitation. Executive promises that, during the period that Executive is employed by the Company or any of its affiliated companies and for twelve (12) months thereafter, Executive will not, unless acting as an employee of the Company or any of its affiliated companies or with the prior written consent of the Company, (i) call on or solicit, either directly or indirectly, for any purposes involving the designing, engineering, manufacturing, marketing, selling, purchasing or distributing of any Competing Products, any person, firm, corporation or other entity who or which is or had been, at the time of or within two years prior to the termination of Executive's employment by the Company, a customer of the Company or any of its affiliated companies, or (ii) knowingly solicit for employment, or otherwise for the providing of advice or services, any person who is an employee of the Company or any of its affiliated companies or who was such an employee within six months prior to Executive's termination of employment.

16. Addition to Restricted Period. In the event Executive breaches any of Executive's obligations under Sections 14 or 15, then the period of time during which such provision is to remain in effect following the termination of Executive's employment shall be increased by the same amount of time that Executive was in breach thereof.

17. Survival of Restrictive Covenants. The obligations of Executive under Sections 13, 14 and 15 shall survive the termination of this Agreement and the termination of Executive's employment for any reason, including without limitation a termination of such employment by the Company without Cause or a termination by Executive for Good Reason. A breach by the Company of any contractual, statutory or other obligation to Executive shall not excuse compliance with or terminate Executive's obligations under those Sections or otherwise provide a defense to or preclude the Company from seeking injunctive or other relief in the event of a breach or threatened breach of those obligations by Executive.

18. Enforcement/Injunctive Relief. Executive and the Company stipulate and agree that it would be difficult to measure any damages to the Company or any of its affiliated companies resulting from a breach of any of the provisions of Sections 13, 14 or 15, but that the potential for damages in such event would be great, incalculable and irremediable, and that monetary damages alone would be an inadequate remedy. Accordingly, Executive agrees that the Company shall be entitled to immediate injunctive relief against such breach, or threatened breach, in any court having jurisdiction, and Executive waives the right in any proceeding to enforce this Agreement by the Company or any of its affiliated companies to assert as a matter of defense or otherwise that the Company or any of its affiliated companies has an adequate remedy at law or has not been or will not be irreparably harmed by a breach or threatened breach by Executive of any of such provisions. The remedies described above shall not be the exclusive remedies, and the Company may seek any other remedy available to it either in law or in equity, including, by way of example only, statutory remedies for misappropriation of trade secrets, and including the recovery of compensatory or punitive damages. The prevailing Party, in addition to any other award in its favor, shall be entitled to recover its attorneys' fees and other costs of litigation from the non-prevailing Party in any action brought to enforce the provisions of Sections 13, 14 or 15.

19. Reasonableness and Judicial Modification of Restrictions. Executive acknowledges and agrees that the terms of the restrictions on Executive in Sections 13, 14 and 15 are fair and reasonable, are not unreasonably broad in scope, are reasonably necessary to protect the property and other interests of the Company and the affiliated companies, and will not prevent Executive from obtaining other suitable employment in the event Executive's employment with the Company terminates. Nevertheless, if the scope of any provision contained in Sections 13, 14 or 15 is deemed by any court having jurisdiction to be too broad to permit enforcement of such provision to its fullest extent, then such provision shall nevertheless be enforced to the maximum extent permitted by applicable law, and the Company and Executive each hereby request any such court to judicially modify any such provision accordingly, and each consent to such judicial modification, in any proceeding brought to enforce such provision.

20. Company Modification of Restrictions. The Company may at any time and from time to time during or after the term of Executive's employment by the Company, on its own initiative and without the necessity of obtaining any consent from or agreement of Executive with respect thereto, modify any of the provisions of Sections 13, 14 or 15 that restrict Executive's actions or rights in whatever manner the Company chooses if such modification makes the provision in question less restrictive or burdensome as to

Executive's actions or rights than it was prior to modification. Any such modification will be effective immediately upon the Company's giving written notice to Executive thereof (including the precise wording changes made).

21. Publicly Traded Stock. The provisions of Section 14 shall not prohibit Executive from owning not more than one percent (1%) of the outstanding stock or other corporate security of a company that is traded or quoted on a national securities exchange or national market system.

22. Waiver of Jury Trials. Notwithstanding any right to a jury trial for any claims, Executive and the Company each waive any such right to a jury trial, and agree that any claim of any type in connection with Executive's employment by the Company or any of its affiliated companies (including but not limited to employment discrimination litigation, wage litigation, defamation, or any other claim) filed in any court will be tried, if at all, without a jury.

23. Choice of Forum; Consent to Jurisdiction. Any claim or action brought by Executive against the Company or any of its affiliated companies that arises under or relates to this Agreement or is in any way in connection with the employment of Executive by the Company or any of its affiliated companies, or the termination thereof, must be brought and maintained only in a court sitting in either (a) Marion County, Indiana, or Ripley County, Indiana, or, if in a federal court, the United States District Court for the Southern District of Indiana, Indianapolis Division, or (b) the state in which the Company is incorporated or maintains its principal office at the time of the claim or action. Executive consents to the personal jurisdiction of any such court over Executive with respect to any claim or action brought against Executive by the Company or any of its affiliated companies arising under or relating to this Agreement or in any way in connection with Executive's employment by the Company or any of its affiliated companies, or the termination thereof.

24. Choice of Law. This Agreement shall be deemed to have been made in the State of Indiana, and shall be interpreted, construed and enforced in accordance with the laws of that State without regard to the choice of law provisions thereof.

25. Severability. The Parties agree that each and every paragraph, sentence, clause, term and provision of this Agreement is severable and that, in the event any portion of this Agreement is adjudged to be invalid or unenforceable, the remaining portions thereof shall remain in effect and be enforced to the fullest extent permitted by law.

26. Assignment. The rights and obligations of the Company under this Agreement shall inure to its benefit, as well as the benefit of its successor and affiliated companies, and shall be binding upon the successors and assigns of the Company. This Agreement, being personal to Executive, cannot be assigned by Executive, but Executive's personal representative shall be bound by all its terms and conditions.

27. Notices. Except as otherwise specifically provided or permitted elsewhere in this Agreement, any notice required or permitted to be given hereunder shall be sufficient and deemed to have been given if in writing and either hand delivered (in person or by a recognized courier or delivery service) or mailed by certified or registered U.S. Mail,

return receipt requested, addressed to Executive at the last known residence address of Executive on the Company's records or to the Company at its principal office address with an additional copy mailed by regular mail to the Office of the General Counsel of Hillenbrand, Inc., One Batesville Boulevard, Batesville, Indiana 47006. This Section is not intended to modify any requirement elsewhere in this Agreement that a notice must be received by a Party ("giving" notice is not the equivalent of "receipt" of notice when receipt is expressly required or specified).

28. Amendments and Waivers. Except as specifically provided herein, any modification, amendment, extension or waiver of this Agreement or any provision hereof must be in writing and must be signed by both Parties or, in the case of a waiver, signed by the Party charged with making such waiver. The waiver by the Company or Executive of a breach of any provision of this Agreement shall not be construed as a waiver of any subsequent breach.

29. Executive Manuals, Policies, Etc. Notwithstanding anything in this Agreement to the contrary, the Company and its affiliated companies shall have the right from time to time to adopt, modify or amend and maintain in full force and effect any employee manuals, policies or procedures applicable to employees generally (including Executive) and any such adoption, modification or amendment shall be in force and effect without it being considered an amendment or modification of this Agreement.

30. Enforcement by Affiliated Companies. The affiliated companies of the Company are intended to be third party beneficiaries with respect to the provisions of Sections 13-28, both inclusive, to the extent relevant to them, and such Sections shall extend to and may be enforced by any of such affiliated companies in their own names or by the Company on their behalf.

31. Integration. This Agreement supersedes and replaces any prior employment agreement or similar oral or written agreements or understandings between Executive and the Company or any of its affiliated companies in respect of the matters addressed hereby.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Parties have signed this Agreement as of the day and year first above written, to be effective as of the Effective Date.

HILLENBRAND, INC.

By: /s/ P. Douglas Wilson
Name: P. Douglas Wilson
Title: Senior Vice President,
Chief Administrative Officer

EXECUTIVE

/s/ William Canady
William Canady

Exhibit 10.2

CHANGE IN CONTROL AGREEMENT

This Change in Control Agreement (the "Agreement") is made to be effective as of the 4th day of November, 2013 (the "Effective Date"), by and between Hillenbrand, Inc., an Indiana corporation (the "Company"), and William Canady (the "Executive").

WHEREAS, the Company considers it essential to the best interests of its shareholders to foster continuous employment by the Company and its subsidiaries of their key management personnel;

WHEREAS, the Compensation and Management Development Committee (the "Committee") of the Board of Directors (the "Board") of the Company has recommended, and the Board has approved, that the Company enter into Change in Control Agreements with key executives of the Company and its subsidiaries who are from time to time designated by the management of the Company and approved by the Committee; and

WHEREAS, the Committee and the Board believe that Executive makes and will make valuable contributions to the productivity and profitability of the Company and consider it essential to the best interests of the Company and its shareholders that Executive be encouraged to remain with the Company in the event of any proposed Change in Control (as defined below) and be in a position to provide assessment and advice to the Board regarding any proposed Change in Control without concern that Executive might be unduly distracted by the personal uncertainties and risks created by any proposed Change in Control;

NOW, THEREFORE, the Company and Executive agree as follows:

1. **Effectiveness.** The terms and conditions of this Agreement shall become effective commencing on the Effective Date.

2. **Termination following a Change in Control.** After the occurrence of a Change in Control, the Company will provide or cause to be provided to Executive the rights and benefits described in Section 3 hereof in the event that Executive's employment with the Company and its subsidiaries is terminated:

(a) by the Company or its subsidiaries (or its or their successors) for any reason other than on account of Executive's death, permanent disability, retirement or for Cause (as defined below) at any time prior to the second anniversary of a Change in Control; or

(b) by Executive for Good Reason (as defined below) at any time prior to the second anniversary of a Change in Control.

Anything in this Agreement to the contrary notwithstanding, if a Change in Control occurs and if the Executive's employment with the Company is terminated by the Company without Cause, or by Executive for Good Reason, prior to the date on which the Change in Control occurs, and if it is reasonably demonstrated by Executive that such termination of employment (i) was at the request of a third party who has taken steps reasonably calculated to effect a Change in Control or (ii) otherwise arose in connection with or anticipation of a Change

in Control which subsequently occurs within three months of such termination, then for purposes of this Agreement a Change in Control shall be deemed to have occurred on the day immediately prior to such termination of employment, and all references in Section 3 to payments within a specified period as allowed by law following "Termination" shall instead be references to the specified period following the Change in Control.

The rights and benefits described in Section 3 hereof shall be in lieu of any severance or similar payments otherwise payable to Executive under any employment agreement or severance plan or program of the Company or any of its subsidiaries but shall not otherwise affect Executive's rights to compensation or benefits under the Company's compensation and benefit programs except to the extent expressly provided herein.

3. **Rights and Benefits Upon Termination.**

In the event of the termination of Executive's employment under any of the circumstances set forth in Section 2 hereof ("Termination"), the Company shall provide or cause to be provided to Executive the following rights and benefits, provided that Executive executes and delivers to the Company within 45 days of the Termination a release ("Release") in a form reasonably acceptable to the Company:

(a) a lump sum payment in cash in the amount of two times Executive's Annual Base Salary (as defined below), payable (i) on the date which is six months following Termination, if the Executive is a "specified employee" as defined in Code Section 409A(a)(2)(B)(i) of the Internal Revenue Code of 1986, as amended ("Code") (Section 409A of the Code is hereunder referred to as "Section 409A"), and the Treasury Regulations promulgated thereunder (to the extent required in order to comply with Section 409A); or (ii) on the next regularly scheduled payroll following the earlier to occur of fifteen (15) days from the Company's receipt of an executed Release or the expiration of sixty (60) days after Executive's Termination, if Executive is not such a "specified employee" (or such payment is exempt from Section 409A); provided, however, that if the before-stated sixty (60) day period ends in a calendar year following the calendar year in which the sixty (60) day period commenced, then any benefits not subject to clause (i) shall only begin on the next regularly scheduled payroll following the expiration of sixty (60) days after the Executive's Termination;

(b) for the 24 months following Termination, continued health and medical insurance coverage for Executive and Executive's dependents substantially comparable (with regard to both benefits and employee contributions) to the coverage provided by the Company immediately prior to the Change in Control for active employees of equivalent rank. From the end of such 24-month period until Executive attains Social Security Retirement Age, Executive shall have the right to purchase (at COBRA rates applicable to such coverage) continued coverage for Executive and Executive's dependents under one or more plans maintained by the Company for its active employees, to the extent Executive would have been eligible to purchase continued coverage under the plan in effect immediately prior to the Change in Control had Executive's employment terminated 24 months following Termination. The payment of any health or medical claims for the health and medical coverage provided in this subparagraph (b) shall be made to the Executive as soon as administratively practicable after the Executive has provided the appropriate claim documentation, but in no event shall the payment for any such

health or medical claim be paid later than the last day of the calendar year following the calendar year in which the expense was incurred. Notwithstanding anything herein to the contrary, to the extent required by Section 409A: (i) the amount of medical claims eligible for reimbursement or to be provided as an in-kind benefit under this Agreement during a calendar year may not affect the medical claims eligible for reimbursement or to be provided as an in-kind benefit in any other calendar year, and (ii) the right to reimbursement or in-kind benefits under this Agreement shall not be subject to liquidation or exchange for another benefit;

(c) continuation for Executive, for a period of two years following Termination, of the Executive Life Insurance Bonus Program (if any) provided for Executive by the Company immediately prior to the Change in Control and the group term life insurance program provided for Executive immediately prior to the Change in Control. The payment of any claim for death benefits provided under this subparagraph (c) shall be paid in accordance with the appropriate program, provided, however that if the death benefit is subject to Section 409A, then the death benefit shall be paid, as determined by the Company in its complete and absolute discretion, no later than the later to occur of (i) the last day of the calendar year in which the death of the Executive occurs or (ii) the 90th day following the Executive's death;

(d) a lump sum payment in cash, payable within 30 days after Termination, equal to all reimbursable business expenses and similar miscellaneous benefits as of the Termination; provided, however, that to the extent that any such miscellaneous benefits are subject to Section 409A, such benefits shall be paid in one lump sum (i) on the date which is six months following Termination, if the Executive is a "specified employee" as defined in Code Section 409A(a)(2)(b)(i), or (ii) on the next regularly scheduled payroll following the earlier to occur of fifteen (15) days from the Company's receipt of an executed Release or the expiration of sixty (60) days after Executive's Termination, if Executive is not such a "specified employee"; provided, however, that if the before-stated sixty (60) day period ends in a calendar year following the calendar year in which the sixty (60) day period commenced, then any benefits not subject to clause (i) shall only begin on the next regularly scheduled payroll following the expiration of sixty (60) days after the Executive's Termination;

(e) a lump sum payment in cash equal to the amounts accrued, if any, for the last 12 months times two immediately prior to the Termination in any of the Defined Contribution, Matching Account and/or Supplemental Contribution Account, payable (i) on the date which is six months following Termination, if the Executive is a "specified employee" as defined in Code Section 409A(a)(2)(B)(i), or (ii) on the next regularly scheduled payroll following the earlier to occur of fifteen (15) days from the Company's receipt of an executed Release or the expiration of sixty (60) days after Executive's Termination, if Executive is not such a "specified employee" (or such payment is exempt from Section 409A); provided, however, that if the before-stated sixty (60) day period ends in a calendar year following the calendar year in which the sixty (60) day period commenced, then any benefits not subject to clause (i) shall only begin on the next regularly scheduled payroll following the expiration of sixty (60) days after the Executive's Termination;

(f) a lump sum payment in cash equal to the amount of Short-Term Incentive Compensation which would be payable to Executive if the relevant performance targets with

respect to such incentive compensation in effect for the entire year in which the Change in Control occurred were achieved at 100% of target; and

(g) accelerated vesting of all awards held by Executive under the Company's Stock Incentive Plan, including the following (capitalized terms used below and not otherwise defined shall have the meanings given to them in the Company's Stock Incentive Plan):

(i) immediate vesting of all outstanding awards of Bonus Stock;

(ii) immediate vesting of all outstanding Stock Options;

(iii) immediate vesting of all outstanding awards of Restricted Stock;

(iv) immediate vesting of all outstanding awards of Restricted Stock Units (also known as Deferred Stock) which would be payable to Executive if the relevant performance targets, where applicable, were achieved at 100% of target; and

(v) immediate vesting of all Stock Appreciation Rights;

provided, that if the Change in Control involves a merger, acquisition or other corporate restructuring in which the Company is not the surviving entity (or survives as a subsidiary of another entity) (an "Acquisition"), then, in lieu of any such shares of common stock of the Company as described above, Executive shall be entitled to receive consideration equal to that which Executive would have received had the Termination occurred (and, thus, the rights and benefits set forth above been realized) immediately prior to the Acquisition; and provided further, that the Company shall in any case have the right to substitute cash for shares of common stock of the Company or consideration in an amount equal to the fair market value of such shares or consideration as reasonably determined by the Company.

Any distribution to be made under Section 3(f) or (g) shall be made no later than two and a half months following Executive's Termination, except to the extent otherwise required in order to comply with Section 409A.

4. **Adjustments to Payments.**

(a) If any payment or benefit Executive would receive pursuant to this Agreement or otherwise, including accelerated vesting of any equity compensation (all such payments and/or benefits hereinafter, "Payment"), would (i) constitute a "parachute payment" within the meaning of Section 280G of the Code, and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then such Payment shall be either (x) provided to the Executive in full, or (y) provided to the Executive to such lesser extent which would result in no portion of such Payment being subject to the excise tax, further reduced by $5,000 (including such further reduction, the "Cutback Amount"), whichever of the foregoing amounts, when taking into account applicable federal, state, local and foreign income and employment taxes, such excise tax and other applicable taxes, (all computed at the highest applicable marginal rates), results in the receipt by the Executive, on an after-tax basis, of the greatest amount of the Payment, notwithstanding that all or a portion of such Payment may be

subject to the excise tax. If a reduction in payments or benefits constituting "parachute payments" is necessary so that the Payment equals the Cutback Amount, reduction shall occur in the following order: (A) cash payments shall be reduced first and in reverse chronological order such that the cash payment owed on the latest date following the occurrence of the event triggering such excise tax will be the first cash payment to be reduced; (B) accelerated vesting of performance-based equity awards shall be cancelled or reduced next and in the reverse order of the date of grant for such awards (i.e., the vesting of the most recently granted awards will be reduced first), with full-value awards reduced before any performance-based stock option or stock appreciation rights are reduced; (C) health and welfare benefits shall be reduced and in reverse chronological order such that the benefit owed on the latest date following the occurrence of the event triggering such excise tax will be the first benefit to be reduced; and (D) accelerated vesting of time-based equity awards shall be cancelled or reduced last and in the reverse order of the date of grant for such awards (i.e., the vesting of the most recently granted awards will be reduced first), with full-value awards reduced before any time-based stock option or stock appreciation rights are reduced.

(b) The Company shall appoint a nationally recognized accounting firm to make the determinations required hereunder and perform the foregoing calculations. The Company shall bear all expenses with respect to the determinations by such accounting firm required to be made hereunder. The accounting firm engaged to make the determinations hereunder shall provide its calculations, together with detailed supporting documentation, to the Company and Executive within fifteen (15) calendar days after the date on which right to a Payment is triggered (if requested at that time by the Company or Executive). Any good faith determinations of the accounting firm made hereunder shall be final, binding and conclusive upon the Company and Executive.

5. **Section 409A Acknowledgement .**

Executive acknowledges that Executive has been advised of Section 409A, which has significantly changed the taxation of nonqualified deferred compensation plans and arrangements. Under proposed and final regulations as of the date of this Agreement, Executive has been advised that Executive's severance pay and other Termination benefits may be treated by the Internal Revenue Service as "nonqualified deferred compensation," subject to Section 409A. In that event, several provisions in Section 409A may affect Executive's receipt of severance compensation, including the timing thereof. These include, but are not limited to, a provision which requires that distributions to "specified employees" (as defined in Section 409A) on account of separation from service may not be made earlier than six months after the effective date of separation. If applicable, failure to comply with Section 409A can lead to immediate taxation of such deferrals, with interest calculated at a penalty rate and a 20% excise tax. As a result of the requirements imposed by the American Jobs Creation Act of 2004, Executive agrees that if Executive is a "specified employee" at the time of Executive's termination and if severance payments are covered as "nonqualified deferred compensation" or otherwise not exempt, such severance pay (and other benefits to the extent applicable) due Executive at time of termination shall not be paid until a date at least six months after Executive's effective termination date. Executive acknowledges that, notwithstanding anything contained herein to the contrary, both Executive and the Company shall each be independently responsible for accessing their own risks and liabilities under Section 409A that may be associated with any

payment made under the terms of this Agreement which may be deemed to trigger Section 409A. To the extent applicable, Executive understands and agrees that Executive shall have the responsibility for, and Executive agrees to pay, any and all appropriate income tax or other tax obligations for which Executive is individually responsible and/or related to receipt of any benefits provided in this Agreement. Executive agrees to fully indemnify and hold the Company harmless for any taxes, penalties, interest, cost or attorneys' fee assessed against or incurred by the Company on account of such benefits having been provided to Executive or based on any alleged failure to withhold taxes or satisfy any claimed obligation. Executive understands and acknowledges that neither the Company, nor any of its employees, attorneys or other representatives, has provided or will provide Executive with any legal or financial advice concerning taxes or any other matter, and that Executive has not relied on any such advice in deciding whether to enter into this Agreement. Notwithstanding any provision of this Agreement to the contrary, to the extent that any payment under the terms of this Agreement would constitute an impermissible acceleration of payments under Section 409A or any regulations or Treasury guidance promulgated thereunder, such payments shall be made no earlier than at such times allowed under Section 409A. If any provision of this Agreement (or of any award of compensation) would cause Executive to incur any additional tax or interest under Section 409A or any regulations or Treasury guidance promulgated thereunder, the Company or its successor may reform such provision; provided that it will (i) maintain, to the maximum extent practicable, the original intent of the applicable provision without violating the provisions of Section 409A and (ii) notify and consult with Executive regarding such amendments or modifications prior to the effective date of any such change.

6. **Non-Competition; Non-Solicitation.** In the event that upon a Termination, Executive receives any of the rights and benefits described in Section 3 hereof, then during the period beginning on such Termination and ending two years thereafter:

(a) Executive will not, unless acting as an employee of the Company or any of its affiliated companies or with the prior written consent of the Company, directly or indirectly, own, manage, operate, finance, join, control or participate in the ownership, management, operation, financing or control of, or be connected in a competitive capacity as an officer, director, employee, partner, principal, agent, representative, consultant or otherwise with, or use or permit Executive's name to be used in connection with, any business or enterprise that (i) is engaged in the business of designing, engineering, manufacturing, marketing, selling or distributing any products or services that compete with, or are a functional equivalent of or alternative for, any of the products or services designed, engineered, manufactured, marketed, sold or distributed by the Company or any of its affiliated companies within the year prior to the Termination or that the Company or any of its affiliated companies are about to so do at the time of such Termination (the "Competing Products"), and (ii) is engaged in any such activities within any state of the United States or the District of Columbia or any other country in which the Company or any of its affiliated companies engages in or is about to engage in any of such activities; and

(b) Executive will not, unless acting as an employee of the Company or any of its affiliated companies or with the prior written consent of the Company, (i) call on or solicit, either directly or indirectly, for any purposes involving the designing, engineering, manufacturing, marketing, selling, purchasing or distributing of any Competing Products, any

person, firm, corporation or other entity who or which is or had been, at the time of or within two years prior to the Termination, a customer of the Company or any of its affiliated companies, or (ii) knowingly solicit for employment, or otherwise for the providing of advice or services, any person who is an employee of the Company or any of its affiliated companies or who was such an employee within six months prior to such Termination.

The provisions of Section 6(a) shall not prohibit Executive from owning not more than one percent (1%) of the outstanding stock or other corporate security of a company that is traded or quoted on a national securities exchange or national market system

7. **Definitions.** As used in this Agreement, the following terms shall have the following meanings:

(a) " Annual Base Salary " means the annualized amount of Executive's rate of base salary in effect immediately before the Change in Control or immediately before the date of Termination, whichever is greater.

(b) " Cause " shall have the same meaning set forth in any current employment agreement that the Executive has with the Company or any of its subsidiaries.

(c) A " Change in Control " shall be deemed to occur on:

(i) the date that any person, corporation, partnership, syndicate, trust, estate or other group acting with a view to the acquisition, holding or disposition of securities of the Company, becomes, directly or indirectly, the beneficial owner, as defined in Rule 13d-3 under the Securities Exchange Act of 1934 ("Beneficial Owner"), of securities of the Company representing 35% or more of the voting power of all securities of the Company having the right under ordinary circumstances to vote at an election of the Board ("Voting Securities"), other than by reason of (x) the acquisition of securities of the Company by the Company or any of its Subsidiaries or any employee benefit plan of the Company or any of its Subsidiaries, or (y) the acquisition of Company securities directly from the Company;

(ii) the consummation of a merger or consolidation of the Company with another corporation unless

(A) the shareholders of the Company, immediately prior to the merger or consolidation, beneficially own, immediately after the merger or consolidation, shares entitling such shareholders to 50% or more of the voting power of all securities of the corporation surviving the merger or consolidation having the right under ordinary circumstances to vote at an election of directors in substantially the same proportions as their ownership, immediately prior to such merger or consolidation, of Voting Securities of the Company;

(B) no person, corporation, partnership, syndicate, trust, estate or other group beneficially owns, directly or indirectly, 35% or more of the voting power of the outstanding voting securities of the corporation resulting from such merger or consolidation except to the extent that such ownership existed prior to such merger or consolidation; and

(C) the members of the Company's Board, immediately prior to the merger or consolidation, constitute, immediately after the merger or consolidation, a majority of the board of directors of the corporation issuing cash or securities in the merger;

(iii) the date on which a majority of the members of the Board consist of persons other than Current Directors (which term shall mean any member of the Board on the date hereof and any member whose nomination or election has been approved by a majority of Current Directors then on the Board);

(iv) the consummation of a sale or other disposition of all or substantially all of the assets of the Company; or

(v) the date of approval by the shareholders of the Company of a plan of complete liquidation of the Company.

(d) " Defined Contribution Accounts," "Matching Accounts," and "Supplemental Contribution Accounts " shall have the meanings set forth in the Company's Supplemental Executive Retirement Program or Supplemental Retirement Plan, as applicable.

(e) " Executive Life Insurance Bonus Program " shall mean a program under which the Company pays the annual premium for a whole life insurance policy on the life of Executive.

(f) " Good Reason " shall have the same meaning set forth in any current employment agreement that the Executive has with the Company or any of its subsidiaries.

(g) " Short-Term Incentive Compensation " means the Incentive Compensation payable under the Short-Term Incentive Compensation Program, or any successor or other short-term incentive plan or program.

8. **Notice.**

(a) Any discharge or termination of Executive's employment pursuant to Section 2 shall be communicated in a written notice to the other party hereto setting forth the effective date of such discharge or termination (which date shall not be more than 30 days after the date such notice is delivered) and, in the case of a discharge for Cause or a termination for Good Reason the basis for such discharge or termination.

(b) For purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States certified or registered mail, return receipt requested, postage prepaid, addressed (i) in the case of Executive, to the last address the Company has on file; or (ii) in the case of the Company, to One Batesville Boulevard, Batesville, Indiana 47006, provided that all notices to the Company shall be directed to the attention of the Board with a copy to the Vice President and General Counsel, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

9. **No Duty to Mitigate.** Executive is not required to seek other employment or otherwise mitigate the amount of any payments to be made by the Company pursuant to this Agreement.

10. **Assignment.**

(a) This Agreement is personal to Executive and shall not be assignable by Executive other than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors. The Company shall require any successor to all or substantially all of the business and/or assets of the Company, whether direct or indirect, by purchase, merger, consolidation, acquisition of stock, or otherwise, to expressly assume and agree to perform this Agreement in the same manner and to the same extent as the Company would be required to perform it if no such succession had taken place.

11. **Arbitration.** Any dispute or controversy arising under, related to or in connection with this Agreement shall be settled exclusively by arbitration before a single arbitrator in Indianapolis, Indiana, in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The arbitrator's award shall be final and binding on all parties to this Agreement. Judgment may be entered on an arbitrator's award in any court having competent jurisdiction.

12. **Integration.** This Agreement supersedes and replaces any prior change in control agreement or similar oral or written agreements or understandings between Executive and the Company or its affiliates in respect of the matters addressed hereby.

13. **Amendment.** This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

14. **Severability.** The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

15. **Withholding.** The Company may withhold from any amounts payable under this Agreement such federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

16. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Indiana without reference to principles of conflict of laws.

17. **Attorney's Fees.** If any legal proceeding (whether in arbitration, at trial or on appeal) is brought under or in connection with this Agreement, each party shall pay its own expenses, including attorneys' fees.

18. **Term of Agreement.** The term of this Agreement shall be one year commencing on the date hereof; provided however, that this Agreement shall be automatically renewed for successive one-year terms commencing on each anniversary of the date of this Agreement unless the Company shall have given notice of non-renewal to Executive at least 30 days prior to the scheduled termination date; and further provided that notwithstanding the foregoing, (i) this Agreement shall not terminate within two years after a Change in Control, or during any period of time when a transaction which would result in a Change in Control is pending or under consideration by the Board, and (ii) Section 6 hereof shall survive termination. The termination of this Agreement shall not adversely affect any rights to which Executive has become entitled prior to such termination.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered as of the day and year first above set forth.

HILLENBRAND, INC.

By: /s/ P. Douglas Wilson
Name: P. Douglas Wilson
Title: Senior Vice President,
Chief Administrative Officer

EXECUTIVE

/s/ William Canady
William Canady

Exhibit 10.3

HILLENBRAND, INC. STOCK INCENTIVE PLAN
PERFORMANCE BASED UNIT AWARD AGREEMENT
Relative Total Shareholder Return

This Performance Based Unit Award Agreement (this "Agreement") is effective as of the day of , 20 , between Hillenbrand, Inc. (the "Company") and (the "Employee"). The Award evidences the grant by the Company of Restricted Stock Units subject to the attainment of certain performance measures as described herein (hereinafter, "Performance Based Units" or "Units"), all in accordance with the provisions of the Hillenbrand, Inc. Stock Incentive Plan, as amended from time-to-time (the "Plan"). The number of Units that will ultimately be earned under this Agreement, as well as the number of shares of Common Stock that will be distributed in settling those earned Units, which will not be determined until the end of the Measurement Period, will depend on the Company's Total Shareholder Return (as defined below) relative to that of the current members of the Company's compensation peer group.

The Units are subject to the terms and conditions set forth in the Plan (which is incorporated herein by reference), any rules and regulations adopted by the Board of Directors of the Company or the committee of the Board which administers the Plan (collectively, the "Committee"), and this Agreement. In the event of any conflict between the provisions of the Plan and the provisions of this Agreement, the terms, conditions, and provisions of the Plan shall control, and this Agreement shall be deemed to be modified accordingly. This grant becomes effective only if Employee affirmatively accepts it and evidences Employee's understanding of the terms and conditions of the Award, in accordance with applicable procedures established by the Company. Any terms used in this Agreement as capitalized defined terms that are not defined herein shall have the meanings set forth in the Plan. For purposes of this Agreement, "Employer" means the entity (i.e., the Company or the Subsidiary) that employs the Employee.

AWARD INFORMATION

Target Performance Based Unit Award	Units
Maximum Performance Based Unit Award	Units
Measurement Period (three fiscal years)	October 1, 20 through September 30, 20

AWARD DETERMINATION

The number of Units that will be earned at the end of the Measurement Period is a function of the Company's Total Shareholder Return, compared and ranked against the Total Shareholder Return of the current members of the Company's compensation peer group. For purposes of this Agreement, the term "Total Shareholder Return" (TSR), as applied to the Company or any member of its compensation peer group, shall mean stock price appreciation from the beginning to the end of the Measurement Period, plus dividends and distributions made or declared during the Measurement Period (it shall be assumed that such dividends or distributions are reinvested in the common stock of the Company or the applicable member of

the peer group), expressed as a percentage return. To the extent that the Employee is a "covered employee" within the meaning of Code Section 162(m), the Agreement will be administered in accordance with performance-based compensation exception under Code Section 162 (m) to the maximum extent possible.

Except as otherwise provided below in the Terms and Conditions, at the end of the Measurement Period, the Units earned will be the number of whole Units (rounded down) equal to the product of (a) the number of Units constituting the Target Performance Based Unit Award set forth above, and (b) a multiplier, as provided in the table set forth below. This multiplier is determined following the Measurement Period, based on the ranking (expressed as a percentage) of the Company's TSR during the Measurement Period against the TSR of its peer companies, as follows:

Ranking of Company TSR against peer group members, expressed as a percentage	**Multiplier**
Equal to or less than 24.99% of peer group	zero (no Units earned)
Equal to 25% up to 29.99% of peer group	.4
Equal to 30% up to 34.99% of peer group	.55
Equal to 35% up to 39.99% of peer group	.7
Equal to 40% up to 44.99% of peer group	.85
Equal to 45% up to 54.99% of peer group	1.0 (target number of Units earned)
Equal to 55% up to 59.99% of peer group	1.15
Equal to 60% up to 64.99% of peer group	1.3
Equal to 65% up to 69.99% of peer group	1.45
Equal to 70% up to 74.99% of peer group	1.6
Equal to or greater than 75% of peer group	1.75 (maximum Units earned)

For purposes hereof, the Company's peer group consists of the companies identified below. In the event any such company is not publicly traded at the conclusion of the Measurement Period, it will not be included in the TSR ranking calculated following the Measurement Period; provided, however, that in the event any such company is not publicly traded by reason of bankruptcy, liquidation, or similar proceeding, it shall be included in the TSR ranking with an applicable TSR equal to negative one hundred percent (-100%).

Acuity Brands, Inc. (AYI)	John Bean Technologies Corporation (JBT)
Bruker Corporation (BRKR)	Matthews International Corporation (MATW)
Clarcor, Inc. (CLC)	Middleby Corp. (MIDD)
EnPro Industries, Inc. (NPO)	Herman Miller Inc. (MLHR)
Graco, Inc. (GGG)	Rexnord Corporation (RXN)
HNI Corp. (HNI)	Steelcase Inc. (SCS)
Idex Corporation (IEX)	Tempur Sealy International Inc. (TPX)
Itron, Inc. (ITRI)	Waters Corporation (WAT)

TERMS AND CONDITIONS

Note: If this Award is granted to an Employee who is employed by a Subsidiary in Canada, Mexico, or a country in Europe or Asia, or is a resident of such a country, the terms and conditions of the Appendix A (and the applicable addenda attached to Appendix A) are hereby incorporated into and shall become part of the Terms and Conditions of this Agreement.

1. Grant of Performance Based Units . Pursuant to and subject to the terms and conditions of the Plan, the Company hereby awards to the Employee, who is an employee of the Company or one of its Subsidiaries, the opportunity to earn the number of Units that will be determined at the end of the Measurement Period under the Award Determination section above, up to but not exceeding the number of Units specified above as the Maximum Performance Based Unit Award. Each Unit represents the conditional right to receive one share of the Company's common stock, without par value ("Common Stock"). Upon settlement at the end of the Measurement Period, the earned Units will be settled by the distribution to the Employee of one share of Common Stock for each Unit being settled, as provided in Paragraph 7 and subject to withholding as provided in Paragraph 11.

2. Acceptance; Transfer Restrictions . The Employee hereby accepts the award of Units described in this Agreement and agrees that the Units will be held by the Employee and the Employee's successors subject to (and will not be disposed of except in accordance with) all of the restrictions, terms, and conditions contained in this Agreement and the Plan. Except as otherwise provided in this Agreement or the Plan, the Employee may not sell, assign, transfer, pledge, or otherwise dispose of or encumber any of the Units, any shares of Common Stock underlying the Units, or any interest in the Units or underlying shares of Common Stock, until the Measurement Period expires, at which time the Employee's rights in the Units will be earned and settled to the extent provided in this Agreement. Any purported sale, assignment, transfer, pledge, or other disposition or encumbrance in violation of this Agreement or the Plan will be void and of no effect.

3. Earning/Measurement Period . If the Employee remains employed by the Company or a Subsidiary through the end of the Measurement Period, then at the end of the Measurement Period the Units will become fully earned, to the extent determined under the Award Determination section above. If the Employee does not remain employed through the end of the Measurement Period, the provisions of Paragraph 8 below will apply in determining the number of Units, if any, which will become earned at the end of the Measurement Period.

All Units not earned at the end of the Measurement Period will be forfeited, and the Employee will have no rights or interest in or to those forfeited Units.

4. Unfunded Obligations. The Company will reflect the Employee's interests in the Units and the underlying shares of Common Stock by means of bookkeeping entries on the financial records of the Company, and this Agreement will not create in the Employee or any successors any right to, or claim against any, specific assets of the Company or result in the creation of any trust or escrow account for the Employee or any successors. With respect to their interests under this Agreement, the Employee and any successors will be general creditors of the Company.

5. Voting Rights. The Employee will not have any rights of a shareholder to vote the shares of Common Stock underlying the Units until the Units are earned and settled after the end of the Measurement Period. Once the Units are settled by distribution of shares of Common Stock, the Employee will have all shareholder voting rights with respect to those shares of Common Stock.

6. Dividends and Other Distributions. During the Measurement Period, the Employee will not have any rights of a shareholder to receive dividends or other distributions with respect to the shares of Common Stock underlying the Units (i.e., the Units will not accrue dividends). Once the Units are settled by distribution of shares of Common Stock, the Employee will have all shareholder rights to dividends and other distributions with respect to those shares of Common Stock.

7. Actions after Earning is Determined. As soon after the end of the Measurement Period as is practicable, and in any event on or before the end of the calendar year during which the Measurement Period ends, the Company will settle the earned Units by distributing to the Employee one share of Common Stock for each Unit earned under this Agreement. To distribute those shares of Common Stock, the Company will, in its discretion, either deliver to the Employee stock certificates representing, or shall instruct the Company's transfer agent to recognize in book entry form that the Employee is the registered holder of, the number of shares of Common Stock attributable to the earned Units as of the end of the Measurement Period, free from any restrictions or other terms and conditions of this Agreement. At that same time, the Company shall take such actions as it shall deem appropriate to cancel the forfeited Units and to cause them to no longer be recognized as outstanding awards under the Plan. The Employee (or his or her successors) shall execute and deliver such instruments and take such other actions as the Company shall reasonably request with respect to the actions to be taken pursuant to this Paragraph.

8. Termination of Employment. If the Employee's employment with the Company and/or a Subsidiary terminates during the Measurement Period (a transfer of employment among the Company and its Subsidiaries will not be treated as a termination of employment), then all or some portion of the Units that would otherwise have become earned Units (based on the actual performance for the Measurement Period) had the Employee remained employed throughout the entire Measurement Period, if any (the "Full Period Units"), will be earned or be forfeited as follows:

(a) if the Employee's employment terminates due to death, Disability or Retirement, then at the end of the Measurement Period the number of Units that then become earned Units will be equal to the product (rounded down to the nearest whole Unit) of (i) the number of Full Period Units, and (ii) a fraction, the numerator of which is the sum (to a maximum of 156) of 52 plus the number of full weeks in the Measurement Period during which the Employee was employed by the Company or a Subsidiary, and the denominator of which is 156;

(b) if the Employee's employment terminates due to involuntary termination without Cause, then at the end of the Measurement Period the number of Units that then become earned Units will be equal to the product (rounded down to the nearest whole Unit) of (i) the number of Full Period Units, and (ii) a fraction, the numerator of which is the number of full weeks in the Measurement Period during which the Employee was employed by the Company or a Subsidiary, and the denominator of which is 156;

(c) if the Employee, at termination of employment, is a party to a written employment agreement with the Company or a Subsidiary that provides for the voluntary termination of employment by the Employee for Good Reason, and if the Employee terminates employment voluntarily for Good Reason, then at the end of the Measurement Period the number of Units that then become earned Units will be the same portion of the Full Period Units as if the Employee's employment had been involuntarily terminated without Cause, as determined under subparagraph (b) of this Paragraph; and

(d) upon termination of the Employee's employment for any reason other than those described in subparagraphs (a), (b), or (c) of this Paragraph, all of the Units will be forfeited immediately upon the termination of the Employee's employment.

9. Change in Control. Except as otherwise required under the terms and conditions of any applicable change in control agreement between the Employee and the Company or a Subsidiary, upon the occurrence of a Change in Control during the Measurement Period, the number of Units that then become earned Units will be equal to the product (rounded down to the nearest whole Unit) of (i) the number of Units equal to the Target Performance Based Unit Award, and (ii) a fraction, the numerator of which is the number of full weeks in the Measurement Period prior to the Change in Control, and the denominator of which is 156, and all other shares will be forfeited.

10. Potential Repayment Obligation. This Paragraph 10 is applicable only if the Employee holds the office of Vice President, or a higher office, with the Company or one of its significant Subsidiaries as of the effective date of this Agreement. Notwithstanding any other provision of this Agreement to the contrary, any Units granted or shares of Common Stock issued in connection with this Agreement, and/or any amount received with respect to any sale of any such shares, shall be subject to potential cancellation, recoupment, rescission, payback, or other action in accordance with the terms of the Company's clawback policy, as it may be amended from time to time (the "Policy"). The Employee agrees and consents to the Company's application, implementation, and enforcement of (a) the Policy or any similar policy established by the Company or its Subsidiaries that may apply to the Employee, and (b) any provision of applicable law relating to cancellation, rescission, payback, or recoupment of compensation, and

expressly agrees that the Company may take such actions as are necessary to effectuate the Policy, any similar policy (as applicable to the Employee) or applicable law without further consent or action being required by the Employee. To the extent that the terms of this Agreement and the Policy or any similar policy conflict, the terms of such policy shall prevail.

11. Withholding. At the time of the settlement of Units by distribution of any shares of Common Stock pursuant to Paragraph 7 of this Agreement, the Company has the right and power to deduct or withhold, or require the Employee to remit to the Company, an amount sufficient to satisfy all applicable tax withholding requirements with respect to such distributed shares. The Company may permit or require the Employee to satisfy all or part of the tax withholding obligations in connection with this Agreement by (a) having the Company withhold otherwise distributable shares, or (b) delivering to the Company shares of Company Common Stock already owned for a period of at least six months (or such longer or shorter period as may be required to avoid a charge to earnings for financial accounting purposes), in each case having a value equal to the amount to be withheld, which shall not exceed the amount determined by the applicable minimum statutory tax withholding rate (or such other rate as will not result in a negative accounting impact). For these purposes, the value of the shares of Common Stock to be withheld or delivered will be equal to the Fair Market Value as of the date that the taxes are required to be withheld.

12. Deferral of Distribution; Code Section 409A Compliance. To the extent that the Employee is a U.S. tax resident, the Employee may make a one-time, irrevocable election to defer distribution of shares of Common Stock issued in settlement of earned Units by completing and submitting a written election to the Company on such forms and following such procedures as are required by the Company for effecting such elections. To be effective, the election must be delivered to the Company by the date that is six months before the last day of the Measurement Period and must specify an event or date for distribution of shares of Common Stock from among the following: (a) separation of service, (b) Disability, (c) death, (d) a fixed date, or (e) a Change in Control. The Employee's right to defer, as well as all other provisions of this Agreement, shall be interpreted and applied in a manner consistent with the applicable standards for nonqualified deferred compensation plans established by Code Section 409A and its interpretive regulations and other regulatory guidance. To the extent that any terms of this Agreement would subject the Employee to gross income inclusion, interest, or additional tax pursuant to Code Section 409A, those terms are to that extent superseded by, and shall be adjusted to the minimum extent necessary to satisfy, the applicable Code Section 409A standards.

13. Notices. All notices and other communications required or permitted under this Agreement shall be written and delivered personally or sent by registered or certified first-class mail, postage prepaid and return receipt required, addressed as follows: if to the Company, to the Company's executive offices in Batesville, Indiana, and if to the Employee or his or her successor, to the address last furnished by the Employee to the Company. The Company may, however, authorize notice by any other means it deems desirable or efficient at a given time, such as notice by facsimile or electronic mail.

14. No Employment Rights. Neither the Plan nor this Agreement confers upon the Employee any right to continue in the employ of the Employer or limits in any way the right of

the Employer to terminate the Employee's employment at any time. The Employee shall have no rights as a shareholder of the Company with respect to any shares of Common Stock issuable upon the earning of the Units until the date of issuance of such shares of Common Stock in settlement of the award.

15. Plan Controlling. The terms and conditions set forth in this Agreement are subject in all respects to the terms and conditions of the Plan, which are controlling. All determinations and interpretations of the Company or the Committee are binding and conclusive upon the Employee and his or her legal representatives. The Employee agrees to be bound by the terms and provisions of the Plan.

16. Discretionary Nature of Grant; No Vested Rights. The Employee acknowledges and agrees that the Plan is discretionary in nature and may be amended, cancelled, or terminated by the Company, in its sole discretion, at any time. The grant of the Units under the Plan is a one-time benefit and does not create any contractual or other right to receive a grant of Units or benefits in lieu of Units in the future. Future grants, if any, will be at the sole discretion of the Company, including, but not limited to, the form and timing of any grant, the number of shares of Common Stock subject to the grant, and the vesting provisions. Any amendment, modification, or termination of the Plan shall not constitute a change or impairment of the terms and conditions of the Employee's employment with the Employer.

17. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to the Units or other awards granted to the Employee under the Plan by electronic means. The Employee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

18. Additional Requirements. The Company reserves the right to impose other requirements on the Units, any shares of Common Stock acquired pursuant to the Units, and the Employee's participation in the Plan, to the extent the Company determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with local law or to facilitate the administration of the Plan. Such requirements may include (but are not limited to) requiring the Employee to sign any agreements or undertakings that may be necessary to accomplish the foregoing.

19. Defined Terms. For purposes of this Agreement, the following terms have the meanings provided in this Paragraph. The terms included in the Award Information section of this Agreement have the values specified in that section.

(a) "Cause" means:

(i) if the Employee is a party to a written employment agreement with the Company or a Subsidiary that defines "cause" or a comparable term, the definition in that employment agreement, and

(ii) if not, the Company's good faith determination that the Employee has:

(1) failed or refused to comply fully and timely with any reasonable instruction or order of the Company or applicable Subsidiary, provided that such noncompliance is not based primarily on the Employee's compliance with applicable legal or ethical standards;

(2) acquiesced or participated in any conduct that is dishonest, fraudulent, illegal (at the felony level), unethical, involves moral turpitude, or is otherwise illegal and involves conduct that has the potential to cause the Company or a Subsidiary or any of their respective officers or directors embarrassment or ridicule;

(3) violated any applicable Company or Subsidiary policy or procedure, including the Company's Code of Ethical Business Conduct; or

(4) engaged in any act that is contrary to the best interests of or would expose the Company, a Subsidiary, their related businesses, or any of their respective officers or directors to probable civil or criminal liability, excluding the Employee's actions in accordance with applicable legal or ethical standards.

(b) "Disability" means:

(i) if the Employee, at termination of employment, is a party to a written employment agreement with the Company or a Subsidiary that defines "disability" or a comparable term, the definition in such employment agreement, and

(ii) if not, the Company's good faith determination that the Employee is eligible (except for the waiting period) for permanent disability benefits under Title II of the Federal Social Security Act or, as it relates to Employees residing outside the United States, applicable local law.

(c) "Good Reason" means, if the Employee, at termination of employment, is a party to a written employment agreement with the Company or a Subsidiary, the definition given to that term or a comparable term in that agreement, if any.

(d) "Retirement" means termination of employment after having:

(i) completed at least five years of service in the aggregate with the Company, Hill-Rom Holdings, Inc. (formerly known as Hillenbrand Industries, Inc.), or any Subsidiaries of either of them, and

(ii) reached age fifty-five (55).

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF the Company and the Employee have executed this Agreement as of the date first above written.

____
[EMPLOYEE SIGNATURE]

Print Name: ________________________

HILLENBRAND, INC.

By: ____________________________

Print Name: ________________________

Title: ___________________________

EXHIBIT 31.1

CERTIFICATIONS

Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Joe A. Raver, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Hillenbrand, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periods covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a.) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b.) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c.) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d.) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a.) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b.) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 4, 2014

/s/ Joe A. Raver

Joe A. Raver
President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATIONS

Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Cynthia L. Lucchese certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Hillenbrand, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periods covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a.) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b.) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c.) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d.) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a.) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b.) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 4, 2014

/s/ Cynthia L. Lucchese
Cynthia L. Lucchese
Senior Vice President and Chief Financial Officer

EXHIBIT 32.1

Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Hillenbrand, Inc. (the “Company”) on Form 10-Q for the period ending December 31, 2013, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Joe A. Raver, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Joe A. Raver
Joe A. Raver
President and Chief Executive Officer
February 4, 2014

A signed original of this written statement required by Section 906 has been provided to Hillenbrand, Inc. and will be retained by Hillenbrand, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Hillenbrand, Inc. (the “Company”) on Form 10-Q for the period ending December 31, 2013, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Cynthia L. Lucchese, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Cynthia L. Lucchese
Cynthia L. Lucchese
Senior Vice President and Chief Financial Officer
February 4, 2014

A signed original of this written statement required by Section 906 has been provided to Hillenbrand, Inc. and will be retained by Hillenbrand, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.