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

FORM 10-K

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

For the fiscal year ended September 30, 2010

Commission File No. 001-33794

HILLENBRAND, INC.
(Exact name of registrant as specified in its charter)

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

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

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, without par value	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or15(d) of the Securities Exchange Act of 1934.

Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or15(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 Web site, 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, non-accelerated filer, or a smaller reporting company (as defined 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 ☑

State the aggregate market value of the voting and nonvoting common equity held by non-affiliates of the registrant.

Aggregate market value of the voting stock (which consists solely of shares of common stock) held by non-affiliates of the registrant as of March 31, 2010: — $1,369,013,552.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Common Stock, without par value — 62,284,165 shares outstanding as of November 15, 2010.

DOCUMENTS INCORPORATED BY REFERENCE

List hereunder the following documents if incorporated by reference and the Part of the Form 10-K (e.g., Part I, Part II, etc.) into which the document is incorporated: Portions of our definitive proxy statement for the 2010 Annual Meeting of Stockholders are incorporated by reference into Part III of this report. These will be filed no later than January 15, 2011.

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PART I

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

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

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

"We anticipate that the burial rate will be flat to slightly declining in future years."

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

Other words that could indicate we're making forward-looking statements include the following:

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

This isn't an exhaustive list but is simply 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's 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 those 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 this Form 10-K. We assume no obligation to update or revise any forward-looking statements.

Item 1. Business

In this section of the Form 10-K, entitled "Business," we provide you a basic understanding of our company, our reportable segments, the products we manufacture and sell, how we distribute our products, with whom we compete, and the key inputs to production (in the form of raw materials, labor, and manufacturing locations). We also provide you background on industry trends, regulatory matters, and key patents and trademarks important to our business. We also provide an explanation of our business strategies. Finally, we provide you a brief background on our executive officers so that you can understand their experience and qualifications.

General Information

Hillenbrand, Inc. ("Hillenbrand") was formed on November 1, 2007, and became a publicly traded company as the result of the separation of Hillenbrand Industries, Inc. (our "Former Parent", "Hill-Rom Holdings, Inc.", or "Hill-Rom") into two separate publicly traded companies, Hillenbrand and Hill-Rom, through a tax-free distribution (the "Distribution") of Hillenbrand shares to Hill-Rom's shareholders. This distribution took place following the close of business on March 31, 2008. Unless the context otherwise requires, the terms "Hillenbrand," the "Company," "we," "our," or "us" refer to Hillenbrand, Inc. and one or all of its consolidated subsidiaries.

Hillenbrand, Inc. is an Indiana corporation with our principal executive offices located at One Batesville Boulevard, Batesville, Indiana, 47006. Our telephone number at this address is (812) 934-7500. Our website is www.hillenbrandinc.com. We make available on this website, free of charge, access to press releases; conference calls; our annual, quarterly, and current reports; and other documents filed with or furnished to the Securities and Exchange Commission ("SEC") as soon as practicable after such reports are filed or furnished. We also make available through this website position specifications for the Chairman, Vice Chairman, members of the Board of Directors and the Chief Executive Officer; our Code of Ethical Business Conduct; the Corporate Governance Standards of our Board of Directors; and the charters of each of the standing committees of the Board of Directors. All of these documents are also available to shareholders in print upon request.

All reports and documents filed with the SEC are also available via the SEC website, www.sec.gov, or may be read and copied at the SEC Public Reference Room at 100 F Street, NE, Washington, DC 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330.

Hillenbrand Corporate Operations

Background

Hillenbrand, Inc. is the parent holding company of our wholly owned subsidiaries, Batesville Services, Inc. ("Batesville") and K-Tron International, Inc. ("K-Tron"), including their wholly owned subsidiaries. In addition to implementing our business strategy discussed below as a holding company, we generally oversee the operations of our subsidiaries, allocate resources among them, and manage their capital structures. Additionally, we provide our subsidiaries with certain centralized functions such as reporting, treasury, taxes, internal audit, and risk management. We also centrally coordinate our business acquisition and lean business strategy initiatives. As of September 30, 2010, we employed 43 people in our corporate operations, all of whom are located at our principal offices in Batesville, Indiana.

Strategy

We believe we can most effectively continue to increase shareholder value by building a diversified enterprise with strong positions in multiple industries. Our long-term value creation strategy consists of:

- ***Growing revenue and Income Before Taxes via organic growth within our existing platforms and through targeted acquisitions.*** Each operating company has specific, targeted business plans to achieve organic growth, which may also include select "add-on" acquisitions that are complimentary to their growth strategies. The operating companies also plan to increase profit margins by employing Hillenbrand's core competencies of:

    - **Lean business**, continuously looking for ways to improve quality and customer satisfaction, increase effectiveness and operational efficiency, drive costs down, and develop lean leaders;

    - **Talent development**, providing opportunities to successfully recruit, develop, and deploy talent; and

    - **Strategy management**, which serves as the basis for annual and long-term business planning, while strengthening technical capabilities and product and service strategies.

- ***Using our cash flow and debt capacity to invest in additional growth platforms.*** We will focus on companies that can take advantage of our core competencies and that meet our financial and cultural criteria. In support of this effort, we will continue to develop our public company capabilities to ensure that we remain compliant, efficient, well-controlled, and capable of supporting future acquisitions.

Batesville

Background

Batesville is the leader in the North American death care products industry, where it has been designing, manufacturing, distributing, and selling funeral service products to licensed funeral directors operating licensed funeral homes for more than 100 years. Batesville-branded products consist primarily of burial caskets, but also include cremation caskets, containers and urns, selection room display fixturing for funeral homes, and other personalization and memorialization products and services, including web-based applications and the creation and hosting of websites for licensed funeral homes.

Products and Services

Batesville designs, manufactures, and sells gasketed caskets made of carbon steel, stainless steel, copper, and bronze. It also produces and markets non-gasketed steel, hardwood, and veneer hardwood caskets. In addition, Batesville manufactures and sells cloth-covered caskets, all-wood construction caskets suitable for green burials, and a line of urns, containers, and other memorialization products used in cremations. To assist with displaying these products, Batesville supplies selection room fixturing through our System Solutions® by Batesville. Batesville has recently been evaluating the possibility of expanding its product line into lightweight polyresin burial vaults, a line that would be complementary to its casket products.

Most Batesville® brand metal caskets are gasketed caskets that are electronically welded and utilize rubber gaskets and a locking bar mechanism. Batesville premium steel caskets also employ an alloy bar to help protect the casket cathodically from rust and corrosion. We believe that this system of cathodic protection is a feature found only on Batesville-produced caskets.

Batesville solid and veneer hardwood caskets are made from a variety of woods, and are offered in more than eight different species. The Batesville veneer caskets are manufactured using a proprietary process for veneering that allows for rounded corners and a furniture-grade finished appearance. Batesville also manufactures and provides select lines of Marsellus® premium solid wood caskets to its funeral home customers.

The Options® by Batesville cremation line offers a complete cremation marketing system for funeral service professionals. In addition to a broad line of cremation caskets, containers, urns, jewelry, and keepsakes, the system includes training, merchandising support, and marketing support materials. Cremation caskets and containers are manufactured primarily of hardwoods and fiberboard. Batesville's wide assortments of memorial urns are made from a variety of materials, including bronze, acrylic, wood, cloisonné, and marble.

Integrated online technology products and services are available through the Batesville Interactive suite of products. WebLink™ funeral home websites, TributeLink™ online videos, and ObitLink™ online obituary content form an integrated solution that provides funeral directors additional ways to generate revenue streams and connect with consumers for information and education needs. Batesville's alliance with Legacy.com® gives funeral directors access to the largest networked obituary system in the nation. Batesville's technology products help to improve the visibility of the local funeral home to the families they serve.

Sales, Distribution and Operations

Batesville offers several marketing and merchandising programs to funeral professionals for both casket and cremation products. Batesville-branded caskets are marketed by Batesville's direct sales force only to licensed funeral professionals operating licensed funeral establishments (or, in the absence of state licensing requirements, to full-service funeral establishments offering both funeral goods and funeral services in conformance with state law) throughout the United States ("U.S."), Puerto Rico, Canada, Mexico, the United Kingdom, and Australia. A significant portion of Batesville's sales are made to large national funeral service providers under contracts. One customer, Service Corporation International, accounted for approximately 13% of Batesville's consolidated net sales during the year ended September 30, 2010. In contrast to our large national accounts, we also serve more than 12,000 independent, privately-owned customers across North America.

Over the past decade, funeral home customers have sought to minimize their inventory costs by shifting the inventory burden to their suppliers. Today, many funeral homes maintain minimal casket inventory and expect their casket suppliers to provide same-day or next-day delivery to satisfy their funeral requirements. The Batesville distribution network maintains inventory at 85 company-operated Customer Service Centers ("CSCs") and 6 Rapid Deployment Centers ("RDCs") in North America. Batesville caskets are generally delivered in specially equipped vehicles owned by Batesville. This system enables Batesville to deliver the majority of its product, including uniquely personalized caskets, within 24 hours of receiving the customer's order. Over the last three years, Batesville delivered the "right casket at the right time" in excess of 99% of the time. We believe this highly effective distribution network is aligned with the increasing time demands of families and the inventory reduction expectations of Batesville's customers.

Batesville primarily manufactures and distributes its products in the U.S. It also has 2 manufacturing facilities in Mexico and distribution facilities in Puerto Rico, Canada, Mexico, the United Kingdom, and Australia. Its export revenues constituted less than 10% of its consolidated revenues in fiscal 2010 and prior years.

Batesville's foreign operations are subject to risks inherent in doing business in foreign countries (which include political, social, and economic instability, expropriation, and changing government regulations), but are substantially limited to sales activities in Canada and manufacturing activities in Mexico.

Quantitative information about foreign operations is set forth in tables relating to geographic information in Note 15 to our consolidated financial statements included in Part II, Item 8 of this Form 10-K.

Demographics and Customer Preferences

The death of a family member or loved one causes most people to seek the services of a state-licensed funeral director to provide specific services regarding handling and preparing the deceased. Most consumers have only limited familiarity with funeral-related products and usually expect funeral directors to provide information on product and service alternatives. Although caskets and urns can be purchased from a variety of sources, including directly from internet sellers and casket stores, the overwhelming majority of those who arrange a funeral purchase these products directly from the funeral home as a matter of choice and convenience.

For the past several years, the total number of deaths in North America (where most of Batesville's products are sold) has been decreasing. During the same period, the rate of cremation selection has been slowly but steadily increasing to the point where cremations as a percentage of total deaths now represent more than one-third in the U.S. and more than one-half in Canada. These factors have yielded a slow but steady decline in the total number of burials in North America. The current trends are expected to continue for the foreseeable future until the post-World War II spike in births causes an increase in deaths. While the primary drivers of market size are population and age, the actual number of deaths (and, therefore, the actual number of caskets sold) is affected by a variety of additional factors, including improving healthcare and the varying timing and severity of seasonal pneumonia and influenza outbreaks. The unpredictability of these factors can cause periodic fluctuations in industry demand patterns and revenue generated in any given fiscal period. While it is difficult to accurately predict the number of deaths on a month-to-month or even a year-to-year basis, we anticipate that the number of deaths in North America will remain relatively flat and the cremation rate will continue to gradually increase, resulting in a modest, but steady decline in the demand for burial caskets for the foreseeable future.

Along with the declining number of burials, the death care products industry has experienced a long-term gradual decline in the product mix of burial caskets sold, a trend that has also affected our financial results. One of the factors that has affected mix is the pricing practice of many funeral homes to place most of the margin expectation on the sale of products (principally caskets) instead of the services provided. We have observed changes in the pricing practices of many funeral homes, wherein they are recovering margin on their services and reducing the mark-up of products, primarily caskets, which now have more pricing visibility through online retailers. Additionally, more consumers are expecting higher levels of personalization, both in products and services.

Competition

We believe Batesville is the recognized North American industry leader in the sale of death care products. Competition in the death care products industry is based on product quality, design features, personalization, price, and delivery service. Batesville competes in the sale of burial and cremation containers with several national casket manufacturers/distributors, regional manufacturers/distributors, and more than 100 independent casket distributors, most of whom serve fairly narrow geographic segments. The industry also has seen a few foreign manufacturers, mostly from China, import caskets into the U.S., and Canada. Additionally, some retail stores and internet retailers sell caskets directly to consumers, although we believe that total sales among this latter group represent approximately 3% of annual burial casket volume.

The effect of gradually declining casket demand continues to result in economic pressures on casket manufacturers and distributors as they seek to maintain volume. Existing domestic over-capacity and the added burden from commodity price increases, which began increasing in early 2010, further increases these pressures, resulting in higher per unit costs.

Raw Materials

Batesville uses carbon and stainless steel, copper and bronze sheets, wood, fabrics, finishing materials, rubber gaskets, zinc, and magnesium alloy in the manufacture of its caskets. Although most of these raw materials are generally available from several sources, some are currently procured from a single source.

Volatility in the prices Batesville pays for raw materials used in its products, including steel, fuel, petroleum-based products, and fuel-related delivery costs, has a direct effect on profitability. Batesville generally does not engage in hedging transactions with respect to these purchases, but does enter into fixed-price supply contracts at times. Batesville regularly takes steps and actions to offset the impact of volatility in raw material and fuel prices, including lean business initiatives, various sourcing actions, and rebalancing of production capacity.

Most of Batesville's sales are made pursuant to supply agreements with its customers, and historically it has instituted annual price adjustments to help offset some, but not necessarily all, raw material costs.

Patents and Trademarks

Batesville owns a number of patents on its products and manufacturing processes that are of importance, but we do not believe any single patent or related group of patents is of material significance to its business as a whole. It also owns a number of trademarks and service marks relating to products and product services which are of importance, but, except for the mark "Batesville®," we do not believe any single trademark or service mark is of material significance to its business as a whole.

Batesville's ability to compete effectively depends, to an extent, on its ability to maintain the proprietary nature of its intellectual property. However, it may not be sufficiently protected by its various patents, trademarks, and service marks. Additionally, certain of its existing patents, trademarks or service marks may be challenged, invalidated, cancelled, narrowed, or circumvented. Beyond that, it may not receive the pending or contemplated patents, trademarks, or service marks for which it has applied or filed.

In the past, certain of its products have been copied and sold by others. Batesville vigorously seeks to enforce its intellectual property rights. However, we cannot ensure that the reproduction and sale of its products by others would not materially affect the sale of its products.

Employees

As of September 30, 2010, Batesville employed approximately 3,200 people in its operations. Approximately 1,100 of these individuals within its logistics and manufacturing operations in the U.S. and Mexico work under collective bargaining agreements. In the U.S. and Mexico, the collective bargaining agreements have expiration dates ranging from January 2011 to June 2015.

Batesville strives to maintain satisfactory relationships with all its employees, including the unions representing those employees. As a result, Batesville has not experienced a significant work stoppage due to labor relations in more than 20 years. Although it cannot ensure that such a stoppage might not occur in the future, there is no reason to believe that this trend will not continue for the foreseeable future.

Strategy

While volume growth in the burial casket space continues to be limited, there are opportunities to generate additional business within a wider range of funeral services. Leadership of Batesville is focusing on three categories of strategic initiatives to drive growth:

Profitably grow the core burial business

- The Batesville® brand is widely recognized as the premier brand in the industry among funeral professionals, offering the broadest range of metal and wood caskets. Its legacy of innovation and leadership in the funeral industry has allowed customers and the families they serve to commemorate the lives of those they love through quality construction and compelling designs that provide personal expressions of a life well-lived. To enhance its leadership position, Batesville will continue to invest in its marketing capabilities, specifically in research, new product development, and brand promotion. Batesville will utilize its capabilities to continue launching products with consumer-oriented features and expand its personalization platforms throughout the product line.

- Batesville will continue to demonstrate the value its Batesville-branded products and services bring to the operations and families of funeral home customers of all sizes across North America. Batesville is focused on improving the quality of all of its customer interactions through better call management and compensation alignment. Its actions are focused on ensuring the success of funeral home customers, which in turn will position Batesville to be successful in the future.

- Batesville's ability to apply proven merchandising principles and proprietary database tools enables it to help customers increase their average mix and drive greater profitability, all while increasing the satisfaction of their clients. Batesville will continue to differentiate itself as a solutions provider. In 2011, it will continue to focus on moving customers up the merchandising ladder, emphasizing the value of using its full system. Fully merchandised accounts continue to have a higher rate of revenue growth, and a higher retention rate.

- The number of casket manufacturers has dwindled over the years, but there are opportunities to capitalize on acquisitions and alliances in other parts of the death care products industry. Batesville will continue to remain alert to these opportunities and capitalize on them when it's prudent to do so.

Grow profitable new revenue streams within the death care products industry

- The Options® by Batesville brand has a long history of providing business solutions to our customers and assisting them with meeting the needs of the cremation consumer. In addition to these solutions, which include business analysis merchandising, and training, Options also has the broadest product line in the industry, consisting of cremation caskets, containers, urns, and other cremation memorialization products. We expect continued growth in these product lines as more consumers choose cremation over burial. In fiscal 2011, Batesville plans to implement key actions aimed at improving revenue performance by further implementation of its system, which is designed to improve the frequency of families selecting products and services over direct cremation, additional development of new products, and implementing after-market programs for our funeral home customers to market to consumers.

- Batesville has expanded its position as the largest provider of funeral home websites in North America, a service we believe provides many small, family-owned funeral homes access to resources and capabilities they may not otherwise have or develop on their own. In 2011, Batesville will continue to provide funeral directors with additional ways to generate revenue and connect with consumers for information and education needs. Batesville Interactive offers integrated online products that include WebLink™, TributeLink™ online videos, and ObitLink™ through its alliance with Legacy.com that gives funeral directors access to the largest networked obituary system in North America. As additional consumers use the internet as their first point of contact when making a purchase decision, Batesville technology offerings help to improve the visibility of the local funeral home to the families they serve.

- Fiscal 2010 was Batesville's fourth full year offering the NorthStar® product line to independent casket distributors. These are private-label burial caskets and because these products do not contain any of the Batesville proprietary features, designs, or specifications, they are differentiated from the premium Batesville brand.

- Batesville will leverage its strong brand and deep sales and service relationships to continue to expand new product and service offerings that complement its core product line. Additional product and service offerings within the death care products industry will enable Batesville to provide an integrated solution to funeral homes, helping them provide quality funerals to consumers and drive improved profitability for their businesses.

Utilize lean business principles as an integrated business system to deliver operational efficiencies

- Batesville's highly integrated manufacturing facilities in the U.S. and Mexico utilize "one-piece flow" to manufacture caskets and "pull production" from their stamping and wood processing facilities that feed its high-velocity distribution network with products quickly and efficiently. These processes allow Batesville to carry lower inventory in its distribution network while still meeting the growing demand of its customers. Batesville intends to continue to leverage its processes to allow it to carry lower inventory per sales dollar than its competitors, enabling customers to carry few or no products in their funeral homes, and on average over the past three years, still achieve on-time delivery more than 99% of the time.

- Batesville's effective execution of Hillenbrand Lean Business (derived from the Toyota Production System) improves product quality and customer satisfaction while enabling annual lead time and cost reductions in its operations, distribution and administrative functions.

- Batesville's leadership position as the largest manufacturer and distributor of caskets and containers in North America provides scale and scope that enables it to capitalize on efficiencies and compete with a low cost structure.

K-Tron

Background

K-Tron was acquired by us in April 2010. K-Tron designs, produces, markets, and services material handling equipment and systems for a wide variety of industrial markets, particularly in the plastics, food, chemical, pharmaceutical, power generation, coal mining, pulp and paper, wood and forest products, and biomass energy generation industries. K-Tron serves the bulk solids material handling market, which focuses primarily on feeding, size reduction, conveying, and screening equipment.

Products and Services

K-Tron's products and services for the bulk solids material handling markets are generated within two main business lines: the Process Group and the Size Reduction Group.

Process Group ("PG"). PG designs, produces, markets, sells, and services feeders and pneumatic conveying equipment under two main brands: K-Tron Feeders® and K-Tron Premier®. These can be sold as stand-alone products or as part of engineered systems where one or more feeders are combined with pneumatic conveying and other complementary materials handling equipment. It also designs, produces, markets, and sells a separate line of volumetric and gravimetric feeders, pelletizers, screen changers, pneumatic conveying equipment, and other equipment under the K-Tron Colormax® brand name, specifically targeted at domestic Chinese compounding and injection molding manufacturers.

Feeding equipment controls the flow of materials into a manufacturing process by weight (known as gravimetric feeding) or by volume (known as volumetric feeding) and is used in many different industries, including plastics compounding, base resin production, and food, chemical, and pharmaceutical production.

PG's pneumatic conveying equipment and related systems are used in many of the same industries as the feeders to transport bulk solids from point to point using either negative pressure (known as vacuum conveying) or positive pressure (known as pressure conveying).

Size Reduction Group ("SRG"). SRG designs, manufactures, markets, and sells size reduction equipment that is used to reduce various materials to a smaller size. It has three primary brands that serve a variety of industries. The Pennsylvania Crusher® and Gundlach® brands are used in the power generation industry to crush coal before it is used as fuel in the steam furnaces of coal-fired power plants. These products also serve mining, quarrying, glass making, salt processing, fertilizer manufacturing facilities, and other industrial applications. The Jeffrey Rader® brand includes equipment used in the pulp and paper, wood and forest, and biomass industries.

Several key products include hammer mills, which crush materials by impact from hammers and then scrub the materials against a screen for desired size; double roll crushers, which break material by compression; a variety of wood and bark hogs, chip sizers, screening equipment, pneumatic and mechanical conveying systems; and storage/reclaim systems. SRG also offers specialty crushers and other equipment, such as the Accu-Grind®, a small crusher designed for sampling applications and the Nanosiz-R®, which provides fine grinding for the mineral industry.

A significant portion of K-Tron's revenue is derived from the sale of replacement parts. SRG has a large installed base of long-lived equipment, and every machine and part sold, including specifications and drawings, is registered in a digital database to provide customers with fast and efficient support.

We aggregate the financial results of PG and SRG into a single reportable segment due to the similarities of these business lines.

Sales, Distribution and Operations

K-Tron sells its material handling equipment and systems throughout the world to a wide variety of industrial and engineering customers using a combination of a direct sales force and a global network of independent sales representatives and distributors.

K-Tron has contracts with its independent sales representatives and distributors that provide for specific commissions or in situations where a representative is acting as a distributor, net transaction prices, depending on the type of product sold. Discounting below its target margins is uncommon, but when it occurs, K-Tron's representative may be asked to share the cost and the distributor may receive a lower transaction price from K-Tron.

Due to the nature of K-Tron's business, orders are often unique, built-to-order items. Therefore, K-Tron does not typically maintain significant amounts of raw material and component stock inventory on hand at any one time, except to cover replacement parts orders. Products are generally assembled and tested at K-Tron facilities and then shipped to a customer's desired location.

K-Tron conducts its manufacturing operations in seven manufacturing facilities located in the U.S., Switzerland, and the People's Republic of China ("China") and also maintains foreign sales offices and service centers in the United Kingdom, Sweden, France, Germany, Canada, and Singapore. Over the past three years, K-Tron's export revenues have accounted for approximately one-third of its net revenues.

Similar to Batesville, K-Tron foreign operations are subject to risks inherent in doing business in foreign countries. For K-Tron, its risks are primarily related to euro-denominated sales and manufacturing activities in Switzerland and manufacturing activities in China. To the extent it receives revenue from U.S. or Swiss export sales in currencies other than U.S. dollars or Swiss francs, the value of assets and income could be, and in the past have been, adversely affected by fluctuations in the value of local currencies.

Quantitative information about foreign operations is set forth in tables relating to geographic information in Note 15 to our consolidated financial statements included in Part II, Item 8 of this Form 10-K.

Demographics and Customer Preferences

K-Tron's customers exist in multiple industries, including the plastics, food, chemical, pharmaceutical, power generation, coal mining, pulp and paper, wood and forest products, and biomass energy generation industries. These customers range from large, global companies to regional and local businesses, none of which accounted for more than 10% of K-Tron's consolidated net revenues during the six months ended September 30, 2010.

As an industrial capital goods supplier, many of the markets for K-Tron's products are cyclical, and for the past several years domestic capital equipment purchases have been in decline due in part to lower demand for power and a weak economy. However, capital equipment orders for export (particularly to China and Asia) have been strong due to demand for increased power production and economic growth. During periods of economic expansion, when capital spending normally increases, K-Tron generally benefits from greater demand for its products. During periods of economic contraction, such as the recent global recession, when capital spending normally decreases, K-Tron generally is adversely affected by declining demand for its products. More recently, we are seeing modest signs of increased economic activity.

Competition

We believe K-Tron has a superior reputation and holds leading positions in key industries because of the design and quality of its products, years of experience, and its commitment to serving the needs of its customers. In other areas of the business, such as digital control and digital weighing technologies, we believe K-Tron's engineering capability and integration of technology allows it to maintain an advantage over the competition in these areas.

In the bulk solids market, strong competition exists in every market K-Tron serves, and its competitors range in size from small, privately held companies serving narrow markets or geographical areas to large, well-known companies, such as Schenck Process GmbH, serving national and international markets with multiple product lines. As a capital goods supplier, we believe K-Tron's strong base of replacement parts business and K-Tron's worldwide network of suppliers and dealers allows K-Tron to maintain strong margins even during economic downturns.

Raw and Component Materials

The manufacturing of K-Tron products involves the machining and welding of raw materials (primarily sheet metals and steel) and castings into machined parts. These parts are then combined and assembled with other component parts purchased from its third-party vendors into finished goods. Although most of these raw materials and components are generally available from several sources, some of these items are currently purchased from sole sources. K-Tron has not experienced any significant production delay that was primarily attributable to an outside supplier.

Patents and Trademarks

K-Tron, like Batesville, owns a number of patents on its products and manufacturing processes that are deemed to be important, but not materially significant to its business as a whole. In addition, K-Tron owns a number of trademarks that are important to its business, most notably the Pennsylvania Crusher®, Gundlach®, Jeffrey Rader®, and the K-Tron Premier®, Feeder®, Electronics®, and Colormax® brands. Depending on the jurisdiction, trademarks are generally valid as long as they are in use and/or their registrations are properly maintained.

K-Tron's patents, trademarks and intellectual property are subject to the same business risks as described earlier for Batesville.

Employees

At the end of fiscal 2010, K-Tron had approximately 650 employees, of which approximately 430 were located in the U.S., 150 in Europe, and 70 in China and other foreign locations. None of its employees are represented by labor unions, and we consider relations with these employees to be good.

Strategy

As the capital equipment markets are recovering from the global recession of the past two years, there continues to be significant opportunities for K-Tron's products and services both domestically and internationally. Leadership of K-Tron is focusing on the following strategic initiatives to drive organic growth as well as growth through acquisitions:

Profitably grow top line revenues in our core K-Tron business lines

- K-Tron is widely recognized as a leader for material handling equipment, systems, and services in a wide range of process industries. To enhance that leadership position K-Tron will continue to invest in key areas, particularly new product development, systems engineering, and human resources to maintain and extend its technological leadership. K-Tron plans to promote its capabilities as a total solutions provider to capture a larger share of existing customers' capital investments in material handling systems.

- K-Tron provides niche products and services that have significant market presence in the North American coal-fired power, coal mining, fertilizer and mineral extraction, and biomass energy industries. These products have significant sales potential in other areas of the world, and as such, K-Tron will initiate more aggressive sales and marketing initiatives for these products and services in targeted markets outside its current base of business.

- K-Tron serves its existing customers through a well-established distribution and service organization that spans the globe. It will continue to expand its global leadership by dedicating resources to the expansion of its distribution network into new and developing high-growth potential geographic markets and industries that are less prone to cyclical swings.

- The strategy of increasing its worldwide capabilities requires K-Tron to evaluate its current branding strategy as part of a goal to present a unified and consistent message to global target markets in the new fiscal year. K-Tron's commitment to efficient delivery of technological capabilities around the world will be supported by ongoing and new investment in strategically placed manufacturing, sales and service support capabilities, and testing facilities.

- K-Tron is dedicating human resources to the development of centralized market intelligence systems. Management believes that gathering, analyzing, and reporting market information and leading economic indicators will facilitate early detection of technology and market trends, which in turn will help K-Tron to maintain and expand its leadership position in the industries it serves across the globe.

Continue growth through acquisitions

- The material handling equipment manufacturing industry is very fragmented both in terms of product offering and geographic reach, whereas many customers operate on a global basis. K-Tron will continue to search for add-on acquisition opportunities that will allow it to expand its product offering with complementary products and to sell these products through its global distribution network. This will position K-Tron to offer its global customers standardized solutions for use in their worldwide facilities and will also position it as the local supplier of choice for national and regional customers.

- Consistent with the strategy of globalization, K-Tron will continue to look for acquisitions that either expand its international footprint outside the U.S. or accelerate the execution of its strategy to build a leadership position in material handling systems to targeted industries.

Utilize lean business principles to increase profit margins

- K-Tron has started to implement the Hillenbrand Lean Business Principles at select engineering and manufacturing facilities in order to improve efficiencies and reduce costs in operations, distributions, and administrative functions.

- K-Tron is dedicating financial and human resources to create a globally standardized and integrated business processes which maximize efficiencies in its product design, manufacturing, sales, and services functions.

Other

Regulatory Matters

Both Batesville and K-Tron are subject to a variety of federal, state, local, and foreign laws and regulations relating to environmental, health, and safety concerns, including the handling, storage, discharge, and disposal of hazardous materials used in or derived from our manufacturing processes. We are committed to operating all of our businesses in a manner that protects the environment. In the past, we have voluntarily entered into remediation agreements with various environmental authorities to address onsite and offsite environmental impacts. From time to time we provide for reserves in our financial statements for environmental matters. We believe we have appropriately satisfied the financial responsibilities for all currently known offsite issues. Based on the nature and volume of materials involved regarding onsite impacts, we do not expect our cost for the onsite remediation activities in which we are currently involved to exceed $0.5 million in the future. Future events or changes in existing laws and regulations or their interpretation may require us to make additional expenditures in the future. The cost or need for any such additional expenditure is not known.

Executive Officers of the Registrant

Our Board of Directors is responsible for electing the Company's executive officers annually and from time to time as necessary. Executive officers serve in the ensuing year and until their respective successors are elected and qualified. Except for Board members Gus Hillenbrand and Tom Johnson, who are first cousins to Ray Hillenbrand, there are no other family relationships between any of our executive officers or between any of them and any members of the Board of Directors. The following is a list of our executive officers as of November 15, 2010.

Kenneth A. Camp, 65, was elected President and Chief Executive Officer of Hillenbrand effective February 8, 2008. Mr. Camp was also elected as a board member on that same date. Prior to his appointment as President and Chief Executive Officer of Hillenbrand, Mr. Camp had served as President and Chief Executive Officer of Batesville since May 1, 2001. Mr. Camp currently serves as Chairman and Chief Executive Officer of K-Tron International following the acquisition on April 1, 2010. He was elected Senior Vice President of our Former Parent on October 1, 2006, having been a Vice President of that company since October 8, 2001. He was employed by our Former Parent from 1981 until the separation on March 31, 2008. Mr. Camp previously held the position of Vice President of Administration of our Former Parent from 2000 to 2001. Prior to that assignment, he held various positions at Batesville, including Vice President/General Manager of Operations from 1995 to 2000; Vice President, Sales and Service; Vice President, Marketing; and Vice President, Strategic Planning.

Cynthia L. Lucchese, 50, was elected Senior Vice President and Chief Financial Officer of Hillenbrand effective February 8, 2008. From 2005 to 2007, she served as Senior Vice President and Chief Financial Officer for Thoratec Corporation. Prior to that, she worked 10 years for Guidant Corporation, now a part of Boston Scientific Corporation, in a variety of senior finance roles, including Vice President and Treasurer, Corporate Controller and Chief Accounting Officer, and Vice President of Finance and Administration of the Guidant Sales Corporation. Ms. Lucchese was also previously employed by Eli Lilly and Company and Ernst & Young LLP.

Joe A. Raver, 44, was elected President and Chief Operating Officer of Batesville, effective June 16, 2008, and Senior Vice President of Hillenbrand on July 15, 2008. Prior to his appointment as an officer of Batesville and Hillenbrand, Mr. Raver served as Vice President and General Manager of the Respiratory Care Division of Hill-Rom, a leading global provider of medical equipment and services. He joined Hill-Rom in 2004 as Vice President of Strategy and Shared Services. Prior to joining Hill-Rom, Mr. Raver spent 10 years in a variety of leadership positions at Batesville and Hill-Rom, including being appointed Vice President of Strategy in 2001 and Vice President of Logistics at Batesville in 2002.

Kevin C. Bowen, 59, was appointed President of the K-Tron Process Group, following K-Tron's acquisition on April 1, 2010. Prior to the acquisition of K-Tron, Mr. Bowen had served as Senior Vice President, Process Group, since July 2005 and as President and Chief Executive Officer of K-Tron America, Inc. (a subsidiary of K-Tron International, Inc.) since March 1995. Mr. Bowen began his career with K-Tron in 1979, and has held a variety of other senior leadership positions with the Company.

Donald W. Melchiorre, 62, was appointed President of the K-Tron Size Reduction Group, following K-Tron's acquisition on April 1, 2010. Prior to the acquisition of K-Tron, Mr. Melchiorre had served as Senior Vice President, Size Reduction Group, since May 2006 and as President and Chief Executive Officer of Pennsylvania Crusher Corporation (a subsidiary of K-Tron International, Inc.) since October 2004. Mr. Melchiorre has approximately 24 years with K-Tron serving in a variety of senior management positions and roles.

John R. Zerkle, 56, was elected Senior Vice President, General Counsel, and Secretary of Hillenbrand effective February 8, 2008. Most recently, Mr. Zerkle had served as Vice President and General Counsel of Batesville since March 2004. From September 2002 to February 2004, Mr. Zerkle served as Vice President and General Counsel of Forethought Financial Services, Inc., then a subsidiary of Hill-Rom. He also served as Compliance Officer for Forethought Investment Management, Inc. Prior to joining Forethought, Mr. Zerkle was in private practice for 20 years, where he focused his practice on corporate, securities, regulatory, and banking law matters.

Paul Douglas Wilson, 58, was elected Senior Vice President, Human Resources, of Hillenbrand effective March 14, 2008. Most recently, Mr. Wilson served as Vice President, Worldwide Merger Integration, for Boston Scientific Corporation, following the close of the merger between Boston Scientific and Guidant Corporation in 2006. Mr. Wilson joined Guidant Corporation in 2002 and served as Vice President of Human Resources. Prior to Guidant, Mr. Wilson was President and a Principal of Ronald Blue & Co., a privately held firm providing financial planning, investment management, tax planning, and philanthropic counsel. Mr. Wilson began his career with Eli Lilly and Company, where he spent 20 years in a variety of increasingly senior executive human resource roles.

Hinesh B. Patel, 42, was elected Vice President, Strategy and Business Development, of Hillenbrand effective August 18, 2008. Prior to accepting his current position with Hillenbrand, Mr. Patel served as Director of Strategy and Business Development for Honeywell International Inc., a position he had held since April 2007. Prior to joining Honeywell International Inc., Mr. Patel held other management roles in business development, strategy, and operations with Milliken & Company, Caspian Networks Inc., Eaton Corporation, and Arthur D. Little.

Lukas Guenthardt, 52, was appointed Senior Vice President, Corporate Development and Secretary, of K-Tron International, Inc., following K-Tron's acquisition on April 1, 2010. Prior to the acquisition of K-Tron, Mr. Guenthardt had served as Senior Vice President, Corporate Development, of K-Tron International, Inc. since July 2005. Prior to that, he was Senior Vice President, Pneumatic Conveying Group, and Chief Strategy Officer of K-Tron from February 2002 to July 2005; Senior Vice President, New Businesses, and Chief Strategy Officer from June 2000 to February 2002. Mr. Guenthardt has approximately 18 years with K-Tron serving in other management roles, including Director of International Research and Development.

Jan M. Santerre, 49, was elected Vice President, Lean Business, of Hillenbrand effective December 1, 2008. Prior to accepting her position with Hillenbrand, Ms. Santerre served as Vice President of Operations, Hydraulics Group, for Parker Hannifin Corporation, a position she had held since April 2005. From 2003 to 2005, Ms. Santerre served as Parker Hannifin's Vice President of Lean Enterprise and Quality, where she developed and deployed the Parker Lean System. Prior to that, Ms. Santerre was with Delphi Automotive Systems and General Motors for 18 years with responsibilities in engineering, quality, and manufacturing, culminating in executive operations roles.

Theodore S. Haddad, Jr., 46, was elected Vice President, Controller and Chief Accounting Officer of Hillenbrand on February 8, 2008. Prior to joining Hillenbrand, Mr. Haddad had served as Senior Manager in the Audit and Business Advisory Services Group of PricewaterhouseCoopers LLP since July 2002. Prior to that, Mr. Haddad served as a Senior Manager in the audit group of Arthur Andersen LLP, having been with that firm since July 1991. Mr. Haddad is a Certified Public Accountant and Certified Management Accountant.

Item 1A. Risk Factors

In this section of the Form 10-K, 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 publicly traded debt. This information should be assessed along with the other information we provide you in this Form 10-K. 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. In the risk descriptions below, we have assigned the risks into categories to help you understand where they emanate from (e.g. the overall company or a specific segment).

Risk Related to Our Overall Company

Our growth strategy involves the potential for significant acquisitions, some of which may be outside our current industry. 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.

One component of our strategy contemplates our making acquisitions. All acquisitions involve inherent uncertainties, some of which include, among other things, our ability to:

- successfully identify targets for acquisition,
- negotiate reasonable terms for any particular deal,
- 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 also may acquire businesses with unknown or contingent liabilities, including liabilities for failure to comply with potential industry or environmental regulations or tax contingencies. We have plans and procedures to conduct reviews of potential acquisition candidates for compliance with applicable regulations and laws prior to the acquisition and will also generally seek indemnification from sellers covering these matters. Despite these efforts, we may incur material liabilities for past activities of acquired businesses.

In the event that we acquire a business that operates outside of our current industries, 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 business of the acquired entity due to the lack of experience in the industry 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. Also, if we acquire a company that operates in an industry that is different from the ones in which we 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.

Global market and economic conditions, including those related to the credit markets, could have a material adverse effect on our business, financial condition, and results of operations.

The severity of the recent economic recession caused by the ongoing worldwide financial and credit market disruptions have reduced the availability of credit generally necessary to fund economic growth and activity, and there is not yet clear evidence to suggest that efforts undertaken by the various government entities to mitigate this recession will be successful.

A prolonged or double-dip recession could adversely affect our business in several ways. A continuation or worsening of the current credit markets and economic conditions could adversely affect our customers' ability to obtain sufficient credit or pay for our products within the terms of sale and, as a result, our reserves for doubtful accounts and receivable write-offs could increase. A prolonged recession could further intensify the competition among the manufacturers and distributors with whom we compete for volume and market share, resulting in lower net revenues due to steeper discounts and further product mix-down. If certain key or sole suppliers were to become capacity constrained or insolvent as a result of the global economic conditions, it could result in a reduction or interruption in supplies or a significant increase in the price of supplies. In addition, the substantial losses in the equity markets as a result of the recent recession can have an adverse effect on the assets of the Company's pension plans. A continuation of the volatility of interest rates and negative equity returns under current market conditions could require greater contributions to the defined benefit plans in the future.

Our sales abroad subject us to the risk of adverse foreign currency fluctuations which could negatively impact our results of operations.

We derived approximately 11.6%, 6.6% and 7.2% of our revenues from outside the U.S. for the years ended September 30, 2010, 2009, and 2008, respectively. Historically, these revenues have primarily been in Canada. With our recent acquisition of K-Tron in April 2010, significant international sales are now coming from Europe, the Middle East, and Asia. As a result, we believe our exposure to fluctuations in exchanges rates will increase proportionately and can have an unfavorable effect on our operating results, depending on the extent of that volatility. This exposure is most acute where we enter into sales contracts in currencies different from the currency in which we incur our costs (particularly the euro, where our costs are incurred in Swiss francs). Also, since the results of operations of our foreign subsidiaries are translated into U.S. dollars, fluctuations in the exchange rate of the U.S. dollar versus each of the Swiss franc, the euro, the British pound sterling, the Canadian dollar, and the Swedish krona will affect the U.S. dollar amount of their operating results. Finally, we are exposed to foreign currency transactional gains and losses caused by the "marking to market" of balance sheet items of our foreign subsidiaries, which are measured in other currencies, particularly the euro on the balance sheet of our Swiss subsidiary.

Increased prices for, or unavailability of, raw materials used in our products could adversely affect profitability. In particular, our results of operations continue to be adversely affected by volatile prices for steel, red metals (i.e. copper and bronze), and fuel.

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 such commodity price increases in the future. Any increases in prices resulting from a tightening supply of these or other commodities or fuel could adversely affect our profitability. We generally do not engage in hedging transactions with respect to 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 only 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 suffer. 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.

Collection risk associated with our note receivable from Forethought Financial Group, Inc. ("Forethought") could have a material adverse impact on our earnings.

We hold a significant non-operating asset in the form of a note receivable (and related interest receivable) from Forethought. This asset was transferred to us at the time of separation of Hillenbrand Industries, Inc. into two separate publicly traded companies, Hillenbrand and Hill-Rom. As of September 30, 2010, this note receivable had an aggregate carrying value of $144.8 million. This note receivable primarily represents seller-provided financing to Forethought, the entity that purchased Hill-Rom's former Forethought Financial Services, Inc. subsidiary. Forethought, through its subsidiaries, provides insurance and financial solutions for families managing retirement and end-of-life needs.

Should Forethought fail to perform consistently with the original expectations set forth by Forethought or underperform to an extent that it cannot meet its financial obligations, the note could become impaired, causing an impairment charge that could result in a material adverse impact on our financial condition and results of operations. Payments under the note are due in annual $10 million installments beginning on July 1, 2010, through July 1, 2014, at which time the balance of the note is due and payable (unless otherwise deferred in accordance with its terms).

Volatility in our investment portfolio could negatively impact earnings as their performance is tied to market swings. Also, if we are unable to convert our portfolio of auction rate securities to cash at reasonable terms, our earnings could be adversely affected.

In connection with our separation from Hill-Rom, ownership in certain investments in private partnerships were transferred to us that had an aggregate carrying value of $15.2 million as of September 30, 2010. Volatility in that investment portfolio negatively or positively impacts earnings. These investments could be adversely affected by general economic conditions, changes in interest rates, equity market swings, and other factors, resulting in an adverse impact on our results from operations.

In addition, we received a portfolio of auction rate securities ("ARS") (consisting of highly rated tax-exempt state and municipal securities, the majority of which are collateralized by student loans guaranteed by the U.S. government under the Federal Family Education Loan Program) that Hill-Rom was not able to liquidate prior to the separation due to the market conditions and auction failures. The ARS had an aggregate carrying value of $11.9 million as of September 30, 2010. If conditions do not improve or worsen, we may not be able to convert these securities to cash for the foreseeable future and these assets could become impaired and could adversely affect our earnings.

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 flow. We are also involved in other possible 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 resulting in our assuming exposure for a layer of coverage with respect to such claims. For a more detailed discussion of our asserted claims, see Note 12 to our consolidated financial statements included in Part II, Item 8 of this Form 10-K.

Upon closing of the K-Tron acquisition, we increased our debt obligations significantly. This could adversely affect our Company and limit our ability to respond to changes in our businesses.

As of September 30, 2010, our outstanding debt was $403.4 million. 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 significantly 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; and

- our flexibility in planning for, or reacting to, changes in our businesses and the industries in which they operate may be more limited, thereby placing us at a competitive disadvantage compared to competitors that have less indebtedness.

Risk Related to Batesville

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 the number of deaths increase due to aging baby boomers.

Cremations as a percentage of total U.S. deaths have increased steadily since the 1960s and are also expected to continue to increase for the foreseeable future. Therefore, the number of cremations in the U.S. is gradually and steadily increasing, resulting in a contraction in the demand for burial caskets. This was a contributing factor to lower burial casket sales volumes for Batesville in each of the last three fiscal years. We expect these trends to continue into the foreseeable future, and its burial casket volumes will likely continue to be negatively impacted by these market conditions.

Finally, the number of deaths can vary over short periods of time and among different geographical areas, due to a variety of other 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.

Batesville's business is significantly 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 large national funeral home customers that comprise a sizeable portion of its overall sales volume. The largest contract is with Service Corporation International, which accounted for approximately 13% of Batesville's 2010 consolidated net revenues (and was their only customer over 10%). Any decision by large 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 large national funeral service providers give Batesville important access to many of the largest purchasers of funeral service 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.

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

Non-traditional funeral product providers could present more of a competitive threat to Batesville and its sales channel than is currently anticipated. Large discount retailers (such as Wal-Mart and Costco), casket stores, and internet casket retailers represent these types of competitors. Also, there are several manufacturers located in China producing caskets for sale into the U.S. While sales from these providers are currently a small percentage of total casket sales in the U.S. (we believe approximately 3%), 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 market may drive pricing and other competitive actions in an industry that already has nearly twice the necessary domestic production capacity. Such competitive actions could have a negative impact on our results of operations and cash flows.

Despite our recent successes in court, the antitrust litigation in which we are a defendant has not yet been resolved, and an adverse outcome in that matter could have a material adverse effect on our results of operations, financial position, and liquidity.

As discussed in Note 12 to our consolidated financial statements included in Part II, Item 8 of this Form 10-K, we are a defendant in a purported antitrust class action lawsuit. The Federal District Court denied class certification in that matter, and the Fifth Circuit denied the plaintiffs' appeal petition. Further requests for reconsideration by the plaintiffs have also been denied. Despite these favorable rulings, the plaintiffs pursued their individual injunctive and damage claims. The District Court issued a final judgment dismissing the case, but the plaintiffs have filed an appeal, which could include an appeal of the District Court's order denying class certification. If they succeed in reversing the District Court order denying class certification and a class is certified in the action filed against Hill-Rom and Batesville and if the plaintiffs prevail at a trial of the class action, the damages awarded to the plaintiffs, which would be trebled as a matter of law, could have a significant material adverse effect on our results of operations, financial condition, and/or liquidity. In antitrust actions, the plaintiffs may elect to enforce any judgment against any or all of the codefendants, who have no statutory contribution rights against each other.

A substantial portion of Batesville's workforce is unionized, and it could face labor disruptions that would interfere with operations.

Approximately 33% of Batesville's employees as part of our logistics and manufacturing operations work under collective bargaining agreements. Although Batesville has 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 of the principal facilities could have a material adverse effect on our operations.

Risk Related to K-Tron

A significant portion of our investment in K-Tron includes goodwill and intangible assets that are subject to periodic impairment evaluations. An impairment loss on these could have a material adverse impact on our financial condition and results of operations.

We acquired $404.5 million of intangible assets with the acquisition of K-Tron, of which $236.4 million was identified as either goodwill or indefinite-lived assets. As required by current accounting standards, we review intangible assets for impairment either annually or whenever changes in circumstances indicate that the carrying value may not be recoverable.

During the early years of an acquisition, the risk of impairment to goodwill and non-amortizing intangible assets is naturally higher. This is because the fair values of these assets align very closely with what we recently paid to acquire the reporting units to which these assets are assigned. This means the difference between the carrying value of the reporting unit and its fair value (typically referred to as "headroom") is naturally smaller at the time of acquisition. Until this headroom grows over time (due to business growth or lower carrying value of the reporting unit due to natural amortization, etc.), a relatively small decrease in reporting unit fair value can trigger an impairment. That fair value is affected by actual business performance but is also determined by the market (usually reflected in the value of our common stock). As a consequence, even with favorable business performance, the market alone can drive an impairment condition if general business valuations decline enough. When impairment charges are triggered, they tend to be material due to the sheer size of the assets involved. Our next annual test of these assets for K-Tron is scheduled for April 1, 2011.

K-Tron operates in cyclical industries.

As an industrial capital goods supplier, many of the markets for K-Tron's products are cyclical. During periods of economic expansion, when capital spending normally increases, K-Tron generally benefits from greater demand for its products. During periods of economic contraction, when capital spending normally decreases, K-Tron generally is adversely affected by declining demand for its products, and it may be subject to uncollectible receivables from customers who become insolvent. Also, even when there is economic expansion or increased demand for our equipment, there can be no assurance that this economic expansion or increased demand will be sustained in the markets in which we sell its products.

K-Tron derives a substantial portion of its sales from the electric generating and coal mining industries. Any downturn in the demand for electricity or downturn in or disruption to the coal industry as a result of increased environmental laws and regulations could have a material adverse effect on our business, financial condition, and results of operations.

K-Tron sells size reduction equipment to the electric generating and coal mining industries, and consequently a significant portion of its sales are tied to the use of coal as a means of generating electricity. The demand by electric generating utilities for coal is dependent upon the availability and cost in any given location of alternative sources of energy, such as natural gas, oil, or nuclear power. As a result, any downturn in the demand for electricity, or downturn in or disruption to the coal industry (upon which electric utilities are dependent), could have a material adverse effect on our business, financial condition, and results of operation.

Federal, state, and local laws and regulations extensively regulate the amount of sulfur dioxide, particulate matter, nitrogen oxides, mercury, and other compounds emitted into the air from electric power plants, whose owners are principal customers of our size reduction business. These laws and regulations can require significant emission control expenditures for many coal-fired power plants, and various new and proposed laws and regulations may require further emission reductions and associated emission control expenditures. There is also continuing pressure on state and federal regulators to impose limits on carbon dioxide emissions from coal-fired power plants. As a result, the cost of compliance could cause electric utilities to abandon the process of using coal to generate electricity altogether due to commercial impracticability and decreasing the demand for our products.

Risk Related to Our Common Stock

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

Our Articles of Incorporation, By-laws, and 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 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, as well as on certain "control share" acquisitions.

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 more time to assess any acquisition proposal. These provisions are not intended to make our company immune from takeovers. However, these provisions apply even if the offer may be considered beneficial by some shareholders and could delay or prevent an acquisition that our Board of Directors determines is not in the best interests of our shareholders.

Item 1B. UNRESOLVED STAFF COMMENTS

We have not received any comments from the staff of the SEC regarding our periodic or current reports that remain unresolved.

Item 2. PROPERTIES

The principal properties used in our operations are listed below. All facilities are suitable for their intended purpose, are being efficiently utilized, and are believed to provide adequate capacity to meet demand for the next several years.

Location	Owned / Leased	Entity	Description	Primary Use
Batesville, Indiana	Owned	Hillenbrand and Batesville	Office facilities Manufacturing plants	Administration Manufacturing metal caskets
Manchester, Tennessee	Owned	Batesville	Manufacturing plant	Manufacturing metal caskets
Vicksburg, Mississippi	Owned	Batesville	Kiln drying and lumber cutting plant	Drying and dimensioning of lumber
Batesville, Mississippi	Owned	Batesville	Manufacturing plant	Manufacturing of hardwood caskets
Chihuahua, Mexico	Leased	Batesville	Manufacturing plant	Manufacturing of veneer hardwood and hardwood caskets
Mexico City, Mexico	Owned	Batesville	Manufacturing plant	Manufacturing of metal caskets, primarily for sale outside the U.S.

Location	Owned / Leased	Entity	Description	Primary Use
Pitman, New Jersey	Owned	K-Tron	Office facilities Manufacturing plant	Administration Manufacturing of material handling equipment
Salina, Kansas	Owned	K-Tron	Office facilities Manufacturing plant	Administration Manufacturing of material handling equipment
Niederlenz, Switzerland	Owned	K-Tron	Office facilities Manufacturing plant	Administration Manufacturing of material handling equipment
Wuxi, China	Leased	K-Tron	Manufacturing plant	Manufacturing of material handling equipment
Broomall, Pennsylvania	Leased	K-Tron	Office facilities Testing facility	Administration Testing facility
Cuyahoga Falls, Ohio	Leased	K-Tron	Manufacturing plant	Manufacturing of material handling equipment
Belleville, Illinois	Owned	K-Tron	Office facilities Manufacturing plant	Administration Manufacturing of material handling equipment
Woodruff, South Carolina	Owned	K-Tron	Office facilities Manufacturing plant	Administration Manufacturing of material handling equipment

In addition to the foregoing, we lease or own a number of other warehouse distribution centers, service centers, and sales offices throughout the U.S., United Kingdom, Mexico, Canada, Sweden, France, Germany, and Singapore.

Item 3. LEGAL PROCEEDINGS

Antitrust Litigation

In 2005 the Funeral Consumers Alliance, Inc. (“FCA”) and a number of individual consumer casket purchasers filed a purported class action antitrust lawsuit on behalf of certain consumer purchasers of Batesville® caskets against the Company and our former parent company, Hillenbrand Industries, Inc., now Hill-Rom Holdings, Inc. (“Hill-Rom”), and three national funeral home businesses (the “FCA Action”). A similar purported antitrust class action lawsuit was later filed by Pioneer Valley Casket Co. and several so-called “independent casket distributors” on behalf of casket sellers who were unaffiliated with any licensed funeral home (the “Pioneer Valley Action”). Class certification hearings in the FCA Action and the Pioneer Valley Action were held before a Magistrate Judge in early December 2006. On November 24, 2008, the Magistrate Judge recommended that the plaintiffs’ motions for class certification in both cases be denied. On March 26, 2009, the District Judge adopted the memoranda and recommendations of the Magistrate Judge and denied class certification in both cases. On April 9, 2009, the plaintiffs in the FCA case filed a petition with the U.S. Court of Appeals for the Fifth Circuit for leave to file an appeal of the Court’s order denying class certification. On June 19, 2009, a three-judge panel of the Fifth Circuit denied the FCA plaintiffs’ petition. On July 9, 2009, the FCA plaintiffs filed a request for reconsideration of the denial of their petition. On July 29, 2009, a three-judge panel of the Fifth Circuit denied the FCA plaintiffs’ motion for reconsideration and their alternative motion for leave to file a petition for rehearing en banc (by all of the judges sitting on the Fifth Circuit Court of Appeals).

The Pioneer Valley plaintiffs did not appeal the District Court's order denying class certification, and on April 29, 2009, pursuant to a stipulation among the parties, the District Court dismissed the Pioneer Valley Action with prejudice (i.e., Pioneer Valley cannot appeal or otherwise reinstitute the case). Neither the Company nor Hill-Rom provided any payment or consideration for the plaintiffs to dismiss this case, other than agreeing to bear their own costs, rather than pursuing plaintiffs for costs.

Plaintiffs in the FCA Action have generally sought monetary damages on behalf of a class, trebling of any such damages that may be awarded, recovery of attorneys' fees and costs, and injunctive relief. The plaintiffs in the FCA Action filed a report indicating that they were seeking damages ranging from approximately $947.0 million to approximately $1.46 billion before trebling on behalf of the purported class of consumers they seek to represent, based on approximately one million casket purchases by the purported class members.

Because Batesville continues to adhere to its long-standing policy of selling Batesville caskets only to licensed funeral homes, a policy that it continues to believe is appropriate and lawful, if the case goes to trial the plaintiffs are likely to claim additional alleged damages for periods between their reports and the time of trial. At this point, it is not possible to estimate the amount of any additional alleged damage claims that they may make. The defendants are vigorously contesting both liability and the plaintiffs' damages theories.

Despite the July 29, 2009 ruling denying class certification, the FCA plaintiffs continued to pursue their individual injunctive and damages claims. Their individual damages claims are limited to the alleged overcharges on the plaintiffs' individual casket purchases (the complaint currently alleges a total of eight casket purchases by the individual plaintiffs), which would be trebled, plus reasonable attorneys fees and costs.

In June 2010, co-defendant Stewart Enterprises, Inc. announced a settlement with the plaintiffs. On July 16, 2010, the District Court granted the defendants' remaining motion for leave to file a motion to dismiss for lack of subject matter jurisdiction. On August 2, 2010, the District Court heard argument on the defendants' motion to dismiss for lack of subject matter jurisdiction. The Court ordered full dismissal of the lawsuit on September 24, 2010, concluding that "plaintiffs shall take nothing by their suit." In light of this decision, defendants filed a motion requesting that the Court order plaintiffs to pay costs incurred by Batesville and SCI in the approximate amount of $0.7 million. The Court denied this motion on October 22, 2010.

Plaintiffs had 30 days to declare their intent to appeal the dismissal of their lawsuit, and they did so by way of a Notice of Appeal filed on October 19, 2010. Plaintiffs' Notice indicates that they intend to appeal both the Court's final judgment of dismissal entered on September 24, 2010 and the Court's order denying class certification entered on March 26, 2009. The appeal will be to the U.S. Court of Appeals for the Fifth Circuit.

Over the next several months, the record will be compiled for appeal and extensive briefing will occur. Plaintiffs' brief appealing the denial of the two orders must be filed within 40 days after the District Court record is certified. Although firm dates are not yet known, the plaintiffs' brief will likely be due sometime in January 2011, with defendants' brief due in February 2011, and a reply brief from plaintiffs due in March 2011. Once all briefs are submitted, the Court of Appeals may hear oral argument by the parties' attorneys and then issue its ruling as to whether or not the District Court's decisions should be reversed or affirmed. It should be noted, however, that the above appellate schedule is only approximate and is subject to change dependent upon a number of factors, including the granting of any extensions of time and the relative congestion of the docket of the Court of Appeals.

If plaintiffs succeed in overturning the judgment, reversing the District Court order denying class certification, and a class is subsequently certified in the FCA Action filed against Hill-Rom and Batesville, and if the plaintiffs prevail at a trial of the class action, the damages awarded to the plaintiffs, which would be trebled as a matter of law, could have a significant material adverse effect on our results of operations, financial condition and/or liquidity. In antitrust actions such as the FCA Action the plaintiffs may elect to enforce any judgment against any or all of the codefendants, who have no statutory contribution rights against each other. We and Hill-Rom have entered into a judgment sharing agreement that apportions the costs and any potential liabilities associated with this litigation between us and Hill-Rom. See Note 6 to our Annual Report on Form 10-K for the fiscal year ended September 30, 2010.

As of October, 2010, we have incurred approximately $27.5 million in cumulative legal and related costs associated with the FCA matter, since its inception.

General

We are involved on an ongoing basis in claims and lawsuits relating to our operations, including environmental, antitrust, patent infringement, business practices, commercial transactions, and other matters. The ultimate outcome of these lawsuits 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. The ultimate outcome of these lawsuits could have a material adverse effect on our financial condition, results of operations, and cash flow.

Legal fees associated with claims and lawsuits are generally expensed as incurred. Upon recognition of an estimated loss resulting from a settlement, an estimate of legal fees to complete the settlement is also included in the amount of the loss recognized.

We are also involved in other possible claims, including product and general liability, workers compensation, auto liability, and employment related matters. Claims other than employment and related matters have deductibles and self-insured retentions ranging from $0.5 million to $1.0 million per occurrence or per claim, depending upon the type of coverage and policy period. Outside insurance companies and third-party claims administrators establish 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 virtually certain that actual costs will differ from those estimates.

Item 4. [REMOVED AND RESERVED]

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Hillenbrand, Inc.'s common stock is traded on the New York Stock Exchange under the ticker symbol "HI." The closing price of our common stock on the New York Stock Exchange on November 15, 2010, was $20.00 The following table reflects the quarterly range of high and low selling prices of our commons stock for fiscal 2010 and 2009.

	2010		2009	
	High	Low	High	Low
First quarter	$ 21.04	$ 18.25	$ 20.88	$ 13.96
Second quarter	$ 22.27	$ 17.85	$ 19.39	$ 14.68
Third quarter	$ 25.77	$ 20.85	$ 18.18	$ 15.24
Fourth quarter	$ 22.57	$ 19.03	$ 20.97	$ 16.70

Holders

On November 15, 2010, we had approximately 2,900 shareholders of record.

Dividends

The following table reflects historical dividend information for the periods presented.

	2010	2009	2008
First quarter	$ 0.1875	$ 0.1850	$ N/A*
Second quarter	$ 0.1875	$ 0.1850	$ N/A*
Third quarter	$ 0.1875	$ 0.1850	$ 0.1825
Fourth quarter	$ 0.1875	$ 0.1850	$ 0.1825

* On April 30, 2008, our Board of Directors declared our first dividend payment of $0.1825 per share, which was paid on June 30, 2008.

Although we have paid cash dividends since our inception on April 1, 2008, the declaration and payment of cash dividends is at the sole discretion of our Board of Directors and depends upon many factors, including our financial condition, earnings potential, capital requirements, alternative uses of cash, covenants associated with debt obligations, legal requirements, and other factors deemed relevant by the Board of Directors.

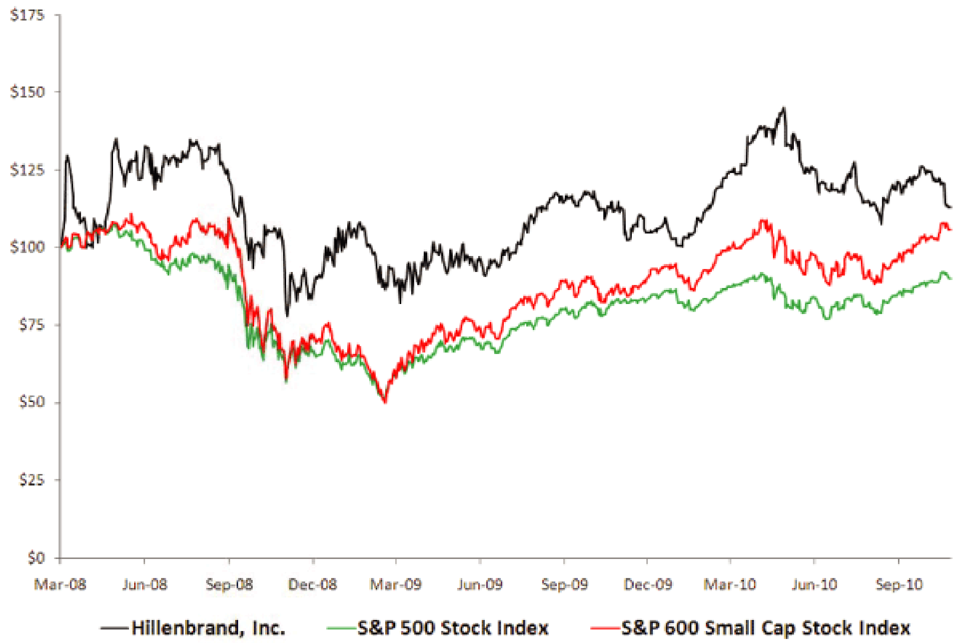
In accordance with the covenants contained in our Distribution Agreement with Hill-Rom, as amended, we are restricted from paying regular quarterly dividends in excess of $0.1875 per share or from incurring indebtedness to pay an extraordinary cash dividend without prior written approval of Hill-Rom until the occurrence of an Agreed Termination Event (as defined in the Distribution Agreement) with Hill-Rom has occurred. For a more detailed discussion, see the section entitled "Distribution Agreement" within Note 6 to our consolidated financial statements included in Part II, Item 8 of this Form 10-K. We currently expect that comparable quarterly cash dividends will continue to be paid in the future.

Issuer Purchases of Equity Securities

On July 24, 2008, our Board of Directors approved the repurchase of up to $100 million of common stock. The program has no expiration date, but may be terminated by the Board of Directors at any time. As of September 30, 2010, we had repurchased approximately 1.0 million shares for $18.7 million, which are being held as treasury stock until reissued. There were no repurchases of shares in fiscal 2010. During fiscal 2010, 0.1 million shares were issued from treasury under our various stock compensation programs. At September 30, 2010, $81.3 million are available for repurchase under this plan. Additional information related to our equity compensation programs is included in Note 11 to our consolidated financial statements included in Part II, Item 8 of this Form 10-K.

Stock Performance Graph

The following graph compares the return on Hillenbrand common stock with that of Standard & Poor's 500 Stock Index ("S&P 500 Index") and the Standard & Poor's 600 Small Cap Stock Index ("S&P 600 Index") for the period from March 20, 2008, the date our common stock began trading on the New York Stock Exchange, to November 15, 2010. The graph assumes that the value of the investment in our common stock, the S&P 500 Index, and S&P 600 Index was $100 on March 20, 2008 and that all dividends were reinvested.



Company Name/Index	Base	2008	2009	2010	November 15, 2010
Hillenbrand, Inc.	$ 100	$ 112	$ 114	$ 122	$ 113
S&P 500 Index	$ 100	$ 88	$ 80	$ 86	$ 90
S&P 600 Small Cap Index*	$ 100	$ 100	$ 88	$ 99	$ 106

* The S&P 600 Small Cap Index consists of companies with market capitalizations between $250 million and $1.2 billion. We are included within this index.

Item 6. SELECTED FINANCIAL DATA

Selected historical financial data as of and for the fiscal year ended September 30, 2006 to 2010, is derived from our audited consolidated financial statements for Hillenbrand, Inc. and its subsidiaries and is not necessarily indicative of results to be expected in the future. The historical financial information related to the periods prior to the separation on March 31, 2008, included herein, does not necessarily reflect the financial condition, results of operations, or cash flows that we would have achieved as a separate, publicly traded company during the periods presented or those that we will achieve in the future.

The selected financial data should be read together with Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations and Part II, Item 8, Financial Statements and Supplemental Data included in this Form 10-K.

The following table presents comparative consolidated financial data of Hillenbrand, Inc. for each of the last five years ended September 30 *(amounts in millions, except per share data):*

	2010	2009	2008	2007	2006
Net revenues	$ 749.2	$ 649.1	$ 678.1	$ 667.2	$ 674.6
Gross profit	$ 313.3	$ 274.4	$ 280.5	$ 278.6	$ 282.7
Operating profit	$ 137.9	$ 155.0	$ 149.6	$ 155.6	$ 177.4
Net income	$ 92.3	$ 102.3	$ 93.2	$ 99.5	$ 113.2
Net income per common share	$ 1.49	$ 1.66	$ 1.49	$ 1.59	$ 1.81
Cash dividends declared per share *	$ 0.75	$ 0.74	$ 0.365	$ —	$ —
Total assets	$ 1,052.1	$ 561.1	$ 545.3	$ 316.6	$ 329.4
Long-term obligations	$ 562.2	$ 122.2	$ 70.9	$ 59.9	$ 59.9
Cash flow provided by operating activities	$ 118.2	$ 123.2	$ 101.8	$ 127.3	$ 124.6
Cash flow used in investing activities	$ (348.7)	$ (5.3)	$ (4.2)	$ (20.1)	$ (15.3)
Cash flow provided by (used in) financing activities	$ 289.8	$ (97.4)	$ (94.4)	$ (103.5)	$ (107.0)
Capital expenditures	$ 16.3	$ 10.0	$ 10.0	$ 15.6	$ 18.8
Depreciation and amortization	$ 28.2	$ 18.5	$ 19.0	$ 18.5	$ 17.7

* Our first dividend as a stand-alone public company was paid on June 30, 2008. Accordingly, there are no dividends reported for the first two quarters of fiscal year 2008 or the prior fiscal years 2007 and 2006.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

In this section of the Form 10-K, entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations," we attempt to give you a look at our Company "through the eyes of management" so that you can assess the financial condition and results of operations of our Company. The discussion that follows should give you information that will help you understand our business and its performance. We intend for the discussion to be clear and to explain the drivers of our results so that you can assess the quality of our earnings and the predictability of our future results. Discussion and analysis of our financial condition and operating results includes Hillenbrand, Inc. ("Hillenbrand") and those of its operating segments, Batesville Services, Inc. ("Batesville") and K-Tron International, Inc. ("K-Tron"), together with their wholly owned subsidiaries.

Results of Operations

The consolidated operating results of our Company are included in the selected financial data in Part II, Item 6 of this Form 10-K. We have disaggregated the relevant operating information into our two reporting segments, Batesville and K-Tron, along with our corporate operations. See Note 15 to our consolidated financial statements included in Part II, Item 8 of this Form 10-K for a reconciliation of the financial information below to our consolidated financial results.

The sections that follow present comparative operating results for Batesville, K-Tron, and our corporate operations. We also discuss changes in non-operating expenses and income, along with our income tax provision, in further detail below.

Batesville Results	Fiscal Year Ended September 30,					
	2010		2009		2008	
(amounts in millions)	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
Revenue	$ 640.3	100.0	$ 649.1	100.0	$ 678.1	100.0
Gross profit	277.7	43.4	274.4	42.3	280.5	41.4
Operating expenses	102.6	16.0	95.9	14.8	96.7	14.3
Operating income	175.1	27.3	178.5	27.5	183.8	27.1
Depreciation and amortization	17.6	2.7	17.6	2.7	18.6	2.7

Batesville — Fiscal Year Ended September 30, 2010, Compared to Fiscal Year Ended September 30, 2009

Revenue — Batesville's net revenues for the year were down from the same period last year, decreasing $8.8 million or 1.4%. Burial unit volume decreased 2.5% or $15.0 million compared to the same period last year and was the primary contributor to the reduction in net revenue, although improved volume on non-burial products helped limit the impact. We believe the volume decrease is attributable to a lower number of reported deaths year-over-year and increased cremation rates. Offsetting this impact was a modest increase in average selling price that contributed $1.1 million to revenue. We believe that Batesville's merchandising initiatives and new product launches helped improve average selling prices and slow the downward trend in product mix, especially in customer locations that used the Batesville merchandising system. Finally, Batesville also experienced the favorable impact of currency fluctuations during the year as it benefited from a strengthening Canadian dollar. This resulted in increased revenue of $5.1 million over the prior year. We can't predict how currency rates will move and they may either help or hurt our results in the future.

Gross profit — Batesville's gross profit for the year was up from the same period last year, increasing $3.3 million or 1.2%. In addition to the impacts noted above, cost of goods sold decreased $12.1 million. In Batesville's manufacturing operations, costs decreased $9.2 million, driven by a $4.1 million decrease due to lower volume and an $8.9 million decrease due to lower commodity costs. Although full year commodity prices have been favorable overall, more recently Batesville has been paying more for commodities as compared to levels at September 30, 2009. These favorable effects were partially offset by $3.8 million of cost increases attributable to a number of other categories across manufacturing operations. Within its distribution operations, Batesville generated $2.9 million in cost efficiencies associated with lower personnel, benefit costs, and outside carrier costs. The effects of higher fuel rates were evenly offset by $1.4 million of lower costs across Batesville's remaining distribution related cost categories. We are continuing to optimize our cost structure utilizing lean business principles.

Operating expenses — Batesville operating expenses increased $6.7 million or 7.0% for the year as compared to the same period in the prior year. The primary drivers of the cost increases were $5.5 million related to variable compensation and pension, $2.8 million due to higher legal fees related to antitrust litigation, $2.4 million of additional spending on new business initiatives, and $0.7 million spread over to a number of other components of Batesville's operating expenses.

During the three months ended December 31, 2009, it was discovered that Batesville over-remitted sales tax in certain jurisdictions and, as a result, recorded a $4.1 million sales tax receivable related to these overpayments. In the quarter ended September 30, 2010, Batesville recognized an additional recovery of $0.6 million related to these over payments, the effect of which lowered operating expenses compared to the same three month period in the prior year.

Batesville — Fiscal Year Ended September 30, 2009, Compared to Fiscal Year Ended September 30, 2008

Revenue — Batesville's net revenues for fiscal 2009 were down from the same period in fiscal 2008, decreasing $29.0 million or 4.3%. Burial unit volume decreased 6.5% or $45.8 million compared to the same period in fiscal 2008 and was the primary contributor to the reduction in net revenue. We believe this volume decrease was attributable to a lower number of reported deaths year-over-year, increased cremation rates, and aggressive price competition. We suspect that higher cremation rates were fueled by the onset of the economic recession which in turn caused the aggressive price competition for the remaining volume. Offsetting this impact was an increase in average selling price that contributed $24.5 million to revenue. Finally, during fiscal 2009, the unfavorable impact of currency fluctuations from a stronger U.S. dollar, mainly compared to the Canadian dollar resulted in decreased revenue of $7.7 million from the prior year.

Gross profit — Batesville's gross profit for the year was down from the same period last year, decreasing $6.1 million or 2.2%. In addition to the revenue impacts noted above, cost of goods sold decreased $22.9 million. In Batesville's manufacturing operations, $14.5 million of lower costs were due to the unfavorable impact of lower volume. Additionally, higher commodity costs of $1.2 million for steel and red metals offset cost savings of $1.0 million attributable to a number of other categories across manufacturing operations. During fiscal 2009, Batesville's distribution operations benefited from a $5.9 million reduction in fuel cost as compared to the prior year. It also experienced a $2.7 million decrease in other distribution cost categories which were mainly related to lower employee benefit costs in similar fashion to its manufacturing operations.

Operating expenses — Batesville's operating expenses decreased $0.8 million or 0.8% for fiscal year 2009 as compared to the same period in the prior year. In fiscal 2008, Batesville realized a $2.6 million decrease in its bad debt expense as a result of collecting a customer balance that had previously been nearly fully reserved (causing fiscal 2009 expense to be relatively higher). This increased expense was offset by a decrease in variable compensation of $1.7 million (tied to lower fiscal 2009 revenues) and a decrease of $1.1 million in legal fees related to antitrust litigation. The remaining decrease in core operating expenses of $0.6 million was attributable to other components of Batesville's operating expense categories.

K-Tron Results

	Fiscal Year Ended September 30, 2010 (representing six months of operations since date of acquisition on April 1, 2010)	
(amounts in millions)	**Amount**	**% of Revenue**
Revenue	$ 108.9	100.0
Gross profit	35.6	32.7
Operating expenses	33.4	30.7
Operating income	2.2	2.0
Depreciation and amortization	9.7	8.9

Results for K-Tron — Since we have only recently acquired K-Tron, we do not present comparative period results for variance analysis. K-Tron's results for the last six months of fiscal 2010 were significantly impacted by the non-recurring effects of the "step ups" in value to inventories and backlog (e.g. the value of firm orders which are not yet complete for our customers) required by acquisition accounting. These "step ups" are being charged against income over the turnover period of the related inventories and acquired backlog. These "step ups" reduced gross profit and operating income by $11.6 million and $13.3 million, respectively, and increased operating expenses and amortization by $1.7 million.

The future revenue associated with K-Tron's business lines is influenced by order backlog. This is typical for these business lines because of the lead time involved in manufacturing specialized equipment and parts for customers. Backlog can be an indicator of future revenue. However, it may not include many projects and parts orders that are booked and shipped within a quarter (e.g. it is substantially new equipment orders). The timing of order placement, size, and customer delivery dates can create unusual fluctuations in backlog. Backlog is also affected by foreign exchange fluctuations since a portion of the orders are denominated in currencies other than U.S. dollars.

When we acquired K-Tron, backlog was approximately $60.8 million. Based upon new orders accepted, less orders completed and shipped during the last six months of fiscal 2010, K-Tron's backlog was approximately $57.1 million as of September 30, 2010. Revenues in the last six months of fiscal 2010 exceeded the orders placed for future delivery, causing the reduction in backlog as of the end of the year. The backlog decrease was largely driven by the completion of a multi-million dollar order during the fourth quarter of fiscal 2010.

Corporate Results	**Fiscal Year Ended September 30,**		
(amounts in millions)	**2010**	**2009**	**2008**
Operating expenses *	$ 26.2	$ 23.4	$ 18.6
Business acquisition costs	10.2	—	—
Restructuring costs	3.0	—	—
Separation costs	—	0.1	15.6
Depreciation and amortization	0.9	0.9	0.4

* excluding business acquisition, restructuring, and separation costs.

Corporate — Fiscal Year Ended September 30, 2010, Compared to Fiscal Year Ended September 30, 2009

Operating expenses* — We have excluded business acquisition, restructuring and separation costs because we believe this provides a clearer picture for analyzing our operating cost structure without the effects of these activities due to the significant and infrequent nature of these costs. Operating expenses increased $2.8 million or 12.0% for the year as compared to the same period in the prior year. The increases were primarily related to employee compensation and benefits costs of $2.6 million and variable compensation costs of $0.9 million which were offset by aggregate cost decreases of $0.7 million across other components of our corporate operations.

Business acquisition costs — During fiscal 2010, we incurred $10.5 million of business acquisition related costs, of which $10.2 million are included in our corporate costs for the fiscal year ended September 30, 2010. These non-recurring acquisition costs include advisory, legal, accounting, valuation, and other professional and consulting fees that are directly attributable to our acquisition of K-Tron.

Restructuring costs — During fiscal 2010, we incurred restructuring charges of $3.0 million related to our joint ownership interests in corporate aircraft that were distributed to us in connection with our separation from Hill-Rom. These restructuring charges resulted from our collective plans with Hill-Rom to sell or dispose of two (of four) of our jointly owned aircraft, and modifications to our aviation access and use agreements. The charges consist of $2.9 million in asset impairments related to two aircraft and approximately $0.1 million related to severance. This restructuring will optimize our future cost structure with our intended use of these aviation assets.

Corporate — Fiscal Year Ended September 30, 2009, Compared to Fiscal Year Ended September 30, 2008

*Operating expenses** — During fiscal 2009, we substantially completed building teams and processes to support ourselves as a stand-alone public company. We also initiated our acquisition strategy and put in place people, processes, and resources to enable successful execution of that strategy. As a result of these activities, we incurred an increase in corporate operating costs of $12.2 million in fiscal 2009 as compared to the previous year. This increase was partially offset by the fact that we were no longer allocated corporate costs from Hill-Rom effective April 1, 2008. These allocated costs decreased by $7.4 in fiscal 2009 compared to the prior year.

Separation Costs — In fiscal year 2008, we incurred or were allocated $15.6 million in separation costs associated with the separation of the Company from Hill-Rom. Included in these non-recurring costs were $3.2 million tied to the acceleration of previously unvested stock grants, $1.1 million in stock option modification charges, and $4.4 million of investment banking and advisory fees. The balance of the costs were primarily legal and professional fees.

Other Income and Expense	**Fiscal Year Ended September 30,**		
(amounts in millions)	**2010**	**2009**	**2008**
Interest expense	$ 4.2	$ 2.1	$ 2.2
Investment income and other	12.7	7.9	5.9

Interest expense — Interest expense increased $2.1 million for the year ended September 30, 2010, as compared to the same period in the prior year, due to increased borrowings on our revolving credit facilities (resulting from the acquisition of K-Tron) and issuance of 10 year, 5.5% fixed rate senior unsecured notes in the fourth quarter of fiscal 2010. Our revolving credit facility had an average weighted interest rate for fiscal 2010 of 0.8% as compared to 1.5% for fiscal 2009.

Fiscal 2009 marked our first full year as a stand-alone public company and our first full year of financing costs under our credit facility. Since our separation from Hill-Rom and generally throughout fiscal 2009, we had been paying down the credit facility. As a result of the lower average daily balances and the fact that we had lower weighted average interest rates, our costs decreased in fiscal 2009 over the same period in the prior year. The weighted average interest rate of the credit facility was 1.5% and 3.0% during the fiscal years 2009 and 2008, respectively.

Investment income and other — Investment income and other increased $4.8 million for the year ended September 30, 2010 as compared to the same period in the prior year. The primary driver of the increase was higher earnings from investments in limited partnerships in the current year, as compared to losses in the prior year (which resulted primarily from decreased values on investments held by the limited partnerships). This increase in investment income was partially offset by decreased interest income and realized losses and impairments on the sale of auction rate securities and lower interest income on our note receivable from Forethought ("Forethought Note"). See Note 13 to our consolidated financial statements included in Part II, Item 8 of this Form 10-K for more detailed information.

As was the case with interest expense described above, in fiscal 2009 we incurred our first full year of investment earnings or losses from assets that were transferred to us by Hill-Rom at the time of the separation. During fiscal year 2009, net losses from investments in affiliates (limited partnership investments) were $5.4 million due to decreased values within the affiliates' investment portfolios. In comparison, we had no net earnings or losses from these investments in fiscal 2008. However, in the last quarter of fiscal year 2008, we recorded a $0.8 million other-than-temporary impairment loss on an investment in common stock. We earned higher interest income of $6.5 million, in aggregate, on the ARS and Forethought Note as compared to the prior year due to the fact that we held them for only six months in the previous year. We also received a right (the "Put") from UBS Financial Services that allowed us to sell a portion of our existing ARS in the future. Since that time, we have been recording changes in the fair value of the Put and applicable ARS through our income statement and as expected, they essentially offset. (See the information within the notes to our consolidated financial statements in Part II, Item 8 of this Form 10-K and "*Other Liquidity Matters*" included within Liquidity and Capital Resources discussed below.)

Income Tax Expense *(amounts in millions)*	Fiscal Year Ended September 30, 2010	2009	2008
Income tax expense	$ 54.1	$ 58.5	$ 60.1
Effective tax rate	37.0%	36.4%	39.2%

Income taxes — Our income tax rate was 37.0% for the year ended September 30, 2010, an increase of 0.6% over the same period in the prior year. The increase in the effective tax rate was primarily attributable to non-deductible business acquisition costs, higher state income tax rates, and adjustments resulting from periodic reconciliation of our tax accounts to subsequent tax filings. These effects were somewhat offset by favorable changes in our income tax reserves.

Our income tax rate for fiscal 2009 was 36.4%, which was 2.8% lower than the prior year. This reduction was primarily due to separation costs we incurred in fiscal 2008 that were not deductible for income tax purposes and a partial disallowance of the domestic production activities deduction in fiscal 2008 due to the separation.

Liquidity and Capital Resources

We believe the ability to generate cash is critical to the value of the Company. In this section, we tell you about our ability to generate and access cash to meet our business needs.

First, we will describe our actual results in generating and utilizing cash by comparing the last three years. We will also talk about any significant trends we are seeing to help you understand how this could impact us going forward.

Second, we will tell you about how we see operating, investing, and financing cash flows being impacted for the next 12 months. While it's not a certainty, we will tell you where we think cash will come from and how we intend to use it. We will also talk about significant risks or possible changes to our thinking that could change our expectations.

Third, we will tell you about other significant matters that could affect our liquidity on an ongoing basis.

A summary of our cash flows for the last three years is as follows:

(amounts in millions)	Fiscal Year Ended September 30, 2010	2009	2008
Cash flows provided by (used-in)			
Operating activities	$ 118.2	$ 123.2	$ 101.8
Investing activities	(348.7)	(5.3)	(4.2)
Financing activities*	289.8	(97.4)	(94.4)
Effect of exchange rate changes on cash and cash equivalents	3.9	—	(0.4)
Increase in cash and cash equivalents	$ 63.2	$ 20.5	$ 2.8

* Also includes net cash and cash equivalents provided to our parent company prior to separation on March 31, 2008.

Operating Activities

Our operating cash flow was $5.0 million lower in fiscal year 2010 as compared to fiscal year 2009. The noteworthy changes in its components were as follows:

- We incurred $10.5 million in business acquisition related costs in fiscal 2010, substantially all of which were paid by the end of the period. These costs reduced both our profitability and our operating cash flow in fiscal 2010.
- Cash payments for income taxes increased $21.0 million from fiscal year 2009. This change was primarily related to a significant change in the cash (current) and non-cash (deferred) components of our income tax expense. With the acquisition of K-Tron, a higher portion of our tax expense was current (meaning higher cash payments) offset by non-cash deferred income tax benefits.
- We paid $3.0 million less in defined benefit plan contributions in fiscal year 2010 as compared to the prior year primarily resulting from lower discretionary payments made in the current year as compared to the fiscal 2009.
- We made cash payments of $5.5 million to fund a rabbi trust associated with our deferred compensation program in fiscal 2010.
- K-Tron's core pre-tax operating cash flows contributed approximately $16.9 million to our consolidated operating cash flows for the last 6 months of fiscal 2010.
- In July 2010, we received from Forethought our first $10.0 million interest payment on the Forethought Note.

Our operating cash flow was $21.4 million higher in fiscal year 2009 as compared to fiscal year 2008. The noteworthy changes in its components were as follows:

- We incurred $15.5 million more in separation costs in fiscal year 2008 compared to fiscal year 2009, substantially all of which were paid by the end of the period. This reduced both our profitability and our operating cash flow in fiscal 2008.
- Cash payments for income tax payments decreased $8.7 million from fiscal year 2008, including amounts paid to or received from Hill-Rom to settle our pre-separation income tax obligations. This change was the result of the timing between when we had made these payments to Hill-Rom (prior to separation) and the timing of when we now make them directly to tax authorities as a separate company.
- We paid $3.2 million more in defined benefit plan contributions in fiscal year 2009 as compared to fiscal 2008 resulting from a discretionary payment of $7.8 million made this year. We made this payment in order to improve the funding level of our plans.

Investing Activities

The significant increase in our net investing activities in fiscal 2010 over fiscal 2009 was driven by a $369.0 million net cash payout to acquire K-Tron and higher capital project spending of $6.3 million, all of which was offset by the $37.2 million liquidation of a portion of our ARS and investments.

Our net investing activities in fiscal year 2009 were essentially flat from fiscal 2008. The modest change was due to cash invested in and returned from investment assets we received in connection with the separation.

Financing Activities

Net cash receipts from financing activities for fiscal 2010 increased $387.2 million, primarily related to $375.0 million of borrowings under our revolving credit facilities to fund the acquisition of K-Tron, and $148.4 million of proceeds from the issuance of 5.5% senior unsecured notes (the "Notes"). The proceeds from the Notes were subsequently used to pay-down $100 million owed on our revolving credit facility and the remaining amount was used to fund working capital needs.

On July 24, 2008, our Board of Directors authorized the Company to repurchase up to $100 million of our outstanding common stock. The amount of repurchase activity will depend on a variety of factors including the level of cash generated from operations, the market price of our stock, repayments we elect to make on the credit facility, and the use of cash from operations in support of other business growth opportunities. During fiscal year 2008, we elected to purchase 0.3 million shares of our common stock for $6.2 million. In fiscal year 2009, we purchased an additional 0.7 million shares for $12.5 million. There were no purchases of stock in fiscal 2010.

12 Month Outlook

At the present time, we expect the future profitability of Batesville, K-Tron and the cost structure of our corporate operations to drive our net operating cash flow. The specifics that follow are known factors that can introduce volatility to that general premise over the next twelve months.

Operating activities

We made a $4.0 million discretionary contribution to one of our pension plans in June 2010. Although we are not required to do so, we may decide to make a contribution to our defined retirement plan in 2011. Any amount will be based on the performance of the assets within the plan, business developments, and overall economic activity. We expect the maximum amount of any contribution to be $30 million. We will continue to monitor plan funding levels in order to optimize our capital deployment and determine the final discretionary amount during fiscal 2011. Any contributions we make will reduce our net cash flow from operations.

As discussed in Note 5 to our consolidated financial statements included in Part II, Item 8 of this Form 10-K, in July 2010, we issued $150.0 million in principal amount 5.5% fixed rate senior unsecured notes, due July 2020. These Notes will require annual interest payments of approximately $8.2 million which will reduce our operating cash flow.

Investing activities

In addition to our traditional level of capital expenditures, we are now including the annual sustaining capital expenditures of K-Tron. Over the past three calendar years, those expenditures have been between $1.8 million to $3.7 million annually.

We can be called upon by our private equity limited partnership investments to provide additional investment funds, the maximum amount being $3.1 million in the aggregate.

We expect to continue moving forward with our acquisition strategy in order to increase our growth rate for revenues and earnings. However, any additional acquisitions will depend on whether suitable opportunities are available. We expect to fund future acquisitions primarily with cash on hand and cash flows from operations.

Financing activities

We currently expect that comparable quarterly cash dividends will continue to be paid in the future and will require approximately $11.8 million each quarter based on our outstanding common stock at September 30, 2010. We may use additional cash generated by the business to pay down our revolving credit facility, depending on our working capital needs or as discussed under investing activities, we may utilize availability under the revolving credit facility to finance acquisitions. We may also resume purchasing additional shares of our common stock, depending on market conditions.

Summary of 12 Month Outlook

We believe that cash on hand, cash generated from operations, and cash available under our credit facility will be sufficient to fund operations, working capital needs, capital expenditure requirements, and financing obligations.

Other Liquidity Matters

At September 30, 2010, we held $11.9 million in a portfolio of ARS (consisting of highly rated tax exempt state and municipal securities, the majority of which are collateralized by student loans guaranteed by the U.S. government under the Federal Family Education Loan Program) recorded at fair value. We have estimated the current fair value of the portfolio based upon observed pricing on similar assets as of September 30, 2010. Although the underlying securities in the portfolio consist of creditworthy borrowers with AAA or A3 debt ratings, market conditions and auction failures have adversely impacted the liquidity of these securities. If current market conditions do not improve, or worsen, we may not be able to readily convert these securities to cash, and our earnings could suffer as a result.

Although we are not dependent on any cash flows from the Forethought Note to fund our operating activities, we regularly evaluate the Forethought Note for impairment based upon collectability. If, based upon these evaluations, it is probable that the Forethought Note will not be paid in accordance with its terms, it will be deemed impaired. Based upon information available to us regarding conditions existing on or prior to September 30, 2010, the Forethought Note is not impaired. We estimate the fair value of the Forethought Note based upon a comparison to debt securities currently trading in an active market with similar characteristics of yield, duration, and credit risk, adjusted for liquidity considerations. We estimate that the fair value of the Forethought Note (and related interest receivable) has increased from $109.0 million at September 30, 2009, to $127.0 million at September 30, 2010. This increase in estimated fair value was caused by the natural decline in the period to maturity (closer to the collection date), offset by an increase in the required yield to maturity (discount rate) observed in the marketplace on comparable debt instruments (adjusted for a liquidity premium). The model used in estimating the fair value of the Forethought Note primarily utilizes market data and is not intended to imply that some or all of the future payments due under the Forethought Note will not be collected when due from Forethought.

In March 2008, we established a $400 million five-year revolving credit facility (the “Facility”) with a syndicate of banks. The term of the Facility expires in March 2013. Borrowings under the Facility bear interest at variable rates, as defined therein. The availability of borrowings under the Facility is subject to our ability at the time of borrowing to meet certain specified conditions. These conditions include compliance with covenants contained in the credit agreement governing the Facility, absence of default under the Facility, and continued accuracy of certain representations and warranties contained in the credit agreement. The credit agreement contains covenants that, among other matters, require the Company to maintain a ratio of Consolidated Indebtedness to Consolidated EBITDA (each as defined in the credit agreement) of not more than 3.5:1.0 and a ratio of Consolidated EBITDA to interest expense of not less than 3.5:1.0. The proceeds of the Facility may be used: (i) for working capital and other lawful corporate purposes and (ii) to finance acquisitions.

As of September 30, 2010, we: (i) had $6.7 million outstanding, undrawn letters of credit under the Facility, (ii) were in compliance with all covenants set forth in the credit agreement, and (iii) had complete access to the remaining $138.3 million of borrowing capacity available under the Facility. In addition to the amounts above, we had $6.0 million in outstanding letters of credit and bank guarantees to other financial institutions as of September 30, 2010. A portion of these arrangements is secured by our operating facility in Switzerland and $0.3 million of restricted cash at September 30, 2010.

The covenants under the Distribution Agreement with Hill-Rom effectively prevent us from incurring any additional debt to finance an acquisition based upon our financial position as of September 30, 2010. However, we may utilize existing cash on hand and cash generated from future operations to fund future acquisitions. Our capacity to borrow for acquisitions may increase as cash on hand and our earnings (as defined under the Distribution Agreement) increase over time.

Off-Balance Sheet Arrangements

We have no significant off-balance sheet arrangements.

Contractual Obligations and Contingent Liabilities and Commitments

In this section we will tell you about the things we have committed to pay. This will help give you an understanding of the significance of cash outlays that are fixed (beyond the normal accounts payable we have already incurred and have on our books), unless we took some action to delay or cancel the need to pay.

To provide visibility to matters potentially impacting our liquidity position, the following table outlines our contractual obligations as of September 30, 2010:

Contractual Obligations	**Payment Due by Period**				
(amounts in millions)	**Total**	**Less Than 1 Year**	**1-3 Years**	**4-5 Years**	**After 5 Years**
Operating lease obligations	$ 15.9	$ 7.1	$ 8.0	$ 0.8	$ —
Purchase obligations (1)	45.5	40.0	5.3	0.2	—
Defined benefit plan funding (2)	87.8	7.1	28.7	31.4	20.6
Other long-term liabilities (3)	25.2	3.5	4.2	1.6	15.9
Capital call arrangements (4)	3.1	3.1	—	—	—
Revolving credit facility (5)	255.0	—	255.0	—	—
10 year, 5.5% fixed rate senior unsecured notes (6)	150.0	—	—	—	150.0
Total contractual obligations	$ 582.5	$ 60.8	$ 301.2	$ 34.0	$ 186.5

(1) Purchase obligations represent contractual obligations under various take-or-pay arrangements entered into as part of the normal course of business. These commitments represent future purchases in line with expected usage to obtain favorable pricing. Also included are obligations related to purchase orders for which we have firm commitments related to order releases under the purchase orders. The amounts do not include obligations related to other purchase obligations that are not considered take-or-pay arrangements or subject to firm commitments. Such purchase obligations are primarily reflected in purchase orders at fair value that are part of normal operations, which we do not believe represent firm purchase commitments. We expect to fund these commitments with operating cash flows.

(2) The defined benefit plan funding represents payments to comply with non-discretionary requirements based upon plan funding at September 30, 2010, and excludes any 2011 discretionary contribution. In the event we choose to make a discretionary contribution, we expect the maximum amount to be $30.0 million. The estimated discretionary contribution amount is highly volatile, depending on fiscal 2011 asset performance, business developments, and overall economic activity.

(3) Other long-term liabilities include the forecasted liquidation of liabilities related to our casket pricing obligation, self-insurance reserves, and long-term severance payments.

(4) We could be called upon by our private equity limited partnership investments to provide additional investment funds, the maximum amount being $3.1 million in aggregate.

(5) Our revolving credit facility expires in March 2013. Although we may make earlier principal payments at our discretion, we have reflected the principal balance due at expiration in the table above, because that is when we are required to repay.

(6) During July 2010, we issued $150.0 million of 10 year, 5.5% fixed rate senior unsecured notes, a portion of which we used to pay-down outstanding amounts on our revolving credit facility. Beginning January 2011, we will be required to make semi-annual interest payments on our debt, with the principal balance becoming due in July 2020.

In addition to the contractual obligations disclosed above, we also have a variety of other agreements related to the procurement of materials and services and other commitments. We are not subject to any contracts that obligate us to material non-cancelable commitments. While many of these agreements are long-term supply agreements, some of which are exclusive supply or complete requirements-based contracts, we are not committed under these agreements to accept or pay for requirements which are not needed to meet near term production requirements.

In connection with past acquisition activities, we have entered into certain guarantees and indemnifications of performance with respect to the fulfillment of our commitments under the respective purchase agreements. The arrangements generally indemnify the seller for damages associated with breach of contract, inaccuracies in representations and warranties surviving the closing date, and satisfaction of liabilities and commitments retained under the applicable contract. Those representations and warranties which survive closing generally survive for periods up to the maximum period allowed by the applicable statutes of limitations. Guarantees and indemnifications with respect to acquisition activities, if triggered, would not have a materially adverse impact on our financial condition and results of operations.

Critical Accounting Estimates

In this section we tell you about accounting estimates that inherently involve significant judgment on our part.

Our accounting policies require management to make significant estimates and assumptions using information available at the time the estimates are made. Such estimates and assumptions significantly affect various reported amounts of assets, liabilities, revenues, and expenses. If future experience differs materially from these estimates and assumptions, our results of operations and financial condition could be affected. A detailed description of our accounting policies is included in the notes to our consolidated financial statements included in Part II, Item 8 of this Form 10-K.

Revenue Recognition

Revenue for our products is most often recognized upon delivery of the products to the customer, but in no case prior to when the risk of loss and other risks and rewards of ownership are transferred. Net revenues reflect gross revenues less sales discounts, customer rebates, sales incentives, and product returns, all of which require us to make estimates for the portion of these allowances that have yet to be credited or paid to our customers. We estimate these allowances based both upon historical rates and projections of customer purchases toward contractual rebate thresholds.

Some of our revenues associated with K-Tron involve multiple elements (i.e. various components to an overall larger order being manufactured for the customer.) Periodically these elements are transferred to the customer at different times pursuant to the customer's requirements. In these circumstances we may estimate the sales value of the individual elements in order to determine the appropriate amount of revenue to recognize on the transferred elements.

Allowance for Doubtful Accounts

The accounting for our trade receivables requires us to estimate the net realizable value of these assets. Our allowance for doubtful accounts is our best estimate of the amount of probable credit losses and collection risk in our existing trade accounts receivable portfolio. Performing our evaluation of the allowance for doubtful accounts requires us to exercise significant judgment based on historical write-off and individual customer collection experience. As a result, our historical experience and current trends we are using in our estimates at any point in time may not be indicative of the collectability of these balances in the future.

Auction Rate Securities

The accounting for our auction rate securities requires us to estimate the fair value of these assets in a current environment where there is not an active market to easily establish that value. Prior to July 1, 2010, we utilized a valuation model based upon a discounted cash flow approach. The assumptions used in preparing the discounted cash flow model included estimates of, based on available data, interest rates, timing and amount of cash flows, credit spread related yield and illiquidity premiums, and expected holding periods of the ARS. In the fourth quarter of fiscal 2010, we began to value the ARS based upon secondary market pricing on observed transactions. We moved to this approach as we believe the pricing now occurring in the secondary market represents the "highest and best use" valuation of the ARS. The risk exists that the volatile nature of secondary market pricing may not be reflective of actual realizable value in the future.

Note Receivable from Forethought

We evaluate the note receivable from Forethought for impairment based upon collectability. If, based upon this evaluation, it is probable that the note will not be paid in accordance with its terms, the note will be deemed impaired. Performing an impairment evaluation of the note requires us to exercise significant judgments as to whether Forethought has the financial wherewithal to make the scheduled payments based upon events or conditions that we are aware of existing on or prior to the balance sheet date. The note agreement provides us access to various kinds of financial information from Forethought including:

- Available capital and surplus within Forethought's primary insurance operations, an indicator of liquidity of the entity;
- Embedded Value, an indicator of enterprise value and an indicator of the ability of the entity to raise capital;
- Forethought's recent investment portfolio results and the quality of the related investments;
- GAAP equity, an indicator of financial strength; and
- Recent GAAP and Statutory financial results (income, loss and related cash flow effects).

We utilize this information to assess the financial strength of Forethought and our prospects for getting paid. The principal under the note is not scheduled to be repaid until 2014.

As a result, the indicators or trends we consider at any point in time when making an impairment assessment may not be indicative of Forethought's ultimate financial strength at the time of scheduled payment.

If we determine an impairment exists, an impairment reserve would be established based upon the then carrying value of the note and the estimated discounted cash flows we would expect to receive on an impaired basis. Making such an estimate would require us to exercise significant judgment about the expected timing and size of the payments under the note in what could be distressed financial conditions at Forethought. Even though we might be legally entitled, we would likely cease recording interest income under the note, due to the uncertainty of being paid under these types of conditions.

Liabilities for Loss Contingencies Related to Claims and Lawsuits

The ultimate outcome of claims and lawsuits 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. Making such an estimate requires us to exercise significant judgment. However, it is difficult to measure the actual loss that might be incurred related to litigation. The ultimate outcome of these lawsuits could have a material adverse effect on our financial condition, results of operations and cash flow. For a more complete description of loss contingencies related to lawsuits, see Note 12 to our consolidated financial statements included in Part II, Item 8, of this Form 10-K.

Legal fees associated with claims and lawsuits are generally expensed as incurred. Upon recognition of an estimated loss resulting from a settlement, an estimate of legal fees to complete the settlement is also included in the amount of the loss recognized.

We are also involved in other possible claims, including product and general liability, workers compensation, auto liability and employment related matters. Outside insurance companies and third-party claims administrators establish 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. As our actuaries periodically provide us updated ultimate loss projections, we must "true up" (increasing or reducing) previously recorded claim reserves. Thus, any one period's financial results could be significantly affected by the effect of the "true up."

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 could differ from those estimates.

Performance Stock-Based Compensation

The vesting of our performance-based restricted stock and units (collectively "PBUs") is contingent upon the creation of shareholder value as measured by the cumulative cash returns and final period income in excess of our weighted average cost of capital over a three-year period and a corresponding service requirement. The value of an award is based upon the fair value of our common stock at the date of grant. Based on the extent to which the performance criteria are achieved, it is possible for none of the awards to vest or for a range up to the maximum to vest, which is reflected in the PBU table in Note 11 to our consolidated financial statements included in Part II, Item 8, of this Form 10-K. We record expense associated with the awards on a straight-line basis over the vesting period based upon an estimate of projected performance. The actual performance of the Company is evaluated quarterly, and the expense is adjusted according to the new projection if it has changed significantly. As a result, depending on the degree to which we achieve the performance criteria or our projection changes, our expenses related to the PBUs may become more volatile as we approach the final performance measurement date at the end of the three years. This increase in volatility is due to the fact that we must "true up" (increasing or reducing) previously recorded compensation expense as the projection of performance changes. Thus any one period's financial results could be significantly affected by the cumulative effect of the "true up." Preparing the projection of performance requires us to exercise significant judgments as to the expected outcome of final performance up to three years in the future. In making the projection, we consider both actual results and probable business plans for the future. At September 30, 2010, we have recorded cumulative compensation expense associated with unvested PBUs of $5.9 million, which continues to be subject to periodic "true ups" as the related PBUs approach the final performance measurement date.

Retirement and Postretirement Plans

We sponsor retirement and postretirement benefit plans covering a majority of our employees. Expense recognized in relation to such plans is based upon actuarial valuations. Inherent in those valuations are key assumptions including discount rates, expected returns on assets, and projected future salary rates. The discount rates used in the valuation of our defined benefit pension and postretirement benefit plans are evaluated annually based on current market conditions. In setting the discount rate, we use a yield curve approach to discount each expected cash flow of the liability stream at an interest rate applicable to the timing of each cash flow based on corporate bond rates. These present values are then converted into an equivalent weighted-average discount rate. Our overall expected long-term rate of return on pension assets is based on historical and expected future returns, which are inflation adjusted and weighted for the expected return for each component of the investment portfolio. Our rate of assumed compensation increase for pension benefits is also based on our specific historical trends of past wage adjustments in recent years and expectations for the future.

Changes in retirement and postretirement benefit expense and the recognized obligations may occur in the future as a result of a number of factors, including changes to any of these assumptions. Our weighted average expected rate of return on pension assets is 7.6%, 7.75%, and 8.0% at the end of fiscal 2010, 2009 and 2008 respectively. A 25 basis point increase in the expected rate of return on domestic pension assets of $169.2 million reduces annual pension expense by approximately $0.5 million. The weighted average discount rate decreased to 4.8% and 4.5% at the end of fiscal 2010 for the pension and postretirement healthcare plan expense, respectively. A 50 basis point decrease in the discount rate increases the annual domestic pension expense by approximately $1.4 million. The impact of this decrease to our postretirement healthcare plan expense would be less than $0.1 million. Impacts from assumption changes could be positive or negative depending on the direction of the change in rates. Based upon the new rates and assumptions, we expect the aggregate expense associated with our defined benefit plans to decrease from $9.5 million in fiscal 2010 to $9.0 million in fiscal 2011. See Note 7 to our consolidated financial statements included in Part II, Item 8 of this Form 10-K, for key assumptions and other information regarding our retirement and postretirement benefit plans.

Uncertain Income Tax Positions

On October 1, 2007, we adopted the accounting standard that prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. In assessing the need for reserves for uncertain tax positions, we have to make judgments regarding the technical merit of a tax position, and when necessary, an estimate of the settlement amount based upon what we think is the probability of the outcome. At September 30, 2010, we had reserves of $7.2 million established for uncertain tax positions based upon our estimates. Our ability to make and update these estimates is limited to the information we have at any given point in time. This information can include how taxing authorities have treated the position in the past, how similar cases have settled, or where we are in discussions or negotiations with taxing authorities on a particular issue, among others. As information available to us evolves, we update our reserves quarterly. These updates can result in volatility to our income tax rate (particularly to a given quarter) if new information or developments result in a significant change in our estimate.

Business Combinations

On October 1, 2009, we adopted a new accounting standard that governs how to account for and disclose business combinations (e.g., when we buy a business). With a few exceptions, the standard requires that we record the assets and liabilities of the acquired business at estimated fair value at the date of acquisition. Estimating fair value for acquired assets and liabilities as part of a business combination typically requires us to exercise judgment, particularly for those assets and liabilities that may be unique or not easily determined by reference to market data. Often estimates for these types of acquired assets and liabilities will be developed using valuation models that require both historical and forecasted inputs, as well as “market participant” expectations. Thus the valuation is directly affected by the inputs we judge as best under the given circumstances. When material, we expect to seek assistance of competent valuation professionals when the underlying valuation is more complex or unique.

We anticipate that in most cases, we will exercise significant judgment in estimating the fair value of intangible assets (customer lists or relationships, trademarks, etc., for example), contingent liabilities (loss reserves, for example), and contingent consideration (“earn-outs,” for example). This list is not exhaustive, but is designed to give you a better understanding of where we think a larger degree of judgment will be required due to the nature of the item and the way it is typically valued.

Depreciable and Amortizable Lives of Long-Lived Assets

The recording of depreciation and amortization expense requires management to exercise significant judgment in estimating the economic useful lives of long-lived assets, particularly intangible assets. With the acquisition of K-Tron, the amortization associated with these estimates is much more significant to our financial statements than in the past.

Management’s assumptions regarding the following factors, among others, affect the determination of estimated economic useful life: management’s experience with similar assets; changes in technology, utilization, wear and tear; estimated cash flows expected to be generated by the asset; and changes in market demand. As our assessment is performed on a periodic basis, changes in any management assumptions may result in a shorter or longer estimated useful life for an asset than originally anticipated. In such a case, we would depreciate or amortize the remaining net book value of the asset over the new estimated remaining life, thereby increasing or decreasing depreciation or amortization expense per year on a prospective basis. As a result, our estimates at any point in time may not be indicative of future circumstances.

Asset Impairment Determinations

Accounting standards require that goodwill and indefinite-lived intangible assets be tested for impairment at least annually or when circumstances would suggest that an impairment may have occurred. Testing of either goodwill or indefinite-lived assets requires that we estimate the fair value of the asset in question.

Estimating fair value for these assets typically requires us to exercise significant judgment, particularly for asset values that are not easily determined by reference to market data. Often estimates for these types of assets are developed using valuation models that require both historical and forecasted inputs, as well as “market participant” expectations. Thus the valuation is directly affected by the inputs we judge as best under the given circumstances. In analyzing the future cash flows of various assets, critical assumptions we make may include some of the following:

- The intended use of assets and the expected cash flows resulting directly from such use;
- Industry-specific economic conditions;
- Customer preferences and behavior patterns; and
- The impact of applicable regulatory initiatives, if any.

Our assumptions are sometimes subjective and can be affected by a variety of factors, including external factors such as industry and economic trends, and internal factors such as changes in our business strategy and our internal forecasts. Although we believe the assumptions and estimates we make are reasonable and appropriate, different assumptions and estimates could result in an impairment charge which could materially impact our reported financial results by decreasing operating income and lowering asset values on our consolidated balance sheet. When material, we expect to seek assistance of competent valuation professionals when the underlying valuation is more complex or unique.

Tangible and other intangible assets that are subject to depreciation and amortization are also evaluated when circumstances would suggest that an impairment may have occurred. Testing of these assets require that we estimate future cash flows associated with the asset(s) in question.

Recently Issued and Adopted Accounting Standards

For a summary of recently issued and adopted accounting standards applicable to us, see Note 2 to our consolidated financial statements included in Part II, Item 8 of this Form 10-K.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

In this section, we tell you about "market risks" we think could have a significant impact on our bottom line or the financial strength of our company. "Market risks" here generally mean how results of operations and the value of assets and liabilities could be affected by market factors such as interest rates, currency exchange rates, the value of commodities, and debt and equity price risks. If those factors change significantly, it could help or hurt our bottom line, depending on how we react to them.

We are exposed to various market risks. We have established policies, procedures, and internal processes governing our management of market risks and the use of financial instruments to manage our exposure to such risks. Our primary exposures are to: collection risk (customer receivables and our Forethought note); fluctuations in market prices for certain purchases of commodities; variability in exchange rates in foreign locations; and volatility in the fair value of our investments. We also have some interest rate exposure. What follows are the specifics.

We have an outstanding note receivable (the "Forethought Note") and related interest receivable from Forethought with an aggregate carrying value of $144.8 million as of September 30, 2010. The primary risk with the Forethought Note is collection. Should Forethought underperform to an extent that it cannot meet its financial obligations, our earnings could be negatively impacted, resulting in a material adverse impact on our financial condition and results of operations. We currently do not expect this to be the case. We estimate the fair value of the note receivable from Forethought based upon comparison to debt securities currently trading in an active market with similar characteristics of yield, duration, and credit risk adjusted for liquidity considerations. Based upon market data available to us, we estimate that the fair value of the note and accrued interest is approximately $127.0 million, based upon an estimated yield to maturity of approximately 14% as of September 30, 2010. This is approximately $17.8 million below its carrying value at September 30, 2010. An increase or decrease of 1% in the discount rate utilized to estimate the fair value of the note (including interest receivable) would indicate a change in fair value of approximately $4.0 million.

We are subject to market risk from fluctuating market prices of certain purchased commodity raw materials including steel, wood, red metals, and fuel. While these materials are typically available from multiple suppliers, commodity raw materials are subject to market price fluctuations. We generally buy these commodities based upon market prices that are established with the supplier as part of the purchasing process. We generally attempt to obtain firm pricing from our larger suppliers for volumes consistent with planned production. To the extent that commodity prices increase and we do not have firm pricing from our suppliers, or if our suppliers are not able to honor such prices, we may experience a decline in our gross margins to the extent we are not able to increase selling prices of our products or obtain supply chain efficiencies to offset increases in commodity costs.

We have a portfolio of ARS (with an estimated fair value of $11.9 million as of September 30, 2010). The primary risk here is the lack of a liquid market to sell these investments. If current market conditions do not improve, we may not be able to readily convert the ARS to cash, exposing us to a longer-term risk of impairment, and our earnings could be adversely affected.

We are subject to volatility in our investment portfolio. The investment portfolio includes private equity limited partnerships (“LPs”) and common stock with an aggregate carrying value of $18.2 million at September 30, 2010. These investments could be adversely affected by general economic conditions, changes in interest rates, default on debt instruments, and other factors, resulting in an adverse impact. The changes in the fair value of the LPs’ underlying investment portfolios can impact us significantly because we record our share of the change in our income statement under the equity method of accounting.

Our pension plans’ assets are also subject to volatility that can be caused by fluctuation in general economic conditions. Plan assets are invested by the plans’ fiduciaries, which direct investments according to specific policies. Those policies subject investments to the following restrictions in our domestic plan: short-term securities must be rated A2/P2 or higher, fixed income securities must have a quality credit rating of “BBB” or higher, and investments in equities in any one company may not exceed 10% of the equity portfolio. Our income statement is currently shielded from volatility in plan assets due to the way accounting standards are applied for pension plans, although favorable or unfavorable investment performance over the long term will impact our pension expense if it deviates from our assumption related to future rate of return.

With the addition of K-Tron, our exposure to exchange rates are primarily (i) the U.S. dollar versus each of the Swiss franc, the euro, the British pound sterling, the Canadian dollar, and the Swedish krona: and (ii) the Swiss franc versus the euro and the British pound sterling. From time to time we may enter into currency exchange agreements to manage our exposure arising from fluctuating exchange rates related to specific transactions, primarily forecasted intercompany purchasing. Foreign cash balances in currencies other than the Swiss franc are limited in order to manage the transaction exposure caused by the marking to market of non-Swiss franc balances to Swiss franc values on the balance sheet of our Swiss operations. As of September 30, 2010, a 10% change in the foreign exchange rates affecting balance sheet transactional exposures would have resulted in a change in pre-tax earnings of approximately $0.6 million. This hypothetical change on transactional exposures is based on the difference between the September 30, 2010, actual foreign exchange rates and hypothetical rates assuming a 10% change in foreign exchange rates on that date. We expect to expand our hedging program in fiscal 2011 to help reduce earnings volatility that could occur associated with the non-Swiss franc balances of our Swiss operations.

The translation of the balance sheets of our non-U.S. operations from local currencies into U.S. dollars is also sensitive to changes in foreign exchange rates. These translation gains or losses are recorded as cumulative translation adjustments (“CTA”) within accumulated other comprehensive loss on our balance sheet. Using the example above, the hypothetical change in CTA would be calculated by multiplying the net assets of our non-U.S. operations by a 10% change in the applicable foreign exchange rates. The result of this calculation would be to change shareholders’ equity by approximately $21.1 million as of September 30, 2010.

At September 30, 2010, we had $255.0 million outstanding under our $400 million revolving credit facility. We are subject to interest rate risk associated with our revolving credit facility which bears a variable rate of interest that is based upon the lender’s base rate or the LIBOR rate. The interest we pay on our borrowings is dependent on interest rate conditions and the timing of our financing needs. Assuming our borrowings were to remain at $255.0 million for 12 months; a 1% move in the related interest rates would increase or decrease our annual interest expense by approximately $2.6 million.

Item 8. Financial Statements and Supplementary Data

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. In order to evaluate the effectiveness of internal control over financial reporting, management has conducted an assessment, including testing, using the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's internal control over financial reporting, as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934 ("Exchange Act"), is a process designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

We have excluded K-Tron International, Inc. ("K-Tron") from our assessment of the effectiveness of our internal controls over financial reporting as of September 30, 2010 because it was acquired by us in a purchase business combination on April 1, 2010. The total assets and total revenues acquired in the acquisition of K-Tron represent approximately 14.8% and 14.5%, respectively, of the related consolidated financial statement amounts as of and for the fiscal year ended September 30, 2010.

Based on our assessment, under the criteria established in *Internal Control — Integrated Framework,* issued by the COSO, management has concluded that the company maintained effective internal control over financial reporting as of September 30, 2010.

Management's assessment of the effectiveness of the Company's internal control over financial reporting as of September 30, 2010, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report included herein.

By: /s/ Kenneth A. Camp
Kenneth A. Camp
President and Chief Executive Officer

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

By: /s/ Theodore S. Haddad, Jr.
Theodore S. Haddad, Jr.
Vice President, Controller and Chief Accounting Officer

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Hillenbrand, Inc.:

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Hillenbrand, Inc. and its subsidiaries (the "Company") at September 30, 2010 and 2009, and the results of their operations and their cash flows for each of the three years in the period ended September 30, 2010, in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of September 30, 2010, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As described in Management's Report on Internal Control Over Financial Reporting, management has excluded K-Tron from its assessment of internal control over financial reporting as of September 30, 2010 because it was acquired by the Company in a purchase business combination during 2010. We have also excluded K-Tron from our audit of internal control over financial reporting. K-Tron is a wholly-owned subsidiary whose total assets and total revenues represent 14.8% and 14.5%, respectively, of the related consolidated financial statement amounts as of and for the year ended September 30, 2010.

/s/ PricewaterhouseCoopers LLP

Indianapolis, Indiana
November 23, 2010

HILLENBRAND, INC.

Consolidated Statements of Income

(amounts in millions, except per share amounts)

	Fiscal Year Ended September 30,		
	2010	2009	2008
Net revenue	$ 749.2	$ 649.1	$ 678.1
Cost of goods sold	435.9	374.7	397.6
Gross profit	313.3	274.4	280.5
Operating expenses (including business acquisition, restructuring, and separation costs)	175.4	119.4	130.9
Operating profit	137.9	155.0	149.6
Interest expense	(4.2)	(2.1)	(2.2)
Investment income and other	12.7	7.9	5.9
Income before income taxes	146.4	160.8	153.3
Income tax expense	54.1	58.5	60.1
Net income	$ 92.3	$ 102.3	$ 93.2
Income per common share — basic and diluted	$ 1.49	$ 1.66	$ 1.49
Weighted average common shares outstanding — basic and diluted	61.9	61.7	62.5
Cash dividends per common share *	$ 0.75	$ 0.74	$ 0.365

* Our first dividend as a stand-alone public company was paid June 30, 2008. Accordingly, there are no dividends reported for the first two quarters of fiscal year 2008.

See Notes to Consolidated Financial Statements.

HILLENBRAND, INC.

Consolidated Balance Sheets
(amounts in millions)

	September 30, 2010	September 30, 2009
ASSETS		
Current Assets		
Cash and cash equivalents	$ 98.4	$ 35.2
Trade receivables, net	109.0	85.2
Inventories, net	64.9	42.5
Auction rate securities and related Put right	—	30.1
Interest receivable from Forethought Financial Group, Inc.	10.0	10.0
Deferred income taxes	25.1	21.5
Other current assets	15.4	8.4
Total current assets	322.8	232.9
Property, net	109.6	85.3
Intangible assets, net	423.0	16.3
Auction rate securities	11.9	18.8
Note and interest receivable from Forethought Financial Group, Inc., long-term portion	134.8	132.8
Investments	18.2	18.8
Deferred income taxes	—	35.0
Other assets	31.8	21.2
Total Assets	$ 1,052.1	$ 561.1
LIABILITIES		
Current Liabilities		
Revolving credit facility, current portion	$ —	$ 60.0
Trade accounts payable	26.9	13.1
Accrued compensation	35.7	25.6
Accrued customer rebates and advances	27.1	18.8
Other current liabilities	28.3	17.4
Total current liabilities	118.0	134.9
Long-term debt, less current portion above	403.4	—
Accrued pension and postretirement healthcare, long-term portion	88.7	84.5
Deferred income taxes	35.7	—
Other long-term liabilities	34.4	37.7
Total Liabilities	680.2	257.1
Commitments and contingencies (Note 12)		
SHAREHOLDERS' EQUITY		
Common stock, no par value, 199.0 shares authorized; 63.1 and 62.8 shares issued, 62.3 and 61.9 shares outstanding, of which 0.6 and 0.3 are restricted at September 30, 2010 and 2009, respectively	—	—
Additional paid-in-capital	304.9	297.6
Retained earnings	124.8	79.3
Treasury stock, at cost; 0.8 and 0.9 shares at September 30, 2010 and 2009, respectively	(14.8)	(17.5)
Accumulated other comprehensive loss	(43.0)	(55.4)
Total Shareholders' Equity	371.9	304.0
Total Liabilities and Shareholders' Equity	$ 1,052.1	$ 561.1

See Notes to Consolidated Financial Statements

HILLENBRAND, INC.

Consolidated Statements of Cash Flows
(Amounts in millions)

	Fiscal Year Ended September 30, 2010	2009	2008
Operating Activities:			
Net income	$ 92.3	$ 102.3	$ 93.2
Adjustments to reconcile net income to net cash flows from operating activities:			
Depreciation and amortization	28.5	18.6	19.1
Provision (benefit) for deferred income taxes	(18.5)	3.2	(3.1)
Net loss (gain) on disposal or impairment of property	3.0	0.2	(0.1)
Net loss (gain) on auction rate securities, related Put right, and investments	2.4	—	0.8
Interest income on Forethought note receivable, net of cash received	(2.0)	(12.4)	(5.8)
Equity in net (income) loss from affiliates	(3.1)	5.4	—
Distribution of earnings from affiliates	0.3	0.3	—
Stock-based compensation	7.6	6.7	1.6
Trade accounts receivable	(4.9)	3.0	2.0
Inventories	20.9	6.1	(1.7)
Other current assets	(3.1)	2.4	(3.6)
Trade accounts payable	0.9	(2.6)	(2.5)
Accrued expenses and other current liabilities	2.7	(3.6)	(1.8)
Income taxes prepaid or payable	(3.4)	—	7.7
Defined benefit plan funding	(6.5)	(9.5)	(6.3)
Defined benefit plan expense	9.5	4.7	4.9
Other, net	(8.4)	(1.6)	(2.6)
Net cash provided by operating activities	118.2	123.2	101.8
Investing Activities:			
Capital expenditures, both tangible and intangible	(16.3)	(10.0)	(10.0)
Acquisitions of businesses, net of cash acquired	(371.5)	—	(0.4)
Proceeds on disposal of property	0.3	0.2	0.5
Proceeds from redemption and sales of auction rate securities and investments	37.2	2.3	4.3
Capital contributions to affiliates	(0.3)	(0.6)	—
Return of investment capital from affiliates	1.9	2.8	1.4
Net cash used in investing activities	(348.7)	(5.3)	(4.2)
Financing Activities:			
Proceeds from revolving credit facilities	464.7	40.0	265.0
Repayments on revolving credit facilities	(276.8)	(80.0)	(165.0)
Proceeds from issuance of senior unsecured notes	148.4	—	—
Payment of dividends on common stock	(46.2)	(45.6)	(22.8)
Purchase of common stock	—	(12.5)	(6.2)
Proceeds from issuance of common stock	1.8	0.7	0.4
Cash received from parent in connection with separation	—	—	125.4
Net change in advances to former parent	—	—	(290.3)
Financing costs and other	(2.1)	—	(0.9)
Net cash provided by (used in) financing activities	289.8	(97.4)	(94.4)
Effect of exchange rate changes on cash and cash equivalents	3.9	—	(0.4)
Net cash flows	63.2	20.5	2.8
Cash and cash equivalents:			
At beginning of period	35.2	14.7	11.9
At end of period	$ 98.4	$ 35.2	$ 14.7
Cash paid during the period for interest	$ 1.8	$ 2.1	$ 2.0
Cash paid during the period (net of refunds) for income taxes (including amounts paid to our former parent)	$ 75.7	$ 54.7	$ 63.4

See Notes to Consolidated Financial Statements

HILLENBRAND, INC.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME

(amounts in millions)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive Loss	Parent Company Investment	Total
	Shares	Amount			Shares	Amount			
Balance at September 30, 2007	—	$ —	$ —	$ —		$ —	$ (12.6)	$ 193.5	$ 180.9
Adoption of accounting standard for uncertain income tax positions	—	—	—	—	—	—	—	(1.8)	(1.8)
Change in parent company investment	—	—	—	—	—	—	—	(290.3)	(290.3)
Comprehensive income:									
Change in items not recognized as a component of net pension and postretirement healthcare costs (net of taxes of $3.5)	—	—	—	—	—	—	(5.7)	—	(5.7)
Change in foreign currency translation adjustment	—	—	—	—	—	—	—	—	—
Change in unrealized gain on derivative instruments (net of taxes of $0.2)	—	—	—	—	—	—	0.3	—	0.3
Change in net unrealized gain on available for sale securities (net of taxes of $0.2)	—	—	—	—	—	—	(0.3)	—	(0.3)
Net income generated prior to separation	—	—	—	—	—	—	—	47.3	47.3
Net income generated subsequent to separation	—	—	—	45.9	—	—	—	—	45.9
Total comprehensive income									87.5
Issuance of common stock related to stock awards or options	—	—	0.4	—	—	—	—	—	0.4
Stock-based compensation	—	—	1.6	—	—	—	—	—	1.6
Contribution of net assets from Hill-Rom	—	—	1.0	—	—	—	3.5	334.6	339.1
Issuance of common stock to Shareholders of Hill-Rom	62.4	—	283.3	—	—	—	—	(283.3)	—
Purchases of common stock	—	—	—	—	0.3	(6.2)	—	—	(6.2)
Dividends on common stock	—	—	0.1	(22.9)	—	—	—	—	(22.8)
Balance at September 30, 2008	**62.4**	**—**	**286.4**	**23.0**	**0.3**	**(6.2)**	**(14.8)**	**—**	**288.4**
Comprehensive income:									
Change in items not recognized as a component of net pension and postretirement healthcare costs (net of taxes of $20.5)	—	—	—	—	—	—	(35.5)	—	(35.5)
Change in foreign currency translation adjustment	—	—	—	—	—	—	(0.5)	—	(0.5)
Change in unrealized gain on Derivative instruments (net of taxes of $0.6)	—	—	—	—	—	—	(1.1)	—	(1.1)
Change in net unrealized gain on available for sale securities (net of taxes of $0.6)	—	—	—	—	—	—	1.1	—	1.1
Net income	—	—	—	102.3	—	—	—	—	102.3
Total comprehensive income									66.3
Issuance of common stock related to stock awards or options	0.4	—	(0.5)	—	(0.1)	1.2	—	—	0.7
Stock-based compensation	—	—	6.7	—	—	—	—	—	6.7
Adjustment to net assets from Hill-Rom	—	—	4.6	—	—	—	(4.6)	—	—
Purchases of common stock	—	—	—	—	0.7	(12.5)	—	—	(12.5)
Dividends on common stock	—	—	0.4	(46.0)	—	—	—	—	(45.6)
Balance at September 30, 2009	**62.8**	**—**	**297.6**	**79.3**	**0.9**	**(17.5)**	**(55.4)**	**—**	**304.0**
Comprehensive income:									
Change in items not recognized as a component of net pension and postretirement healthcare costs (net of taxes of $0.5)	—	—	—	—	—	—	(1.0)	—	(1.0)
Change in foreign currency translation adjustment	—	—	—	—	—	—	12.2	—	12.2
Change in unrealized gain on derivative instruments (net of taxes of $0.4)	—	—	—	—	—	—	0.7	—	0.7
Change in net unrealized gain on available for sale securities (net of taxes of $0.3)	—	—	—	—	—	—	0.5	—	0.5
Net income	—	—	—	92.3	—	—	—	—	92.3
Total comprehensive income									104.7
Issuance of common stock related to stock awards or options	0.3	—	(0.9)	—	(0.1)	2.7	—	—	1.8
Stock-based compensation	—	—	7.6	—	—	—	—	—	7.6
Dividends on common stock	—	—	0.6	(46.8)	—	—	—	—	(46.2)
Balance at September 30, 2010	**63.1**	**$ —**	**$ 304.9**	**$ 124.8**	**0.8**	**$ (14.8)**	**$ (43.0)**	**$ —**	**$ 371.9**

See Notes to Consolidated Financial Statements.

HILLENBRAND, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in millions, except per share data)

1. Distribution and Description of the Business

Until the close of business on March 31, 2008, Hillenbrand, Inc. ("Hillenbrand"), formerly known as Batesville Holdings, Inc., was a wholly-owned subsidiary of Hillenbrand Industries, Inc. After the close of business on March 31, 2008, Hillenbrand Industries, Inc., at the approval of its Board of Directors, completed a tax free pro-rata distribution to its shareholders of 100% of the common shares of Hillenbrand (the "Distribution"). Effective April 1, 2008, Hillenbrand began trading on the New York Stock Exchange ("NYSE") under the symbol "HI" as an independent public company. Contemporaneously, Hillenbrand Industries, Inc. changed its name to Hill-Rom Holdings, Inc. ("Hill-Rom"). The Distribution is described in detail in our information statement dated March 17, 2008, filed as Exhibit 99.1 to our Current Report on Form 8-K filed with the U.S. Securities and Exchange Commission ("SEC") on March 18, 2008. Unless the context otherwise requires, the terms "the Company," "we," "our" and "us" refers to Hillenbrand. The term "Hill-Rom" or "parent" refers to Hill-Rom Holdings, Inc. as well as its predecessor, Hillenbrand Industries, Inc.

Significant Components of the Distribution

In connection with the Distribution, we executed the following transactions:

- Hill-Rom transferred to us on March 31, 2008:
  - Investments in private equity limited partnerships and common stock (carrying value of $27.9) and a note receivable from Forethought Financial Group, Inc. (carrying value of $124.6).
  - Auction rate securities (carrying value of $55.3 plus interest receivable of $0.8).
  - Net unrealized gains on available for sale securities (net of taxes), of $3.3 as a component of accumulated other comprehensive loss.
  - A joint ownership interest in the corporate conference center facilities (carrying value of $1.2) and the corporate aircraft (carrying value of $6.3), in addition to other fixed assets (carrying value of $0.6).
  - Various deferred income tax assets and liabilities associated with the assets described above (net asset carrying value of $0.4), our share of prepaid income taxes (carrying value of $14.6), and income taxes payable to Hill-Rom generated by our operations through the date of separation (carrying value of $19.2).
  - Cash of $110.0 and a $15.4 receivable, which we collected from Hill-Rom in April 2008.
- Hill-Rom distributed approximately 62.3 million shares of our common stock to holders of Hill-Rom common stock. Approximately 0.1 million additional shares of our common stock were issued in connection with certain Hill-Rom restricted stock units that vested in connection with the Distribution. Additionally, certain stock based awards previously issued in Hill-Rom common stock outlined in Note 11 were converted into awards based in our common stock.
- The parent company investment account of $283.3 immediately prior to the separation was reclassified to additional paid-in capital.
- Subsequent to the Distribution, we finalized the split of our pension plan obligations and certain income tax balances with Hill-Rom. These activities resulted in subsequent adjustments that increased additional paid-in capital by $1.0 and reduced accumulated other comprehensive loss by an additional $0.2 as of September 30, 2008.
- Subsequent to the Distribution, we finalized the amounts related to accumulated other comprehensive loss transferred to us by Hill-Rom. This resulted in a subsequent reclassification adjustment that increased other comprehensive loss and increased additional paid in capital by $4.6 as of September 30, 2009.

Nature of Operations

Hillenbrand, Inc. is the parent holding company of its wholly-owned subsidiaries, Batesville Services, Inc. ("Batesville") and K-Tron International, Inc. ("K-Tron") which are more fully described below. Hillenbrand oversees the operations of its subsidiaries, allocates resources among them, and manages their capital structures.

Through Batesville, we are the leader in the North American death care products industry where we manufacture, distribute, and sell funeral service products to licensed funeral directors who operate licensed funeral homes. Our Batesville branded products consist primarily of burial caskets but also include cremation caskets, burial vaults, containers and urns, selection room display fixturing for funeral homes, and other personalization and memorialization products and services, including web based applications and the creation and hosting of websites for licensed funeral homes.

Through the acquisition of K-Tron, we design, produce, market, and service material handling equipment and systems for a wide variety of industrial markets, particularly in the plastics, food, chemical, pharmaceutical, power generation, coal mining, pulp and paper, wood and forest products, and biomass energy generation industries. K-Tron serves the bulk solids material handling market, which focuses primarily on feeding and pneumatic conveying equipment, size reduction equipment, conveying systems, and screening equipment.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements reflect the consolidated historical results of operations, financial position, and cash flows of the Company (including K-Tron subsequent to its acquisition on April 1, 2010, and those of the former funeral services business of Hill-Rom). Management believes the assumptions underlying the consolidated financial statements, including the assumptions utilized to allocate general corporate overhead costs from Hill-Rom, are reasonable. However, these consolidated financial statements do not include all of the actual expenses that would have been incurred had the Company been a stand-alone entity during the periods prior to the Distribution on March 31, 2008, and do not reflect the consolidated results of operations, financial position, and cash flows as if the Company had been a stand-alone company during those earlier periods. See Note 6 for further information regarding allocated expenses.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. Significant intercompany accounts and transactions have been eliminated in consolidation. Prior to the close of business on March 31, 2008, our financial statements were considered "combined" (rather than consolidated) because of the nature of our legal structure prior to the Distribution. We refer to these earlier periods as "consolidated" for comparative and discussion purposes in this Form 10-K.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Accordingly, management exercises judgment in making these estimates. Actual results could differ from those estimates. Examples of such estimates include, but are not limited to, the collectability of our note receivable from Forethought Financial Group, Inc. ("Forethought"), the establishment of reserves related to our customer rebates, allowance for doubtful accounts and early pay discounts, inventories, income taxes, accrued litigation, self insurance reserves, and the estimation of fair value associated with our auction rate securities.

Cash and Cash Equivalents

Subsequent to the Distribution, we instituted our own cash management program, including the overnight transfer of account balances into money market funds. Cash and cash equivalents are stated at cost, which approximates fair value, and include short-term, highly liquid investments with original maturities of three months or less.

Trade Receivables

Trade accounts receivable are recorded at the invoiced amount and generally do not bear interest, unless they become past due. The allowance for doubtful accounts is our best estimate of the amount of probable credit losses and collection risk in our existing accounts receivable portfolio. The allowance for cash discounts and sales returns reserve are based upon historical experience and trends. Account balances are charged against the allowance when we believe it is probable the receivable will not be recovered. We do not have any off-balance sheet credit exposure related to our customers. We generally hold our trade accounts receivable until they are paid. At September 30, 2010 and 2009, we had reserves against our trade receivables of approximately $20.1 and $17.3, respectively.

Inventories

Inventories are valued at the lower of cost or market. Inventory costs are determined by the last-in, first-out (LIFO) method for approximately 57% and 83% of our inventories at September 30, 2010 and 2009, respectively. Costs of remaining inventories have been determined principally by the first-in, first-out (FIFO) method. Inventories consisted of the following:

	September 30,	
	2010	2009
Raw materials and components	$ 26.6	$ 11.5
Work in process	6.7	0.5
Finished goods	34.8	31.6
Reserves for excess or obsolescence	(3.2)	(1.1)
Total inventories	$ 64.9	$ 42.5

If the FIFO method of inventory accounting, which approximates current cost, had been used for all inventories, they would have been approximately $12.3 and $13.2 higher than reported at September 30, 2010 and 2009, respectively.

Properties

Property is recorded at cost and depreciated over the estimated useful lives of the assets using principally the straight-line method. Ranges of estimated useful lives are generally as follows:

Land and land improvements	6 years
Buildings and building improvements	10 – 40 years
Machinery and equipment	3 – 10 years

When property is retired from service or otherwise disposed of, the cost and related amount of accumulated depreciation are eliminated. The difference, if any, between the net asset value and the proceeds on sale are charged or credited to income. Total depreciation expense for fiscal years 2010, 2009 and 2008 was $17.2, $14.9 and $15.3 respectively. The major components of property and the related accumulated depreciation were as follows:

	September 30, 2010		September 30, 2009	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Land and land improvements	$ 14.2	$ (3.6)	$ 7.4	$ (3.4)
Buildings and building equipment	89.0	(49.6)	73.8	(46.9)
Machinery and equipment	246.1	(186.5)	236.4	(182.0)
Total	$ 349.3	$ (239.7)	$ 317.6	$ (232.3)

Intangible Assets

Intangible assets are stated at cost and consist predominantly of goodwill, trade names and customer relationships. With the exception of goodwill and trade names (which have indefinite lives), our intangible assets are amortized on a straight-line basis over periods ranging from 5 to 22 years (see Note 3 for K-Tron specific intangible assets). We review intangible assets for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. For intangible assets that amortize, an impairment loss would be recognized when the estimated future undiscounted cash flows expected to result from the use of the asset and its eventual disposition are less than the carrying amount.

We assess the carrying value of goodwill and non-amortizing trade names annually, during the third quarter of each fiscal year, or sooner if events or changes in circumstances indicate that the carrying value of a reporting unit may not be recoverable. For the purposes of that assessment, we have determined that we currently have four reporting units. Based upon our assessment during the quarter ended June 30, 2010, no impairments existed.

A summary of intangible assets and the related accumulated amortization is as follows:

	September 30, 2010		September 30, 2009	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Goodwill	$ 196.4	$ N/A	$ 5.7	$ N/A
Trade names, indefinite lives	50.6	N/A	—	N/A
Trade names, amortizing	5.9	(4.4)	5.9	(3.8)
Customer relationships	156.7	(5.0)	1.9	(0.8)
Technology, including patents	16.5	(1.7)	0.1	—
Software	30.9	(23.1)	27.4	(20.3)
Other	2.0	(1.8)	0.3	(0.1)
Total	$ 459.0	$ (36.0)	$ 41.3	$ (25.0)

Total amortization expense for fiscal years 2010, 2009 and 2008 was $11.0, $3.6 and $3.7, respectively. Based upon intangible assets in service at September 30, 2010, amortization expense is expected to approximate the following for each of the next five fiscal years and thereafter: $15.3 in 2011, $13.8 in 2012, $12.6 in 2013, $11.6 in 2014, $9.7 in 2015, and $113.0 thereafter.

Auction Rate Securities

At September 30, 2010 and 2009, we held a portfolio of auction rate securities ("ARS") (consisting of highly rated tax exempt state and municipal securities, the majority of which are collateralized by student loans guaranteed by the U.S. government under the Federal Family Education Loan Program). As of September 30, 2010, the underlying securities in the portfolio consist of creditworthy borrowers with AAA or A3 debt ratings. These investments are recorded at fair value in accordance with accounting standards of accounting for investments in debt and equity securities.

In November 2008, we received an enforceable, non-transferable right (the "Put") from UBS Financial Services ("UBS") that allowed us to sell to UBS ($28.4 fair value at September 30, 2009) our then existing UBS ARS at par value ($30.1 at September 30, 2009) plus accrued interest.

Because the Put had value, we were required to record it on our books as an asset. Therefore, in accordance with accounting standards for the fair value option for financial assets and financial liabilities, we elected to report the Put at its then estimated fair value and record subsequent changes in fair value as a component of "Investment income and other" within the consolidated statements of income. Also, because we intended to sell these securities to UBS at par value, in accordance with accounting standards for certain investments in debt and equity securities, we reclassified the ARS related to the Put from "available-for-sale" to "trading" securities. As trading securities, the changes in fair value corresponding to the UBS related ARS (previously recorded as a component of accumulated other comprehensive loss) were recorded as a component of "Investment income and other" within our consolidated statements of income. We made these elections so that the effects of changes in the fair value of the UBS related ARS and the related Put would substantially offset within our statement of income, thereby limiting the volatility we might otherwise have experienced. On June 30, 2010, we exercised the Put, and all remaining UBS ARS were redeemed at par.

During the fourth quarter of fiscal 2010, we determined that we no longer intend to hold the remaining ARS a sufficient period to obtain a full recovery and an other than temporary impairment exists. Accordingly, an impairment charge of $2.9 was recorded based upon the estimated fair value of the portfolio. Since these ARS were transferred to us in connection with the Distribution, no income from these assets was earned by us in any period prior to April 1, 2008.

The following table presents the activity related to our ARS and the Put right:

	ARS		Put		(Gain)
	A	B	Right C	AOCL D	Loss E
Balance at September 30, 2008	$ 51.1	$ —	$ —	$ 1.6	$ —
Change in fair value prior to Put right	(4.5)	—	—	4.5	
Gain on receipt of Put right	—	—	3.7	—	(3.7)
Transfer to trading securities	(26.8)	26.8	—	(3.8)	3.8
Change in fair value after Put right	0.8	2.1	(2.0)	(0.8)	(0.1)
Sales or redemptions	(1.8)	(0.5)	—	—	—
Balance at September 30, 2009	18.8	28.4	1.7	1.5	$ —
Change in fair value	(1.6)	1.7	(1.7)	(1.5)	3.1
Sales or redemptions	(5.3)	(30.1)	—	—	—
Balance at September 30, 2010	$ 11.9	$ —	$ —	$ —	$ 3.1

A — Auction rate securities; available-for-sale, at fair value

B — Auction rate securities; trading, at fair value

C — Put right; at fair value

D — AOCL; amount included within accumulated other comprehensive loss (pre-tax)

E — (Gain) loss; amount included within “Investment income (loss) and other” (pre-tax)

See Note 14 for information related to the determination of fair value related to our ARS.

Note Receivable from Forethought Financial Group, Inc. (the “Forethought Note”)

The Forethought Note primarily represents seller provided financing to Forethought, the entity that purchased Hill-Rom’s former Forethought Financial Services, Inc. subsidiary. The Forethought Note was transferred to us by Hill-Rom in connection with the Distribution. As of September 30, 2010, the carrying value of the Forethought Note consists of the Forethought Note’s face value of $107.7 and interest receivable of $37.1. The Forethought Note carries an increasing rate of interest over its original ten-year term beginning June 2004, with interest accruing at 6.0% for the first five years and compounding semi-annually. The stated interest rate increases to 8.0% in June 2009, and to 10.0% in June 2011. The stated interest rates when taken together with amortization of the discount results in an effective interest rate of 9.5% over the life of the Forethought Note. No payments of interest or principal were due under the Forethought Note until fiscal 2010, at which time annual payments of $10.0 are required, unless deferred under terms of the Forethought Note. On July 1, 2010, Forethought remitted its first annual interest installment of $10.0. All outstanding amounts are due at maturity, which is scheduled to be July 2014 unless extended by Forethought for a period of up to two additional years at an interest rate of 12.0%.

We evaluate the Forethought Note for impairment based upon collectability considering current economic conditions, credit loss experience, and other criteria. Performing an impairment evaluation of the Forethought Note requires us to exercise significant judgments as to whether Forethought has the financial wherewithal to make the scheduled payments based upon events or conditions that we are aware of existing on or prior to the balance sheet date. The Forethought Note agreement provides us access to various kinds of financial information from Forethought including:

- Available capital and surplus within Forethought's primary insurance operations, an indicator of liquidity of the entity;
- Embedded Value, an indicator of enterprise value and an indicator of the ability of the entity to raise capital;
- Forethought's recent investment portfolio results and the quality of the related investments;
- GAAP equity, an indicator of financial strength; and
- Recent GAAP and Statutory financial results (income, loss and related cash flow effects).

We utilize this information to assess the financial strength of Forethought and our prospects for getting paid. If, based upon this evaluation, it is probable that the Forethought Note will not be paid in accordance with its terms, it is deemed impaired. Upon the determination of impairment, if any, an impairment reserve is established based upon the then carrying value of the Forethought Note and the estimated discounted cash flows we expect to receive on an impaired basis.

Because the Forethought Note was transferred to us in connection with the Distribution, no income from this asset was earned by us in any period prior to April 1, 2008.

Investments

Our investment portfolio consists primarily of investments in private equity limited partnerships and common stock (carrying value of $18.2 and $18.8 at September 30, 2010 and 2009, respectively).

We use the equity method of accounting for substantially all our private equity limited partnerships, with earnings or losses reported within the line item "Investment income and other" in our consolidated statements of income, including our portion of any unrealized gains or losses experienced by these affiliates. Earnings and carrying values for investments accounted for under the equity method are determined based upon financial statements provided by the investment companies. Certain of these investments require commitments by us to provide additional funding of up to $3.1. The timing of this funding is uncertain but is expected to occur over the next three to five years.

When an investment is sold, we report the difference between the sales proceeds and its carrying value (determined based on specific identification) as an investment gain or loss. We regularly evaluate all investments for possible impairment based on current economic conditions and other criteria. If there is a decline in an investment's net realizable value that is other-than-temporary, the decline is recognized as a realized loss, and the cost basis of the investment is reduced to its estimated fair value. The evaluation of investments for impairment requires judgments to be made including (i) the identification of potentially impaired investments; (ii) the determination of their estimated fair value; and (iii) the assessment of whether any decline in estimated fair value is other-than-temporary.

Because the investments were transferred to us in connection with the Distribution, no income from these assets was earned by us in any period prior to April 1, 2008.

Environmental Liabilities

Expenditures that relate to an existing condition caused by past operations, and which do not contribute to current or future revenue generation, are expensed. A reserve is established when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. These reserves are determined without consideration of possible loss recoveries from third parties. More specifically, financial management, in consultation with its environmental engineer, estimates the range of liability based on current interpretations of environmental laws and regulations. For each site in which a Company unit is involved, a determination is made of the specific measures that are believed to be required to remediate the site, the estimated total cost to carry out the remediation plan and the periods in which we will make payments toward the remediation plan. We do not make an estimate of general or specific inflation for environmental matters since the number of sites is small, the magnitude of costs to execute remediation plans is not significant, and the estimated time frames to remediate sites are not believed to be lengthy.

Specific costs included in environmental expense and reserves include site assessment, development of a remediation plan, clean-up costs, post-remediation expenditures, monitoring, fines, penalties, and legal fees. Reserve amounts represent the expected undiscounted future cash outflows associated with such plans and actions, and amounted to $0.4 at both September 30, 2010 and 2009.

Expenditures that relate to current operations are charged to expense.

Judgment Sharing Agreement (“JSA”)

As discussed in Note 6, in March 2008, we entered into a JSA with Hill-Rom related to antitrust litigation matters discussed in Note 12. We apply appropriate accounting standards for contingencies in evaluating and accounting for this JSA. The JSA apportions responsibility between us and Hill-Rom for any potential liabilities associated with that litigation.

Self-Insurance

We are generally self-insured up to certain limits for product/general liability, workers’ compensation, auto liability, and professional liability insurance programs, as well as certain employee health benefits including medical, drug, and dental. These policies have deductibles and self-insured retentions ranging from $0.5 to $1.0 per occurrence, depending upon the type of coverage and policy period. Our policy is to estimate reserves based upon a number of factors including known claims, estimated incurred but not reported claims, and outside actuarial analysis, which are based on historical information along with certain assumptions about future events. Such estimated reserves are classified as other current liabilities and other long-term liabilities within the consolidated balance sheets.

Preferred Stock

The Company has authorized 1,000,000 shares of preferred stock (no par value), of which no shares were issued at September 30, 2010 and 2009.

Accumulated Other Comprehensive Loss

Reporting of comprehensive income requires the net-of-tax effect on foreign currency translation adjustments, unrealized gains or losses on derivative instruments and available for sale securities, along with pension or other defined benefit postretirement plans’ actuarial gains/losses and prior service costs to be included as a component of accumulated other comprehensive loss.

The components of accumulated other comprehensive loss, each net of tax (corresponding to income tax rates from between 33.2% to 37.3%, excluding cumulative foreign currency translation adjustment), were as follows:

	September 30,	
	2010	**2009**
Cumulative foreign currency translation adjustments	$ 9.1	$ (3.1)
Items not recognized as a component of net pension and postretirement benefit costs	(52.0)	(51.0)
Net unrealized (loss) on derivative instruments	(0.1)	(0.8)
Net unrealized (loss) on available for sale securities	—	(0.5)
Total	$ (43.0)	$ (55.4)

Revenue Recognition

We recognize revenue in accordance with SEC Staff Accounting Bulletin (SAB) No. 104, "Revenue Recognition." Revenue for our products is most often recognized upon delivery of the products to the customer, but in no case prior to when the risk of loss and other risks and rewards of ownership are transferred. Net revenues reflect gross revenues less sales discounts, customer rebates, sales incentives, and product returns. In accordance with accounting standards for consideration given by a vendor to a customer (including a reseller of the vendor's products), we record reserves for customer rebates, typically based upon projected customer volumes. In addition, in connection with obtaining long-term supply agreements from our funeral home customers, we may offer sales incentives in the form of custom showrooms and fixtures. Costs associated with these sales incentives are amortized over the term of the related agreement, typically 3 to 5 years. Our sales terms generally offer customers various rights of return. We record reserves for estimated product returns in accordance with the standards for revenue recognition when a right of return exists.

With the addition of K-Tron, we now periodically incur certain revenue transactions, where on occasion, revenue is recognized prior to shipment in accordance with accounting standards commonly referred to as "bill and hold" transactions. Revenue for bill and hold transactions is recorded prior to shipment only when all of the following conditions are met:

- Risk of ownership has passed to the buyer;
- The buyer has made a fixed commitment to purchase the goods in writing;
- The buyer requested the transaction to be on a bill and hold basis;
- There is a fixed and reasonable delivery date;
- No specific performance obligations by the seller remain;
- The goods are segregated from other inventory and not available to others; and
- The product is complete and ready for shipment.

In addition, we also consider the following factors in determining whether to recognize revenue:

- The date by which we expect payment and whether we have modified our normal billing and credit terms to the buyer;
- The business line's history with bill and hold transactions;
- Whether the buyer must bear risk of loss;
- Whether our custodial function is insurable and insured; and
- The business reasons for the bill and hold arrangement have not introduced a contingency to the buyer's fixed commitment to purchase the goods.

Additionally, some of our revenues associated with K-Tron involve multiple elements (i.e. various components to an overall larger order being manufactured for the customer). Periodically these elements are transferred to the customer at different times pursuant to the customer's requirements. In these circumstances we may estimate the stand-alone value of the individual elements in order to determine the appropriate amount of revenue to recognize on the transferred elements.

Cost of Goods Sold

Cost of goods sold consists primarily of purchased material costs, fixed manufacturing expense, variable direct labor, and overhead costs. It also includes costs associated with the distribution and delivery of products to our funeral home customers.

Research and Development Costs

Research and development costs are expensed as incurred as a component of operating expenses and were \$3.8, \$3.8 and \$3.6 for fiscal years 2010, 2009 and 2008, respectively.

Warranty Costs

We provide for the estimated warranty cost of a product at the time revenue is recognized. Warranty expense is normally accrued as a percentage of sales based upon historical information, but may include specific provisions for known conditions when identified. Warranty obligations are affected by actual product performance and by material usage and service costs incurred in making product corrections. Our warranty provision takes into account our best estimate of the amounts necessary to settle future and existing claims on products sold as of the balance sheet date. The K-Tron business generally offers a one-year warranty on a majority of its products, and engages in extensive product quality programs and processes, including the active monitoring and evaluation of the quality of its component suppliers, in an effort to minimize warranty obligations. Warranty costs were not material to our consolidated financial results for fiscal years 2010, 2009, and 2008.

Income Taxes

Our operating results had historically been included in Hill-Rom's consolidated U.S. income tax returns for periods prior to the Distribution. In periods subsequent to the Distribution, we filed our own U.S. consolidated income tax returns. Foreign operations file income tax returns in a number of jurisdictions. In periods prior to the Distribution, the provision for income taxes had been determined on a separate return basis as if we were a separate, stand-alone taxpayer rather than a member of Hill-Rom's consolidated income tax return group. Deferred income taxes are computed in accordance with rules under accounting standards for income taxes and reflect the net tax effects of temporary differences between the financial reporting carrying amounts of assets and liabilities and the corresponding income tax amounts. We have a variety of deferred income tax assets in numerous tax jurisdictions. These deferred income tax assets are subject to periodic assessment as to recoverability and if it is determined that it is more likely than not that the benefits will not be realized, valuation allowances are recognized. In evaluating whether it is more likely than not that we would recover these deferred income tax assets, future taxable income, the reversal of existing temporary differences, and tax planning strategies are considered.

On October 1, 2007, we adopted the new standard for uncertainty in income taxes, which addresses the accounting and disclosure of uncertain income tax positions. This standard prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Under this standard, the difference between the tax benefit recognized in the financial statements for a position and the tax benefit claimed in the tax return is referred to as an unrecognized tax benefit.

The adoption of this standard was reflected as a cumulative effect of a change in accounting principle and resulted in a decrease to beginning parent company equity at October 1, 2007, of $1.8. The total amount of unrecognized tax benefits at that date was $7.4, which included $3.7 that, if recognized, would impact the effective tax rate in future periods. The remaining amount relates to items which if recognized, would not impact our effective tax rate. We account for accrued interest and penalties related to unrecognized tax benefits in income tax expense. As of the date of adoption accrued interest and penalties were $0.2.

Stock-Based Compensation

Under the fair value provisions of the accounting standards, stock-based compensation cost is measured at the grant date based on the value of the award and is recognized as expense over the vesting period. In order to determine the fair value of stock options on the date of grant, we utilize the Binomial model. Inherent in this model are assumptions related to a volatility factor, expected life, risk-free interest rate, dividend yield, and expected forfeitures. The risk-free interest rate is based on factual data derived from public sources. The volatility factor, expected life, dividend yield, and expected forfeiture assumptions require significant judgment utilizing historical information, peer data and future expectations.

Derivative Instruments and Hedging Activity

We use derivative financial instruments to manage the economic impact of fluctuations in currency exchange rates. Derivative financial instruments related to currency exchange rates include forward intercompany purchase and sale agreements which generally have terms no greater than fifteen months. We estimate the fair value of derivative financial instruments based on the amount that we would receive or pay to terminate the agreements at the reporting date. The aggregate notional amount of our cash flow currency derivative instruments outstanding was $11.8 and $11.2 at September 30, 2010 and 2009, respectively. The fair value of these contracts resulted in liabilities of ($0.5) and ($1.1) at September 30, 2010 and 2009, respectively.

To account for our derivative financial instruments, we follow accounting standards established for derivative instruments and hedging activities. Derivative financial instruments are recognized on the consolidated balance sheets as either assets or liabilities and are measured at fair value. Changes in the fair value of derivatives are recorded each period in earnings or accumulated other comprehensive loss, depending on whether a derivative is designed and effective as part of a hedge transaction, and if it is, the type of hedge transaction. Gains and losses on derivative instruments reported in accumulated other comprehensive loss are subsequently included in earnings in the periods in which earnings are affected by the hedged item. These activities have not had a material effect on our financial position or results of operations for the periods presented herein.

Foreign Currency

Assets and liabilities denominated in foreign currencies are translated into U.S. dollars at current rates of exchange at the end of the reporting period, with translation gains and losses being recorded as a separate component of shareholders' equity. Revenue and expense are translated at average rates prevailing during the reporting period.

Business Acquisitions and related Business Acquisition Costs

Assets and liabilities associated with business acquisitions are recorded at fair value, using the acquisition method of accounting. During the acquisition measurement period, we recognize additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date that, if then known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period will generally not exceed one year from the acquisition date.

Business acquisition costs are recognized separately from business acquisitions, are expensed as incurred, and are reported as a component of operating expenses. We define these costs to include: finder's fees, advisory, legal, accounting, valuation, and other professional or consulting fees, as well as travel associated with the evaluation and effort to acquire specific businesses. They also include initial, non-recurring costs associated with acquisition tax planning, retention bonuses, and related integration costs. These costs exclude the on-going costs of our business development department and other target evaluation costs.

Segment Information

With the addition of K-Tron, we now conduct our operations through two reportable business segments: Batesville and K-Tron. These reporting segments are determined on the basis of how we internally report and evaluate financial information used to make operating decisions and evaluate results. For external reporting purposes, we aggregate operating segments into reportable segments when they share or have similar economic characteristics and include similar products and services, production processes, classes of customers, and methods of distribution.

Generally in our management reporting, we record the direct costs of business operations to the applicable reporting segment, including stock-based compensation, asset impairments, restructuring activities, and business acquisition costs. Our corporate cost center provides management and administrative services to each of our reporting segments. These services primarily include treasury management, human resources, legal, business development, and other public company support functions such as internal audit, investor relations, reporting, and tax compliance. With limited exception for certain professional services and technology costs, we generally do not allocate these types of expenses among our reporting segments.

Restructuring Costs

Restructuring charges can occur when we take action to exit or significantly curtail a part of our operations or change the deployment of our assets or personnel. When applicable, a restructuring charge can consist of an impairment or accelerated depreciation of effected assets, severance costs associated with reductions to the work force, and charges for legal obligations for which no future benefit will be derived.

During the fourth fiscal quarter 2010, we approved a plan to restructure the use of our jointly owned aircraft with Hill-Rom and revised the cost structure of the agreement that provides us support services at the related airfield operations. As a result, we recorded an impairment charge of $2.9 on our interest in two (of four) jointly owned aircraft (aggregate carrying value of $4.6 as of September 30, 2010) and $0.1 related to severance. The fair value of the impaired aircraft was determined based upon observed pricing for similar assets.

Recently Adopted Accounting Standards

In October 2009, the Financial Accounting Standards Board ("FASB") issued an accounting standards update titled *Multiple-Deliverable Revenue Arrangements (Topic 605, Revenue Recognition),* a new standard related to the accounting for multiple-deliverable arrangements to enable vendors to account for products or services (deliverables) separately rather than as a combined unit. This standard establishes a selling price hierarchy for determining the selling price of a deliverable, which is based on: (a) vendor-specific objective evidence; (b) third-party evidence; or (c) estimates. This standard also eliminates the residual method of allocation and requires that arrangement consideration be allocated at the inception of the arrangement to all deliverables using the relative selling price method. In addition, this standard significantly expands required disclosures related to a vendor's multiple-deliverable revenue arrangements. This standard is effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010 and early adoption is permitted. A company may elect, but will not be required, to adopt the amendments in this standard retrospectively for all prior periods. Our adoption of this standard on April 1, 2010, had no material impact to our consolidated financial statements.

In February 2010, the FASB issued an accounting standards update titled *Amendments to Certain Recognition and Disclosure Requirements (Topic 855, Subsequent Events)* which among other things amended the accounting standards to remove the requirement for an SEC filer to disclose the date through which subsequent events have been evaluated. This change alleviates potential conflicts between the accounting standards and the SEC's requirements. All of the amendments in this update are effective upon issuance of this update.

Recently Issued Accounting Standards

In January 2010, the FASB issued an accounting standard titled *Improving Disclosures about Fair Value Measurements (Topic 820, Fair Value Measurements and Disclosures)*. This standard revises two disclosure requirements concerning fair value measurements and clarifies two others. It requires separate presentation of significant transfers into and out of Levels 1 and 2 of the fair value hierarchy and disclosure of the reasons for such transfers. It will also require the presentation of purchases, sales, issuances and settlements within Level 3 on a gross basis rather than a net basis. The amendments also clarify that disclosures should be disaggregated by class of asset or liability and that disclosures about inputs and valuation techniques should be provided for both recurring and non-recurring fair value measurements. Our disclosures about fair value measurements are presented in Note 14. These new disclosure requirements were first effective for our financial statements for the period ending December 31, 2009, except for the requirement concerning gross presentation of Level 3 activity, which is effective for fiscal years beginning after December 15, 2010.

In July 2010, the FASB issued and accounting standard titled *Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses (Topic 310, Receivables*). The new standard requires companies to provide more disclosures about the credit quality of their financing receivables, which include loans, lease receivables, and other long-term receivables, and the credit reserves held against them. The disclosure requirements as of the end of a reporting period will be effective for us at the end of first quarter of fiscal 2011 (December 31, 2010).

3. Acquisitions

K-Tron Acquisition

On April 1, 2010, we completed the acquisition of K-Tron. An aggregate purchase price of $435.2 was paid to K-Tron shareholders for all of the outstanding stock of K-Tron. This resulted in a net cash purchase price of $369.0 when adjusted for $66.2 of K-Tron cash acquired (and an enterprise value purchase price of $376.0 when further adjusted for $7.0 of K-Tron debt assumed). To finance the purchase of K-Tron, we utilized $375.0 of borrowings under our $400 revolving credit facility and cash on hand at the date of close.

We believe the acquisition of K-Tron provides several compelling benefits to us, including: attractive product, industry and customer diversification; a sizable new global platform within the bulk solids material handling market; preservation of our high quality of earnings and cash flows; improvement of our growth potential; meaningful opportunities to improve K-Tron's financial performance through the application of lean business practices; and a strong cultural fit for us with a proven management team.

As of April 1, 2010, we had recognized goodwill related to this transaction for the excess of cash paid over the fair value of the assets acquired. Approximately $18.0 of this goodwill will be deductible for income tax purposes.

The following table summarizes the allocation of the purchase price and the estimated fair values of the assets acquired and liabilities assumed at the date of the acquisition:

	April 1, 2010
Cash and cash equivalents	$ 66.2
Current assets, excluding cash and cash equivalents	67.2
Property	30.0
Identifiable intangible assets	218.7
Goodwill	185.8
Other non-current assets	4.7
Total assets acquired	572.6
Current liabilities	48.1
Debt	7.0
Deferred income taxes	81.9
Other long-term liabilities	0.4
Total liabilities assumed	137.4
Aggregate purchase price	$ 435.2

Amounts assigned to identifiable intangible assets are being amortized on a straight-line basis over their estimated useful lives. At April 1, 2010, the amounts assigned and useful lives were as follows:

	Fair Values	Weighted average period over which asset is amortized (years)
Trade names	$ 50.6	Indefinite
Customer relationships	150.3	20.6
Technology, including patents	16.1	5.0
Backlog	1.7	< 1.0
Total identifiable intangible assets	$ 218.7	

The fair value of the intangible assets acquired with K-Tron were determined, in accordance with the accounting standards for business combinations, based on the estimated fair values using valuation techniques consistent with the market approach or income approach to measure fair value. The remaining useful lives were estimated based on the future economic benefit expected to be received from the assets.

Trade receivables acquired in connection with the acquisition were $18.1, net of reserves of $1.3. Identified contingent liabilities assumed in connection with the acquisition were not material to our consolidated financial statements.

During the twelve months ended September 30, 2010, we incurred $10.5 of business acquisition costs associated with our acquisition of K-Tron. These costs have been recorded as a component of operating expenses. See Note 15 for K-Tron's financial contribution to our consolidated financial results since the date of acquisition.

The unaudited financial information in the table below summarizes the combined results of operations for the Company, including K-Tron, on a pro forma basis, as though the companies had been combined as of the beginning of the periods presented. The pro forma financial information is presented for informational purposes only and may not be indicative of the results of operations that would have been achieved if the acquisition had actually taken place at the beginning of the periods presented and should not be taken as being representative of our future consolidated results of operations. The pro forma financial information for the fiscal years ended September 30, 2010 and 2009, includes pro forma adjustments to include additional interest expense (assuming we would have been able to borrow $375.0 at October 1, 2008, consisting of $226.6 under our $400 revolving credit facility and $148.4 from our public debt offering discussed in Note 5), additional depreciation and amortization expense (associated with fair value adjustments to property and intangible assets), and excludes business acquisition costs and the non-recurring effects of fair value adjustments to inventory and backlog, all net of estimated income tax effects.

	Fiscal Year Ended September 30,	
	2010	2009
Pro forma net revenues	$ 830.9	$ 861.9
Pro forma net income	107.0	110.7
Pro forma diluted earnings per share	1.73	1.79

Other Acquisitions

During the fiscal 2010, Batesville completed two acquisitions with an aggregate purchase price of $3.0, of which $2.5 had been paid. The acquisitions consisted of primarily intangible assets. If these acquisitions had occurred at the beginning of fiscal 2009, the impact to our consolidated financial statements would not have been material.

4. Notes Receivable from Customers

We have a number of notes with customers representing long-term payment plans that were negotiated to settle unpaid balances. These notes generally carry repayment terms up to five years, with interest rates varying from 0% to 12%. The notes that carry below market interest rates are discounted using current market interest rates. The current portion of these notes are included in trade receivables and the long-term portion in other assets in the consolidated balance sheets. Along with our trade receivables, we evaluate the recoverability of notes receivable and record allowances thereon, as appropriate.

Notes receivable consisted of the following:

	September 30,	
	2010	2009
Customer notes, net of discount of $0.2 in 2010 and 2009	$ 8.6	$ 9.4
Less current portion	(4.4)	(4.8)
Notes receivable — long-term portion	$ 4.2	$ 4.6
Maturities in fiscal years		
2011	4.4	
2012	1.8	
2013	1.1	
2014	0.6	
2015	0.3	
2016 and beyond	0.4	
Total notes receivable	$ 8.6	

5. Financing Agreements

The following table presents borrowings under our financing agreements:

	September 30, 2010	September 30, 2009
$400 revolving credit facility	$ 255.0	$ 60.0
$150 senior unsecured notes, due July 15, 2020, net of discount	148.4	—
Total debt	403.4	60.0
Less current portion	—	(60.0)
Long-term debt, less current portion	$ 403.4	$ —

$400 Revolving Credit Facility

In March 2008, we entered into a $400 five-year senior revolving credit facility (the "Facility") with a syndicate of banks (the "Banks"). The term of the Facility expires in March 2013. Borrowings under the Facility bear interest at variable rates, based upon the Banks' base rate or LIBOR plus a margin amount based upon our public debt rating (all as provided in the credit agreement governing the Facility). For the fiscal years ended September 30, 2010 and 2009, the applicable weighted average interest rates were 0.8% and 1.5%, respectively. The availability of borrowings under the Facility is subject to our ability at the time of borrowing to meet certain specified conditions. These conditions include compliance with covenants contained in the credit agreement governing the Facility, absence of default under the Facility, and continued accuracy of certain representations and warranties contained in the credit agreement. The credit agreement contains covenants that, among other matters, require the Company to maintain a ratio of Consolidated Indebtedness to Consolidated EBITDA (each as defined in the credit agreement) of not more than 3.5:1.0 and a ratio of Consolidated EBITDA to interest expense of not less than 3.5:1.0. The proceeds of the Facility may be used: (i) for working capital and other lawful corporate purposes and (ii) to finance acquisitions. Subsequent to our acquisition of K-Tron, we have classified the Facility as long term based upon the contractual terms of the agreement, although we may pay a portion down over the next twelve months.

As of September 30, 2010, we (i) had $6.7 outstanding, undrawn letters of credit under the Facility, (ii) were in compliance with all covenants set forth in the credit agreement, and (iii) had $138.3 of remaining borrowing capacity available under the Facility. However, under our Distribution Agreement with Hill-Rom, our ability to borrow against the Facility for certain strategic transactions such as acquisitions may be limited. For more information, see Note 6 below.

In addition to the amounts above, we had $6.0 in outstanding letters of credit and bank guarantees to other financial institutions as of September 30, 2010. A portion of these arrangements is secured by our operating facility in Switzerland and $0.3 of restricted cash at September 30, 2010.

$150 Senior Unsecured Notes

On July 9, 2010, we issued and sold $150.0 in principal amount 5.5% fixed rate senior unsecured notes (the "Notes"). The Notes are due July 2020 and were issued in a public offering pursuant to our Registration Statement on Form S-3 filed with the SEC on July 6, 2010.

The Notes bear interest at a fixed rate of 5.5% per year, payable semi-annually in cash in arrears, commencing on January 15, 2011. The Notes were issued at an original issue discount ("OID") of $1.6, resulting in an initial carrying value of $148.4 at the date of issuance. The OID is being amortized into interest expense over the term of the Notes using the effective interest rate method. The effective interest rate method results in an annual interest rate of 5.65%. Additionally, deferred financing costs associated with the Notes of $2.1 are being amortized to interest expense on a straight-line basis over the term of the Notes.

The Notes are unsecured and unsubordinated obligations of Hillenbrand, Inc. and rank equally in right of payment with all of our other existing and future unsecured and unsubordinated obligations. The Notes are effectively junior subordinated to our existing and future secured debt to the extent of the value of the assets securing such debt. Additionally, as our subsidiaries are separate and distinct legal entities from us, they have no obligation to pay amounts due on the Notes or provide us with funds to meet our payment obligations on the Notes. As a result, the Notes are structurally subordinated to all existing and future debt and other obligations, including trade payables, of our subsidiaries.

The indenture governing the Notes does not limit our ability, or the ability of our subsidiaries, to incur additional indebtedness. However, it does contain certain covenants that restrict our ability, and our ability to permit our subsidiaries, to create or incur secured debt and to engage in certain sale and leaseback transactions. The indenture also defines events of defaults, such as failure to make payments of principal and interest on debt securities issued under the indenture, and provides holders of debt securities with remedies if we fail to perform specific obligations.

Additionally, in the event of a "Change of Control Triggering Event" (as defined in the Global Note governing the Notes), each holder of the Notes has the right to require us to purchase all or a portion of such holder's Notes at a purchase price equal to 101% of the principal amount of such Notes plus accrued and unpaid interest, if any, to the date of purchase. At our option, at any time and from time to time, we may also redeem the Notes, in whole or in part, on not less than 30 nor more than 60 days prior notice mailed to the holders of the Notes. The Notes will be redeemable at a redemption price, plus accrued and unpaid interest to the date of redemption, equal to the greater of (1) 100% of the principal amount of the Notes to be redeemed or (2) the sum of the present values of the remaining scheduled payments of principal and interest on the Notes to be redeemed that would be due after the related redemption date, but for such redemption, discounted to the redemption date on a semi-annual basis at the Treasury Rate (as defined in the Global Note governing the Notes) plus 40 basis points.

6. Transactions with Hill-Rom

Allocation of Corporate Expenses

Through March 31, 2008, our operating expenses within our consolidated statements of income include allocations from Hill-Rom for certain Hill-Rom retained corporate expenses, including treasury, accounting, tax, legal, internal audit, human resources, investor relations, general management, board of directors, information technology, other shared services, and certain severance costs. These allocations were determined on bases that management considered to be reasonable reflections of the utilization of services provided to, or the benefits received by, us. The allocation methods included revenues, headcount, square footage, actual utilization applied to variable operating costs, and specific identification based upon actual costs incurred when the nature of the item or charge was specific to us. See Note 7 for further discussion of retirement benefit and other postretirement healthcare costs. Hill-Rom allocated corporate costs, included within our fiscal 2008 operating expenses were $7.4.

Separation Costs

In addition to the allocated corporate expenses described above, we incurred or were allocated costs related to the separation from Hill-Rom of $0.1 and $15.6 for fiscal years 2009 and 2008, respectively. These costs consist primarily of investment banking and advisory fees, legal, accounting, recruiting, and consulting fees allocated based upon revenue or specific identification. It also includes the modification and acceleration charges related to stock-based compensation described below.

On March 14, 2008, the Board of Directors of Hill-Rom approved a modification to Hill-Rom's stock incentive plan that would automatically ensure that participants neither gained nor lost value purely as a result of the separation. As a result of the modification, we recorded $1.1 of stock-based compensation expense related to our employees as of that date. In addition, the separation caused the acceleration of $3.2 of stock-based compensation expense on previously unvested restricted stock units which are now fully vested. See Note 11 for further information on our stock-based compensation programs.

Agreements with Hill-Rom

We entered into a Distribution Agreement as well as a number of other agreements with Hill-Rom to accomplish the separation of our business from Hill-Rom and the distribution of our common stock to Hill-Rom's shareholders and to govern the relationship between us and Hill-Rom subsequent to the Distribution. These agreements included:

- Distribution Agreement
- Judgment Sharing Agreement
- Employee Matters Agreement
- Tax Sharing Agreement

In addition, we and Hill-Rom entered into shared services and transition services agreements to outline certain services to be provided by each company to the other following the separation, as well as leases and subleases for locations that are being shared after the Distribution. We also entered into agreements providing for the joint ownership by us and Hill-Rom of certain assets, including certain aircraft and corporate conference facilities used by both companies. We also entered into a limited, mutual right of first offer or right of first refusal agreement with Hill-Rom with respect to various real estate and improvements thereon owned by us or Hill-Rom in the Batesville, Indiana area.

The Distribution Agreement, Judgment Sharing Agreement, Employee Matters Agreement and Tax Sharing Agreement were each filed as exhibits to the Company's Current Report on Form 8-K filed with the SEC on March 18, 2008. The following presents a summary of these agreements between Hill-Rom and us.

Distribution Agreement — The Distribution Agreement sets forth the agreements between Hill-Rom and us with respect to the principal corporate transactions that were required to effect the separation and the distribution of our shares to Hill-Rom shareholders, the allocation of certain corporate assets and liabilities, and other agreements governing the relationship between Hill-Rom and us.

The Distribution Agreement provides that we and our subsidiaries will release and discharge Hill-Rom and its subsidiaries from all liabilities to us and our subsidiaries of any sort, including liabilities in connection with the transactions contemplated by the Distribution Agreement, except as expressly set forth in the agreement. Conversely, Hill-Rom and its subsidiaries will release and discharge us and our subsidiaries from all liabilities to Hill-Rom and its subsidiaries of any sort, including liabilities in connection with the transactions contemplated by the Distribution Agreement, except as expressly set forth in the agreement. The releases will not release any party from, among other matters, liabilities assumed by or allocated to the party pursuant to the Distribution Agreement or the other agreements entered into in connection with the separation or from the indemnification and contribution obligations under the Distribution Agreement or such other agreements. In addition, the Distribution Agreement provides that both Hill-Rom and we will indemnify each other against certain liabilities related to our respective business operations.

The Distribution Agreement also establishes procedures with respect to claims subject to indemnification and related matters.

In order to preserve the credit capacity of each of Hill-Rom and us to perform our respective obligations under the judgment sharing agreement described below, the Distribution Agreement imposes certain restrictive covenants on Hill-Rom and us. Specifically, the Distribution Agreement provides that, until the occurrence of an Agreed Termination Event (as described below), we and our subsidiaries will not:

- incur indebtedness to finance the payment of any extraordinary cash dividend on our outstanding capital stock or the repurchase of any outstanding shares of our capital stock (the parties have agreed that either of them can apply available cash to reduce indebtedness outstanding at the time of the Distribution, or generated by its ongoing operations after the Distribution, and subsequently incur a comparable amount of indebtedness for the purpose of paying an extraordinary cash dividend or repurchasing shares of capital stock without contravening the prohibitions set forth in this covenant);
- declare and pay regular quarterly cash dividends on our shares of common stock in excess of $0.1825 per share quarterly dividend (increased by amendments of the Distribution Agreement to $0.185 and $0.1875 per share per quarter in fiscal 2009 and 2010, respectively— see below);

- make any acquisition outside our core area of business, defined to mean the manufacture or sale of funeral service products, or any of our existing business lines, or any other basic manufacturing or distribution business where it is reasonable to assume that our core competencies could add enterprise value;

- incur indebtedness in excess of $100 to finance any acquisition in our core area of business without the receipt of an opinion from a qualified investment banker that the transaction is fair to our shareholders from a financial point of view; or

- incur indebtedness to make an acquisition in our core area of business that either (i) causes our ratio, calculated as provided in the Distribution Agreement, of Pro Forma Consolidated Total Debt to Consolidated EBITDA (each as defined in the Distribution Agreement) to exceed 1.8x or (ii) causes our credit rating by either Standard & Poor's Ratings Services or Moody's Investor Services to fall more than one category below its initial rating after giving effect to the Distribution.

As used in the Distribution Agreement, "Agreed Termination Event" means the first to occur of (i) the full and complete satisfaction of a trial court judgment in the last pending antitrust litigation matter described in Note 12, Commitments and Contingencies (including any other matter that is consolidated with any such matter) or the suspension of the execution of such judgment by the posting of a supersedes bond or (ii) the settlement or voluntary dismissal of such last pending matter as to us and Hill-Rom. These restrictive covenants will terminate in the event that either Hill-Rom's or our funding obligations under the Judgment Sharing Agreement terminate in accordance with the terms of that agreement. The Distribution Agreement imposes similar restrictions on Hill-Rom and its subsidiaries, except that the definition of core business is appropriate for Hill-Rom.

Effective December 4, 2008, we entered into a letter agreement with Hill-Rom that amended the Distribution Agreement. The Letter Agreement permitted us to increase our regular cash dividends from $0.73 per fiscal year to $0.74 per share in fiscal 2009. Subsequently, in September 2009, we entered into a second letter agreement with Hill-Rom that further amended the Distribution Agreement. The second letter agreement permitted us to increase our regular cash dividends from $0.74 per fiscal year to $0.75 per share in fiscal 2010 and in subsequent fiscal years.

Judgment Sharing Agreement ("JSA") — Because we, Hill-Rom and the other co-defendants in the antitrust litigation matters described in Note 12 are jointly and severally liable for any damages that may be assessed at trial with no statutory contribution rights among the defendants, we and Hill-Rom entered into a JSA to allocate any potential liability under these cases and any other case that is consolidated with any such case. We believe that we have committed no wrongdoing as alleged by the plaintiffs and that we have meritorious defenses to class certification and to plaintiffs' underlying allegations and damage theories.

Under the JSA, the aggregate amount that we and Hill-Rom will be required to pay or post in cash (i) to satisfy in its entirety any claim (including upon settlement) once the action has been finally judicially determined or (ii) to post a bond, in the event we or Hill-Rom elect to do so, to stay the execution of any adverse judgment pending its final determination, will be funded in the following order of priority:

- First, we will be required to contribute an amount equal to:

  - the maximum amount of cash and cash proceeds that we have on hand or are able to raise using our best efforts, without any obligation to sell assets other than cash equivalents, and subject to limitations on the amount of equity securities we are required to issue, and the ability to retain cash sufficient to operate our business in the normal course, which we refer to as "maximum funding proceeds," minus

  - the difference between $50 and the amount of cash retained to operate the business if the amount of such retained cash is less than $50;

- Second, Hill-Rom and its subsidiaries will be required to contribute their maximum funding proceeds; and

- Third, we will be required to contribute the remainder of our maximum funding proceeds.

Neither we nor Hill-Rom will be required to raise or provide funds if the total amount of funds available to both us and Hill-Rom would not be sufficient to cover a judgment or settlement amount or the cost of the appeal bond. The funding obligations of each company also are subject to a limitation relating to that company's continued solvency. The JSA provides that if the foregoing allocation is held to be unenforceable, we and Hill-Rom will be required to contribute to satisfy any funding obligation based upon a mutually satisfactory agreement as to our and Hill-Rom's relative culpability (if any) or, failing such an agreement, pursuant to arbitration under the arbitration provisions contained in the JSA.

The JSA provides that we are responsible for bearing all fees and costs incurred in the defense of the antitrust litigation matters on behalf of ourselves and Hill-Rom.

The Distribution Agreement contains provisions governing the joint defense of the antitrust litigation and other claims.

In the event that Hill-Rom or we are dismissed as a defendant in the antitrust litigation matters (except where the dismissal results from a settlement agreement other than a settlement not including both us and Hill-Rom) or are found upon conclusion of trial not to be liable for payment of any damages to the plaintiffs, any funding obligations under the JSA of the party so dismissed or found not liable will terminate once such dismissal or finding of no liability is finally judicially determined.

Employee Matters Agreement — We entered into an Employee Matters Agreement with Hill-Rom prior to the Distribution that governs our compensation and employee benefit obligations with respect to our directors and our current and former employees, along with the assumption of liabilities for certain former Hill-Rom directors and employees and former employees of other non-medical technology businesses. The Employee Matters Agreement allocates liabilities and responsibilities relating to employee compensation and benefits plans and programs and other related matters in connection with the Distribution including, without limitation, the treatment of outstanding Hill-Rom equity-based awards, certain outstanding annual and long-term incentive awards, existing deferred compensation obligations and certain retirement, postretirement, and welfare benefit obligations. In connection with the Distribution, we adopted, for the benefit of our employees and directors, a variety of compensation and employee benefits plans that are generally comparable in the aggregate to those provided previously by Hill-Rom immediately prior to the Distribution. We reserve the right to amend, modify, or terminate each such plan in accordance with the terms of that plan. With certain possible exceptions, the Employee Matters Agreement provided that as of the date of the Distribution, our employees and directors ceased to be active participants in, and we generally ceased to be a participating employer in, the benefit plans and programs maintained by Hill-Rom. At the time of the Distribution, our employees and directors became eligible to participate in all of our applicable plans. In general, we credited each of our employees with his or her service with Hill-Rom prior to the Distribution for all purposes under plans maintained by us, to the extent the corresponding Hill-Rom plans gave credit for such service and such crediting did not result in a duplication of benefits.

The Employee Matters Agreement provides that as of the Distribution date, except as specifically provided therein, we assumed, retained, and are liable for all wages, salaries, welfare, incentive compensation, and employee-related obligations and liabilities for our directors and all current and former employees of our business, along with those for certain former Hill-Rom directors and corporate employees and former employees of other non-medical technology businesses. Accordingly, such liabilities have been included in our consolidated financial statements for all periods presented herein. The Distribution Agreement provides that if neither we nor Hill-Rom is entitled to receive a full deduction for any liabilities discharged by us with respect to these Hill-Rom directors and former employees, we would reassign those liabilities back to Hill-Rom and pay Hill-Rom an amount equal to the then carrying value of these liabilities on our books and records, net of taxes. Additionally, Hill-Rom and we agreed that with the assumption of liabilities for these Hill-Rom directors and former employees, we are entitled to the tax benefit from the satisfaction of such liabilities. Accordingly, we originally reflected this tax benefit as an amount due from Hill-Rom in the amount of $9.1 at March 31, 2008. Subsequent to the Distribution date, we and Hill-Rom have determined that we are entitled to receive a full deduction for the discharge of these liabilities. Accordingly, we have reclassified the amount due from Hill-Rom as a component of deferred income tax assets as of September 30, 2008.

The Employee Matters Agreement also provided for the transfer of assets and liabilities relating to the predistribution participation of all employees and directors for which we have assumed responsibility in various Hill-Rom retirement, postretirement, welfare, incentive compensation, and employee benefit plans from such plans to the applicable plans we adopt for the benefit of our employees and directors. The Employee Matters Agreement provides that we and Hill-Rom may arrange with current service providers with respect to Hill-Rom's employee benefit plans to continue such services on a shared basis for a period of time following the Distribution and that we will reimburse Hill-Rom for our share of the cost of such shared services.

Tax Sharing Agreement — We entered into a Tax Sharing Agreement with Hill-Rom that generally governs Hill-Rom's and our respective rights, responsibilities, and obligations with respect to taxes, including ordinary course of business taxes and taxes, if any, incurred as a result of any failure of the Distribution to qualify as a tax-free distribution. Under the Tax Sharing Agreement, with certain exceptions, we are generally responsible for the payment of all income and non-income taxes attributable to our operations and the operations of our direct and indirect subsidiaries, whether or not such tax liability is reflected on a consolidated or combined tax return filed by Hill-Rom. The Tax Sharing Agreement also imposes restrictions on our and Hill-Rom's ability to engage in certain actions following our separation from Hill-Rom and sets forth the respective obligations among us and Hill-Rom with respect to the filing of tax returns, the administration of tax contests, assistance and cooperation, and other matters. The Company generally will be responsible for 43.7% of any taxes that arise from the failure of the Distribution to qualify as a tax-free Distribution for U.S. federal income tax purposes, if such failure is for any reason for which neither the Company nor Hill-Rom is responsible.

Shared Services and Transitional Services Agreements — We entered into shared services agreements and transitional services agreements with Hill-Rom in connection with the separation. The shared services agreements address services that may be provided for an extended period, while the transitional services agreements covers services that are intended to be provided for a limited period while the recipient of the services makes other arrangements for these services. Under the shared services agreements, we and Hill-Rom agree to provide certain services to each other following the separation for an initial term of two years, with automatic two-year extensions if commercially viable alternatives for the services are not available, except as noted below. After the initial two-year term, either party may terminate an agreement by notice to the other party, and the recipient of the services must terminate if commercially viable alternatives for the services are available. For purposes of the foregoing, the determination of whether commercially viable alternatives are available is in the discretion of the recipient of the services. These services include aviation services related to the airfield that Hill-Rom owns and operates and certain aircraft that Hill-Rom and we jointly own and operate following the separation, as well as certain ground transportation and fleet maintenance services. In addition, due to the interrelated nature of certain facilities that are owned by Hill-Rom and us, we entered into agreements requiring Hill-Rom and us to maintain our respective parts of such facilities, including, for example, maintaining fire protection systems for the facilities. In general, the recipient of services is billed for the services at the fair value of the services, except that we will be billed at cost for aviation services provided to us by Hill-Rom, and we and Hill-Rom are independently responsible for our respective obligations to maintain our portions of the interrelated facilities. Hill-Rom continues to provide us aviation services related to the airfield for as long as we continue to own an interest in certain jointly owned or other private aircraft. Ground transportation services can continue as long as Hill-Rom and we continue jointly to own corporate conference facilities used by both companies. Obligations under the agreements relating to the maintenance of interrelated facilities can continue for so long as required for the proper maintenance, operation, and use of such facilities or until such interrelated facilities are segregated. Under the transitional services agreements, Hill-Rom provides certain services to us for a specified period following the separation. The services to be provided may include services regarding certain public company staffing needs, legal services, human resources services, medical services, and certain information technology services. We are generally billed at cost for these services, including information technology services provided through a third party under a contract to which Hill-Rom is a party. The transitional services agreements generally provide that the services will continue for a period of up to two years following the separation, subject to earlier termination by the recipient of the services and to extension if parties agree.

7. Retirement and Postretirement Benefits

We sponsor retirement and postretirement plans covering a majority of our employees. Expense recognized in relation to these defined benefit retirement plans and the postretirement healthcare plan is based upon actuarial valuations and inherent in those valuations are key assumptions including discount rates, and where applicable, expected returns on assets, projected future salary rates, and projected healthcare cost trends. The discount rates used in the valuation of our defined benefit pension and postretirement plans are evaluated annually based on current market conditions. In setting these rates we utilize long-term bond indices and yield curves as a preliminary indication of interest rate movements, and then make adjustments to the respective indices to reflect differences in the terms of the bonds covered under the indices in comparison to the projected outflow of our pension obligations. Our overall expected long-term rate of return on pension assets is based on historical and expected future returns, which are inflation adjusted and weighted for the expected return for each component of the investment portfolio. Our rate of assumed compensation increase is also based on our specific historical trends of past wage adjustments in recent years.

Defined Benefit Retirement Plans

Approximately 59% of our employees participate in one of three retirement programs, including the master defined benefit retirement plan, the defined benefit plan of our Swiss subsidiary, and the supplemental executive defined benefit retirement plan. We fund the pension trusts in compliance with ERISA or local funding requirements and as necessary to provide for current service and for any unfunded projected future benefit obligation over a reasonable period. The benefits for these plans are based primarily on years of service and the employee's level of compensation during specific periods of employment. All our pension plans have a September 30 measurement date.

Effect on Operations — The components of net pension costs under defined benefit retirement plans were as follows:

	Fiscal Year Ended September 30,		
	2010	2009	2008
Service cost	$ 5.6	$ 3.3	$ 4.0
Interest cost	12.7	12.6	11.3
Expected return on plan assets	(13.9)	(13.1)	(12.4)
Amortization of unrecognized prior service cost, net	0.9	0.8	0.7
Amortization of actuarial loss	3.0	—	—
Net pension costs	$ 8.3	$ 3.6	$ 3.6

Obligations and Funded Status — The changes in the projected benefit obligations, plan assets, and funded status, along with amounts recognized in the consolidated balance sheets for defined benefit retirement plans were as follows:

	September 30,	
	2010	2009
Change in benefit obligation:		
Projected benefit obligation at beginning of year	$ 230.2	$ 172.5
Projected benefit obligation attributable to acquisition of K-Tron	21.4	—
Service cost	5.6	3.3
Interest cost	12.7	12.6
Actuarial loss	7.3	49.2
Benefits paid	(9.4)	(8.0)
Plan amendments	—	0.6
Effect of exchange rates on projected benefit obligation	1.5	—
Projected benefit obligation at end of year	269.3	230.2
Change in plan assets:		
Fair value of plan assets at beginning of year	155.5	146.7
Fair value of pension assets attributable to acquisition of K-Tron	24.7	—
Actual return on plan assets	17.3	7.8
Employer contributions	6.1	9.2
Benefits paid	(9.4)	(8.0)
Administrative expenses paid	(0.3)	(0.2)
Effect of exchange rates on plan assets	1.8	—
Fair value of plan assets at end of year	195.7	155.5
Funded status:		
Plan assets less than benefit obligations	$ (73.6)	$ (74.7)
Amounts recorded in the consolidated balance sheets:		
Other assets	$ 3.3	$ —
Accrued pension costs, current portion	(1.6)	(1.5)
Accrued pension costs, long-term portion	(75.3)	(73.2)
Plan assets less than benefit obligations	$ (73.6)	$ (74.7)

Net actuarial losses of $76.7 and prior service costs of $5.3, less an applicable aggregate tax effect of $30.6, are included as components of accumulated other comprehensive loss at September 30, 2010. Net actuarial losses of $75.6 and prior service costs of $6.1, less an applicable aggregate tax effect of $30.5, are included as components of accumulated other comprehensive loss at September 30, 2009. The estimated amount that will be amortized from accumulated other comprehensive loss into net pension costs in fiscal 2011 is $4.9.

Accumulated Benefit Obligation — The accumulated benefit obligation for all defined benefit retirement plans was $259.4 and $213.8 at September 30, 2010 and 2009, respectively. Selected information for our plans with accumulated benefit obligations in excess of plan assets was as follows:

	September 30,	
	2010	**2009**
Projected benefit obligation	$ 246.2	$ 230.2
Accumulated benefit obligation	237.4	213.8
Fair value of plan assets	169.2	155.5

Actuarial Assumptions — The weighted average assumptions used in accounting for our defined benefit retirement plans were as follows:

	Fiscal Year Ended September 30,		
	2010	**2009**	**2008**
Discount rate for obligation, end of year	4.8%	5.5%	7.5%
Discount rate for expense, during the year	5.3%	7.5%	6.6%
Expected rate of return on plan assets	7.6%	7.75%	8.0%
Rate of compensation increase	2.4%	4.0%	4.0%

The discount rates presented above and used in the valuation of our defined benefit retirement plans are evaluated annually based on current market conditions. In setting these rates we utilize long-term bond indices and yield curves as a preliminary indication of interest rate movements, and then make adjustments to the respective indices to reflect differences in the terms of the bonds covered under the indices in comparison to the projected outflow of our pension obligations. The overall expected long-term rate of return is based on historical and expected future returns, which are inflation adjusted and weighted for the expected return for each component of the investment portfolio. The rate of assumed compensation increase is also based on our specific historical trends of past wage adjustments in recent years.

Plan Assets — The investment strategies and policies are set by the plans' fiduciaries. Long-term strategic investment objectives utilize a diversified mix of equity and fixed income securities to preserve the funded status of the trusts, and balance risk and return. The plan fiduciaries oversee the investment allocation process, which includes selecting investment managers, setting long-term strategic targets, and monitoring asset allocations. Target allocation ranges are guidelines, not limitations, and plan fiduciaries may occasionally approve allocations above or below a target range or elect to rebalance the portfolio within the targeted range. The primary investment strategy currently employed is a dynamic target allocation method that periodically rebalances among various investment categories depending on the current funded position. This program is designed to actively move from return seeking investments (such as equities) toward liability-hedging investments (such as long duration fixed income) as funding levels improve. The reverse effect occurs when funding levels decrease. The investment in return seeking assets is not to exceed 60% of total domestic plan assets.

Trust assets in our domestic plan are invested subject to the following policy restrictions: short-term securities must be rated A2/P2 or higher; all fixed-income securities shall have a credit quality rating "BBB" or higher; investments in equities in any one company may not exceed 10% of the equity portfolio. Our common stock represented approximately 1.6% of trust assets at September 30, 2010, and is subject to a statutory limit when it reaches 10% of total trust assets.

The tables below provide the fair value of our pension plan assets by asset category at September 30, 2010 and 2009. (See Note 14 for a definition of level 1, 2, and 3 categories.):

	Fair Value Measurements at September 30, 2010			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Plan Asset Category				
Cash equivalents	$ 8.0	$ 5.1	$ 2.9	$ —
Equity securities	22.5	22.5	—	—
Fixed maturity securities:				
Corporate bonds	67.6	11.7	55.9	—
Municipal bonds	2.4		2.4	—
Asset backed debt securities in trust	1.6	—	1.6	—
U.S. Government securities	1.9	—	1.9	—
Other types of investments:				
Government index funds	3.3	3.3	—	—
Equity mutual funds	86.0	86.0	—	—
Real estate	2.4	—	—	2.4
Total	$ 195.7	$ 128.6	$ 64.7	$ 2.4

	Fair Value Measurements at September 30, 2009			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Plan Asset Category				
Cash equivalents	$ 1.5	$ —	$ 1.5	$ —
Equity securities	15.0	15.0	—	—
Fixed maturity securities:				
Corporate bonds	63.2	17.1	46.1	—
Other types of investment:				
Government index funds	0.9	—	0.9	—
Equity mutual funds	74.8	73.5	1.3	—
LP investment	0.1	—	—	0.1
Total	$ 155.5	$ 105.6	$ 49.8	$ 0.1

Cash Flows — During fiscal 2010, 2009, and 2008 we contributed cash of $6.1, $9.2 and $6.0, respectively, to our defined benefit retirement plans. We estimate minimum contributions to be $4.0 in fiscal 2011, although we may make discretionary contributions. We are not required to make a discretionary contribution in 2011, but will evaluate business conditions and capital and equity market volatility to determine if we wish to make a contribution, and if so, in what amount. We expect the maximum amount of any discretionary contribution to be $30.0.

Estimated Future Benefit Payments — Following are the benefit payments, which reflect expected future service and are expected to be paid from plan assets or Company contributions as necessary:

	Projected Pension Benefits Payout
2011	$ 11.0
2012	11.8
2013	12.6
2014	13.4
2015	14.2
2016 - 2020	82.1

Defined Contribution Plans

In addition to these defined benefit plans, we also sponsor a number of defined contribution plans. Depending on the applicable plan, we may make contributions up to 4% of an employee's compensation and may make additional matching contributions up to 3% of compensation. Under the various plans, Company contributions generally vest over a period of 0 to 5 years. Our expenses related to our various defined contribution programs were $5.8, $5.1 and $4.8 for fiscal years 2010, 2009, and 2008, respectively

Postretirement Healthcare Plan

In addition to our retirement plans, we also offer a domestic postretirement healthcare plan that provides healthcare benefits to qualified retirees and their dependents and in which employees are eligible to participate. The plan includes retiree cost sharing provisions and generally extends retiree coverage for medical, prescription, and dental benefits beyond the COBRA continuation period to the date of Medicare eligibility. We use a measurement date of September 30 for this plan.

The net postretirement benefit cost recorded during fiscal years 2010, 2009 and 2008 was $1.2, $1.1 and $1.3, respectively. The change in the accumulated postretirement benefit obligation was as follows:

	September 30,	
	2010	2009
Benefit obligation at beginning of year	$ 12.1	$ 9.8
Service cost	0.6	0.5
Interest cost	0.6	0.7
Actuarial loss	1.3	1.4
Net benefits paid	(0.4)	(0.3)
Benefit obligation at end of year	$ 14.2	$ 12.1
Amounts recorded in the consolidated balance sheets:		
Accrued postretirement benefits, current portion	$ 0.8	$ 0.8
Accrued postretirement benefits, long-term portion	13.4	11.3
Net amount recognized	$ 14.2	$ 12.1

Actuarial Assumptions — The weighted average assumptions used in revaluing our obligation under our postretirement healthcare plan were as follows:

	Fiscal Year Ended September 30,		
	2010	2009	2008
Discount rate for obligation	4.50%	5.25%	7.50%
Healthcare cost rate assumed for next year	7.75%	8.50%	8.50%
Ultimate trend rate	5.00%	5.00%	5.00%
Fiscal year that the rate reaches the ultimate trend rate	2023	2016	2015

Net actuarial (losses)/gains of $(1.0) and $0.3, less applicable tax effects of $(0.4) and $0.1 are included as a component of accumulated other comprehensive loss at September 30, 2010 and 2009, respectively. The estimated amount that will be amortized from accumulated other comprehensive loss as a reduction to postretirement healthcare costs in 2011 is less than $0.1. A one-percentage-point increase/decrease in the assumed healthcare cost trend rates as of September 30, 2010 would cause an increase/decrease in service and interest costs of approximately $0.1, along with an increase/decrease in the benefit obligation of $1.0.

We fund the postretirement healthcare plan as benefits are paid, and current plan benefits are expected to require net Company contributions for retirees of approximately $0.8 per year for the foreseeable future.

8. Other Long-term Liabilities

Other long-term liabilities at the end of each period consist of the following:

	September 30,	
	2010	2009
Casket pricing obligation	$ 9.5	$ 10.5
Self-insurance loss reserves	14.1	16.2
Other	16.6	17.6
	40.2	44.3
Less-current portion	(5.8)	(6.6)
Total long-term portion	$ 34.4	$ 37.7

In connection with Hill-Rom's sale of a subsidiary in 2004, we assumed a liability of approximately $17.0 associated with a long-term pricing program for the future sale of caskets made in connection with prearranged funerals. The program was subsequently discontinued for arrangements made after December 31, 2004. The remaining liability under the program is being recognized as a component of revenue as the related casket sales subject to the program are delivered and the related obligation is paid.

9. Income Taxes

The significant components of income before income taxes and the consolidated income tax provision were as follows:

	Fiscal Year Ended September 30,		
	2010	2009	2008
Income before income taxes:			
Domestic	$ 141.2	$ 159.4	$ 152.5
Foreign	5.2	1.4	0.8
Total	$ 146.4	$ 160.8	$ 153.3
Income tax expense:			
Current provision:			
Federal	$ 62.6	$ 47.5	$ 56.4
State	8.9	7.2	6.0
Foreign	1.1	0.6	0.8
Total current provision	72.6	55.3	63.2
Deferred provision (benefit):			
Federal	(15.5)	3.0	(2.7)
State	(3.3)	0.3	(0.4)
Foreign	0.3	(0.1)	—
Total deferred provision (benefit)	(18.5)	3.2	(3.1)
Income tax expense	$ 54.1	$ 58.5	$ 60.1

Differences between income tax expense reported for financial reporting purposes and that computed based upon the application of the statutory U.S. Federal tax rate to the reported income before income taxes were as follows:

	Fiscal Year Ended September 30,					
	2010		2009		2008	
	Amount	% of Pretax Income	Amount	% of Pretax Income	Amount	% of Pretax Income
Federal income tax(a)	$ 51.2	35.0	$ 56.3	35.0	$ 53.7	35.0
State income tax(b)	4.5	3.1	4.2	2.6	3.6	2.4
Foreign income tax(c)	(0.3)	(0.3)	(0.1)	(0.1)	0.3	0.2
Domestic production activities deduction	(3.0)	(2.0)	(3.1)	(1.9)	(1.8)	(1.2)
Non-deductible separation costs	—	—	—	—	3.1	2.0
Non-deductible acquisition costs	0.7	0.5	—	—	—	—
Valuation allowance	(1.2)	(0.8)	0.2	0.1	0.7	0.5
Other, net	2.2	1.5	1.0	0.7	0.5	0.3
Income tax expense	$ 54.1	37.0	$ 58.5	36.4	$ 60.1	39.2

(a) At statutory rate

(b) Net of Federal benefit

(c) Federal tax rate differential

The tax effect of temporary differences that gave rise to the deferred income tax balance sheet accounts were as follows:

	September 30,	
	2010	2009
Deferred income tax assets:		
Employee benefit accruals	$ 64.2	$ 45.8
Rebates and other discount reserves	6.8	6.2
Self-insurance reserves	5.6	7.3
Original issue discount on the Forethought Note	4.0	4.1
Casket pricing obligation	3.7	4.1
Allowance for doubtful accounts	2.4	2.3
Inventory	2.0	1.6
Other, net	10.9	8.0
Total deferred income tax assets before valuation allowance	99.6	79.4
Less valuation allowance	(2.0)	(2.6)
Total deferred income tax assets, net	97.6	76.8
Deferred income tax liabilities:		
Depreciation	(9.0)	(10.3)
Amortization	(75.3)	(2.4)
Unremitted earnings of foreign operations	(8.2)	—
Other, net	(15.7)	(7.6)
Total deferred income tax liabilities	(108.2)	(20.3)
Deferred income tax assets and liabilities, net	$ (10.6)	$ 56.5
Amounts recorded in the consolidated balance sheets:		
Deferred income taxes, current	$ 25.1	$ 21.5
Deferred income taxes, long-term	(35.7)	35.0
Deferred income tax assets and liabilities, net	$ (10.6)	$ 56.5

At September 30, 2010, we had $1.8 of deferred income tax assets related to state tax credit carryforwards which expire between 2011 and 2013. The gross deferred income tax assets of $99.6 as of September 30, 2010 were reduced by a valuation allowance of $2.0 relating to the state tax credit carryforwards and state NOL carryforwards. The valuation allowance was recorded as it is more likely than not that these deferred income tax assets will not be realized.

For periods prior to the Distribution, Hill-Rom has filed consolidated federal income tax returns, as well as multiple state and local tax returns that included our operating results. Our foreign operations file income tax returns in a number of jurisdictions. As discussed in Note 6, we entered into a tax sharing agreement with Hill-Rom in connection with the Distribution.

In the normal course of business, we (and Hill-Rom for the periods prior to separation) are subject to examination by the taxing authorities in each of the jurisdictions where we file tax returns, with open tax years generally ranging from 2006 and forward. During fiscal year 2010, Hill-Rom reached a resolution with the IRS on two matters unrelated to our operations. The resolution of these issues resolved all open tax matters for fiscal 2002 through 2008. We are currently under examination by the IRS for fiscal years 2009 and 2010 under the IRS Compliance Assurance Program.

In connection with the acquisition of K-Tron, Federal and state income taxes of $8.2 were provided on the historical earnings and profits of the K-Tron Switzerland operations. Federal and state income taxes have not been provided on accumulated but undistributed earnings of all other foreign subsidiaries, along with the post acquisition earnings and profits of the K-Tron Switzerland operations, aggregating approximately $12.3, as such earnings have been or are expected to be permanently reinvested. The determination of the unrecognized deferred income tax liability related to the undistributed earnings is not practicable.

There are other ongoing audits in various stages of completion in several state and foreign jurisdictions, one or more of which may conclude within the next 12 months. The resolution of these audits could involve some or all of the following: the payment of additional taxes, the adjustment of certain deferred income taxes, and/or the recognition of unrecognized tax benefits. We do not expect that the outcome of these audits will significantly impact our consolidated financial statements.

The activity within our reserve for unrecognized tax benefits was as follows:

	September 30,	
	2010	**2009**
Balance at beginning of year	$ 8.3	$ 6.0
Additions for tax positions related to the current year	0.8	1.4
Additions for tax positions of prior years	—	1.2
Reductions for tax positions of prior years	(1.7)	(0.3)
Settlements	(0.2)	—
Balance at end of year	$ 7.2	$ 8.3

During the year ended September 30, 2010 and 2009, we recognized (released) approximately ($0.2) and $0.5, respectively in additional interest and penalties. We had approximately $1.4 and $1.6 for the payment of interest and penalties accrued at September 30, 2010 and 2009, respectively, excluded from the table above.

The total amount of gross unrecognized tax benefits as of September 30, 2010 and 2009, was $7.2 and $8.3, respectively. The gross unrecognized tax benefits includes approximately $3.1 and $3.7 at September 30, 2010 and 2009, respectively, that if recognized, would impact the effective tax rate in future periods. The remaining amount relates to items which, if recognized, would not impact our effective tax rate.

We estimate that the total unrecognized tax benefit could decline by $2.1 over the next 12 months. The decline would result from the settlement of examinations by taxing authorities and the expiration of applicable statutes of limitation.

10. Income per Common Share

The calculation of basic and diluted net income per common share and shares outstanding for the periods presented prior to April 1, 2008, is based on the number of shares outstanding at March 31, 2008 (plus unissued fully vested common shares). There is no dilutive impact from common stock equivalents for periods prior to April 1, 2008, as we had no dilutive equity awards outstanding. The dilutive effects of our time based restricted stock units and stock option awards are included in the computation of diluted net income per share in periods subsequent to March 31, 2008. At September 30, 2010, potential dilutive effects of these securities representing approximately 1.8 million common shares were excluded from the computation of income per common share as their effects were anti-dilutive. The dilutive effects of our performance-based stock awards more fully described in Note 11 are included in the computation of diluted net income per share when the related performance criteria are met. At September 30, 2010, potential dilutive effects of these securities representing approximately 1.1 million common shares were excluded from the computation of income per common share as the related performance criteria had not been met, although they may be met in future periods. There is no significant difference in basic and diluted net income per share and average common shares outstanding as a result of dilutive equity awards for the year ended September 30, 2010, 2009 and 2008.

11. Stock-Based Compensation

We have stock-based compensation plans (including the Stock Incentive Plan and our Supplemental Retirement Plan that was adopted effective July 1, 2010, into which our former deferred compensation plans for directors and executives were transferred) under which 8,785,436 common shares are registered and available for issuance. These programs are administered by our Board of Directors and its Compensation and Management Development Committee. As of September 30, 2010, options with respect to 2,374,286 shares were outstanding under these plans. In addition, a total of 1,443,577 RSUs and PBUs (both defined below) were outstanding, and a total of 474,617 common shares had been either issued or utilized under these plans as of September 30, 2010.

Our primary program is the Hillenbrand, Inc. Stock Incentive Plan, which provides for long-term performance compensation for key employees and members of the Board of Directors. A variety of discretionary awards for employees and non-employee directors are authorized under the plan, including incentive or non-qualified stock options, stock appreciation rights, restricted stock, deferred stock, and bonus stock. The vesting of such awards may be conditioned upon either a specified period of time or the attainment of specific performance goals as determined by the administrator of the plan. The option price and term are also subject to determination by the administrator with respect to each grant. Option prices are generally expected to be set at the fair market price of our common stock at the date of grant, and option terms are not expected to exceed ten years.

Compensation cost and related income tax benefits charged against income for the following fiscal years (including the modification and acceleration charges recorded in connection with the separation during fiscal 2008 previously discussed in Note 6) were as follows:

	Fiscal Year Ended September 30,		
	2010	2009	2008
Stock-based compensation cost	$ 7.5	$ 6.6	$ 7.5
Income tax benefit	2.8	2.5	2.7
Stock-based compensation cost, net-of-tax	$ 4.7	$ 4.1	$ 4.8

The Company realized current tax benefits of $0.4 from the exercise of stock options and the payment of restricted stock units during fiscal year 2010.

Stock Options

The fair value of option grants under the Hillenbrand, Inc. Stock Incentive Plan are estimated on the date of grant using the binomial option-pricing model which incorporates the possibility of early exercise of options into the valuation as well as our historical exercise and termination experience to determine the option value. The grants are contingent upon continued employment and generally vest over periods ranging from one to three years. The weighted average fair value of options granted was $5.71, $3.97, and $4.04 per share for fiscal years 2010, 2009, and 2008, respectively (using converted values for grants prior to separation). The following assumptions were used in the determination of fair value in each period:

	Fiscal Year Ended September 30,			
	2010	**2009**	**Post-distribution 2008**	**Pre-distribution 2008**
Risk-free interest rate	0.3 – 4.0%	0.4 – 2.9%	1.6 – 4.3%	2.9 – 3.9%
Weighted average dividend yield	4.0%	5.0%	3.5%	2.0%
Weighted average volatility factor	42.2%	41.5%	18.6%	21.0%
Exercise factor	35.7%	36.3%	37.1%	31.8%
Post-vesting termination rate	5.0%	5.0%	2.1%	5.9%

The risk free interest rate assumption is based upon observed interest rates appropriate for the term of the employee stock options. The dividend yield assumption is based on the history of dividend payouts, and the computation of expected volatility is based on historical stock volatility. The expected life of employee stock options represents the weighted average period the stock options are expected to remain outstanding and is a derived output of the binomial model. The expected life of employee stock options is impacted by the above assumptions as well as the post-vesting termination rate and the exercise factor used in the binomial model. These two variables are based on the history of exercises and forfeitures for previous stock options.

The following tables provide a summary of outstanding stock option awards:

	Number of Shares	**Weighted Average Exercise Price**
Outstanding at September 30, 2009	2,182,705	$ 21.76
Granted	473,617	18.99
Exercised	(114,616)	16.80
Forfeited	(58,529)	18.60
Expired	(108,891)	24.94
Outstanding at September 30, 2010	2,374,286	$ 21.38
Exercisable at September 30, 2010	1,457,039	$ 23.29

As of September 30, 2010, there was approximately $2.1 of unrecognized stock-based compensation associated with our unvested stock options expected to be recognized over a weighted average period of 1.7 years. This unrecognized compensation expense includes a reduction for our estimate of potential forfeitures. As of September 30, 2010, the average remaining life of the outstanding stock options was 6.3 years with an aggregate intrinsic value of $4.3. As of September 30, 2010, the average remaining life of the exercisable stock options was 4.8 years with an aggregate intrinsic value of $1.1. The total intrinsic value of options exercised by our employees and directors during the fiscal years 2010, 2009, and 2008 was $0.4, $0.2, and $0.1, respectively.

Restricted Stock Units (RSUs) and Performance-Based Restricted Stock Units (PBUs)

During the first quarter of fiscal year 2009, we began granting performance-based restricted stock and units (collectively "PBUs") as part of our annual grant instead of restricted stock units ("RSUs"), which were historically contingent upon continued employment and generally vest over a period of five years. These PBUs are consistent with our compensation program's guiding principles and are designed to (i) align management's interests with those of shareholders, (ii) motivate and provide incentive to achieve superior results, (iii) maintain a significant portion of at-risk compensation, (iv) delineate clear accountabilities, and (v) ensure competitive compensation. We believe that this blend of compensation components provides the Company's leadership team with the appropriate incentives to create long-term value for shareholders while taking thoughtful and prudent risks to grow the value of the Company. The vesting of PBUs is contingent upon the creation of shareholder value as measured by the cumulative cash returns and final period income in excess of the weighted average cost of capital over a three year period and a corresponding service requirement. The value of an award is based upon the fair value of our common stock at the date of grant. Based on the extent to which the performance criteria are achieved, it is possible for none of the awards to vest or for a range up to the maximum to vest. We record expense associated with the awards on a straight-line basis over the vesting period based upon an estimate of projected performance. The actual performance of the Company is evaluated quarterly, and the expense is adjusted according to the new projection. As a result, depending on the degree to which we achieve the performance criteria, our expenses related to the PBUs may become more volatile as we approach the final performance measurement date at the end of the three year period.

The value of RSUs and PBUs in our common stock is the fair value at the date of grant. The total vest date fair value of shares held by Hillenbrand employees and directors which vested during fiscal years, 2010, 2009, and 2008 was $1.4, $1.7, and $6.1, respectively (including dividends). A summary of the unvested RSU and PBU activity presented below represents the maximum number of shares that could be earned or vested:

RSUs	Number of Share Units	Weighted Average Grant Date Fair Value
Non-vested RSUs at September 30, 2009	84,558	$ 24.10
Granted	117,779	21.41
Vested	(66,503)	21.62
Forfeited	(9,848)	24.73
Non-vested RSUs at September 30, 2010	125,986	$ 22.85

PBUs	Number of Share Units	Weighted Average Grant Date Fair Value
Non-vested PBUs at September 30, 2009	569,964	$ 14.89
Granted	514,254	18.86
Vested	—	—
Forfeited	(63,619)	16.29
Non-vested PBUs at September 30, 2010	1,020,599	$ 16.80

As of September 30, 2010, approximately $2.1 and $5.0 of unrecognized stock-based compensation was associated with our unvested RSUs and PBUs (based upon projected performance to date), respectively. These costs are expected to be recognized over a weighted average period of 2.4 years and 1.6 years, respectively. This unrecognized compensation expense includes a reduction for our estimate of potential forfeitures. As of September 30, 2010, the outstanding RSUs and PBUs had an aggregate intrinsic value of $2.8 and $23.0, respectively.

Dividends payable in stock accrue on both RSUs and PBUs and are subject to the same specified terms as the original grants. As of September 30, 2010, a total of 61,166 stock units had accumulated on unvested RSUs and PBUs due to dividend reinvestments and are excluded from the tables above. The aggregate intrinsic value of these shares at September 30, 2010 was $1.3.

Vested Deferred Stock

Past stock-based compensation programs, like the current RSU and PBU programs, allowed deferrals after vesting to be set-up as deferred stock. As of September 30, 2010, 235,826 of our shares that had been deferred fully vested and payable in our common stock under our stock-based compensation programs and are excluded from the tables above. The aggregate intrinsic value of these shares at September 30, 2010 was $5.0.

12. Commitments and Contingencies

Lease Commitments

Rental expense charged to income for fiscal years 2010, 2009, and 2008 was $7.9, $7.3 and $7.4, respectively. The table below indicates the minimum annual rental commitments (excluding renewable periods) aggregating $15.9, for manufacturing facilities, warehouse distribution centers, service centers, and sales offices, under noncancelable operating leases.

	Operating Rents
2011	$ 7.1
2012	5.4
2013	2.6
2014	0.6
2015	0.2
Thereafter	—

Antitrust Litigation

In 2005 the Funeral Consumers Alliance, Inc. ("FCA") and a number of individual consumer casket purchasers filed a purported class action antitrust lawsuit on behalf of certain consumer purchasers of Batesville® caskets against the Company and our former parent company, Hillenbrand Industries, Inc., now Hill-Rom Holdings, Inc. ("Hill-Rom"), and three national funeral home businesses (the "FCA Action"). A similar purported antitrust class action lawsuit was later filed by Pioneer Valley Casket Co. and several so-called "independent casket distributors" on behalf of casket sellers who were unaffiliated with any licensed funeral home (the "Pioneer Valley Action"). Class certification hearings in the FCA Action and the Pioneer Valley Action were held before a Magistrate Judge in early December 2006. On November 24, 2008, the Magistrate Judge recommended that the plaintiffs' motions for class certification in both cases be denied. On March 26, 2009, the District Judge adopted the memoranda and recommendations of the Magistrate Judge and denied class certification in both cases. On April 9, 2009, the plaintiffs in the FCA case filed a petition with the United States Court of Appeals for the Fifth Circuit for leave to file an appeal of the Court's order denying class certification. On June 19, 2009, a three-judge panel of the Fifth Circuit denied the FCA plaintiffs' petition. On July 9, 2009, the FCA plaintiffs filed a request for reconsideration of the denial of their petition. On July 29, 2009, a three-judge panel of the Fifth Circuit denied the FCA plaintiffs' motion for reconsideration and their alternative motion for leave to file a petition for rehearing en banc (by all of the judges sitting on the Fifth Circuit Court of Appeals).

The Pioneer Valley plaintiffs did not appeal the District Court's order denying class certification, and on April 29, 2009, pursuant to a stipulation among the parties, the District Court dismissed the Pioneer Valley Action with prejudice (i.e., Pioneer Valley cannot appeal or otherwise reinstitute the case). Neither the Company nor Hill-Rom provided any payment or consideration for the plaintiffs to dismiss this case, other than agreeing to bear their own costs, rather than pursuing plaintiffs for costs.

Plaintiffs in the FCA Action have generally sought monetary damages on behalf of a class, trebling of any such damages that may be awarded, recovery of attorneys' fees and costs, and injunctive relief. The plaintiffs in the FCA Action filed a report indicating that they were seeking damages ranging from approximately $947.0 to approximately $1.46 billion before trebling on behalf of the purported class of consumers they seek to represent, based on approximately one million casket purchases by the purported class members.

Because Batesville continues to adhere to its long-standing policy of selling Batesville caskets only to licensed funeral homes, a policy that it continues to believe is appropriate and lawful, if the case goes to trial the plaintiffs are likely to claim additional alleged damages for periods between their reports and the time of trial. At this point, it is not possible to estimate the amount of any additional alleged damage claims that they may make. The defendants are vigorously contesting both liability and the plaintiffs' damages theories.

In June 2010, co-defendant Stewart Enterprises, Inc. announced a settlement with the plaintiffs. On July 16, 2010, the District Court granted the defendants' remaining motion for leave to file a motion to dismiss for lack of subject matter jurisdiction. On August 2, 2010, the District Court heard argument on the defendants' motion to dismiss for lack of subject matter jurisdiction. The Court ordered full dismissal of the lawsuit on September 24, 2010, concluding that "plaintiffs shall take nothing by their suit." In light of this decision, defendants filed a motion requesting that the Court order plaintiffs to pay costs incurred by Batesville and SCI in the approximate amount of $0.7. The Court denied this motion on October 22, 2010.

Plaintiffs had 30 days to declare their intent to appeal the dismissal of their lawsuit, and they did so by way of a Notice of Appeal filed on October 19, 2010. Plaintiffs' Notice indicates that they intend to appeal both the Court's final judgment of dismissal entered on September 24, 2010 and the Court's order denying class certification entered on March 26, 2009. The appeal will be to the United States Court of Appeals for the Fifth Circuit.

Over the next several months, the record will be compiled for appeal and extensive briefing will occur. Plaintiffs' brief appealing the denial of the two orders must be filed within 40 days after the District Court record is certified. Although firm dates are not yet known, the plaintiffs' brief will likely be due sometime in January 2011, with defendants' brief due in February 2011, and a reply brief from plaintiffs due in March 2011. Once all briefs are submitted, the Court of Appeals may hear oral argument by the parties' attorneys and then issue its ruling as to whether or not the District Court's decisions should be reversed or affirmed. It should be noted, however, that the above appellate schedule is only approximate and is subject to change dependent upon a number of factors, including the granting of any extensions of time and the relative congestion of the docket of the Court of Appeals.

If plaintiffs succeed in overturning the judgment, reversing the District Court order denying class certification, and a class is subsequently certified in the FCA Action filed against Hill-Rom and Batesville, and if the plaintiffs prevail at a trial of the class action, the damages awarded to the plaintiffs, which would be trebled as a matter of law, could have a significant material adverse effect on our results of operations, financial condition and/or liquidity. In antitrust actions such as the FCA Action the plaintiffs may elect to enforce any judgment against any or all of the codefendants, who have no statutory contribution rights against each other. We and Hill-Rom have entered into a judgment sharing agreement that apportions the costs and any potential liabilities associated with this litigation between us and Hill-Rom. See Note 6 to our Annual Report on Form 10-K for the fiscal year ended September 30, 2009.

As of October, 2010, we had incurred approximately $27.5 in cumulative legal and related costs associated with the FCA matter, since its inception.

General

We are involved on an ongoing basis in claims and lawsuits relating to our operations, including environmental, antitrust, patent infringement, business practices, commercial transactions, and other matters. The ultimate outcome of these lawsuits 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. The ultimate outcome of these lawsuits could have a material adverse effect on our financial condition, results of operations, and cash flow.

Legal fees associated with claims and lawsuits are generally expensed as incurred. Upon recognition of an estimated loss resulting from a settlement, an estimate of legal fees to complete the settlement is also included in the amount of the loss recognized.

We are also involved in other possible claims, including product and general liability, workers compensation, auto liability, and employment related matters. 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 establish 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 virtually certain that actual costs will differ from those estimates.

13. Investment Income and Other

	Fiscal Year Ended September 30,		
	2010	2009	2008
Interest income on note receivable from Forethought	$ 12.0	$ 12.4	$ 5.8
Interest income on ARS	0.2	0.9	1.0
Equity in net income (loss) of affiliates	3.1	(5.4)	—
Realized gain on sale or (impairment) of investments	0.7	—	(0.8)
Net realized losses on sale or impairment of ARS	(3.1)	—	—
Foreign currency exchange gain (loss)	—	0.2	(1.2)
Other, net	(0.2)	(0.2)	1.1
Investment income and other	$ 12.7	$ 7.9	$ 5.9

14. Fair Value Measurements

Our fair value measurements are classified into one of three categories as follows based on the measurement inputs:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates and yield curves observable at commonly quoted intervals or current market) and contractual prices for the underlying financial instrument, as well as other relevant economic measures.

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. Unobservable inputs shall reflect the reporting entity’s own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

The following table summarizes the Company's financial assets and liabilities:

Description	Carrying Value at September 30, 2010	Fair Value at September 30, 2010	Fair Value Measurements at September 30, 2010 using: Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Assets:					
Cash & cash equivalents	$ 98.4	$ 98.4	$ 98.4	$ —	$ —
ARS	11.9	11.9	—	11.9	—
Forethought Note	144.8	127.0	—	—	127.0
Equity investments	3.0	3.0	—	—	3.0
Investments in rabbi trust	5.7	5.7	5.7	—	—
Liabilities:					
Revolving credit facility	255.0	241.8	—	241.8	—
$150 senior unsecured notes	148.4	158.0	158.0	—	—
Derivative instruments	0.1	0.1	—	0.1	—

Description	Carrying Value at September 30, 2009	Fair Value at September 30, 2009	Fair Value Measurements at September 30, 2009 using: Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Assets:					
Cash & cash equivalents	$ 35.2	$ 35.2	$ 35.2	$ —	$ —
ARS and Put right	48.9	48.9	—	—	48.9
Forethought Note	142.8	109.0	—	—	109.0
Equity investments	4.5	4.5	1.5	—	3.0
Liabilities:					
Revolving credit facility	60.0	55.7	—	55.7	—
Derivative instruments	1.1	1.1	—	1.1	—

The following table reconciles the change in the Company's Level 3 financial assets:

	Fair Value Measurements Using Significant Unobservable Inputs: ARS	Put right	Forethought Note	Equity Investments
Balance at September 30, 2008	$ 51.1	$ —	$ 105.2	$ 3.0
Total gains or (losses) (realized and unrealized):				
Included in earnings, net	2.1	(2.0)	—	—
Included in other comprehensive income	(3.7)	—	—	—
Change in fair value, disclosure only	—	—	3.8	—
Purchases, issuances and settlements	(2.3)	3.7	—	—
Balance at September 30, 2009	$ 47.2	$ 1.7	$ 109.0	$ 3.0
Total gains or (losses) (realized and unrealized):				
Included in earnings, net	(1.4)	(1.7)	—	—
Included in other comprehensive income	1.5	—	—	—
Change in fair value, disclosure only	—	—	28.0	—
Purchases, issuances and settlements	(35.4)	—	(10.0)	—
Transfers in and/or (out) of Level 3	(11.9)	—	—	—
Balance at September 30, 2010	$ —	$ —	$ 127.0	$ 3.0

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate that value:

- We estimate the fair value of derivative financial instruments based on the amount that we would receive or pay to terminate the agreements at the reporting date.

- Prior to July 1, 2010, we utilized a valuation model based on Level 3 inputs for the ARS. We utilized a discounted cash flow approach (an "*Income*" approach) to arrive at this valuation. The assumptions used in preparing the discounted cash flow model included estimates of, based on available data, interest rates, timing and amount of cash flows, credit spread related yield and illiquidity premiums, and expected holding periods of the ARS. In the fourth quarter of fiscal 2010, we began to value the ARS based upon secondary market prices on observed transactions. We moved to this approach as we believe the pricing now occurring in the secondary market represents the "highest and best use" valuation of the ARS.

- We estimate the fair value of the Forethought Note based upon comparison to debt securities currently trading in an active market with similar characteristics of yield, duration, and credit risk adjusted for liquidity considerations. Based upon market data available to us, we estimate that the fair value of the note and accrued interest is approximately $127.0 based upon an estimated yield to maturity of approximately 14% as of September 30, 2010. This is approximately $17.8 below its carrying value at September 30, 2010. An increase or decrease of 1% in the discount rate utilized to estimate the fair value of the note (including interest receivable) would indicate a change in fair value of approximately $4.0.

  During the past twelve months ended September 30, 2010, Forethought successfully raised net proceeds of approximately $101.0 through the issuance of common stock, retaining the A- claims-paying rating of its subsidiary insurance operations from A.M. Best, and made its first $10.0 interest payment on the note. Both of these factors increased the likelihood that Forethought will be able to continue to meet its obligation to us under the terms of the note. Additionally, the natural accrual of interest under the note increases its fair value over time. These were the primary factors which increased the estimated fair value of the Forethought Note and also increase our overall probability of collection) for the fiscal year ended September 30, 2010.

- The carrying amount of equity investments, included as a component of "Investments" within our consolidated balance sheet, was $3.0 and $4.5 at September 30, 2010 and 2009, respectively, and approximates fair value. The fair value was determined using either quoted prices in an active market or using present value or other techniques appropriate for a particular financial instrument. These techniques involve some degree of management judgment and as a result are not necessarily indicative of the amounts we would realize in a current market exchange.

- The fair value of the investments in the rabbi trust were based on quoted prices in active markets. The trust assets consist of participant directed investments in publicly traded mutual funds.

- The fair value of our revolving credit facility is estimated based on internally developed models, using current market interest rate data for similar issues as there is no active market for our debt.

- The fair value of the 10 year, 5.5% fixed rate senior unsecured notes was based on quoted prices in an active market.

The following assets were excluded from the tables above:

- The carrying amounts of current assets and liabilities approximate fair value because of the short maturity of those instruments.

- The carrying amount of the private equity limited partnerships, included as a component of "Investments" within our consolidated balance sheet, was $15.2 and $14.3 at September 30, 2010 and 2009, respectively. The fair value of these equity method investments is not readily available.

- Disclosures regarding the fair value measurements related to our pension plan assets are included in Note 7.

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15. Segment and Geographical Information

In connection with the acquisition of K-Tron, we organized our operations into two reporting segments, Batesville and K-Tron. The following tables provide summary financial information regarding these segments and our corporate operations:

	September 30, 2010	September 30, 2009	September 30, 2008
Net revenues:			
Batesville	$ 640.3	$ 649.1	$ 678.1
K-Tron	108.9	—	—
Total consolidated net revenues	$ 749.2	$ 649.1	$ 678.1
Gross profit:			
Batesville	$ 277.7	$ 274.4	$ 280.5
K-Tron[1]	35.6	—	—
Total consolidated gross profit	$ 313.3	$ 274.4	$ 280.5
Operating profit (loss):			
Batesville	$ 175.1	$ 178.5	$ 183.8
K-Tron[1]	2.2	—	—
Corporate[2]	(39.4)	(23.5)	(34.2)
Total consolidated operating profit	$ 137.9	$ 155.0	$ 149.6
Net revenues[3]			
United States	$ 662.6	$ 606.3	$ 629.5
Canada	42.2	35.5	39.7
Switzerland	35.9	—	—
All others foreign business units	8.5	7.3	8.9
Total consolidated net revenues	$ 749.2	$ 649.1	$ 678.1

1 Gross profit and operating profit have been reduced by $11.6 and $13.3, respectively, for the effects of acquisition accounting on K-Tron's inventories and backlog during the fiscal year ended September 30, 2010.

2 Operating profit has been reduced by $10.5 respectively, for the effects of business acquisition costs associated with the acquisition of K-Tron during the fiscal year ended September 30, 2010. Costs related to our separation from Hill-Rom reduced operating profit by $0.1 and $15.6 for the fiscal years ended September 30, 2009 and 2008, respectively.

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

	September 30, 2010	September 30, 2009
Total assets assigned:		
Batesville	$ 249.0	$ 250.8
K-Tron	561.3	—
Corporate	241.8	310.3
Total consolidated assets	$ 1,052.1	$ 561.1
Total goodwill assigned:		
Batesville	$ 5.7	$ 5.7
K-Tron	190.7	—
Total consolidated goodwill	$ 196.4	$ 5.7
Property, net, by physical location:		
United States	$ 96.2	$ 81.5
Switzerland	10.6	—
All other foreign business units	2.8	3.8
Total property, net	$ 109.6	$ 85.3

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16. Unaudited Quarterly Financial Information

	Quarter Ended				Fiscal Year Ended
	12/31/09	3/31/10	6/30/10	9/30/10	9/30/10
Net revenues	$ 161.5	$ 169.9	$ 205.8	$ 212.0	$ 749.2
Gross profit	72.0	77.0	75.6	88.7	313.3
Net income	29.5	29.4	13.3	20.1	92.3
Basic and diluted net income per common share	0.48	0.47	0.22	0.32	1.49

	Quarter Ended				Fiscal Year Ended
	12/31/08	3/31/09	6/30/09	9/30/09	9/30/09
Net revenues	$ 166.5	$ 170.8	$ 158.7	$ 153.1	$ 649.1
Gross profit	69.8	74.3	66.0	64.3	274.4
Net income	26.5	27.8	25.4	22.6	102.3
Basic and diluted net income per common share	0.43	0.45	0.41	0.37	1.66

SCHEDULE II
HILLENBRAND, INC.
VALUATION AND QUALIFYING ACCOUNTS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2010, 2009 AND 2008

Description *(Dollars in millions)*	Balance at Beginning of Period	Additions: Charged to Costs and Expense	Additions: Charged to Other Accounts	Deductions Net of Recoveries	Balance at End of Period
Reserves deducted from assets to which they apply:					
Allowance for possible losses, early pay discounts, and sales returns — accounts receivable:					
Period Ended:					
September 30, 2010	$ 17.3	$ 1.6	$ 1.3(c)	$ (0.1)(a)	$ 20.1
September 30, 2009	$ 16.1	$ 1.3	$ —	$ (0.1)(a)	$ 17.3
September 30, 2008	$ 18.0	$ (0.6)	$ —	$ (1.3)(a)	$ 16.1
Allowance for excess or obsolescence — inventories:					
Period Ended:					
September 30, 2010	$ 1.1	$ 1.2	$ 1.9(c)	$ (1.0)(b)	$ 3.2
September 30, 2009	$ 0.5	$ 0.7	$ —	$ (0.1)(b)	$ 1.1
September 30, 2008	$ 1.2	$ 0.1	$ —	$ (0.8)(b)	$ 0.5

(a) Generally reflects the write-off of specific receivables against recorded reserves.

(b) Generally reflects the write-off of specific inventory against recorded reserves.

(c) Reflects opening reserve balances resulting from the acquisition of K-Tron.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There were no changes in or disagreements with the independent registered public accounting firm.

Item 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure 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"), has 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) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") as of the end of the period covered by this report. Based upon that evaluation, the Certifying Officers concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report for the information required to be disclosed in the reports we file or submit under the Exchange Act to be recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and such information is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

On April 1, 2010, we completed our acquisition of K-Tron which includes its existing information systems and internal controls over financial reporting that previously existed when K-Tron was a separate publically traded company. In conducting our evaluation of the effectiveness of our internal control over financial reporting, we have elected to exclude K-Tron from our evaluation as permitted under existing SEC rules. We are currently in the process of evaluating and integrating K-Tron's historical internal controls over financial reporting with ours. We expect to complete this integration in fiscal 2011.

Additionally, during the fourth quarter of fiscal 2010, we implemented a new financial reporting consolidation system to accommodate our recent acquisition of K-Tron and support our acquisition strategy. In connection with the implementation of this system, we also implemented a series of internal controls to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of consolidated financial statements. These new controls were included in management's evaluation process for the year ended September 30, 2010.

Other than the changes noted above, there have been no other changes to our internal controls over financial reporting. Management's report on our internal control over financial reporting is included under Item 8 above.

Item 9B. OTHER INFORMATION

None.

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

Information related to executive officers is included in this report under Part I, Item 1 within the caption "Executive Officers of the Registrant." Information relating to the directors will appear in the section entitled "Election of Directors" in our Proxy Statement to be filed with the Securities and Exchange Commission relating to our 2011 Annual Meeting of Shareholders (the "2011 Proxy Statement"), which section is incorporated herein by reference. The required information on compliance with Section 16(a) of the Securities Exchange Act of 1934 is incorporated by reference to the 2011 Proxy Statement, where such information is included under the caption "Section 16(a) Beneficial Ownership Reporting Compliance." Information regarding our Code of Ethical Business Conduct and the corporate governance matters covered by this Item is incorporated by reference to the 2011 Proxy Statement, where such information is included under the heading "About the Board of Directors."

Item 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated herein by reference to the 2011 Proxy Statement, where such information is included under the headings "The Board of Directors and Committees," "Executive Compensation" and "Compensation Committee Interlocks and Insider Participation."

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT, AND RELATED STOCKHOLDER MATTERS

The information required by this Item is incorporated herein by reference to the 2011 Proxy Statement, where such information is included under the headings "Election of Directors" and "Equity Compensation Plan Information."

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item is incorporated herein by reference to the 2011 Proxy Statement, where such information is included under the headings "The Board of Directors and Committees."

Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item is incorporated herein by reference to the 2011 Proxy Statement, where such information is included under the heading "Proposal No. 3-Ratification of Appointment of the Independent Registered Public Accounting Firm."

PART IV

Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents have been filed as a part of this report or, where noted, incorporated by reference:

(1) Financial Statements

The financial statements of the Company and its consolidated subsidiaries listed on the Index to Consolidated Financial Statements on page 42.

(2) Financial Statement Schedule

The financial statement schedule on page 85 is filed in response to Item 8 and Item 15(d) of Form 10-K and is listed on the Index to Consolidated Financial Statements.

(3) Exhibits (See changes to Exhibit Index below)

> The Exhibit Index, which index follows the signature page to this report and is hereby incorporated herein by reference, sets forth a list of those exhibits filed herewith, and includes and identifies management contracts or compensatory plans or arrangements required to be filed as exhibits to this Form 10-K by Item 601 (b)(10)(iii) of Regulation S-K.

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. These representations and warranties have been made solely for the benefit of the other parties to the applicable agreement and:

- should not in all instances 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.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

By: /s/ Kenneth A. Camp
Kenneth A. Camp
President and Chief Executive Officer
November 23, 2010

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Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been duly signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signatures	Title	Date
/s/ Ray J. Hillenbrand Ray J. Hillenbrand	Chairman of the Board	November 23, 2010
/s/ Kenneth A. Camp Kenneth A. Camp	President, Chief Executive Officer and Director (Principal Executive Officer)	November 23, 2010
/s/ Cynthia L. Lucchese Cynthia L. Lucchese	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	November 23, 2010
/s/ Theodore S. Haddad, Jr. Theodore S. Haddad, Jr.	Vice President — Controller and Chief Accounting Officer (Principal Accounting Officer)	November 23, 2010
/s/ W August Hillenbrand W August Hillenbrand	Director	November 23, 2010
/s/ Eduardo R. Menasce Eduardo R. Menasce	Director	November 23, 2010
/s/ James A. Henderson James A. Henderson	Director	November 23, 2010
/s/ William J. Cernugel William J. Cernugel	Director	November 23, 2010
/s/ Mark C. Deluzio Mark C. Deluzio	Director	November 23, 2010
/s/ Thomas H. Johnson Thomas H. Johnson	Director	November 23, 2010
/s/ Stuart A. Taylor II Stuart A. Taylor II	Director	November 23, 2010
/s/ F. Joseph Loughrey F. Joseph Loughrey	Director	November 23, 2010
/s/ Neil S. Novich Neil S. Novich	Director	November 23, 2010
/s/ Edward B. Cloues II Edward B. Cloues II	Director	November 23, 2010

Exhibit Index

Exhibit 2.1		Distribution Agreement dated as of March 14, 2008 by and between Hill-Rom Holdings, Inc. and Hillenbrand, Inc. (Incorporated by reference to Exhibit 2.1 to Current Report on Form 8-K filed April 1, 2008)
Exhibit 2.2		Letter Agreement dated as of March 31, 2008 between Hill-Rom Holdings, Inc. and Hillenbrand, Inc. regarding interpretation of Distribution Agreement (Incorporated by reference to Exhibit 2.2 to Quarterly Report on Form 10-Q filed May 14, 2008)
Exhibit 2.3		Agreement and Plan of Merger, dated as of January 8, 2010, by and among Hillenbrand, Inc., Krusher Acquisition Corp. and K-Tron International, Inc. (Incorporated by reference to Exhibit 2.1 to Current Report on Form 8-K filed January 11, 2010)
Exhibit 3.1		Restated and Amended Articles of Incorporation of Hillenbrand, Inc., effective March 31, 2008 (Incorporated by reference to Exhibit 3.1 to Quarterly Report on Form 10-Q filed August 12, 2008)
Exhibit 3.2		Articles of Correction of the Restated and Amended Articles of Incorporation of Hillenbrand, Inc., effective March 31, 2008 (Incorporated by reference to Exhibit 3.2 to Quarterly Report on Form 10-Q filed August 12, 2008)
Exhibit 3.3		Amended and Restated Code of By-laws of Hillenbrand, Inc. (Incorporated by reference to Exhibit 3.2 to Current Report on Form 8-K filed March 1, 2010)
Exhibit 4.1		Form of Indenture between Hillenbrand, Inc. and U.S. National Bank Association as trustee, dated July 09, 2010 (Incorporated by reference to Exhibit 4.11 to Form S-3 filed July 6, 2010.
Exhibit 4.2		Form of Hillenbrand, Inc. 5.5% fixed rate 10 year global note (Incorporated by reference to Exhibit 4.1 to Current Report on Form 8-K filed July 9, 2010)
Exhibit 10.1		Judgment Sharing Agreement dated as of March 14, 2008 among Hill-Rom Holdings, Inc., Hillenbrand, Inc. and Batesville Casket Company, Inc. (Incorporated by reference to Exhibit 10.2 to Current Report on Form 8-K filed April 1, 2008)
Exhibit 10.2	**	Employee Matters Agreement dated as of March 14, 2008 between Hill-Rom Holdings, Inc. and Hillenbrand, Inc. (Incorporated by reference to Exhibit 10.3 to Current Report on Form 8-K filed April 1, 2008)
Exhibit 10.3		Tax Sharing Agreement dated as of March 31, 2008 between Hill-Rom Holdings, Inc. and Hillenbrand, Inc. (Incorporated by reference to Exhibit 10.4 to Current Report on Form 8-K filed April 1, 2008)
Exhibit 10.4	**	Form of Employment Agreement between Hillenbrand, Inc. and Kenneth A. Camp (Incorporated by reference to Exhibit 10.4 to Registration Statement on Form 10)
Exhibit 10.5	**	Employment Agreement dated as of March 31, 2008 between Hillenbrand, Inc. and Cynthia L. Lucchese (Incorporated by reference to Exhibit 10.5 to Current Report on Form 8-K filed April 1, 2008)
Exhibit 10.6	**	Employment Agreement dated as of March 31, 2008 between Hillenbrand, Inc. and John R. Zerkle (Incorporated by reference to Exhibit 10.6 to Current Report on Form 8-K filed April 1, 2008)
Exhibit 10.7	**	Employment Agreement dated as of March 31, 2008 between Batesville Services, Inc. and Michael L. DiBease (Incorporated by reference to Exhibit 10.7 to Current Report on Form 8-K filed April 1, 2008)

Exhibit 10.8	**	Employment Agreement dated as of March 31, 2008 between Batesville Services, Inc. and Douglas I. Kunkel (Incorporated by reference to Exhibit 10.8 to Current Report on Form 8-K filed April 1, 2008)
Exhibit 10.9	**	Employment Agreement dated as of March 24, 2008 between Hillenbrand, Inc. and P. Douglas Wilson (Incorporated by reference to Exhibit 10.7 to Quarterly Report on Form 10-Q filed May 14, 2008)
Exhibit 10.10	**	Employment Agreement dated as of June 15, 2008, between Hillenbrand, Inc. and Joe A. Raver (Incorporated by reference to Exhibit 10.1 to Quarterly Report on Form 10-Q filed August 12, 2008)
Exhibit 10.11	**	Form of Change in Control Agreement between Hillenbrand, Inc. and Kenneth A. Camp (Incorporated by reference to Exhibit 10.8 to Registration Statement on Form 10)
Exhibit 10.12	**	Form of Change in Control Agreement between Hillenbrand, Inc. and certain of its executive officers, including Cynthia L. Lucchese, John R. Zerkle, Michael L. DiBease, Douglas I. Kunkel, P. Douglas Wilson and Joe A. Raver (Incorporated by reference to Exhibit 10.9 to Registration Statement on Form 10)
Exhibit 10.13	**	Form of Indemnity Agreement between Hillenbrand, Inc. and certain executive officers, including the named executive officers (Incorporated by reference to Exhibit 10.10 to Registration Statement on Form 10)
Exhibit 10.14	**	Form of Indemnity Agreement between Hillenbrand, Inc. and its non-employee directors (Incorporated by reference to Exhibit 10.11 to Registration Statement on Form 10)
Exhibit 10.15	**	Hillenbrand, Inc. Stock Incentive Plan (Incorporated by reference to Exhibit 10.12 to Registration Statement on Form 10)
Exhibit 10.16	**	Hillenbrand, Inc. Board of Directors' Deferred Compensation Plan (Incorporated by reference to Exhibit 10.13 to Quarterly Report on Form 10-Q filed May 14, 2008)
Exhibit 10.17	**	Hillenbrand, Inc. Short-Term Incentive Compensation Plan (Incorporated by reference to Exhibit 10.14 to Registration Statement on Form 10)
Exhibit 10.18	**	Hillenbrand, Inc. Supplemental Executive Retirement Plan (Incorporated by reference to Exhibit 10.15 to Registration Statement on Form 10)
Exhibit 10.19	**	Hillenbrand, Inc. Executive Deferred Compensation Program (Incorporated by reference to Exhibit 10.16 to Registration Statement on Form 10)
Exhibit 10.20		Credit Agreement dated as of March 28, 2008 among Hillenbrand, Inc., the lenders named therein, and Citibank, N.A., as agent for the lenders (Incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed April 1, 2008)
Exhibit 10.21	**	Hillenbrand, Inc. Short-Term Incentive Compensation Plan for Key Executives (Incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed February 11, 2009)
Exhibit 10.22	**	Employment Agreement dated as of October 27, 2008, between Hillenbrand, Inc. and Jan Santerre (Incorporated by reference to Exhibit 10.1 to Quarterly Report on Form 10-Q filed February 6, 2009)
Exhibit 10.23	**	Employment Agreement dated as of November 3, 2008, between Hillenbrand, Inc. and Hinesh Patel (Incorporated by reference to Exhibit 10.2 to Quarterly Report on Form 10-Q filed February 6, 2009)

Exhibit 10.24		Voting Agreement, dated as of January 8, 2010, by and among Hillenbrand, Inc., Krusher Acquisition Corp. and certain shareholders of K-Tron International, Inc. (Incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed January 11, 2010)
Exhibit 10.25		Hillenbrand, Inc. Stock Incentive Plan. (Incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed March 1, 2010)
Exhibit 10.26		Letter Agreement dated as of March 31, 2008 between Hillenbrand, Inc. and Forethought Financial Group, Inc. regarding Repurchase of Promissory Note and Redemption of Warrants (Incorporated by reference to Exhibit 10.2 to Quarterly Report on Form 10-Q filed May 6, 2010)
Exhibit 10.27		Amendment No. 1 to Credit Agreement dated as of March 28, 2008 among Hillenbrand, Inc., the lenders named therein, and Citibank, N.A., as agent for the lenders (Incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed July 6, 2010)
Exhibit 10.28		Amendment No. 2 to Credit Agreement dated as of March 28, 2008 among Hillenbrand, Inc., the lenders named therein, Citibank, N.A., as resigning agent for the lenders and J.P. Morgan Chase Bank NA as successor agent (Incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed July 6, 2010)
Exhibit 10.29	*	Employment Agreement dated November 11, 2008 between K-Tron International, Inc. and Kevin C. Bowen.
Exhibit 10.30	*	Form of Hillenbrand, Inc. Stock Incentive Plan Performance Based Unit Award Agreement between Hillenbrand, Inc. an certain executive officers, including named executive officers.
Exhibit 10.31	*	Hillenbrand, Inc. Supplemental Executive Retirement Plan (As Amended and Restated July 1, 2010).
Exhibit 10.32	*	Hillenbrand, Inc. Supplemental Retirement Plan effective as of July 1, 2010.
Exhibit 10.33	*	Form of Hillenbrand, Inc. Stock Incentive Plan Restricted Stock Agreement between Hillenbrand, Inc. and certain executive officers, including its named executive officers.
Exhibit 10.34	*	Form of Hillenbrand, Inc. Non-Qualified Stock Option Agreement between Hillenbrand, Inc. and certain executive officers, including its named executive officers.
Exhibit 14.1		Form of Code of Ethical Business Conduct (As Revised and Adopted by the Board of Directors on September 2, 2010)
Exhibit 21.1	*	Subsidiaries of Hillenbrand, Inc.
Exhibit 23.1	*	Consent of Independent Registered Public Accounting Firm
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	***	The following materials from the Hillenbrand, Inc. Annual Report on Form 10-K for the year ended September 30, 2010, formatted in XBRL (eXtensible Business Reporting Language); (i) Consolidated Statement of Income for the years ended September 30, 2010, 2009 and 2008, (ii)Consolidated Balance Sheet for the years ended September 30, 2010 and 2009, (iii) Consolidated Statement of Cash Flows for the years ended September 30, 2010, 2009 and 2008, (iv) Consolidated Statement of Shareholders' Equity and Comprehensive Income for the years ended September 30, 2010, 2009 and 2008, and (v) the Notes to Consolidated Financial Statements, tagged as blocks of text

* Filed herewith.

** The following management contracts or compensatory plans or arrangements are required to be filed as exhibits to this form pursuant to Item 15(a)3 of this report.

*** As provided in Rule 406T of Regulation S-T, this information is furnished herewith and not filed for purposes of Sections 11 and 12 of the Securities Act of 1933 and Section 18 of the Securities Exchange Act of 1934.

Exhibit 10.29

EMPLOYMENT AGREEMENT

Amended and Restated as of November 11, 2008

THIS EMPLOYMENT AGREEMENT (the "Agreement") dated as of November 11, 2008 (the "Effective Date") by and between K-TRON INTERNATIONAL, INC., a New Jersey corporation ("K-Tron"), and KEVIN C. BOWEN (the "Employee").

K-Tron and the Employee are parties to an Employment Agreement dated January 1, 1992 (the "Existing Agreement"), which provides for the Employee's employment by K-Tron or another member of the K-Tron Group (K-Tron and its subsidiaries as they may exist from time to time are collectively referred to herein as the "K-Tron Group" and each is sometimes individually referred to herein as a "member" of the K-Tron Group), upon the terms and conditions therein set forth.

K-Tron and the Employee desire to amend the Existing Agreement in various respects, including to comply with section 409A of the Internal Revenue Code of 1986, as amended (the "Code").

NOW, THEREFORE, the parties hereto, intending to be legally bound, hereby agree that the Existing Agreement is amended and restated as follows:

1. Employment. K-Tron agrees that either K-Tron or another member of the K-Tron Group will employ the Employee, and the Employee hereby accepts such employment and agrees to perform his duties and responsibilities hereunder, in accordance with the terms, conditions and other provisions hereinafter set forth.

1.1 Employment Term. The employment term under the Existing Agreement commenced on January 1, 1992. The "Employment Term" under this Agreement commences on the Effective Date and shall continue until terminated in accordance with Section 8 hereof.

1.2 Duties and Responsibilities. During the Employment Term, the Employee shall be employed by K-Tron or another member of the K-Tron Group, as determined by K-Tron, and he shall perform all duties and accept all responsibilities incidental to any position in which he shall be so employed or as may be assigned to him by the Board of Directors of K-Tron (the "K-Tron Board") or its chief executive officer and shall cooperate fully with the K-Tron Board and K-Tron's chief executive officer. If the Employee is employed by another member of the K-Tron Group, the foregoing reference to the K-Tron Board and to K-Tron's chief executive officer shall also be deemed to include the board of directors and chief executive officer of such other member.

1.3 Extent of Service. During the Employment Term, the Employee shall use his reasonable best efforts in the business of the member of the K-Tron Group by which he is employed, and he shall devote substantially his full time, attention and energy to the business of the member of the K-Tron Group by which he is employed and to the performance of his services and the discharge of his duties and responsibilities hereunder. Except as provided in Section 5 hereof, the foregoing shall not be construed as preventing the Employee from making investments in other businesses or enterprises or from being engaged in civic or charitable affairs, provided that the Employee agrees not to become engaged in any other activity which may interfere with his ability to discharge his duties and responsibilities hereunder to K-Tron or another member of the K-Tron Group. The Employee further agrees not to work on either a part time or independent contractual basis for any other business or enterprise during the Employment Term without the prior written approval of the K-Tron Board.

1.4 Compensation and Benefits.

(a) For all the services rendered during the Employment Term by the Employee hereunder as an employee of a member of the K-Tron Group, such member of the K-Tron Group by which he is employed shall pay the Employee a base salary ("Base Salary") at an annual rate not less than the rate in effect on the Effective Date, which shall be payable in installments at such times as such member of the K-Tron Group customarily pays its other senior level executives (but in no event less often than monthly). Such Base Salary may be increased from time to time during the Employment Term in the sole discretion of the K-Tron Board or any duly authorized committee thereof, and any such increased salary shall thereafter be the Employee's new Base Salary for all purposes of this Agreement. Notwithstanding the foregoing, either the K-Tron Board or K-Tron's chief executive officer, or the board of directors or chief executive officer of any other member of the K-Tron Group employing the Employee, shall have the right at any time or times to reduce the Employee's Base Salary if such reduction is generally being made for other officers of K-Tron or of other members of the K-Tron Group holding comparable positions. The Employee shall also be entitled to receive bonus payments in the sole discretion of the K-Tron Board or any duly authorized committee thereof.

(b) In addition to such annual salary and bonus payments (if any), the Employee shall be entitled to a car allowance ("Car Allowance") of not less than $12,000 annually, which shall be earned in bi-weekly installments. The Employee shall also be entitled to annual paid vacation of five weeks per year, and he shall also be entitled to participate in such employee benefit plans of K-Tron as may exist from time to time on the same basis as other senior level executives of K-Tron.

2. Reimbursement of Expenses. The member of the K-Tron Group employing the Employee shall reimburse the Employee for all ordinary and necessary out-of-pocket business expenses incurred by him in connection with the discharge of his duties and responsibilities hereunder during the Employment Term in accordance with such company's expense approval procedures then in effect and upon presentation to such company by the Employee of an itemized account and written proof of such expenses.

3. Developments. The Employee shall disclose fully, promptly and in writing to K-Tron or to any other member of the K-Tron Group by which he is employed any and all inventions, discoveries, improvements, modifications and the like, whether patentable or not, which he conceives, makes or develops, solely or jointly with others, while employed by K-Tron or another member of the K-Tron Group and which (a) relate to the business, work or activities of any member of the K-Tron Group or (b) result from or are suggested by the carrying out of his duties hereunder, or from or by any information which he may receive while employed by K-Tron

or another member of the K-Tron Group. The Employee hereby assigns, transfers and conveys to K-Tron or its designee all of his right, title and interest in and to any and all such inventions, discoveries, improvements, modifications and the like and agrees to take all such actions as may be requested by K-Tron at any time with respect to any such invention, discovery, improvement, modification or the like to confirm or evidence such assignment, transfer and conveyance. Furthermore, at any time and from time to time, upon the request of K-Tron, the Employee shall execute and deliver to K-Tron, or to another member of the K-Tron Group designated by K-Tron, any and all instruments, documents and papers, give evidence and do any and all other acts which, in the opinion of counsel for K-Tron, are or may be necessary or desirable to document such assignment, transfer and conveyance or to enable K-Tron or such other member of the K-Tron Group to file and prosecute applications for and to acquire, maintain and enforce any and all patents, trademark registrations or copyrights under United States or foreign law with respect to any such inventions, discoveries, improvements, modifications or the like or to obtain any extension, validation, reissue, continuance or renewal of any such patent, trademark or copyright. K-Tron or such other member of the K-Tron Group shall be responsible for the preparation of any such instruments, documents and papers and for the prosecution of any such proceedings and shall reimburse the Employee for all reasonable expenses incurred by him in compliance with the provisions of this Section 3.

4. Confidential Information. The Employee acknowledges that, by reason of his employment by K-Tron or another member of the K-Tron Group, he will have access to confidential information of the K-Tron Group, 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 between members of the K-Tron Group and dealers, distributors, sales representatives, wholesalers, customers, clients, suppliers and others who have business dealings with such members ("Confidential Information"). The Employee acknowledges that such Confidential Information is a valuable and unique asset of K-Tron and the other members of the K-Tron Group and covenants that, both during and after the Employment Term, he will not disclose any such Confidential Information to any person (except as his duties as an employee of K-Tron or another member of the K-Tron Group may require) without the prior written authorization of the K-Tron Board. The obligation of confidentiality imposed by this Section 4 shall not apply to information which appears in issued patents or printed publications, which otherwise becomes generally known in the industry through no act of the Employee in breach of this Agreement or which is required to be disclosed by court order or applicable law.

5. Non-Competition. During (a) the Employment Term and (b) for one year thereafter only in the event that such Employment Term is terminated under any of Section 8.1 (Voluntary Resignation), 8.2 (Partial or Total Disability) or 8.4 (Cause) hereof, the Employee shall not, unless acting as an employee pursuant hereto or with the prior written consent of the K-Tron Board, directly or indirectly, own, manage, operate, finance, join, control or participate in the ownership, management, operation, financing or control of, or be connected as an officer, director, employee, partner, principal, agent, representative, consultant or otherwise with, or use or permit his name to be used in connection with, any business or enterprise engaged in the business of designing, engineering, manufacturing, marketing, selling or distributing feeding, pneumatic conveying or size reduction equipment, or in any other business

then engaged in by K-Tron or any other member of the K-Tron Group, within (x) any state of the United States or the District of Columbia or (y) any other country in which K-Tron or any other member of the K-Tron Group has engaged in any such business within the prior year or is about to engage in any such business; provided, however, that notwithstanding the foregoing, this provision shall not be construed to prohibit the passive ownership by the Employee of not more than 1% of the equity of any entity which is engaged in any of the foregoing businesses having a class of securities registered pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"). In the event that the provisions of this Section 5 should ever be adjudicated to exceed the time, geographic, product or other limitations permitted by applicable law in any jurisdiction, then such provisions shall be deemed reformed in such jurisdiction to the maximum time, geographic, product or other limitations permitted by applicable law.

6. No Solicitation. During (a) the Employment Term and (b) for one year thereafter only in the event that such Employment Term is terminated under any of Section 8.1 (Voluntary Resignation), 8.2 (Partial or Total Disability) or 8.4 (Cause) hereof, the Employee shall not, unless acting as an employee pursuant hereto or with the prior written consent of the K-Tron Board, (x) call on or solicit, either directly or indirectly, any person, firm, corporation or other entity who or which is, or within two years prior thereto had been, a customer of any member of the K-Tron Group, with respect to any matters involving the designing, engineering, manufacturing, marketing, selling or distributing of feeding, pneumatic conveying or size reduction equipment or involving any other business then engaged in by any member of the K-Tron Group, or (y) knowingly solicit for employment any person who is an employee of any member of the K-Tron Group (or who was such an employee within six months prior to any such termination).

7. Equitable Relief.

7.1 The Employee acknowledges that the restrictions contained in Sections 3, 4, 5 and 6 hereof are, in view of the nature of the business of K-Tron and the other members of the K-Tron Group, reasonable and necessary to protect the legitimate interests of the K-Tron Group, that K-Tron would not have entered into this Agreement in the absence of such restrictions, that the business of the K-Tron Group is international in scope and that any violation of any provision of those Sections could result in irreparable injury to K-Tron and the other members of the K-Tron Group.

7.2 The Employee agrees that in the event of any violation of the restrictions referred to in Section 7.1 above, K-Tron and any other member of the K-Tron Group shall be entitled to preliminary and permanent injunctive relief, without the necessity of posting a bond or proving actual damages, and to an equitable accounting of all earnings, profits and other benefits arising from any such violation, which rights shall be cumulative and in addition to any other rights or remedies to which K-Tron or any other member of the K-Tron Group may be entitled.

7.3 The Employee irrevocably and unconditionally agrees that in the event of any violation of the restrictions referred to in Section 7.1 above, an action may be commenced for preliminary and permanent injunctive relief and other equitable relief in any federal or state court of competent jurisdiction sitting in Gloucester or Camden County, New Jersey or in any other court of competent jurisdiction. The Employee hereby waives, to the fullest extent permitted by law, any objection that he may now or hereafter have to such jurisdiction or to the laying of the venue of any such suit, action or proceeding brought in such a court and any claim that such suit, action or proceeding has been brought in an inconvenient forum. The Employee agrees that effective service of process may be made upon him by mail under the notice provisions contained in Section 13 hereof and that all pleadings, notices and other papers may be served upon him in the same manner.

7.4 The non-competition and non-solicitation provisions of Sections 5 and 6 above shall be extended by any time period during which the Employee is in violation of any such provisions.

7.5 The Employee may provide, and any member of the K-Tron Group may similarly provide, a copy of Sections 3, 4, 5 and 6 of this Agreement to any business or enterprise (a) which the Employee may directly or indirectly own, manage, operate, finance, join, control or participate in the ownership, management, operation, financing or control of, or (b) with which he may be connected as an officer, director, employee, partner, principal, agent, representative, consultant or otherwise, or in connection with which he may use or permit his name to be used; provided, however, that this provision shall not apply in respect of Sections 5 and 6 of this Agreement after expiration of the time periods set forth therein.

7.6 The Employee represents and acknowledges that (a) he has been advised by K-Tron to consult his own legal counsel in respect of this Agreement and (b) he has had full opportunity to do so.

8. Termination.

8.1 Voluntary Resignation. The Employee may terminate the Employment Term effective upon not less than 90 days prior written notice to K-Tron. Should the Employee elect to terminate the Employment Term on this basis, neither K-Tron nor any other member of the K-Tron Group shall have any liability or obligation to the Employee hereunder after the date on which the Employment Term ends except for any earned but unpaid Base Salary and Car Allowance, unpaid bonus previously awarded by the K-Tron Board or any duly authorized committee thereof (an "Unpaid Awarded Bonus"), and any benefits or payments (excluding any other severance benefits or payments) payable to the Employee under any applicable formal policy or plan of any member of the K-Tron Group which covers the Employee at the time of his termination. For purposes of this Agreement, a termination of the Employment Term for Good Reason under Section 8.6 below shall not constitute a termination under this Section 8.1.

8.2 Partial or Total Disability. If in the good faith judgment of the K-Tron Board, based upon the advice of two disinterested physicians, the Employee is unable to perform his duties and responsibilities hereunder by reason of illness, injury or incapacity for six consecutive months, or for six months during any 12-month period, during which time K-Tron or the member of the K-Tron Group actually employing the Employee at the time of his disability shall continue to compensate the Employee hereunder (with such compensation to be reduced by the amount of any payments due the Employee for this time period under any applicable disability benefit programs, including Social Security disability, worker's compensation and disability retirement benefits), the Employment Term may be terminated by K-Tron. In the event the Employee is terminated for disability, neither K-Tron nor any other member of the K-Tron Group shall have any further liability or obligation to the Employee except for any earned but unpaid Base Salary and Car Allowance, Unpaid Awarded Bonus, and any benefits or payments (excluding any other severance benefits or payments) payable to the Employee under any applicable formal policy or plan of any member of the K-Tron Group which covered the Employee at the termination date of the Employment Term. The Employee agrees, in the event of any dispute under this Section 8.2 and if requested by K-Tron, to submit to a physical examination by one or more licensed physicians selected by K-Tron, the cost of such examinations to be paid by K-Tron.

8.3 Death. In the event that the Employee dies during the Employment Term, the member of the K-Tron Group actually employing the Employee at the time of his death shall pay to his executors, administrators or personal representatives, as appropriate, an amount equal to his then-annual Base Salary which he would otherwise have earned for the month in which he dies and for three months thereafter. Payment of such amount shall be made in a lump sum within 30 days after the Employee's death. Thereafter, neither K-Tron nor any other member of the K-Tron Group shall have any further liability or obligation hereunder to the Employee's executors, administrators, personal representatives, heirs, assigns or any other person claiming under or through him, except for any earned but unpaid Base Salary and Car Allowance, Unpaid Awarded Bonus, and any benefits or payments (excluding any other severance benefits or payments) payable to the Employee under any applicable formal policy or plan of any member of the K-Tron Group which covered the Employee at the time of his death.

8.4 For Cause. The Employment Term may be terminated at any time by K-Tron, by action taken in good faith by the K-Tron Board, for "Cause." For purposes of this Agreement, "Cause" shall mean the failure of the Employee to observe or perform (other than by reason of illness, injury or incapacity) any of the material terms or provisions of this Agreement provided that the Employee has been given written notice of such failure and such failure has continued for 30 days thereafter, dishonesty, disloyalty, willful misconduct, conviction of a felony or other crime involving moral turpitude, misappropriation of funds, habitual insobriety, substance abuse, similar like cause, any action on the part of the Employee involving willful and deliberate malfeasance or gross negligence in the performance of his duties and responsibilities hereunder, any other action on the part of the Employee that is damaging or detrimental in a significant way to any member of the K-Tron Group or any willful violation by the Employee of a written directive from the K-Tron Board or K-Tron's chief executive officer. Should the Employment Term terminate pursuant to this Section 8.4, neither K-Tron nor any other member of the K-Tron Group shall have any liability or obligation to the Employee after the date on which the Employment Term ends except for any earned but unpaid Base Salary and Car Allowance, Unpaid Awarded Bonus, and any benefits or payments (excluding any severance benefits or payments) payable to the Employee under any applicable formal policy or plan of any member of the K-Tron Group which covered the Employee at the termination date of the Employment Term.

8.5 Without Cause.

(a) K-Tron, by action of the K-Tron Board, may terminate the Employee's employment and the Employment Term at any time without Cause upon 30 days written notice to the Employee.

(b) Upon termination by K-Tron without Cause, if the Employee executes and does not revoke a written Release (as defined below), the Employee shall be entitled to receive a lump sum payment equal to 100% of the Employee's then-annual Base Salary and Car Allowance. The lump sum payment shall be made within 30 days after the effective date of the Employee's termination of employment. Upon payment, neither K-Tron nor any other member of the K-Tron Group shall have any further liability or obligation to the Employee hereunder after the date of termination of the Employment Term except for any earned but unpaid Base Salary and Car Allowance, Unpaid Awarded Bonus, and any benefits or payments (excluding any other severance benefits or payments) payable to the Employee under any applicable formal policy or plan of any member of the K-Tron Group which covered the Employee at the termination date of the Employment Term.

(c) In order to receive the payment under subsection (b) above, the Employee must execute and not revoke a release, in a form acceptable to K-Tron, of any and all claims against the K-Tron Group and all related parties with respect to all matters arising out of the Employee's employment by any member of the K-Tron Group and the termination thereof (other than claims for any entitlements under the terms of this Agreement or under any plans or programs of any member of the K-Tron Group under which the Employee has accrued and is due a benefit) (the "Release").

8.6 Good Reason.

(a) The Employee may initiate a termination of the Employee's employment and the Employment Term by resigning for Good Reason (as defined below) in accordance with this Section 8.6. Upon resignation by the Employee for Good Reason, if the Employee executes and does not revoke a written Release, the Employee shall be entitled to receive a lump sum payment equal to 100% of the Employee's then-annual Base Salary and Car Allowance. The lump sum payment shall be made within 30 days after the effective date of the Employee's termination of employment. Upon payment, neither K-Tron nor any other member of the K-Tron Group shall have any further liability or obligation to the Employee hereunder after the date of termination of the Employment Term except for any earned but unpaid Base Salary and Car Allowance, Unpaid Awarded Bonus, and any benefits or payments (excluding any other severance benefits or payments) payable to the Employee under any applicable formal policy or plan of any member of the K-Tron Group which covered the Employee at the termination date of the Employment Term.

(b) For purposes of this Agreement, before a Change of Control (as defined below), 'Good Reason" means any action or inaction that constitutes a material breach of this Agreement by K-Tron or any other member of the K-Tron Group actually employing the Employee at the time, including the failure of K-Tron or any other such member of the K-Tron Group to obtain from its successors the express assumption and agreement required under Section 15.3 hereof. For purposes of this Agreement, on and after a Change of Control, "Good Reason" means:

(i) A material diminution in the Employee's Base Salary;

(ii) A material change in the geographic location at which the Employee must perform services (which, for purposes of this Agreement, means relocation of the Employee's principal location of work to any location that is in excess of 50 miles from the location immediately prior to such relocation);

(iii) A material diminution in the Employee's authority, duties or responsibilities; or

(iv) Any action or inaction that constitutes a material breach of this Agreement by K-Tron or any other member of the K-Tron Group actually employing the Employee at the time, including the failure of K-Tron or any other such member of the K-Tron Group to obtain from its successors the express assumption and agreement required under Section 15.3 hereof.

In order for the Employee to terminate employment for Good Reason, the Employee must provide written notice to K-Tron (or any successor thereto) specifying the event that constitutes Good Reason within 90 days of the initial occurrence of such event. K-Tron (or any successor thereto) shall have 30 days following the receipt of such notice in which to remedy such event. If K-Tron (or any successor thereto) does not remedy such event within such 30-day cure period, the Employee's employment must terminate within 60 days after the end of the 30-day cure period in order for the termination to be on account of Good Reason.

(c) For purposes of this Agreement, a "Change of Control" shall be deemed to have occurred if:

(i) a liquidation or dissolution of K-Tron or the sale (excluding transfers to subsidiaries) of all or a substantial majority of the assets of K-Tron or the K-Tron Group occurs;

(ii) as a result of a tender offer, exchange offer, stock purchase (excluding a redemption approved by the K-Tron Board which is not in connection with any of the other events mentioned in this clause (ii)), other stock acquisition, merger, consolidation, recapitalization, reverse stock split, sale or transfer of assets or other transaction, any person or group (as such terms are used in and under Section 13(d) of the Exchange Act) other than the Employee or a group which includes the Employee becomes the beneficial owner (as defined in Rule 13-d under the Exchange Act), directly or indirectly, of securities of K-Tron representing more than 15% of the common stock of K-Tron or the combined voting power of K-Tron's then outstanding securities; or

(iii) during any period of two consecutive years, individuals who, at the beginning of such period, constitute the K-Tron Board cease for any reason to constitute at least a majority thereof, unless the election, or the nomination for election by K-Tron's shareholders, of at least two-thirds of the directors who were not directors at the beginning of such period was approved by a vote of at least two-thirds of the directors then still in office who were either directors at the beginning of the period or who, in connection with their election or nomination, received the foregoing two-thirds approval.

8.7 Payment in Lieu of Health Coverage. Notwithstanding any other provision of this Agreement, in the event of the termination of the Employment Term by K-Tron without Cause under Section 8.5 hereof or by the Employee for Good Reason under Section 8.6 hereof, if the Employee executes and does not revoke a written Release, K-Tron shall pay the Employee a lump sum cash payment equal to the cost that would be incurred by the Employee to continue medical and other health care benefits for the period following the effective date of the Employee's termination of employment through the first anniversary of the effective date of the Employee's termination of employment, less the cost paid by active K-Tron employees for comparable coverage. The lump sum payment shall be paid within 30 days after the effective date of the Employee's date of termination of employment. The cost of medical and other health care benefits shall be calculated pursuant to the cost sharing arrangement relating to medical and other health care benefits in effect between K-Tron and the Employee immediately before the effective date of the Employee's termination of employment. K-Tron shall also pay to the Employee an amount equal to the estimated federal, state and local income and FICA taxes on the amount paid to the Employee under this Section 8.7, on the same payment date as the lump sum payment described above.

9. Survival. Notwithstanding the termination of the Employment Term for any reason whatsoever, the obligations of the Employee under Sections 3, 4, 5 and 6 hereof shall survive and remain in full force and effect for the periods therein provided, and the provisions for equitable relief found in Section 7 hereof shall continue in force.

10. Mitigation. The Employee shall not be required to mitigate the amount of any payment or benefit provided for in this Agreement by seeking other employment or otherwise, and there shall be no offset against amounts due the Employee under this Agreement on account of any remuneration attributable to any subsequent or other employment that the Employee may have or obtain.

11. Arbitration; Expenses. In the event of any dispute under the provisions of this Agreement other than a dispute in which the primary relief sought is an equitable remedy such as an injunction, the parties shall be required to have the dispute, controversy or claim settled by arbitration in the City of Philadelphia, Pennsylvania in accordance with National Rules for the Resolution of Employee Disputes then in effect of the American Arbitration Association (the "AAA") (or, if no such rules be in effect, then under the regular rules of the AAA), before a panel of three arbitrators, the first of whom shall be selected by K-Tron, the second of whom shall be selected by the Employee, and the third of whom shall be selected by the other two arbitrators. Any award entered by the arbitrators shall be final, binding and nonappealable (except as provided by applicable statutory law), and judgment may be entered thereon by either party in accordance with applicable law in any court of competent jurisdiction. This arbitration provision shall be specifically enforceable. The arbitrators shall have no authority to modify any provision of this Agreement or to award a remedy for a dispute involving this Agreement other than a benefit specifically provided under or by virtue of the Agreement. If the Employee prevails on any material issue which is the subject of such arbitration or lawsuit, K-Tron shall be responsible for all of the fees of the AAA and the arbitrators and any expenses relating to the conduct of the arbitration (including K-Tron's and the Employee's reasonable attorneys' fees and expenses). Otherwise, each party shall be responsible for its or his own expenses relating to the conduct of the arbitration (including reasonable attorneys' fees and expenses) and shall share the fees of the AAA and the arbitrators.

12. Withholding. K-Tron or the member of the K-Tron Group employing the Employee may withhold from any payments under this Agreement all federal, state and local taxes as K-Tron or such member is required to withhold pursuant to any law or governmental rule or regulation. Except as otherwise specifically provided herein, the Employee shall bear all expense of and be solely responsible for, all federal, state and local taxes due with respect to any payment received under this Agreement.

13. Notices. All notices and other communications hereunder shall be in writing and deemed to have been given when hand delivered, in person or by a recognized courier or delivery service, or when mailed by registered or certified mail, return receipt requested, as follows (provided that notice of change of address shall be deemed given only when received):

If to K-Tron, to:

K-Tron International, Inc.
Routes 55 and 553
Pitman, NJ 08071
Attention: Chief Executive Officer

If to the Employee, to:

Kevin C. Bowen
103 Cromwell Drive
Mullica Hill, NJ 08062

or to such other name or address as any designated recipient shall specify by notice to the other designated recipient in the manner specified in this Section 13. Any communication delivered in another manner shall be deemed given when actually received by the intended recipient.

14. Governing Law. This Agreement shall be governed by and interpreted under the laws of the State of New Jersey, without giving effect to any conflict of laws provisions.

15. Contents of Agreement; Amendment and Assignment.

15.1 This Agreement sets forth the entire understanding of the parties with respect to the subject matter hereof, supersedes any prior employment agreement between the parties (including without limitation, the Existing Agreement) and shall not be changed, modified or terminated except upon written amendment executed by a duly authorized officer of K-Tron and the Employee.

15.2 Employee acknowledges that from time to time, K-Tron and other members of the K-Tron Group may establish, maintain and distribute employee manuals or handbooks or personnel policy manuals, and officers or other representatives of K-Tron or other members of the K-Tron Group may make written or oral statements relating to personnel policies and procedures. Such manuals, handbooks and statements are intended only for general guidance. No policies, procedures or statements of any nature by or on behalf of any member of the K-Tron Group (whether written or oral, and whether or not contained in any employee manual or handbook or personnel policy manual), and no acts or practices of any nature, shall be construed to modify this Agreement.

15.3 All of the provisions of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective heirs, executors, administrators, personal representatives, successors and assigns of the parties hereto, except that the duties and responsibilities of the Employee hereunder are of a personal nature and shall not be assignable or delegable in whole or in part by the Employee. K-Tron shall require any successor (whether direct or indirect, by purchase, merger, consolidation, reorganization or otherwise) to all or substantially all of the business or assets of K-Tron, by agreement in form and substance satisfactory to the Employee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that K-Tron would be required to perform if no such succession had taken place.

16. Severability. If any provision of this Agreement or the application thereof to anyone or any circumstance is held invalid or unenforceable in any jurisdiction, the remainder of this Agreement, and the application of such provision to such person or entity or such circumstance in any other jurisdiction or to other persons, entities or circumstances in any jurisdiction, shall not be affected thereby, and to this end the provisions of this Agreement are severable.

17. Remedies Cumulative; No Waiver. Except as expressly stated herein, no remedy conferred upon any party by this Agreement is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity. No delay or omission by any party in exercising any right, remedy or power hereunder or existing at law or in equity shall be construed as a waiver thereof, and any such right, remedy or power may be exercised by such party from time to time and as often as may be deemed expedient or necessary by such party in its or his sole discretion.

18. Beneficiaries/References. The Employee shall be entitled, to the extent permitted under any applicable law, to select and change a beneficiary or beneficiaries to receive any compensation or benefit payable under this Agreement following the Employee’s death by giving K-Tron written notice thereof. In the event of the Employee’s death or a judicial determination of the Employee’s incompetence, reference in this Agreement to the Employee shall be deemed, where appropriate, to refer to the Employee’s beneficiary, estate or other legal representative.

19. Miscellaneous. The masculine pronoun whenever used shall include the feminine and the singular shall be construed as the plural, where applicable. All section headings are for convenience only. This Agreement may be executed in several counterparts, each of which shall be an original. It shall not be necessary in making proof of this Agreement or any counterpart hereof to produce or account for any of the other counterparts.

20. Section 409A.

20.1 Section 409A Compliance. This Agreement is intended to comply with the requirements of the "short-term deferral" exemption from section 409A of the Code or another exemption and shall in all respects be administered in accordance with section 409A or an exemption. Notwithstanding anything in this Agreement to the contrary, all payments upon termination of employment under this Agreement may only be made upon a "separation from service" as determined under section 409A. Each payment under this Agreement shall be treated as a separate payment for purposes of section 409A. In no event may the Employee, directly or indirectly, designate the calendar year of any payment to be made under this Agreement. All reimbursements and in-kind benefits provided under this Agreement shall be made or provided in accordance with the requirements of section 409A of the Code.

20.2 Payment Delay. Notwithstanding anything in this Agreement to the contrary, if required by section 409A of the Code and if the Employee is a "specified employee" of a publicly-traded corporation as determined under section 409A at the time of the Employee's separation from service, any payments under this Agreement that are required to be postponed pursuant to section 409A shall be postponed for a period of six months after the Employee's separation from service with K-Tron or a member of the K-Tron Group (or a successor thereto), as required by section 409A. The accumulated postponed amount, with interest as described below, shall be paid in a lump sum payment within 10 days after the end of the six-month period. If the Employee dies during the postponement period prior to the payment of the postponed amount, the amounts withheld on account of section 409A, with interest, shall be paid to the personal representative of the Employee's estate within 60 days after the date of his death. If amounts are postponed on account of section 409A, the postponed amounts will be credited with interest for the postponement period at the annualized rate of 6%.

IN WITNESS WHEREOF, K-Tron and the Employee have executed this Agreement as of the date first above written.

[Corporate Seal]
Attest:

____
Mary E. Vaccara
As its Secretary

K-TRON INTERNATIONAL, INC.

By: ____________________________
Edward B. Cloues, II
As its Chairman and
Chief Executive Officer

____
Witness

EMPLOYEE

____
Kevin C. Bowen

Exhibit 10.30

HILLENBRAND, INC. STOCK INCENTIVE PLAN
PERFORMANCE BASED UNIT AWARD AGREEMENT

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 of Performance Based Units made herein is a performance based award of restricted stock units. 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 amount of shareholder value created by the Company's financial performance during the Measurement Period, as compared to the expected amount of shareholder value to be created during the Measurement Period.

AWARD INFORMATION

Target Performance Based Unit Award (100% achievement of performance target)	_____ Performance Based Units
Maximum Performance Based Unit Award (150% or greater achievement of performance target)	_____ Performance Based Units
Measurement Period (three fiscal years)	October 1, 20_____ through September 30, 20_____
Base Shareholder Value (at the beginning of Measurement Period)	$__ million
Incremental Shareholder Value Expected	$__ million
Weighted Average Cost of Capital	_____%

AWARD DETERMINATION

Award Formula

The number of Units that will be earned at the end of the Measurement Period is a function of the amount of Incremental Shareholder Value Delivered over the Measurement Period as compared to the Incremental Shareholder Value Expected to be created over the Measurement Period. 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 comprising the Target Performance Based Unit Award, and (b) a multiplier, as provided in the following table, based on the ratio, expressed as a percentage, of Incremental Shareholder Value Delivered for the Measurement Period (as determined below) to the Incremental Shareholder Value Expected for the Measurement Period:

Incremental Shareholder Value Delivered as Percentage of Incremental Shareholder Value Expected (rounded down to nearest whole percent)	Multiplier (rounded down to two decimal places)
Less than 50%	zero (no Units earned)
At least 50% but less than 80%	.2 plus an additional .01 for each full percentage point realized above minimum for range
At least 80% but less than 100%	.5 plus an additional .025 for each full percentage point realized above minimum for range
At least 100% but less than 110%	1.0 plus an additional .025 for each full percentage point realized above minimum for range
At least 110% but less than 150%	1.25 plus an additional .00625 for each full point realized above minimum for range
At least 150%	1.5 (all Units earned)

Calculation of Incremental Shareholder Value Delivered

The amount of Incremental Shareholder Value Delivered during the Measurement Period is calculated by subtracting the Base Shareholder Value from the Shareholder Value Delivered, and the Shareholder Value Delivered is calculated by adding two components: the Net Operating Profit After Tax (“NOPAT”) Component and the Cash Flows Component.

1. The NOPAT Component of Shareholder Value Delivered is the Company’s Adjusted NOPAT for the last fiscal year of the Measurement Period, divided by the Weighted Average Cost of Capital.

2. The Cash Flows Component of Shareholder Value Delivered is the sum of the following:

(a) the Company’s Adjusted Cash Flows for the third fiscal year in the Measurement Period;

(b) the Company’s Adjusted Cash Flows for the second fiscal year in the Measurement Period, multiplied by the sum of 100 percent and the Weighted Average Cost of Capital; and

(c) the Company’s Adjusted Cash Flows for the first fiscal year in the Measurement Period, multiplied by the square of the sum of 100 percent and the Weighted Average Cost of Capital.

TERMS AND CONDITIONS

1. Grant of Performance Based Units. Pursuant to and subject to the terms and conditions of the Hillenbrand, Inc. Stock Incentive Plan (as amended from time to time, 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 Performance Based 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 Performance Based Units specified above as the Maximum Performance Based Unit Award (the “Units”). 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, plus that number of Dividend Shares distributable with respect to the earned Units, as provided in Paragraphs 6 and 7 and subject to withholding as provided in Paragraph 10.

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 “Award Determination” 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, that 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 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; Dividend Shares. 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 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 rights to dividends and other distributions with respect to those shares of Common Stock. However, during the Measurement Period, and thereafter until such time as the shares attributable to earned Units are distributed to the Employee, the Company will, on its books and records, credit the Employee with the number of notional shares of the Company's Common Stock ("Dividend Shares") that could have been purchased on each Common Stock dividend payment date, at the then current Fair Market Value, with the dividends that would have been payable on the number of shares underlying the Units and on the Dividend Shares previously credited to the Employee under this Paragraph. At the time settlement is made with respect to the earned Units pursuant to Paragraph 7, the Company will distribute to the Employee (in addition to and in the same manner as the shares attributable to the earned Units) that number of shares of Common Stock (rounded up to the nearest whole share) equal to the credited Dividend Shares multiplied by a fraction, the numerator of which is the number of earned Units and the denominator of which is the number of all Units (being the Maximum Performance Based Unit Award). Any remaining Dividend Shares on the Company's records shall be forfeited and the Employee shall have no right thereto or interest therein.

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. In addition, the Company will issue to the Employee that number of shares of Common Stock equal to the Dividend Shares to which the Employee is entitled under Paragraph 6. 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 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 subparagraph (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. 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. If the Employee is a party to a Change in Control Agreement with the Company or a Subsidiary that, by its terms, covers outstanding awards of performance based restricted stock units, this Agreement supersedes the terms of that Change in Control Agreement with respect to the Units and the earning or forfeiture thereof.

10. Potential Repayment Obligation. [This Section 10 is applicable only if the Employee holds the office of Vice President, or a higher office, with the Company or a Subsidiary as of the effective date of this Agreement.] If the Company is required, because of fraud or negligence, to restate its financial statements for any fiscal year(s) included in the Measurement Period and such restatement occurs after the end of the Measurement Period but within three (3) years after the end of the fiscal year being restated (as so restated, the financial statements restated within such three (3) year period are referred to herein as the "Restated Financial Statements," and for clarification purposes any restatement of the Company's financial statements for a fiscal year that occurs more than three (3) years after the end of such fiscal year shall not be relevant under, and shall not be considered to be a Restated Financial Statement for purposes of, this Section), and if the number of shares of Common Stock (including shares earned as Dividend Shares) earned by the Employee under this Agreement (shares that vested and were not forfeited as calculated in accordance with the Company's financial statements prior to the restatement thereof, being referred to herein as the "Previously Earned Shares") is greater than the number of shares of Common Stock that would have been earned by the Employee hereunder if the number of shares earned had been calculated in accordance with the Restated Financial Statements (the "Recalculated Earned Shares," with the excess of the number of Previously Earned Shares over the number of Recalculated Earned Shares being referred to herein as the "Excess Issued Shares"), then the

Company may, in its discretion, by written demand made upon the Employee at any time within three (3) years after the end of the Measurement Period (the "Share Return Notification"), require the Employee to return to the Company all or any lesser specified number of the Excess Issued Shares (with the number of shares to be returned to the Company being referred to herein as the "Return Shares"). Within ninety (90) days after the Share Return Notification is given to the Employee, the Employee shall either (a) transfer to the Company, free and clear of all liens, security interests or other encumbrances, that number of shares of the Company's common stock equal to the Return Shares, or (b) pay to the Company a sum equal to the Fair Market Value of the Return Shares as of the last day of the Measurement Period, or (c) by a combination of shares transferred and cash paid to the Company under clauses (a) and (b) above, effectively satisfy the obligation of the Employee to the Company under this Section. If the Employee fails to satisfy his or her obligation to the Company under this Section in full by the due date stated above, the Employee shall also pay to the Company interest on the cash amount of such obligation (calculated pursuant to clause (b) above) from such due date until paid in full at a rate of interest equal to the prevailing national "prime rate" of interest on such due date plus an amount equal to the attorneys' fees incurred by the Company in collecting amounts due from the Employee under this Section. After the Return Shares (or the cash equivalent) have been transferred back to the Company as required herein, the Company shall file such federal and state tax returns or amended returns, amended W-2 forms, or other tax filings as shall be required of it by applicable law or as reasonably requested by the Employee with respect to all excess income and FICA taxes withheld and/or paid by the Company in connection with or attributable to the Return Shares. The provisions of this Section shall not be applicable to Units that are earned upon a Change in Control pursuant to Paragraph 9 of this Agreement.

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 (6) 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. 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 Internal Revenue 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 or service of the Company or a Subsidiary or interferes in any way with the right of the Company or a Subsidiary to terminate the Employee's employment or service at any time.

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 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. 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. All other terms used in this Agreement as capitalized defined terms shall have the meanings ascribed to them in the Plan.

(a) "Adjusted NOPAT" is net operating profit after tax adjusted for the following items (net of tax where applicable):

(i) Income, losses or impairments from specific financial instruments held by the Company immediately following the spin-off of the Company in 2008 (i.e., auction rate securities, equity limited partnerships, common stock, and Forethought note);

(ii) Interest income on corporate investments and interest expense on corporate debt;

(iii) Costs related to the spin-off of the Company in 2008;

(iv) All professional fees, due diligence fees, expenses, and integration costs related to a specific acquisition;

(v) Amortization expense of intangible long-lived assets where internally generated costs are not customarily capitalized in the normal course of the business (e.g.: customer lists, patents, etc.);

(vi) All adjustments made to net income related to changes in the fair value of contingent earn-out awards;

(vii) External extraordinary, non-recurring, and material legal costs (e.g.: antitrust litigation);

(viii) Restructuring charges and other items related to a restructuring plan approved by the CEO; and

(ix) Changes in accounting pronouncements in United States GAAP or applicable international standards that cause an inconsistency in computation as originally designed.

(b) "Adjusted Cash Flows" means, with respect to each fiscal year in the Measurement Period, the Company's net cash provided by operating activities (whether positive or negative) less its capital expenditures net of proceeds on the disposal of property, all as shown on its audited financial statements for the fiscal year, as adjusted (net of tax where applicable) to exclude the effects of the following items:

(i) Cash receipts or disbursements from financial instruments held by the corporation immediately following the spin-off of the Company in 2008 (i.e., auction rate securities, limited partnerships, and Forethought note);

(ii) Interest income on corporate investments and interest expense on corporate debt;

(iii) Disbursements related to the spin-off of the Company in 2008;

(iv) External extraordinary, non-recurring, and material legal disbursements (e.g., antitrust litigation);

(v) Changes in accounting pronouncements in United States GAAP or applicable international standards that cause an inconsistency in computation as originally designed; and

(vi) The cost of acquisitions, including all professional fees, due diligence fees, expenses, and integration costs, amortized over a 36 month period beginning the month after closing (payment of contingent earnouts (when made) shall be treated as a component of the purchase price payment subject to a separate 36 month amortization period at that time).

(c) “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 and ethical standard.

(d) “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.

(e) “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.

(f) “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).

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 10.31

HILLENBRAND, INC.

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

(As Amended and Restated July 1, 2010)

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HILLENBRAND, INC.

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

(As Amended and Restated July 1, 2010

W I T N E S S E T H:

WHEREAS, in accordance with that certain Distribution Agreement (as defined below), Hillenbrand Industries, Inc. (to be re-named Hill-Rom Holdings, Inc. prior to or effective upon the Distribution referred to below and hereinafter referred to in these recitals as "RemainCo" or "Hill-Rom Holdings, Inc.") proposes to distribute its entire ownership interest in Batesville Holdings, Inc. (to be re-named Hillenbrand, Inc. prior to or effective upon the Distribution and hereinafter referred to in these recitals as "SpinCo or "Hillenbrand, Inc.") through a pro-rata distribution of all of the outstanding shares of SpinCo common stock then owned by RemainCo to the holders of RemainCo common stock ("Distribution"); and

WHEREAS, RemainCo and SpinCo have entered into that certain Employee Matters Agreement (as defined below) for the purpose of continuing benefits for the pre-Distribution directors, employees and consultants of RemainCo and its subsidiaries; and

WHEREAS, in accordance with Section 2.5 of the Employee Matters Agreement, SpinCo is to adopt and implement a Supplemental Executive Retirement Plan with features that are comparable to the Hillenbrand Industries, Inc. Supplemental Executive Retirement Plan, as amended to be effective as of the date of the consummation of the transactions contemplated by the Distribution Agreement; and

WHEREAS, effective as of the date of the consummation of the transactions contemplated by the Distribution Agreement (the "Effective Date"), Hillenbrand, Inc. (the "Employer") establishes the Hillenbrand, Inc. Supplemental Executive Retirement Plan (the "Plan") to provide selected key executives of the Employer and SpinCo Participants (as defined below) with competitive supplemental retirement benefits and additional retirement income.

ARTICLE I.
DEFINITIONS

1.1 **"Base Salary"** means the annual calendar earnings of a Participant including wages and salary as reported for federal income tax purposes, but excluding all bonus payments of any kind, commissions, incentive compensation, equity based compensation, long term performance compensation, perquisites and other forms of additional compensation.

1.2 **“Beneficiary”** means, with respect to the Supplemental Retirement Benefit (as defined in paragraph 4.1(a)), the person, persons, trust or other entity designated by the Participant to receive any benefits payable under the Pension Plan.

1.3 **“Board”** means the Board of Directors of Hillenbrand, Inc.

1.4 **“Cause”** means

(i) a Participant’s embezzlement or material misappropriation of funds or property of the Employer, or

(ii) the willful engaging by a Participant in conduct constituting a felony or gross misconduct, which is materially and demonstrably injurious to the Employer.

1.5 A **“Change in Control”** means

(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, (y) the acquisition of securities of the Company directly from the Company, or (z) the acquisition of securities of the Company by one or more members of the Hillenbrand Family (which term shall mean descendants of John A. Hillenbrand and their spouses, trusts primarily for their benefit or entities controlled by them);

(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 of the shareholders of the Company of a plan of complete liquidation of the Company.

1.6 **"Code"** means the Internal Revenue Code of 1986, as amended.

1.7 **"Committee"** means the Compensation and Management Development Committee of the Board.

1.8 **"Company"** means Hillenbrand, Inc. and its Subsidiaries.

1.9 **"Distribution Agreement"** means the Distribution Agreement by and between Hillenbrand Industries, Inc. and Batesville Holdings, Inc. dated as of March 14, 2008.

1.10 **"Employee Matters Agreement"** means the Employee Matters Agreement by and between Hillenbrand Industries, Inc. and Batesville Holdings, Inc. dated as of March 14, 2008.

1.11 **"Employer"** means the Company.

1.12 **"ERISA"** means the Employee Retirement Income Security Act of 1974, as amended.

1.13 **"Participant"** means any SpinCo Participant as set forth in Section 3.1 and any individual who is a non-bargained for, full-time or regular part-time employee of the Employer who is selected for participation in this Plan pursuant to Article III.

1.14 **"Prior SERP"** means the Hillenbrand Industries, Inc. Supplemental Executive Retirement Plan as in effect immediately prior to the Effective Date.

1.15 **"Pension Plan"** means the Hillenbrand, Inc. Pension Plan, as amended.

1.16 **“SpinCo Participant”** shall have the meaning set forth in Section 1.1 of the Employee Matters Agreement.

1.17 **“Subsidiary”** means an operating company unit of which a majority equity interest is owned directly or indirectly by the Company.

1.18 **“Target Bonus”** means the designated percentage of a Participant’s Base Salary utilized in the Company’s short term incentive compensation plan, regardless of what percent of a Participant’s Base Salary had been paid.

ARTICLE II.
ADMINISTRATION OF THIS PLAN

2.1 Committee. This Plan shall be administered by the Committee. A majority of the Committee shall constitute a quorum and all decisions made by the Committee pursuant to provisions of this Plan shall be made by a majority of the Committee members present at any duly held regular or special meeting at which a quorum is present or by the unanimous written consent of a majority of the Committee members in lieu of any such meeting.

2.2 Committee Duties. The Committee shall also have the authority to make, amend, interpret, and enforce all appropriate rules and regulations for the administration of this Plan and decide or resolve any and all questions, including interpretations of this Plan, as may arise in connection with this Plan. The Committee shall have the sole discretionary authority and all powers necessary to accomplish these purposes, including, but not by way of limitation, the right, power, authority and duty:

(a) To make rules, regulations and procedures for the administration of this Plan which are not inconsistent with the terms and provisions hereof, provided such rules, regulations and procedures are evidenced in writing and copies thereof are delivered to the Employer.

(b) To construe and interpret all terms, provisions, conditions and limitations of this Plan;

(c) To correct any defect, supply any omission, construe any ambiguous or uncertain provisions, or reconcile any inconsistency that may appear in this Plan, in such manner and to such extent as it shall deem expedient to carry this Plan into effect;

(d) To employ and compensate such accountants, attorneys, investment advisors and other agents and employees as the Committee may deem necessary or advisable in the proper and efficient administration of this Plan;

(e) To determine all questions relating to eligibility;

(f) To determine the amount, manner and time of payment of any benefits hereunder and to prescribe procedures to be followed by distributees in obtaining benefits;

(g) To prepare, file and distribute, in such manner as the Committee determines to be appropriate, such information and material as is required by the reporting and disclosure requirements of ERISA; and

(h) To make a determination as to the right of any person to receive a benefit under this Plan.

2.3 Agent. In the administration of this Plan, the Committee may, from time to time, employ an agent and delegate to it such administrative duties as it sees fit and may, from time to time, consult with counsel who may be counsel to the Employer.

2.4 Binding Effect of Decisions. The decision or action of the Committee with respect to any question arising out of or in connection with the administration, interpretation and application of this Plan and the rules and regulations promulgated hereunder shall be final, conclusive and binding upon all persons having any interest in this Plan and shall not be subject to appeal except as provided in Article VIII.

ARTICLE III.
PARTICIPATION

3.1 Participants as of the Effective Date. As of the Effective Date, a Participant in the Plan shall include any SpinCo Participant who, as of the day before the Effective Date, has earned a Supplemental Retirement Benefit (as defined in the Prior SERP) under the Prior SERP.

3.2 Participants after the Effective Date. Except as provided in Section 3.1, participation in this Plan shall be determined by the Committee or any person designated by it. In no event shall any employee of the Employer become eligible to participate in this Plan if such employee would not be considered a member of a select group of management or highly compensated employees for purposes of ERISA.

ARTICLE IV.
SUPPLEMENTAL RETIREMENT BENEFIT

4.1 Supplemental Retirement Benefit.

(a) For each Participant who participates in the Pension Plan and continues to accrue a benefit thereunder while this Plan is in effect (“Traditional Participant”), such Traditional Participant shall be paid a monthly benefit under this Plan (“Supplemental Retirement Benefit”) equal in amount to (1) the monthly benefit payable under the Pension Plan (i) without the limitations on maximum benefits set forth in Section 415 of the Code, and (ii) with the changes to the calculation of “Earnings” (as defined in the Pension Plan) as described in paragraph (b) of this Section 4.1, less (2) the monthly benefit payable under the Pension Plan.

(b) For purposes of calculating the Supplemental Retirement Benefit under this Section 4.1, "Earnings" as defined in the Pension Plan shall include the amount of a Traditional Participant's Target Bonus (whether or not the target is attained and whether or not the Target Bonus is paid) for a calendar year, including any Target Bonus for calendar years prior to the Effective Date for the same years that Earnings is used to determine the Participant's monthly benefit payable under the Pension Plan, and such Earnings shall not be limited by the compensation limits set forth in Code Section 401(a)(17); provided however, that such "Earnings" may be limited in amount by the Board or Committee, as they determine in their sole discretion, for any one or more Traditional Participants.

(c) Exhibit "A" attached hereto provides an example of the calculation of "Average Monthly Earnings" (as defined in the Pension Plan) used in the calculation of a Traditional Participant's Supplemental Retirement Benefit hereunder.

4.2 Subject To Pension Plan. Except as provided in Article 4.1 above and as provided below in Section 4.3 with respect to the payment of the Supplemental Retirement Benefit, the Supplemental Retirement Benefit to be paid a Traditional Participant shall be subject to all provisions of the Pension Plan, including but not limited to, all monthly benefit calculations, normal and early retirement, deferred vested benefits, disability retirement, vesting, benefit election options, beneficiary designations and joint and survivor benefits.

4.3 Payment of Supplemental Retirement Benefits.

(a) Normal Supplemental Retirement Benefits. Except as provided in Section 4.3(d) below, each Traditional Participant who attains his Normal Retirement Date (as defined in the Pension Plan) shall receive a monthly benefit. Unless such Traditional Participant elects a form of annuity set forth on Annex A attached hereto prior to the date of his Normal Retirement Benefit Commencement Date (as defined below), such Traditional Participant, if unmarried, shall receive a life annuity with guaranteed payment for 24 months ("Single, Normal Form of Payment"), or if married, a 50% joint and survivor annuity ("Married, Normal Form of Payment"). Monthly Normal Supplemental Retirement Benefit payments shall be determined and paid as an annuity beginning as of the first day of the calendar month following the date of a Traditional Participant's termination of employment ("Normal Retirement Benefit Commencement Date") and shall be paid monthly thereafter as of the first day of each succeeding month, except that the first six monthly payments shall be suspended until, and shall be paid to the Traditional Participant on, the first day of the seventh month following the date of the Traditional Participant's termination of employment.

(b) Early Supplemental Retirement Benefits. Except as provided in Section 4.3(d) below, each Traditional Participant who attains his Early Retirement Date (as defined in the Pension Plan) shall receive a monthly benefit. Unless such Traditional Participant elects a form of annuity set forth on Annex A attached hereto prior to the date his Early Retirement Benefit Commencement Date (as defined below), such Traditional Participant, if unmarried, shall receive a Single, Normal Form of Payment, or if married, a Married, Normal Form of Payment. Monthly Early Supplemental Retirement Benefit payments shall be determined and paid as an annuity beginning on the first day of the calendar month following the date of a Traditional Participant's termination of employment ("Early Retirement Benefit Commencement Date") and shall be paid monthly thereafter as of the first day of each succeeding month, except that the first six monthly payments shall be suspended until, and shall be paid to the Traditional Participant on, the first day of the seventh month following the date of the Traditional Participant's termination of employment. A Traditional Participant can elect to change his Early Retirement Benefit Commencement Date so long as such election is made a year prior to the Early Retirement Benefit Commencement Date and made before attaining age 60. The new Early Retirement Benefit Commencement Date must be a date after the 5th anniversary of the Early Retirement Benefit Commencement Date and must be a date before he attains age 65.

(c) Deferred Vested Supplemental Retirement Benefits. Except as provided in Section 4.3(d) below, each Traditional Participant who attains his Vested Retirement Date (as defined in the Pension Plan) shall receive a monthly benefit. Unless such Traditional Participant elects a form of annuity set forth on Annex A attached hereto prior to the date of his Deferred Vested Benefit Commencement Date (as defined below), such Traditional Participant, if unmarried, shall receive a Single, Normal Form of Payment, or if married, a Married, Normal Form of Payment. Monthly Deferred Vested Supplemental Retirement Benefits shall be determined and paid as an annuity beginning on the later to occur of (i) the first day of the calendar month following the date a Traditional Participant attains age 55 or (ii) the first day of the calendar month following the date of a Traditional Participant's termination of employment ("Deferred Vested Benefit Commencement Date") and shall be paid monthly thereafter as of the first day of each succeeding month, except that the first six monthly payments shall be suspended until, and shall be paid to the Traditional Participant on, the first day of the seventh month following the date of the Traditional Participant's termination of employment. A Traditional Participant can elect to change his Deferred Vested Benefit Commencement Date so long as such election is made a year prior to the Deferred Vested Benefit Commencement Date and made before attaining age 60. The new Early Retirement Benefit Commencement Date must be a date after the 5th anniversary of the Deferred Vested Benefit Commencement Date and must be a date before he attains age 65.

4.4 Change in Control. Notwithstanding the vesting requirement set forth in the Pension Plan and except as provided in Section 4.4 below, upon the occurrence of a Change in Control a Traditional Participant shall be credited with five (5) years of "Vesting Service" (as defined in the Pension Plan) for purposes of determining whether a Traditional Participant is eligible for a Supplemental Retirement Benefit.

4.5 Forfeiture of Supplement Retirement Benefit. Notwithstanding any other provision of this Article IV, upon the termination of a Traditional Participant's employment by the Company or any of its Subsidiaries for Cause, such Traditional Participant shall forfeit all rights to any Supplemental Retirement Benefit under this Article IV, and the Employer shall have no obligation to make any such payments.

4.6 Frozen Supplemental Retirement Benefit. If the Committee (at its sole discretion) should determine that a Traditional Participant is no longer eligible to earn or accrue a Supplemental Retirement Benefit as provided for under this Article IV, then, on the date of such determination by the Committee, the Traditional Participant's Supplemental Retirement Benefit shall be frozen as of such date and he or she will earn or accrue no Supplemental Retirement Benefit thereafter.

4.7 Elections under the Prior SERP. Any and all elections made by a Participant under the Prior SERP with respect to his or her Supplemental Retirement Benefit under the Prior SERP shall be deemed to be an election under this Plan with respect to the Participant's Supplemental Retirement Benefit under this Article IV.

4.8 Termination of Supplemental Retirement Benefits under the Prior SERP and Payments under this Plan. If a Participant is receiving payments under the Prior SERP as of the day before the Effective Date, then as of the Effective Date, no further payments of his or her Supplemental Retirement Benefit under the Prior SERP shall be paid to the Participant under the Prior SERP, and as of the Effective Date, the remaining Supplemental Retirement Benefit under the Prior SERP shall be the Supplemental Retirement Benefit of such Participant under this Plan and shall be paid under this Plan in accordance with the elections made as set forth in Section 4.7 above. If, as of the day before the Effective Date, a Participant has earned a Supplemental Retirement Benefit under the Prior SERP but is not an employee of the Employer and payments under the Prior SERP have not commenced, then as of the Effective Date, no payments of such Supplemental Retirement Benefit under the Prior Plan shall be paid to such Participant under the Prior SERP, and the Supplemental Retirement Benefit under the Prior SERP as of the day before the Effective Date shall be the Participant's Supplemental Retirement Benefit under this Plan which shall be paid to the Participant as set forth in this Article IV. If, as of the day before the Effective Date, a Participant who is an employee of the Employer on the Effective Date has earned a Supplemental Retirement Benefit under the Prior SERP, but payments under the Prior SERP have not commenced, then as of the Effective Date, no payments of such Supplemental Retirement Benefit under the Prior SERP shall be paid to such Participant under the prior SERP, and he or she shall only be entitled to the Supplemental Retirement Benefit earned under this Plan. Notwithstanding anything herein to the contrary, a Participant under Section 3.1 shall, on or after the Effective Date, only receive a Supplemental Retirement Benefit under this Plan and shall receive no Supplemental Retirement Benefit under the Prior SERP.

ARTICLE V.
OFFSET FOR OBLIGATIONS TO EMPLOYER

If, at such time as the Participant becomes entitled to benefit payments hereunder, the Participant has any debt, obligation or other liability representing an amount owing to the Company or any Subsidiary, and if such debt, obligation, or other liability is due and owing at the time benefit payments are payable hereunder, the Employer may offset the amount owed the Company or the Subsidiary against the amount of benefits otherwise distributable hereunder.

ARTICLE VI.
RIGHTS OF A PARTICIPANT

Establishment of this Plan shall not be construed as giving any Participant the right to be retained in the Employer's service or employ or the right to receive any benefits not specifically provided by this Plan.

Payments under this Plan will not be segregated from the general funds of the Employer and no Participant will have any claim on any specific assets of the Employer. To the extent that any Participant acquires a right to receive benefits under this Plan, his or her right will be no greater than the right of any unsecured general creditor of the Employer and is not assignable or transferable except to his or her Beneficiary or estate.

ARTICLE VII.
AMENDMENT AND TERMINATION

7.1 Amendment. This Plan may be amended from time to time by resolution of the Board. The amendment of any one or more provisions of this Plan shall not affect the remaining provisions of this Plan. No amendment shall reduce any benefits accrued by any Participant prior to the amendment.

7.2 Termination. The Board has the right to terminate this Plan at any time. Any benefit accrued prior to this Plan's termination will continue to be subject to the provisions of this Plan.

ARTICLE VIII.
DETERMINATION OF BENEFITS

8.1 Claim. A person who believes that he is being denied a benefit to which he is entitled under this Plan (hereinafter referred to as a "Claimant") may file a written request for such benefit with the Committee, setting forth his claim. The request must be addressed to the Committee.

8.2 Claim Decision. Upon receipt of a claim, the Committee shall advise the Claimant that a reply will be forthcoming within a reasonable time, but not later than 90 days from its receipt of the claim and shall, in fact, deliver such reply within such period. The Committee may, however, extend the reply period for an additional 90 days if the Committee determines that special circumstances require such an extension. If an extension is required, written notice shall be furnished to the Claimant prior to the termination of the initial 90-day period. The extension notice shall indicate (i) the special circumstances requiring an extension of time; and (ii) the date by which the Committee expects to tender the benefit determination. If the claim is denied in whole or in part, the Committee shall adopt a written opinion, using language calculated to be understood by the Claimant, setting forth:

(a) The specific reason for such denial;

(b) The specific reference to pertinent provisions of this agreement upon which such denial is based;

(c) A description of any additional material or information necessary for the Claimant to perfect his claim and an explanation why such material or such information is necessary.

(d) Appropriate information as to the steps to be taken if the Claimant wishes to submit the claim for review, including the Claimant's right to bring a civil action following an adverse benefit determination on review; and

(e) The time limits for requesting a review.

8.3 Request for Review. Within sixty (60) days after the receipt by the Claimant of the written opinion described above, the Claimant may request in writing that the Committee review its determination. Such request must be addressed to the Committee. The Claimant or his duly authorized representative may, but need not, review the pertinent documents, records and other information, receive copies of such information, and submit documents, records, issues and comments in writing for consideration by the Committee. If the Claimant does not request a review of the Committee's determination within such sixty (60) day period, he shall be barred and estopped from challenging the Participating Employer's determination.

8.4 Review of Decision. Within a reasonable time not later than sixty (60) days after the Board of Directors' receipt of a request for review, the Committee will review its determinations. After considering all materials presented by the Claimant, the Committee will render a written opinion, written in a manner calculated to be understood by the Claimant, setting forth (a) the specific reasons for the decision; (b) and containing specific references to the pertinent provisions of this Plan on which the decision is based; (c) a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the Claimant's claim for benefits; and (d) a statement of the Claimant's right to bring an action under Section 502(a) of ERISA. If special circumstances require that the sixty (60) day time period be extended, the Committee will so notify the Claimant prior to the termination of the initial 60-day period and will render the decision as soon as possible, but no later than one hundred twenty (120) days after the filing of the request for review. The extension notice will set forth: (a) the special circumstances; and (b) the date as of which the benefit determination will be made.

ARTICLE IX.
NOTICES

Notices and elections under this Plan must be in writing. A notice or election is deemed delivered if it is delivered personally or mailed by registered or certified mail to the person at his or her last known business address.

ARTICLE X.
GENERAL PROVISIONS

10.1 Controlling Law. The provisions of this Plan shall be subject to regulation under ERISA. To the extent not preempted by federal law, this Plan shall be construed and interpreted according to the laws of the State of Indiana.

10.2 Captions. The captions of Articles and Sections of this Plan are for the convenience of reference only and shall not control or affect the meaning or construction of any of its provisions.

10.3 Facility of Payment. Any amounts payable hereunder to any Participant who is under legal disability or who, in the judgment of the Committee, is unable to properly manage his or her financial affairs may be paid to the legal representative of such Participant or may be applied for the benefit of such Participant in any manner which the Committee may select, and any such payment shall be deemed to be payment for such Participant's account and shall be a complete discharge of all liability of the Employer with respect to the amount so paid.

10.4 Withholding of Payroll Taxes. To the extent required by the laws in effect at the time compensation or deferred compensation payments are made, the Employer shall withhold from such compensation, or from deferred compensation payments made hereunder, any taxes required to be withheld for federal, state or local government purposes.

10.5 Protective Provisions. A Participant will cooperate with the Employer by furnishing any and all information requested by the Employer in order to facilitate the payment of benefits hereunder.

10.6 Terms. Whenever any words are used herein in the masculine, they shall be construed as though they were used in the feminine in all cases where they would so apply; and wherever any words are used herein in the singular or in the plural, they shall be construed as though they were used in the plural or the singular, as the case may be, in all cases where they would so apply.

10.7 Successor. The provisions of this Plan shall bind and inure to the benefit of Hillenbrand, Inc. and its successors and assigns. The terms successors and assigns as used herein shall include any corporate or other business entity which shall, whether by merger, consolidation, purchase or otherwise, acquire all or substantially all of the business and assets of Hillenbrand, Inc. and successors of any such company or other business entity.

ARTICLE XI.
UNFUNDED STATUS OF PLAN

It is the intention of the parties that the arrangements herein described be unfunded for tax purposes and for purposes of Title I or ERISA. Plan participants have the status of general unsecured creditors of the Employer. This Plan constitutes a mere promise by the Employer to make payments in the future.

ARTICLE XII.
RIGHTS TO BENEFITS

Subject to Article V, a Participant's rights to benefit payments under this Plan are not subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, or garnishment by creditors of the participant or the participant's beneficiaries.

ARTICLE XIII.
BOARD APPROVAL

This Plan was approved by the Board originally on February 8, 2008, and, as amended and restated, on__________, 2009.

IN WITNESS WHEREOF, the Employer has caused this Plan, as amended and restated, to be executed this_____ day of __________, 2009.

HILLENBRAND, INC.

By: ____
Name: ____________________________________
Title: ____________________________________

<u>EXHIBIT “A”</u>

Example of
Average Monthly Earnings for
<u>Supplemental Retirement Benefit</u>

<u>Calculation of Target Bonus</u>

	Base Salary	Target Bonus %	Target Bonus
Year 5	$ 210,000	40%	$ 84,000
Year 4	201,500	30%	60,450
Year 3	194,000	30%	58,200
Year 2	185,500	24%	44,520
Year 1	180,000	24%	43,200

	Earnings (Pension Plan) w/o § 401(a)17 limits	Target Bonus	Supplemental Retirement Earnings
Year 5	$ 210,000	$ 84,000	$ 294,000
Year 4	201,500	60,450	261,950
Year 3	194,000	58,200	252,200
Year 2	185,500	44,520	230,020
Year 1	180,000	43,200	223,200
			$ 1,261,370

<u>Average Monthly Earnings for Supplemental Retirement Benefit:</u>

$ 1,261,370 ¸ 5 ¸ 12 = $21,023

ANNEX A

Payment Annuity Options

1. Single Life Annuity
2. 66-2/3% Joint and Survivor Annuity
3. 75% Joint and Survivor Annuity
4. 100% Joint and Survivor Annuity
5. 5-Year Certain and Life
6. 10-Year Certain and Life
7. 15-Year Certain and Life
8. 20-Year Certain and Life

Exhibit 10.32

Hillenbrand, Inc. Supplemental Retirement Plan

IMPORTANT NOTE

This document has not been approved by the Department of Labor, Internal Revenue Service or any other governmental entity. An adopting Employer must determine whether the Plan is subject to the Federal securities laws and the securities laws of the various states. An adopting Employer may not rely on this document to ensure any particular tax consequences or to ensure that the Plan is "unfunded and maintained primarily for the purpose of providing deferred compensation to a select group of management or highly compensated employees" under Title I of the Employee Retirement Income Security Act of 1974, as amended, with respect to the Employer's particular situation. Fidelity Employer Services Company, its affiliates and employees cannot provide you with legal advice in connection with the execution of this document. This document should be reviewed by the Employer's attorney prior to execution.

January 2010

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PREAMBLE

The Plan is intended to be a “plan which is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees” within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of the Employee Retirement Income Security Act of 1974, as amended, or an “excess benefit plan” within the meaning of Section 3(36) of the Employee Retirement Income Security Act of 1974, as amended, or a combination of both. The Plan is further intended to conform with the requirements of Internal Revenue Code Section 409A and the final regulations issued thereunder and shall be interpreted, implemented and administered in a manner consistent therewith.

ARTICLE 1 — GENERAL

1.1 Plan. The Plan will be referred to by the name specified in the Adoption Agreement.

1.2 Effective Dates.

(a) Original Effective Date. The Original Effective Date is the date as of which the Plan was initially adopted.

(b) Amendment Effective Date. The Amendment Effective Date is the date specified in the Adoption Agreement as of which the Plan is amended and restated. Except to the extent otherwise provided herein or in the Adoption Agreement, the Plan shall apply to amounts deferred and benefit payments made on or after the Amendment Effective Date.

(c) Special Effective Date. A Special Effective Date may apply to any given provision if so specified in Appendix A of the Adoption Agreement. A Special Effective Date will control over the Original Effective Date or Amendment Effective Date, whichever is applicable, with respect to such provision of the Plan.

1.3 Amounts Not Subject to Code Section 409A

Except as otherwise indicated by the Plan Sponsor in Section 1.01 of the Adoption Agreement, amounts deferred before January 1, 2005 that are earned and vested on December 31, 2004 will be separately accounted for and administered in accordance with the terms of the Plan as in effect on December 31, 2004.

ARTICLE 2 — DEFINITIONS

Pronouns used in the Plan are in the masculine gender but include the feminine gender unless the context clearly indicates otherwise. Wherever used herein, the following terms have the meanings set forth below, unless a different meaning is clearly required by the context:

2.1 **“Account”** means an account established for the purpose of recording amounts credited on behalf of a Participant and any income, expenses, gains, losses or distributions included thereon. The Account shall be a bookkeeping entry only and shall be utilized solely as a device for the measurement and determination of the amounts to be paid to a Participant or to the Participant’s Beneficiary pursuant to the Plan.

2.2 **“Administrator”** means the person or persons designated by the Plan Sponsor in Section 1.05 of the Adoption Agreement to be responsible for the administration of the Plan. If no Administrator is designated in the Adoption Agreement, the Administrator is the Plan Sponsor.

2.3 **“Adoption Agreement”** means the agreement adopted by the Plan Sponsor that establishes the Plan.

2.4 **“Beneficiary”** means the persons, trusts, estates or other entities entitled under Section 8.2 to receive benefits under the Plan upon the death of a Participant.

2.5 **“Board” or “Board of Directors”** means the Board of Directors of the Plan Sponsor.

2.6 **“Bonus”** means an amount of cash incentive remuneration payable by the Employer to a Participant.

2.7 **“Change in Control”** means the occurrence of an event involving the Plan Sponsor that is described in Section 9.7.

2.8 **“Code”** means the Internal Revenue Code of 1986, as amended.

2.9 **“Compensation”** has the meaning specified in Section 3.01 of the Adoption Agreement.

2.10 **“Director”** means a non-employee member of the Board who has been designated by the Employer as eligible to participate in the Plan.

2.11 “Disability” means a determination by the Administrator that the Participant is either (a) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (b) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or last for a continuous period of not less than twelve months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Employer. A Participant will be considered to have incurred a Disability if he is determined to be totally disabled by the Social Security Administration or the Railroad Retirement Board or is considered disabled for purposes of eligibility to receive benefits under the Employer’s long term disability plan.

2.12 “Eligible Employee” means an employee of the Employer who satisfies the requirements in Section 2.01 of the Adoption Agreement.

2.13 “Employer” means the Plan Sponsor and any other entity which is authorized by the Plan Sponsor to participate in and, in fact, does adopt the Plan.

2.14 “ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

2.15 “Identification Date” means the date as of which Key Employees are determined which is specified in Section 1.06 of the Adoption Agreement.

2.16 “Key Employee” means an employee who satisfies the conditions set forth in Section 9.6.

2.17 “Participant” means an Eligible Employee or Director who commences participation in the Plan in accordance with Article 3.

2.18 “Plan” means the unfunded plan of deferred compensation set forth herein, including the Adoption Agreement and any trust agreement, as adopted by the Plan Sponsor and as amended from time to time.

2.19 “Plan Sponsor” means the entity identified in Section 1.03 of the Adoption Agreement or any successor by merger, consolidation or otherwise.

2.20 “Plan Year” means the period identified in Section 1.02 of the Adoption Agreement.

2.21 "Related Employer" means the Employer and (a) any corporation that is a member of a controlled group of corporations as defined in Code Section 414(b) that includes the Employer and (b) any trade or business that is under common control as defined in Code Section 414(c) that includes the Employer.

2.22 "Retirement" has the meaning specified in 6.01(f) of the Adoption Agreement.

2.23 "Separation from Service" means the date that the Participant dies, retires or otherwise has a termination of employment with respect to all entities comprising the Related Employer. A Separation from Service does not occur if the Participant is on military leave, sick leave or other bona fide leave of absence if the period of leave does not exceed six months or such longer period during which the Participant's right to re-employment is provided by statute or contract. If the period of leave exceeds six months and the Participant's right to re-employment is not provided either by statute or contract, a Separation from Service will be deemed to have occurred on the first day following the six-month period. If the period of leave is due to any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than six months, where the impairment causes the Participant to be unable to perform the duties of his or her position of employment or any substantially similar position of employment, a 29 month period of absence may be substituted for the six month period.

Whether a termination of employment has occurred is based on whether the facts and circumstances indicate that the Related Employer and the Participant reasonably anticipated that no further services would be performed after a certain date or that the level of bona fide services the Participant would perform after such date (whether as an employee or as an independent contractor) would permanently decrease to no more than 20 percent of the average level of bona fide services performed (whether as an employee or an independent contractor) over the immediately preceding 36 month period (or the full period of services to the Related Employer if the employee has been providing services to the Related Employer for less than 36 months). If a Participant continues to provide services to a Related Employer in a capacity other than as an employee, the Participant will not be deemed to have a termination of employment if the Participant is providing services at an annual rate that is at least 50 percent of the services rendered by such individual, on average, during the immediately preceding 36 month period of employment (or such lesser period of employment) and the annual remuneration for such services is at least 50 percent of the average annual remuneration earned during the such 36 calendar months of employment (or such lesser period of employment).

An independent contractor is considered to have experienced a Separation from Service with the Related Employer upon the expiration of the contract (or, in the case of more than one contract, all contracts) under which services are performed for the Related Employer if the expiration constitutes a good-faith and complete termination of the contractual relationship.

If a Participant provides services as both an employee and an independent contractor of the Related Employer, the Participant must separate from service both as an employee and as an independent contractor to be treated as having incurred a Separation from Service. If a Participant ceases providing services as an independent contractor and begins providing services as an employee, or ceases providing services as an employee and begins providing services as an independent contractor, the Participant will not be considered to have experienced a Separation from Service until the Participant has ceased providing services in both capacities.

If a Participant provides services both as an employee and as a member of the board of directors of a corporate Related Employer (or an analogous position with respect to a noncorporate Related Employer), the services provided as a director are not taken into account in determining whether the Participant has incurred a Separation from Service as an employee for purposes of a nonqualified deferred compensation plan in which the Participant participates as an employee that is not aggregated under Code Section 409A with any plan in which the Participant participates as a director.

If a Participant provides services both as an employee and as a member of the board of directors of a corporate Related Employer (or an analogous position with respect to a noncorporate Related Employer), the services provided as an employee are not taken into account in determining whether the Participant has experienced a Separation from Service as a director for purposes of a nonqualified deferred compensation plan in which the Participant participates as a director that is not aggregated under Code Section 409A with any plan in which the Participant participates as an employee.

All determinations of whether a Separation from Service has occurred will be made in a manner consistent with Code Section 409A and the final regulations thereunder.

2.24 **"Unforeseeable Emergency"** means a severe financial hardship of the Participant resulting from an illness or accident of the Participant, the Participant's spouse, the Participant's Beneficiary, or the Participant's dependent (as defined in Code Section 152, without regard to Code section 152(b)(i), (b)(2) and (d)(i)(B); loss of the Participant's property due to casualty; or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant.

2.25 **"Valuation Date"** means each business day of the Plan Year.

2.26 **"Years of Service"** means each one year period for which the Participant receives service credit in accordance with the provisions of Section 7.01(d) of the Adoption Agreement.

ARTICLE 3 — PARTICIPATION

3.1 Participation. The Participants in the Plan shall be those Directors and employees of the Employer who satisfy the requirements of Section 2.01 of the Adoption Agreement.

3.2 Termination of Participation. The Administrator may terminate a Participant's participation in the Plan in a manner consistent with Code Section 409A. If the Employer terminates a Participant's participation before the Participant experiences a Separation from Service the Participant's vested Accounts shall be paid in accordance with the provisions of Article 9.

ARTICLE 4 — PARTICIPANT ELECTIONS

4.1 Deferral Agreement. If permitted by the Plan Sponsor in accordance with Section 4.01 of the Adoption Agreement, each Eligible Employee and Director may elect to defer his Compensation within the meaning of Section 3.01 of the Adoption Agreement by executing in writing or electronically, a deferral agreement in accordance with rules and procedures established by the Administrator and the provisions of this Article 4.

A new deferral agreement must be timely executed for each Plan Year during which the Eligible Employee or Director desires to defer Compensation. An Eligible Employee or Director who does not timely execute a deferral agreement shall be deemed to have elected zero deferrals of Compensation for such Plan Year.

A deferral agreement may be changed or revoked during the period specified by the Administrator. Except as provided in Section 9.3 or in Section 4.01(c) of the Adoption Agreement, a deferral agreement becomes irrevocable at the close of the specified period.

4.2 Amount of Deferral. An Eligible Employee or Director may elect to defer Compensation in any amount permitted by Section 4.01(a) of the Adoption Agreement.

4.3 Timing of Election to Defer. Each Eligible Employee or Director who desires to defer Compensation otherwise payable during a Plan Year must execute a deferral agreement within the period preceding the Plan Year specified by the Administrator. Each Eligible Employee who desires to defer Compensation that is a Bonus must execute a deferral agreement within the period preceding the Plan Year during which the Bonus is earned that is specified by the Administrator, except that if the Bonus can be treated as performance based compensation as described in Code Section 409A(a)(4)(B)(iii), the deferral agreement may be executed within the period specified by the Administrator, which period, in no event, shall end after the date which is six months prior to the end of the period during which the Bonus is earned, provided the Participant has performed services continuously from the later of the beginning of the performance period or the date the performance criteria are established through the date the Participant executed the deferral agreement and provided further that the compensation has not yet become ‘readily ascertainable’ within the meaning of Reg. Sec 1.409A-2(a)(8). In addition, if the Compensation qualifies as ‘fiscal year compensation’ within the meaning of Reg. Sec. 1.409A -2(a)(6), the deferral agreement may be made not later than the end of the Employer’s taxable year immediately preceding the first taxable year of the Employer in which any services are performed for which such Compensation is payable.

Except as otherwise provided below, an employee who is classified or designated as an Eligible Employee during a Plan Year or a Director who is designated as eligible to participate during a Plan Year may elect to defer Compensation otherwise payable during the remainder of such Plan Year in accordance with the rules of this Section 4.3 by executing a deferral agreement within the thirty (30) day period beginning on the date the employee is classified or designated as an Eligible Employee or the date the Director is designated as eligible, whichever is applicable, if permitted by Section 4.01(b)(ii) of the Adoption Agreement. If Compensation is based on a specified performance period that begins before the Eligible Employee or Director executes his deferral agreement, the election will be deemed to apply to the portion of such Compensation equal to the total amount of Compensation for the performance period multiplied by the ratio of the number of days remaining in the performance period after the election becomes irrevocable and effective over the total number of days in the performance period. The rules of this paragraph shall not apply unless the Eligible Employee or Director can be treated as initially eligible in accordance with Reg. Sec. 1.409A-2(a)(7).

4.4 Election of Payment Schedule and Form of Payment.

All elections of a payment schedule and a form of payment will be made in accordance with rules and procedures established by the Administrator and the provisions of this Section 4.4.

(a) If the Plan Sponsor has elected to permit annual distribution elections in accordance with Section 6.01(h) of the Adoption Agreement the following rules apply. At the time an Eligible Employee or Director completes a deferral agreement, the Eligible Employee or Director must elect a distribution event (which includes a specified time) and a form of payment for the Compensation subject to the deferral agreement from among the options the Plan Sponsor has made available for this purpose and which are specified in 6.01(b) of the Adoption Agreement. Unless otherwise provided in Section 6.01(b) of the Adoption Agreement, prior to the time required by Reg. Sec. 1.409A-2, the Eligible Employee or Director shall elect a distribution event (which includes a specified time) and a form of payment for any Employer contributions that may be credited to the Participant's Account during the Plan Year. If an Eligible Employee or Director fails to elect a distribution event, he shall be deemed to have elected Separation from Service as the distribution event. If he fails to elect a form of payment, he shall be deemed to have elected a lump sum form of payment.

(b) If the Plan Sponsor has elected not to permit annual distribution elections in accordance with Section 6.01(h) of the Adoption Agreement the following rules apply. At the time an Eligible Employee or Director first completes a deferral agreement but in no event later than the time required by Reg. Sec. 1.409A-2, the Eligible Employee or Director must elect a distribution event (which includes a specified time) and a form of payment for amounts credited to his Account from among the options the Plan Sponsor has made available for this purpose and which are specified in Section 6.01(b) of the Adoption Agreement. If an Eligible Employee or Director fails to elect a distribution event, he shall be deemed to have elected Separation from Service in the distribution event. If he fails to elect a form of payment, he shall be deemed to have elected a lump sum form of payment.

ARTICLE 5 — EMPLOYER CONTRIBUTIONS

5.1 Matching Contributions. If elected by the Plan Sponsor in Section 5.01(a) of the Adoption Agreement, the Employer will credit the Participant's Account with a matching contribution determined in accordance with the formula specified in Section 5.01(a) of the Adoption Agreement. The matching contribution will be treated as allocated to the Participant's Account at the time specified in Section 5.01(a)(iii) of the Adoption Agreement.

5.2 Other Contributions. If elected by the Plan Sponsor in Section 5.01(b) of the Adoption Agreement, the Employer will credit the Participant's Account with a contribution determined in accordance with the formula or method specified in Section 5.01(b) of the Adoption Agreement. The contribution will be treated as allocated to the Participant's Account at the time specified in Section 5.01(b)(iii) of the Adoption Agreement.

ARTICLE 6 — ACCOUNTS AND CREDITS

6.1 Establishment of Account. For accounting and computational purposes only, the Administrator will establish and maintain an Account on behalf of each Participant which will reflect the credits made pursuant to Section 6.2, distributions or withdrawals, along with the earnings, expenses, gains and losses allocated thereto, attributable to the hypothetical investments made with the amounts in the Account as provided in Article 7. The Administrator will establish and maintain such other records and accounts, as it decides in its discretion to be reasonably required or appropriate to discharge its duties under the Plan.

6.2 Credits to Account. A Participant's Account will be credited for each Plan Year with the amount of his elective deferrals under Section 4.1 at the time the amount subject to the deferral election would otherwise have been payable to the Participant and the amount of Employer contributions treated as allocated on his behalf under Article 5. Deferrals of Plan Sponsor stock awarded under the Hillenbrand, Inc. Stock Incentive Plan shall be credited to and accounted for separately in a subaccount (the "Plan Sponsor Stock Account") established for this purpose by the Administrator.

ARTICLE 7 — INVESTMENT OF CONTRIBUTIONS

7.1 Investment Options. The amount credited to each Account shall be treated as invested in the investment options designated for this purpose by the Administrator.

7.2 Adjustment of Accounts. The amount credited to each Account shall be adjusted for hypothetical investment earnings, expenses, gains or losses in an amount equal to the earnings, expenses, gains or losses attributable to the investment options selected by the party designated in Section 9.01 of the Adoption Agreement from among the investment options provided in Section 7.1. If permitted by Section 9.01 of the Adoption Agreement, a Participant (or the Participant's Beneficiary after the death of the Participant) may, in accordance with rules and procedures established by the Administrator, select the investments from among the options provided in Section 7.1 to be used for the purpose of calculating future hypothetical investment adjustments to the Account or to future credits to the Account under Section 6.2 effective as of the Valuation Date coincident with or next following notice to the Administrator. Each Account shall be adjusted as of each Valuation Date to reflect: (a) the hypothetical earnings, expenses, gains and losses described above; (b) amounts credited pursuant to Section 6.2; (c) dividends with respect to Plan Sponsor stock credited to the subaccount described in Section 6.2; and (d) distributions or withdrawals. In addition, each Account may be adjusted for its allocable share of the hypothetical costs and expenses associated with the maintenance of the hypothetical investments provided in Section 7.1. The number of shares of Plan Sponsor stock (if any), credited to the subaccount described in Section 6.2 shall be adjusted by the Board of Directors of the Plan Sponsor, as it deems appropriate, to reflect stock dividends, stock splits, reclassifications, spinoffs and other extraordinary distributions.

ARTICLE 8 — RIGHT TO BENEFITS

8.1 Vesting. A Participant, at all times, has the 100% nonforfeitable interest in the amounts credited to his Account attributable to his elective deferrals made in accordance with Section 4.1.

A Participant's right to the amounts credited to his Account attributable to Employer contributions made in accordance with Article 5 shall be determined in accordance with the relevant schedule and provisions in Section 7.01 of the Adoption Agreement. Upon a Separation from Service and after application of the provisions of Section 7.01 of the Adoption Agreement, the Participant shall forfeit the nonvested portion of his Account.

8.2 Death. The Plan Sponsor may elect to accelerate vesting upon the death of the Participant in accordance with Section 7.01(c) of the Adoption Agreement and/or to accelerate distributions upon Death in accordance with Section 6.01(b) or Section 6.01(d) of the Adoption Agreement. If the Plan Sponsor does not elect to accelerate distributions upon death in accordance with Section 6.01(b) or Section 6.01(d) of the Adoption Agreement, the vested amount credited to the Participant's Account will be paid in accordance with the provisions of Article 9.

A Participant may designate a Beneficiary or Beneficiaries, or change any prior designation of Beneficiary or Beneficiaries in accordance with rules and procedures established by the Administrator.

A copy of the death notice or other sufficient documentation must be filed with and approved by the Administrator. If upon the death of the Participant there is, in the opinion of the Administrator, no designated Beneficiary for part or all of the Participant's vested Account, such amount will be paid to his estate (such estate shall be deemed to be the Beneficiary for purposes of the Plan) in accordance with the provisions of Article 9.

8.3 Disability. If the Plan Sponsor has elected to accelerate vesting upon the occurrence of a Disability in accordance with Section 7.01(c) of the Adoption Agreement and/or to permit distributions upon Disability in accordance with Section 6.01(b) or Section 6.01(d) of the Adoption Agreement, the determination of whether a Participant has incurred a Disability shall be made by the Administrator in its sole discretion in a manner consistent with the requirements of Code Section 409A.

ARTICLE 9 — DISTRIBUTION OF BENEFITS

9.1 Amount of Benefits. The vested amount credited to a Participant's Account as determined under Articles 6, 7 and 8 shall determine and constitute the basis for the value of benefits payable to the Participant under the Plan.

9.2 Method and Timing of Distributions. Except as otherwise provided in this Article 9, distributions under the Plan shall be made in accordance with the terms of the Plan and the Adoption Agreement. Subject to the provisions of Section 9.6 requiring a six month delay for certain distributions to Key Employees, distributions following a payment event shall commence at the time specified in Section 6.01(a) of the Adoption Agreement. If permitted by Section 6.01(g) of the Adoption Agreement, a Participant may elect, at least twelve months before a scheduled distribution event, to delay the payment date for a minimum period of sixty months from the originally scheduled date of payment, provided the election does not take effect for at least twelve months from the date on which the election is made. The distribution election change must be made in accordance with procedures and rules established by the Administrator. The Participant may, at the same time the date of payment is deferred, change the form of payment but such change in the form of payment may not effect an acceleration of payment in violation of Code Section 409A or the provisions of Reg. Sec. 1.409A-2(b). For purposes of this Section 9.2, a series of installment payments is always treated as a single payment and not as a series of separate payments. All distributions other than those attributable to the Plan Sponsor Stock Account described in Section 6.2 shall be made in cash. Distributions attributable to the Plan Sponsor Stock Account shall be made in Plan Sponsor Stock.

9.3 Unforeseeable Emergency. A Participant may request a distribution due to an Unforeseeable Emergency if the Plan Sponsor has elected to permit Unforeseeable Emergency withdrawals under Section 8.01(a) of the Adoption Agreement. The request must be in writing and must be submitted to the Administrator along with evidence that the circumstances constitute an Unforeseeable Emergency. The Administrator has the discretion to require whatever evidence it deems necessary to determine whether a distribution is warranted, and may require the Participant to certify that the need cannot be met from other sources reasonably available to the Participant. Whether a Participant has incurred an Unforeseeable Emergency will be determined by the Administrator on the basis of the relevant facts and circumstances in its sole discretion, but, in no event, will an Unforeseeable Emergency be deemed to exist if the hardship can be relieved: (a) through reimbursement or compensation by insurance or otherwise, (b) by liquidation of the Participant's assets to the extent such liquidation would not itself cause severe financial hardship, or (c) by cessation of deferrals under the Plan.

A distribution due to an Unforeseeable Emergency must be limited to the amount reasonably necessary to satisfy the emergency need and may include any amounts necessary to pay any federal, state, foreign or local income taxes and penalties reasonably anticipated to result from the distribution. The distribution will be made in the form of a single lump sum cash payment. If permitted by Section 8.01(b) of the Adoption Agreement, a Participant's deferral elections for the remainder of the Plan Year will be cancelled upon a withdrawal due to an Unforeseeable Emergency. If the payment of all or any portion of the Participant's vested Account is being delayed in accordance with Section 9.6 at the time he experiences an Unforeseeable Emergency, the amount being delayed shall not be subject to the provisions of this Section 9.3 until the expiration of the six month period of delay required by Section 9.6.

9.4 Payment Election Overrides. If the Plan Sponsor has elected one or more payment election overrides in accordance with Section 6.01(d) of the Adoption Agreement, the following provisions apply. Upon the occurrence of the first event selected by the Plan Sponsor, the remaining vested amount credited to the Participant's Account shall be paid in the form designated to the Participant or his Beneficiary regardless of whether the Participant had made different elections of time and /or form of payment or whether the Participant was receiving installment payments at the time of the event.

9.5 Cashouts of Amounts Not Exceeding Stated Limit. If the vested amount credited to the Participant's Account does not exceed the limit established for this purpose by the Plan Sponsor in Section 6.01(e) of the Adoption Agreement at the time he incurs a Separation from Service for any reason, the Employer shall distribute such amount to the Participant at the time specified in Section 6.01(a) of the Adoption Agreement in a single lump sum cash payment following such Separation from Service regardless of whether the Participant had made different elections of time or form of payment as to the vested amount credited to his Account or whether the Participant was receiving installments at the time of such termination. A Participant's Account, for purposes of this Section 9.5, shall include any amounts described in Section 1.3.

9.6 Required Delay in Payment to Key Employees. Except as otherwise provided in this Section 9.6, a distribution made on account of Separation from Service (or Retirement, if applicable) to a Participant who is a Key Employee as of the date of his Separation from Service (or Retirement, if applicable) shall not be made before the date which is six months after the Separation from Service (or Retirement, if applicable).

(a) A Participant is treated as a Key Employee if (i) he is employed by a Related Employer any of whose stock is publicly traded on an established securities market, and (ii) he satisfies the requirements of Code Section 416(i)(1)(A)(i), (ii) or (iii), determined without regard to Code Section 416(i)(5), at any time during the twelve month period ending on the Identification Date.

(b) A Participant who is a Key Employee on an Identification Date shall be treated as a Key Employee for purposes of the six month delay in distributions for the twelve month period beginning on the first day of a month no later than the fourth month following the Identification Date. The Identification Date and the effective date of the delay in distributions shall be determined in accordance with Section 1.06 of the Adoption Agreement.

(c) The Plan Sponsor may elect to apply an alternative method to identify Participants who will be treated as Key Employees for purposes of the six month delay in distributions if the method satisfies each of the following requirements. The alternative method is reasonably designed to include all Key Employees, is an objectively determinable standard providing no direct or indirect election to any Participant regarding its application, and results in either all Key Employees or no more than 200 Key Employees being identified in the class as of any date. Use of an alternative method that satisfies the requirements of this Section 9.6(c) will not be treated as a change in the time and form of payment for purposes of Reg. Sec. 1.409A-2(b).

(d) The six month delay does not apply to payments described in Section 9.9(a),(b) or (d) or to payments that occur after the death of the Participant. If the payment of all or any portion of the Participant's vested Account is being delayed in accordance with this Section 9.6 at the time he incurs a Disability which would otherwise require a distribution under the terms of the Plan, no amount shall be paid until the expiration of the six month period of delay required by this Section 9.6.

9.7 Change in Control. If the Plan Sponsor has elected to permit distributions upon a Change in Control, the following provisions shall apply. A distribution made upon a Change in Control will be made at the time specified in Section 6.01(a) of the Adoption Agreement in the form elected by the Participant in accordance with the procedures described in Article 4.

Alternatively, if the Plan Sponsor has elected in accordance with Section 11.02 of the Adoption Agreement to require distributions upon a Change in Control, the Participant's remaining vested Account shall be paid to the Participant or the Participant's Beneficiary at the time specified in Section 6.01(a) of the Adoption Agreement as a single lump sum payment. A Change in Control, for purposes of the Plan, will occur upon a change in the ownership of the Plan Sponsor, a change in the effective control of the Plan Sponsor or a change in the ownership of a substantial portion of the assets of the Plan Sponsor, but only if elected by the Plan Sponsor in Section 11.03 of the Adoption Agreement. The Plan Sponsor, for this purpose, includes any corporation identified in this Section 9.7. All distributions made in accordance with this Section 9.7 are subject to the provisions of Section 9.6.

If a Participant continues to make deferrals in accordance with Article 4 after he has received a distribution due to a Change in Control, the residual amount payable to the Participant shall be paid at the time and in the form specified in the elections he makes in accordance with Article 4 or upon his death or Disability as provided in Article 8.

Whether a Change in Control has occurred will be determined by the Administrator in accordance with the rules and definitions set forth in this Section 9.7. A distribution to the Participant will be treated as occurring upon a Change in Control if the Plan Sponsor terminates the Plan in accordance with Section 10.2 and distributes the Participant's benefits within twelve months of a Change in Control as provided in Section 10.3.

(a) **Relevant Corporations.** To constitute a Change in Control for purposes of the Plan, the event must relate to (i) the corporation for whom the Participant is performing services at the time of the Change in Control, (ii) the corporation that is liable for the payment of the Participant's benefits under the Plan (or all corporations liable if more than one corporation is liable) but only if either the deferred compensation is attributable to the performance of services by the Participant for such corporation (or corporations) or there is a bona fide business purpose for such corporation (or corporations) to be liable for such payment and, in either case, no significant purpose of making such corporation (or corporations) liable for such payment is the avoidance of federal income tax, or (iii) a corporation that is a majority shareholder of a corporation identified in (i) or (ii), or any corporation in a chain of corporations in which each corporation is a majority shareholder of another corporation in the chain, ending in a corporation identified in (i) or (ii). A majority shareholder is defined as a shareholder owning more than fifty percent (50%) of the total fair market value and voting power of such corporation.

(b) **Stock Ownership.** Code Section 318(a) applies for purposes of determining stock ownership. Stock underlying a vested option is considered owned by the individual who owns the vested option (and the stock underlying an unvested option is not considered owned by the individual who holds the unvested option). If, however, a vested option is exercisable for stock that is not substantially vested (as defined by Treasury Regulation Section 1.83-3(b) and (j)) the stock underlying the option is not treated as owned by the individual who holds the option.

(c) **Change in the Ownership of a Corporation.** A change in the ownership of a corporation occurs on the date that any one person or more than one person acting as a group, acquires ownership of stock of the corporation that, together with stock held by such person or group, constitutes more than fifty percent (50%) of the total fair market value or total voting power of the stock of such corporation. If any one person or more than one person acting as a group is considered to own more than fifty percent (50%) of the total fair market value or total voting power of the stock of a corporation, the acquisition of additional stock by the same person or persons is not considered to cause a change in the ownership of the corporation (or to cause a change in the effective control of the corporation as discussed below in Section 9.7(d)). An increase in the percentage of stock owned by any one person, or persons acting as a group, as a result of a transaction in which the corporation acquires its stock in exchange for property will be treated as an acquisition of stock. Section 9.7(c) applies only when there is a transfer of stock of a corporation (or issuance of stock of a corporation) and stock in such corporation remains outstanding after the transaction. For purposes of this Section 9.7(c), persons will not be considered to be acting as a group solely because they purchase or own stock of the same corporation at the same time or as a result of a public offering. Persons will, however, be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the corporation. If a person, including an entity, owns stock in both corporations that enter into a merger, consolidation, purchase or acquisition of stock, or similar transaction, such shareholder is considered to be acting as a group with other shareholders in a corporation prior to the transaction giving rise to the change and not with respect to the ownership interest in the other corporation.

(d) **Change in the Effective Control of a Corporation.** A change in the effective control of a corporation occurs on the date that either (i) any one person, or more than one person acting as a group, acquires (or has acquired during the twelve month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the corporation possessing thirty percent (30%) or more of the total voting power of the stock of such corporation, or (ii) a majority of members of the corporation's board of directors is replaced during any twelve month period by directors whose appointment or election is not endorsed by a majority of the members of the corporation's board of directors prior to the date of the appointment or election, provided that for purposes of this paragraph (ii), the term corporation refers solely to the relevant corporation identified in Section 9.7(a) for which no other corporation is a majority shareholder for purposes of Section 9.7(a). In the absence of an event described in Section 9.7(d)(i) or (ii), a change in the effective control of a corporation will not have occurred. A change in effective control may also occur in any transaction in which either of the two corporations involved in the transaction has a change in the ownership of such corporation as described in Section 9.7(c) or a change in the ownership of a substantial portion of the assets of such corporation as described in Section 9.7(e). If any one person, or more than one person acting as a group, is considered to effectively control a corporation within the meaning of this Section 9.7(d), the acquisition of additional control of the corporation by the same person or persons is not considered to cause a change in the effective control of the corporation or to cause a change in the ownership of the corporation within the meaning of Section 9.7(c). For purposes of this Section 9.7(d), persons will or will not be considered to be acting as a group in accordance with rules similar to those set forth in Section 9.7(c) with the following exception. If a person, including an entity, owns stock in both corporations that enter into a merger, consolidation, purchase or acquisition of stock, or similar transaction, such shareholder is considered to be acting as a group with other shareholders in a corporation only with respect to the ownership in that corporation prior to the transaction giving rise to the change and not with respect to the ownership interest in the other corporation.

(e) **Change in the Ownership of a Substantial Portion of a Corporation's Assets.** A change in the ownership of a substantial portion of a corporation's assets occurs on the date that any one person, or more than one person acting as a group (as determined in accordance with rules similar to those set forth in Section 9.7(d)), acquires (or has acquired during the twelve month period ending on the date of the most recent acquisition by such person or persons) assets from the corporation that have a total gross fair market value equal to or more than forty percent (40%) of the total gross fair market value of all of the assets of the corporation immediately prior to such acquisition or acquisitions. For this purpose, gross fair market value means the value of the assets of the corporation or the value of the assets being disposed of determined without regard to any liabilities associated with such assets. There is no Change in Control event under this Section 9.7(e) when there is a transfer to an entity that is controlled by the shareholders of the transferring corporation immediately after the transfer. A transfer of assets by a corporation is not treated as a change in ownership of such assets if the assets are transferred to (i) a shareholder of the corporation (immediately before the asset transfer) in exchange for or with respect to its stock, (ii) an entity, fifty percent (50%) or more of the total value or voting power of which is owned, directly or indirectly, by the corporation, (iii) a person, or more than one person acting as a group, that owns, directly or indirectly, fifty percent (50%) or more of the total value or voting power of all the outstanding stock of the corporation, or (iv) an entity, at least fifty (50%) of the total value or voting power of which is owned, directly or indirectly, by a person described in Section 9.7(e)(iii). For purposes of the foregoing, and except as otherwise provided, a person's status is determined immediately after the transfer of assets.

9.8 Permissible Delays in Payment. Distributions may be delayed beyond the date payment would otherwise occur in accordance with the provisions of Articles 8 and 9 in any of the following circumstances as long as the Employer treats all payments to similarly situated Participants on a reasonably consistent basis.

(a) The Employer may delay payment if it reasonably anticipates that its deduction with respect to such payment would be limited or eliminated by the application of Code Section 162(m). Payment must be made during the Participant's first taxable year in which the Employer reasonably anticipates, or should reasonably anticipate, that if the payment is made during such year the deduction of such payment will not be barred by the application of Code Section 162(m) or during the period beginning with the Participant's Separation from Service and ending on the later of the last day of the Employer's taxable year in which the Participant separates from service or the 15th day of the third month following the Participant's Separation from Service. If a scheduled payment to a Participant is delayed in accordance with this Section 9.8(a), all scheduled payments to the Participant that could be delayed in accordance with this Section 9.8(a) will also be delayed.

(b) The Employer may also delay payment if it reasonably anticipates that the making of the payment will violate federal securities laws or other applicable laws provided payment is made at the earliest date on which the Employer reasonably anticipates that the making of the payment will not cause such violation.

(c) The Employer reserves the right to amend the Plan to provide for a delay in payment upon such other events and conditions as the Secretary of the Treasury may prescribe in generally applicable guidance published in the Internal Revenue Bulletin.

9.9 Permitted Acceleration of Payment. The Employer may permit acceleration of the time or schedule of any payment or amount scheduled to be paid pursuant to a payment under the Plan provided such acceleration would be permitted by the provisions of Reg. Sec. 1.409A-3(j)(4), including the following events:

(a) Domestic Relations Order. A payment may be accelerated if such payment is made to an alternate payee pursuant to and following the receipt and qualification of a domestic relations order as defined in Code Section 414(p).

(b) Compliance with Ethics Agreements and Legal Requirements. A payment may be accelerated as may be necessary to comply with ethics agreements with the Federal government or as may be reasonably necessary to avoid the violation of Federal, state, local or foreign ethics law or conflicts of laws, in accordance with the requirements of Code Section 409A.

(c) **De Minimis Amounts.** A payment will be accelerated if (i) the amount of the payment is not greater than the applicable dollar amount under Code Section 402(g)(1)(B), and (ii) at the time the payment is made the amount constitutes the Participant's entire interest under the Plan and all other plans that are aggregated with the Plan under Reg. Sec. 1.409A-1(c)(2).

(d) **FICA Tax.** A payment may be accelerated to the extent required to pay the Federal Insurance Contributions Act tax imposed under Code Sections 3101, 3121(a) and 3121(v)(2) of the Code with respect to compensation deferred under the Plan (the "FICA Amount"). Additionally, a payment may be accelerated to pay the income tax on wages imposed under Code Section 3401 of the Code on the FICA Amount and to pay the additional income tax at source on wages attributable to the pyramiding Code Section 3401 wages and taxes. The total payment under this subsection (d) may not exceed the aggregate of the FICA Amount and the income tax withholding related to the FICA Amount.

(e) **Section 409A Additional Tax.** A payment may be accelerated if the Plan fails to meet the requirements of Code Section 409A; provided that such payment may not exceed the amount required to be included in income as a result of the failure to comply with the requirements of Code Section 409A.

(f) **Offset.** A payment may be accelerated in the Employer's discretion as satisfaction of a debt of the Participant to the Employer, where such debt is incurred in the ordinary course of the service relationship between the Participant and the Employer, the entire amount of the reduction in any of the Employer's taxable years does not exceed $5,000, and the reduction is made at the same time and in the same amount as the debt otherwise would have been due and collected from the Participant.

(g) **Other Events.** A payment may be accelerated in the Administrator's discretion in connection with such other events and conditions as permitted by Code Section 409A.

9.10 Securities Law Requirements. Each distribution under the Plan shall be subject to the requirement that, if at any time the Administrator shall determine that (i) the listing, registration or qualification of the Plan Sponsor Stock to be distributed upon any securities exchange or market or under any state or federal law, or (ii) the consent or approval of any government regulatory body with respect to such distribution or (iii) an agreement by the Participant with respect to the disposition of Plan Sponsor Stock distributed under the Plan is necessary or desirable in order to satisfy any legal requirements, such distribution shall not be made, in whole or in part, unless such listing, registration, qualification, consent, approval or agreement shall have been effected or obtained free of any conditions not acceptable to the Administrator. The Plan Sponsor shall have no obligation to effect any registration or qualification of the Plan Sponsor Stock under federal or state laws or to compensate a Participant for any loss resulting from the application of this Section.

ARTICLE 10 — AMENDMENT AND TERMINATION

10.1 Amendment by Plan Sponsor. The Plan Sponsor reserves the right to amend the Plan (for itself and each Employer) through action of its Board of Directors. No amendment can directly or indirectly deprive any current or former Participant or Beneficiary of all or any portion of his Account which had accrued and vested prior to the amendment.

10.2 Plan Termination Following Change in Control or Corporate Dissolution. If so elected by the Plan Sponsor in 11.01 of the Adoption Agreement, the Plan Sponsor reserves the right to terminate the Plan and distribute all amounts credited to all Participant Accounts within the 30 days preceding or the twelve months following a Change in Control as determined in accordance with the rules set forth in Section 9.7. For this purpose, the Plan will be treated as terminated only if all agreements, methods, programs and other arrangements sponsored by the Related Employer immediately after the Change in Control which are treated as a single plan under Reg. Sec. 1.409A-1(c)(2) are also terminated so that all participants under the Plan and all similar arrangements are required to receive all amounts deferred under the terminated arrangements within twelve months of the date the Plan Sponsor irrevocably takes all necessary action to terminate the arrangements. In addition, the Plan Sponsor reserves the right to terminate the Plan within twelve months of a corporate dissolution taxed under Code Section 331 or with the approval of a bankruptcy court pursuant to 11 U. S. C. Section 503(b)(1)(A) provided that amounts deferred under the Plan are included in the gross incomes of Participants in the latest of (a) the calendar year in which the termination occurs, (b) the first calendar year in which the amount is no longer subject to a substantial risk of forfeiture, or (c) the first calendar year in which payment is administratively practicable.

10.3 Other Plan Terminations. The Plan Sponsor retains the discretion to terminate the Plan if (a) all arrangements sponsored by the Plan Sponsor that would be aggregated with any terminated arrangement under Code Section 409A and Reg. Sec. 1.409A-1(c)(2) are terminated, (b) no payments other than payments that would be payable under the terms of the arrangements if the termination had not occurred are made within twelve months of the termination of the arrangements, (c) all payments are made within twenty-four months of the termination of the arrangements, (d) the Plan Sponsor does not adopt a new arrangement that would be aggregated with any terminated arrangement under Code Section 409A and the regulations thereunder at any time within the three year period following the date of termination of the arrangement, and (e) the termination does not occur proximate to a downturn in the financial health of the Plan sponsor.

The Plan Sponsor also reserves the right to amend the Plan to provide that termination of the Plan will occur under such conditions and events as may be prescribed by the Secretary of the Treasury in generally applicable guidance published in the Internal Revenue Bulletin.

ARTICLE 11 — THE TRUST

11.1 Establishment of Trust. The Plan Sponsor may but is not required to establish a trust to hold amounts which the Plan Sponsor may contribute from time to time to correspond to some or all amounts credited to Participants under Section 6.2. If the Plan Sponsor elects to establish a trust in accordance with Section 10.01 of the Adoption Agreement, the provisions of Sections 11.2 and 11.3 shall become operative.

11.2 Grantor Trust. Any trust established by the Plan Sponsor shall be between the Plan Sponsor and a trustee pursuant to a separate written agreement under which assets are held, administered and managed, subject to the claims of the Plan Sponsor's creditors in the event of the Plan Sponsor's insolvency. The trust is intended to be treated as a grantor trust under the Code, and the establishment of the trust shall not cause the Participant to realize current income on amounts contributed thereto. The Plan Sponsor must notify the trustee in the event of a bankruptcy or insolvency.

11.3 Investment of Trust Funds. Any amounts contributed to the trust by the Plan Sponsor shall be invested by the trustee in accordance with the provisions of the trust and the instructions of the Administrator. Trust investments need not reflect the hypothetical investments selected by Participants under Section 7.1 for the purpose of adjusting Accounts and the earnings or investment results of the trust need not affect the hypothetical investment adjustments to Participant Accounts under the Plan.

ARTICLE 12 — PLAN ADMINISTRATION

12.1 Powers and Responsibilities of the Administrator. The Administrator has the full power and the full responsibility to administer the Plan in all of its details, subject, however, to the applicable requirements of ERISA. The Administrator’s powers and responsibilities include, but are not limited to, the following:

(a) To make and enforce such rules and procedures as it deems necessary or proper for the efficient administration of the Plan;

(b) To interpret the Plan, its interpretation thereof to be final, except as provided in Section 12.2, on all persons claiming benefits under the Plan;

(c) To decide all questions concerning the Plan and the eligibility of any person to participate in the Plan;

(d) To administer the claims and review procedures specified in Section 12.2;

(e) To compute the amount of benefits which will be payable to any Participant, former Participant or Beneficiary in accordance with the provisions of the Plan;

(f) To determine the person or persons to whom such benefits will be paid;

(g) To authorize the payment of benefits;

(h) To comply with the reporting and disclosure requirements of Part 1 of Subtitle B of Title I of ERISA;

(i) To appoint such agents, counsel, accountants, and consultants as may be required to assist in administering the Plan;

(j) By written instrument, to allocate and delegate its responsibilities, including the formation of an Administrative Committee to administer the Plan.

12.2 Claims and Review Procedures.

(a) Claims Procedure. If any person believes he is being denied any rights or benefits under the Plan, such person may file a claim in writing with the Administrator. If any such claim is wholly or partially denied, the Administrator will notify such person of its decision in writing. Such notification will contain (i) specific reasons for the denial, (ii) specific reference to pertinent Plan provisions, (iii) a description of any additional material or information necessary for such person to perfect such claim and an explanation of why such material or information is necessary, and (iv) a description of the Plan's review procedures and the time limits applicable to such procedures, including a statement of the person's right to bring a civil action following an adverse decision on review. Such notification will be given within 90 days after the claim is received by the Administrator. The Administrator may extend the period for providing the notification by 90 days if special circumstances require an extension of time for processing the claim and if written notice of such extension and circumstance is given to such person within the initial 90 day period. If such notification is not given within such period, the claim will be considered denied as of the last day of such period and such person may request a review of his claim.

(b) Review Procedure. Within 60 days after the date on which a person receives a written notification of denial of claim (or, if written notification is not provided, within 60 days of the date denial is considered to have occurred), such person (or his duly authorized representative) may (i) file a written request with the Administrator for a review of his denied claim and of pertinent documents and (ii) submit written issues and comments to the Administrator. The Administrator will notify such person of its decision in writing. Such notification will be written in a manner calculated to be understood by such person and will contain specific reasons for the decision as well as specific references to pertinent Plan provisions. The notification will explain that the person is entitled to receive, upon request and free of charge, reasonable access to and copies of all pertinent documents and has the right to bring a civil action following an adverse decision on review.

The decision on review will be made within 60 days. The Administrator may extend the period for making the decision on review by 60 days if special circumstances require an extension of time for processing the request such as an election by the Administrator to hold a hearing, and if written notice of such extension and circumstances is given to such person within the initial 60-day period. If the decision on review is not made within such period, the claim will be considered denied.

(c) Special Procedure for Claims Due to Disability. To the extent an application for distribution as a result of a Disability requires the Administrator or the panel reviewing the Administrator's determination, as applicable, to make a determination of Disability under the terms of the Plan, then such determination shall be subject to all of the general rules described in this Section, except as they are expressly modified by this Section 12(c).

(i) The initial decision on the claim for a Disability distribution will be made within forty-five (45) days after the Plan receives the claimant's claim, unless special circumstances require additional time, in which case the Administrator will notify the claimant before the end of the initial forty-five (45)-day period of an extension of up to thirty (30) days. If necessary, the Administrator may notify the claimant, prior to the end of the initial thirty (30)-day extension period, of a second extension of up to thirty (30) days. If an extension is due to the claimant's failure to supply the necessary information, then the notice of extension will describe the additional information and the claimant will have forty-five (45) days to provide the additional information. Moreover, the period for making the determination will be delayed from the date the notification of extension was sent out until the claimant responds to the request for additional information. No additional extensions may be made, except with the claimant's voluntary consent. The contents of the notice shall be the same as described in Section 12.2(a) above. If a disability distribution claim is denied in whole or in part, then the claimant will receive notification, as described in Section 12.2(c).

(ii) If an internal rule, guideline, protocol or similar criterion is relied upon in making the adverse determination, then the denial notice to the claimant will either set forth the internal rule, guideline, protocol or similar criterion, or will state that such was relied upon and will be provided free of charge to the claimant upon request (to the extent not legally-privileged) and if the claimant's claim was denied based on a medical necessity or experimental treatment or similar exclusion or limit, then the claimant will be provided a statement either explaining the decision or indicating that an explanation will be provided to the claimant free of charge upon request.

(iii) Any claimant whose application for a Disability distribution is denied in whole or in part, may appeal the denial by submitting to the panel reviewing the administrator's determination (the "Review Panel") a request for a review of the application within one hundred and eighty (180) days after receiving notice of the denial. The request for review shall be in the form and manner prescribed by the Review Panel. In the event of such an appeal for review, the provisions of Section 12.2(b) regarding the claimant's rights and responsibilities shall apply. Upon request, the Review Panel will identify any medical or vocational expert whose advice was obtained on behalf of the Review Panel in connection with the denial, without regard to whether the advice was relied upon in making the determination. The entity or individual appointed by the Review Panel to review the claim will consider the appeal de novo, without any deference to the initial denial. The review will not include any person who participated in the initial denial or who is the subordinate of a person who participated in the initial denial.

(iv) If the initial Disability distribution denial was based in whole or in part on a medical judgment, then the Review Panel will consult with a health care professional who has appropriate training and experience in the field of medicine involved in the medical judgment, and who was neither consulted in connection with the initial determination nor is the subordinate of any person who was consulted in connection with that determination; and upon notifying the claimant of an adverse determination on review, include in the notice either an explanation of the clinical basis for the determination, applying the terms of the Plan to the claimant's medical circumstances, or a statement that such explanation will be provided free of charge upon request.

(v) A decision on review shall be made promptly, but not later than forty-five (45) days after receipt of a request for review, unless special circumstances require an extension of time for processing. If an extension is required, the claimant will be notified before the end of the initial forty-five (45)-day period that an extension of time is required and the anticipated date that the review will be completed. A decision will be given as soon as possible, but not later than ninety (90) days after receipt of a request for review. The Review Panel shall give notice of its decision to the claimant; such notice shall comply with the requirements set forth in Section 12.2(a). In addition, if the claimant's claim was denied based on a medical necessity or experimental treatment or similar exclusion, then the claimant will be provided a statement explaining the decision, or a statement providing that such explanation will be furnished to the claimant free of charge upon request. The notice shall also contain the following statement: "You and your Plan may have other voluntary alternative dispute resolution options, such as mediation. One way to find out what may be available is to contact your local U.S. Department of Labor Office and your State insurance regulatory agency."

(d) **Exhaustion of Claims Procedure and Right to Bring Legal Claim.** No action in law or equity shall be brought more than one (1) year after the Review Panel's affirmation of a denial of the claim, or, if earlier, more than four (4) years after the facts or events giving rise to the claimant's allegation(s) or claim(s) first occurred.

12.3 Plan Administrative Costs. All reasonable costs and expenses (including legal, accounting, and employee communication fees) incurred by the Administrator in administering the Plan shall be paid by the Plan to the extent not paid by the Employer.

ARTICLE 13 — MISCELLANEOUS

13.1 Unsecured General Creditor of the Employer. Participants and their Beneficiaries, heirs, successors and assigns shall have no legal or equitable rights, interests or claims in any property or assets of the Employer. For purposes of the payment of benefits under the Plan, any and all of the Employer's assets shall be, and shall remain, the general, unpledged, unrestricted assets of the Employer. Each Employer's obligation under the Plan shall be merely that of an unfunded and unsecured promise to pay money in the future.

13.2 Employer's Liability. Each Employer's liability for the payment of benefits under the Plan shall be defined only by the Plan and by the deferral agreements entered into between a Participant and the Employer. An Employer shall have no obligation or liability to a Participant under the Plan except as provided by the Plan and a deferral agreement or agreements. An Employer shall have no liability to Participants employed by other Employers.

13.3 Limitation of Rights. Neither the establishment of the Plan, nor any amendment thereof, nor the creation of any fund or account, nor the payment of any benefits, will be construed as giving to the Participant or any other person any legal or equitable right against the Employer, the Plan or the Administrator, except as provided herein; and in no event will the terms of employment or service of the Participant be modified or in any way affected hereby.

13.4 Anti-Assignment. Except as may be necessary to fulfill a domestic relations order within the meaning of Code Section 414(p), none of the benefits or rights of a Participant or any Beneficiary of a Participant shall be subject to the claim of any creditor. In particular, to the fullest extent permitted by law, all such benefits and rights shall be free from attachment, garnishment, or any other legal or equitable process available to any creditor of the Participant and his or her Beneficiary. Neither the Participant nor his or her Beneficiary shall have the right to alienate, anticipate, commute, pledge, encumber, or assign any of the payments which he or she may expect to receive, contingently or otherwise, under the Plan, except the right to designate a Beneficiary to receive death benefits provided hereunder. Notwithstanding the preceding, the benefit payable from a Participant's Account may be reduced, at the discretion of the administrator, to satisfy any debt or liability to the Employer.

13.5 Facility of Payment. If the Administrator determines, on the basis of medical reports or other evidence satisfactory to the Administrator, that the recipient of any benefit payments under the Plan is incapable of handling his affairs by reason of minority, illness, infirmity or other incapacity, the Administrator may direct the Employer to disburse such payments to a person or institution designated by a court which has jurisdiction over such recipient or a person or institution otherwise having the legal authority under State law for the care and control of such recipient. The receipt by such person or institution of any such payments therefore, and any such payment to the extent thereof, shall discharge the liability of the Employer, the Plan and the Administrator for the payment of benefits hereunder to such recipient.

13.6 Notices. Any notice or other communication to the Employer or Administrator in connection with the Plan shall be deemed delivered in writing if addressed to the Plan Sponsor at the address specified in Section 1.03 of the Adoption Agreement and if either actually delivered at said address or, in the case or a letter, 5 business days shall have elapsed after the same shall have been deposited in the United States mails, first-class postage prepaid and registered or certified.

13.7 Tax Withholding. If the Employer concludes that tax is owing with respect to any deferral or payment hereunder, the Employer shall withhold such amounts from any payments due the Participant, as permitted by law, or otherwise make appropriate arrangements with the Participant or his Beneficiary for satisfaction of such obligation. Tax, for purposes of this Section 13.7 means any federal, state, local or any other governmental income tax, employment or payroll tax, excise tax, or any other tax or assessment owing with respect to amounts deferred, any earnings thereon, and any payments made to Participants under the Plan.

13.8 Indemnification.

(a) Each Indemnitee (as defined in Section 13.8(e)) shall be indemnified and held harmless by the Employer for all actions taken by him and for all failures to take action (regardless of the date of any such action or failure to take action), to the fullest extent permitted by the law of the jurisdiction in which the Employer is incorporated, against all expense, liability, and loss (including, without limitation, attorneys' fees, judgments, fines, taxes, penalties, and amounts paid or to be paid in settlement) reasonably incurred or suffered by the Indemnitee in connection with any Proceeding (as defined in Subsection (e)). No indemnification pursuant to this Section shall be made, however, in any case where (1) the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness or (2) there is a settlement to which the Employer does not consent.

(b) The right to indemnification provided in this Section shall include the right to have the expenses incurred by the Indemnitee in defending any Proceeding paid by the Employer in advance of the final disposition of the Proceeding, to the fullest extent permitted by the law of the jurisdiction in which the Employer is incorporated; provided that, if such law requires, the payment of such expenses incurred by the Indemnitee in advance of the final disposition of a Proceeding shall be made only on delivery to the Employer of an undertaking, by or on behalf of the Indemnitee, to repay all amounts so advanced without interest if it shall ultimately be determined that the Indemnitee is not entitled to be indemnified under this Section or otherwise.

(c) Indemnification pursuant to this Section shall continue as to an Indemnitee who has ceased to be such and shall inure to the benefit of his heirs, executors, and administrators. The Employer agrees that the undertakings made in this Section shall be binding on its successors or assigns and shall survive the termination, amendment or restatement of the Plan.

(d) The foregoing right to indemnification shall be in addition to such other rights as the Indemnitee may enjoy as a matter of law or by reason of insurance coverage of any kind and is in addition to and not in lieu of any rights to indemnification to which the Indemnitee may be entitled pursuant to the by-laws of the Employer.

(e) For the purposes of this Section, the following definitions shall apply:

(1) "Indemnitee" shall mean each person serving as an Administrator (or any other person who is an employee, director, or officer of the Employer) who was or is a party to, or is threatened to be made a party to, or is otherwise involved in, any Proceeding, by reason of the fact that he is or was performing administrative functions under the Plan.

(2) "Proceeding" shall mean any threatened, pending, or completed action, suit, or proceeding (including, without limitation, an action, suit, or proceeding by or in the right of the Employer), whether civil, criminal, administrative, investigative, or through arbitration.

13.9 Successors. The provisions of the Plan shall bind and inure to the benefit of the Plan Sponsor, the Employer and their successors and assigns and the Participant and the Participant's designated Beneficiaries.

13.10 Disclaimer. It is the Plan Sponsor's intention that the Plan comply with the requirements of Code Section 409A. Neither the Plan Sponsor nor the Employer shall have any liability to any Participant should any provision of the Plan fail to satisfy the requirements of Code Section 409A.

13.12 Governing Law. The Plan will be construed, administered and enforced according to the laws of the State specified by the Plan Sponsor in Section 12.01 of the Adoption Agreement.

ADOPTION AGREEMENT

1.01 PREAMBLE

By the execution of this Adoption Agreement the Plan Sponsor hereby [complete (a) or (b)]

(a) ☑ adopts a new plan as of January 1, 2010 [month, day, year]

(b) ☐ amends and restates its existing plan as of __________ [month, day, year] which is the Amendment Restatement Date. Except as otherwise provided in Appendix A, all amounts deferred under the Plan prior to the Amendment Restatement Date shall be governed by the terms of the Plan as in effect on the day before the Amendment Restatement Date.

Original Effective Date: __________ [month, day, year]

Pre-409A Grandfathering: ☐ Yes ☐ No

1.02 PLAN

Plan Name: Hillenbrand, Inc. Supplemental Retirement Plan

Plan Year: 1/1/ – 12/31

1.03 PLAN SPONSOR

Name:	Hillenbrand, Inc.
Address:	One Batesville Boulevard, Batesville, IN 47006
Phone #:	(812) 934-7500
EIN:	26-1342272
Fiscal Yr:	10/1 – 9/30

Is stock of the Plan Sponsor, any Employer or any Related Employer publicly traded on an established securities market?

☑ Yes ☐ No

1.04 EMPLOYER

The following entities have been authorized by the Plan Sponsor to participate in and have adopted the Plan (insert "Not Applicable" if none have been authorized):

Entity	Publicly Traded on Est. Securities Market	
	Yes	No
Hillenbrand, Inc.		
And any affiliates and subsidiaries	☑	☐
______________________	☐	☐
______________________	☐	☐
______________________	☐	☐
______________________	☐	☐
______________________	☐	☐

1.05 ADMINISTRATOR

The Plan Sponsor has designated the following party or parties to be responsible for the administration of the Plan:

Name: Compensation and Management Development Committee of the Board of Directors of the Plan Sponsor

Address: See Section 1.03

Note: The Administrator is the person or persons designated by the Plan Sponsor to be responsible for the administration of the Plan. Neither Fidelity Employer Services Company nor any other Fidelity affiliate can be the Administrator.

1.06 KEY EMPLOYEE DETERMINATION DATES

The Employer has designated __________ as the Identification Date for purposes of determining Key Employees.

In the absence of a designation, the Identification Date is December 31.

The Employer has designated January 1 as the effective date for purposes of applying the six month delay in distributions to Key Employees.

In the absence of a designation, the effective date is the first day of the fourth month following the Identification Date.

2.01 PARTICIPATION

(a) ☑ Employees [complete (i), (ii) or (iii)]

(i) ☑ Eligible Employees are selected by the Employer.

(ii) ☐ Eligible Employees are those employees of the Employer who satisfy the following criteria:

____

____

____

____

____

(iii) ☐ Employees are not eligible to participate.

(b) ☑ Directors [complete (i), (ii) or (iii)]

(i) ☐ All Directors are eligible to participate.

(ii) ☑ Only Directors selected by the Employer are eligible to participate.

(iii) ☐ Directors are not eligible to participate.

3.01 COMPENSATION

For purposes of determining Participant contributions under Article 4 and Employer contributions under Article 5, Compensation shall be defined in the following manner [complete (a) or (b) and select (c) and/or (d), if applicable]:

(a) ☑ Compensation is defined as:

'Compensation' as determined under the Hillenbrand, Inc. Savings Plan but without regard to the Code Section 401(a)(17) limitation in effect for the Plan Year.

(b) ☐ Compensation as defined in _____ [insert name of qualified plan] without regard to the limitation in Section 401(a)(17) of the Code for such Plan Year.

(c) ☑ Director Compensation is defined, for any Plan Year, as:

The total amount of meeting fees and retainers for Director services paid to the Director by the Employer plus SIP Grants.

(d) ☐ Compensation shall, for all Plan purposes, be limited to $_____.

(e) ☐ Not Applicable.

3.02 BONUSES

Compensation, as defined in Section 3.01 of the Adoption Agreement, includes the following type of bonuses:

Type	Will be treated as Performance Based Compensation	
	Yes	No
Short Term Incentive Compensation	☑	☐
(STIC)	☐	☐
Stock Grants under Hillenbrand, Inc.	☐	☑
Stock Incentive Plan (SIP Grants)	☐	☐
________________	☐	☐

☐ Not Applicable.

January 2010

4.01 PARTICIPANT CONTRIBUTIONS

If Participant contributions are permitted, complete (a), (b), and (c). Otherwise complete (d).

(a) Amount of Deferrals

A Participant may elect within the period specified in Section 4.01(b) of the Adoption Agreement to defer the following amounts of remuneration. For each type of remuneration listed, complete "dollar amount" and / or "percentage amount".

(i) Compensation Other than Bonuses [do not complete if you complete (iii)]

	Dollar Amount		% Amount		
Type of Remuneration	Min	Max	Min	Max	Increment
(a)					
(b)					
(c)					

Note: The increment is required to determine the permissible deferral amounts. For example, a minimum of 0% and maximum of 20% with a 5% increment would allow an individual to defer 0%, 5%, 10%, 15% or 20%.

(ii) Bonuses [do not complete if you complete (iii)]

	Dollar Amount		% Amount		
Type of Bonus	Min	Max	Min	Max	Increment
(a) STIC			1	100	1%
(b)					
(c)					

(iii) Compensation [do not complete if you completed (i) and (ii)]

Dollar Amount		% Amount		
Min	Max	Min	Max	Increment

(iv) Director Compensation

	Dollar Amount		% Amount		
Type of Compensation	Min	Max	Min	Max	Increment
Annual Retainer			1	100	1%
Meeting Fees			1	100	1%
Other: SIP Grants			1	100	1%
Other:					

January 2010

(b) Election Period

(i) Performance Based Compensation

A special election period

☑ Does ☐ Does Not

apply to each eligible type of performance based compensation referenced in Section 3.02 of the Adoption Agreement.

The special election period, if applicable, will be determined by the Employer.

(ii) Newly Eligible Participants

An employee who is classified or designated as an Eligible Employee during a Plan Year

☑ May ☐ May Not

elect to defer Compensation earned during the remainder of the Plan Year by completing a deferral agreement within the 30 day period beginning on the date he is eligible to participate in the Plan.

(c) Revocation of Deferral Agreement

A Participant's deferral agreement

☑ Will

☐ Will Not

be cancelled for the remainder of any Plan Year during which he receives a hardship distribution of elective deferrals from a qualified cash or deferred arrangement maintained by the Employer. If cancellation occurs, the Participant may resume participation in accordance with Article 4 of the Plan.

(d) No Participant Contributions

☐ Participant contributions are not permitted under the Plan.

5.01 EMPLOYER CONTRIBUTIONS

If Employer contributions are permitted, complete (a) and/or (b). Otherwise complete (c).

(a) Matching Contributions

(i) Amount

For each Plan Year, the Employer shall make a Matching Contribution on behalf of each Participant who satisfies the requirements of Section 5.01(a)(ii) of the Adoption Agreement equal to [complete the ones that are applicable]:

(A) ☐ ____ [insert percentage] of the Compensation the Participant has elected to defer for the Plan Year

(B) ☐ An amount determined by the Employer in its sole discretion

(C) ☐ Matching Contributions for each Participant shall be limited to $_____ and/or _____% of Compensation.

(D) ☑ Other:

See attachment to Section 5.01(a)(i)(D)

(E) ☐ Not Applicable [Proceed to Section 5.01(b)]

(ii) Eligibility for Matching Contribution

A Participant shall receive an allocation of Matching Contributions determined in accordance with Section 5.01(a)(i) provided he satisfies the following requirements [complete the ones that are applicable]:

(A) ☑ Describe requirements:

See attachment to Section 5.01(a)(ii)(A)

(B) ☐ Is selected by the Employer in its sole discretion to receive an allocation of Matching Contributions

(C) ☐ No requirements

(iii) Time of Allocation

Matching Contributions, if made, shall be treated as allocated [select one]:

(A) ☐ As of the last day of the Plan Year

(B) ☑ At such times as the Employer shall determine in it sole discretion

(C) ☐ At the time the Compensation on account of which the Matching Contribution is being made would otherwise have been paid to the Participant

(D) ☐ Other:

____

____

(b) Other Contributions

(i) Amount

The Employer shall make a contribution on behalf of each Participant who satisfies the requirements of Section 5.01(b)(ii) equal to [complete the ones that are applicable]:

(A) ☐ An amount equal to _____ [insert number] % of the Participant's Compensation

(B) ☐ An amount determined by the Employer in its sole discretion

(C) ☐ Contributions for each Participant shall be limited to $__________

(D) ☑ Other:

See attachment to Section 5.01(b)(i)(D)

(E) ☐ Not Applicable [Proceed to Section 6.01]

(ii) Eligibility for Other Contributions

A Participant shall receive an allocation of other Employer contributions determined in accordance with Section 5.01(b)(i) for the Plan Year if he satisfies the following requirements [complete the one that is applicable]:

(A) ☑ Describe requirements:

See Attachment to Section 5.01(b)(ii)(A)

(B) ☐ Is selected by the Employer in its sole discretion to receive an allocation of other Employer contributions

(C) ☐ No requirements

(iii) Time of Allocation

Employer contributions, if made, shall be treated as allocated [select one]:

(A) ☐ As of the last day of the Plan Year

(B) ☑ At such time or times as the Employer shall determine in its sole discretion

(C) ☐ Other:

____

____

____

(c) No Employer Contributions

☐ Employer contributions are not permitted under the Plan.

6.01 DISTRIBUTIONS

The timing and form of payment of distributions made from the Participant's vested Account shall be made in accordance with the elections made in this Section 6.01 of the Adoption Agreement except when Section 9.6 of the Plan requires a six month delay for certain distributions to Key Employees of publicly traded companies.

(a) Timing of Distributions

(i) All distributions shall commence in accordance with the following [choose one]:

(A) ☐ As soon as administratively feasible following the distribution event

(B) ☑ Monthly on specified day 10th [insert day]

(C) ☐ Annually on specified month and day _____ [insert month and day]

(D) ☐ Calendar quarter on specified month and day [_____ month of quarter (insert 1,2 or 3); _____ day (insert day)]

(ii) The timing of distributions as determined in Section 6.01(a)(i) shall be modified by the adoption of:

(A) ☐ Event Delay — Distribution events other than those based on Specified Date or Specified Age will be treated as not having occurred for _____ months [insert number of months].

(B) ☐ Hold Until Next Year — Distribution events other than those based on Specified Date or Specified Age will be treated as not having occurred for twelve months from the date of the event if payment pursuant to Section 6.01(a)(i) will thereby occur in the next calendar year or on the first payment date in the next calendar year in all other cases.

(C) ☐ Immediate Processing — The timing method selected by the Plan Sponsor under Section 6.01(a)(i) shall be overridden for the following distribution events [insert events]:

____

____

(D) ☑ Not applicable.

(b) Distribution Events

Participants may elect the following payment events and the associated form or forms of payment for amounts attributable to Participant contributions. If multiple events are selected, the earliest to occur will trigger payment. For installments, insert the range of available periods (e.g., 5-15) or insert the periods available (e.g., 5,7,9).

Amounts attributable to Employer contributions will be paid as a lump sum on the date that is six months after Separation from Service.

			Lump Sum	Installments
(i)	☑	Specified Date	X	2 – 10 years
(ii)	☐	Specified Age	______	______ years
(iii)	☑	Separation from Service	X	2 – 10 years
(iv)	☐	Separation from Service plus 6 months	______	______ years
(v)	☐	Separation from Service plus _____ months [not to exceed _____ months]	______	______ years
(vi)	☐	Retirement	______	______ years
(vii)	☐	Retirement plus 6 months	______	______ years
(viii)	☐	Retirement plus _____ months [not to exceed _____ months]	______	______ years
(ix)	☐	Later of Separation from Service or Specified Age	______	______ years
(x)	☑	Later of Separation from Service or Specified Date	X	2 – 10 years
(xi)	☐	Disability	______	______ years
(xii)	☐	Death	______	______ years
(xiii)	☐	Change in Control	______	______ years

The minimum deferral period for Specified Date or Specified Age event shall be N/A years.

Installments may be paid [select each that applies]

☐ Monthly

☐ Quarterly

☑ Annually

(c) Specified Date and Specified Age elections may not extend beyond age 65[insert age or "Not Applicable" if no maximum age applies].

(d) Payment Election Override

Payment of the remaining vested balance of the Participant's Account will automatically occur at the time specified in Section 6.01(a) of the Adoption Agreement in the form indicated upon the earliest to occur of the following events [check each event that applies and for each event include only a single form of payment]:

	EVENTS	FORM OF PAYMENT	
☐	Separation from Service	___________ Lump sum	___________Installments
☐	Separation from Service before Retirement	___________ Lump sum	___________Installments
☑	Death	☑ Lump sum	___________Installments
☑	Disability	☑ Lump sum	___________Installments
☐	Not Applicable		

(e) Involuntary Cashouts

☐ If the Participant's vested Account at the time of his Separation from Service does not exceed $______ distribution of the vested Account shall automatically be made in the form of a single lump sum in accordance with Section 9.5 of the Plan.

☑ There are no involuntary cashouts.

(f) Retirement

☐ Retirement shall be defined as a Separation from Service that occurs on or after the Participant [insert description of requirements]:

____

____

☑ No special definition of Retirement applies.

(g) Distribution Election Change

A Participant

☑ Shall

☐ Shall Not

be permitted to modify a scheduled distribution date and/or payment option in accordance with Section 9.2 of the Plan.

A Participant shall generally be permitted to elect such modification an unlimited number of times.

Administratively, allowable distribution events will be modified to reflect all options necessary to fulfill the distribution change election provision.

(h) Frequency of Elections

The Plan Sponsor

☑ Has

☐ Has Not

Elected to permit annual elections of a time and form of payment for Participant Contributions deferred under the Plan. Amounts attributable to Employer Contributions shall be paid at the time and in the form provided in Section 6.01(b) of the Adoption Agreement.

7.01 VESTING

(a) Matching Contributions

The Participant's vested interest in the amount credited to his Account attributable to Matching Contributions shall be based on the following schedule:

☑	Years of Service	Vesting %	
	0	0	(insert '100' if there is immediate vesting)
	1	0	
	2	0	
	3	100	
	4	______	
	5	______	
	6	______	
	7	______	
	8	______	
	9	______	

☐ Other:

____

____

☐ Class year vesting applies.

____

☑ Not applicable.

(b) Other Employer Contributions

The Participant's vested interest in the amount credited to his Account attributable to Employer contributions other than Matching Contributions shall be based on the following schedule:

☑	Years of Service	Vesting %	
	0	100	(insert '100' if there is immediate vesting)
	1		
	2		
	3		
	4		
	5		
	6		
	7		
	8		
	9		

☐ Other:

____

☐ Class year vesting applies.

____

☐ Not applicable.

(c) Acceleration of Vesting

A Participant's vested interest in his Account will automatically be 100% upon the occurrence of the following events: [select the ones that are applicable]:

(i) ☑ Death

(ii) ☑ Disability

(iii) ☑ Change in Control

(iv) ☐ Eligibility for Retirement

(v) ☐ Other: ____________________

____

(vi) ☐ Not applicable.

(d) Years of Service

(i) A Participant's Years of Service shall include all service performed for the Employer and

☑ Shall

☐ Shall Not

include service performed for the Related Employer.

(ii) Years of Service shall also include service performed for the following entities:

____
____
____
____
____
____

(iii) Years of Service shall be determined in accordance with (select one)

(A) ☑ The elapsed time method in Treas. Reg. Sec. 1.410(a)-7

(B) ☐ The general method in DOL Reg. Sec. 2530.200b-1 through b-4

(C) ☐ The Participant's Years of Service credited under [insert name of plan]

____

(D) ☐ Other: ______________________________________

____
____

(iv) ☐ Not applicable.

8.01 UNFORESEEABLE EMERGENCY

(a) A withdrawal due to an Unforeseeable Emergency as defined in Section 2.24:

☑ Will

☐ Will Not [if Unforeseeable Emergency withdrawals are not permitted, proceed to Section 9.01]

be allowed.

(b) Upon a withdrawal due to an Unforeseeable Emergency, a Participant's deferral election for the remainder of the Plan Year:

☑ Will

☐ Will Not

be cancelled. If cancellation occurs, the Participant may resume participation in accordance with Article 4 of the Plan.

9.01 INVESTMENT DECISIONS

Investment decisions regarding the hypothetical amounts credited to a Participant's Account shall be made by [select one]:

(a) ☑ The Participant or his Beneficiary

(b) ☐ The Employer

If (a) is selected and the Participant or Beneficiary fails to make an investment decision with respect to some or all of the hypothetical amounts credited to the Participant's Account, such amounts shall be treated as invested in a default investment option selected for this purpose by the Administrator.

10.01 GRANTOR TRUST

The Employer [select one]:

☑ Does

☐ Does Not

intend to establish a grantor trust in connection with the Plan.

11.01 TERMINATION UPON CHANGE IN CONTROL

The Plan Sponsor

☑ Reserves

☐ Does Not Reserve

the right to terminate the Plan and distribute all vested amounts credited to Participant Accounts upon a Change in Control as described in Section 9.7.

11.02 AUTOMATIC DISTRIBUTION UPON CHANGE IN CONTROL

Distribution of the remaining vested balance of each Participant's Account

☐ Shall

☑ Shall Not

automatically be paid as a lump sum payment upon the occurrence of a Change in Control as provided in Section 9.7.

11.03 CHANGE IN CONTROL

A Change in Control for Plan purposes includes the following [select each definition that applies]:

(a) ☑ A change in the ownership of the Employer as described in Section 9.7(c) of the Plan.

(b) ☑ A change in the effective control of the Employer as described in Section 9.7(d) of the Plan.

(c) ☑ A change in the ownership of a substantial portion of the assets of the Employer as described in Section 9.7(e) of the Plan.

(d) ☐ Not Applicable.

12.01 GOVERNING STATE LAW

The laws of Indiana shall apply in the administration of the Plan to the extent not preempted by ERISA.

EXECUTION PAGE

The Plan Sponsor has caused this Adoption Agreement to be executed this _____ day of _____, 2009.

PLAN SPONSOR: Hillenbrand, Inc.

By: ______________________________

Title: ________________________

January 2010

APPENDIX A

SPECIAL EFFECTIVE DATES

The Hillenbrand, Inc. Executive Deferred Compensation Program, the Hillenbrand, Inc. Board of Directors' Deferred Compensation Plan and the portion of the Hillenbrand, Inc. Supplemental Executive Retirement Plan attributable to defined contribution accounts were merged into the Plan on the Plan's Effective Date as defined in Section 1.01 of the Adoption Agreement. All amounts deferred under the merged plans will be paid under the Plan in accordance with valid elections in effect under the respective merged plans on July 1, 2010.

January 2010

ATTACHMENT TO SECTION 5.01(a)(i)(D) and 5.01(a)(ii)(A)

MATCHING CONTRIBUTIONS

Amount of and Eligibility for Matching Contributions

- Matching Contribution

For each Plan Year, the Employer shall make a Matching Contribution on behalf of each Participant who is an Eligible Employee. The Employer, in its absolute discretion, shall determine which, if any, Participants shall receive a Matching Contribution for a Plan Year. The amount of the Matching Contribution shall equal the Participant's Compensation in excess of the Code Section 401(a)(17) limitation in effect for that Plan Year multiplied by 3% if the Participant does not participate in the Hillenbrand, Inc. Pension Plan for the Plan Year.

For those eligible for the SERP contribution, the Matching Contribution, if any, shall equal the 'target STIC percentage' multiplied by the Participant's Fiscal Year STIC Eligible Earnings. This amount is then multiplied by 3% if the Participant does not participate in the Hillenbrand, Inc. Pension Plan for the Plan Year. 'Fiscal Year STIC Eligible Earnings', for purposes of this Section 5.01(a), is defined as the amount of base compensation received from the Employer during the fiscal year of the Employer.

January 2010

ATTACHMENT TO SECTION 5.01(b)(i)(D) and 5.01(b)(ii)(A)

OTHER CONTRIBUTIONS

<u>Amount of and Eligibility for Other Contributions</u>

- Excess Contributions

For each Plan Year, the Employer shall make an Excess Contribution on behalf of each Participant who is an Eligible Employee. The amount of the Excess Contribution shall equal the Participant’s Compensation in excess of the Code Section 401(a)(17) limitation in effect for that Plan Year multiplied by 4% if the Participant does not participate in the Hillenbrand, Inc. Pension Plan for the Plan Year and 3% if he does.

- SERP Contribution

For each Plan Year, the Employer may make a SERP Contribution on behalf of each Participant who is an Eligible Employee. The Employer, in its absolute discretion, shall determine which, if any, Participants shall receive a SERP Contribution for a Plan Year. The amount of the SERP Contribution shall equal the ‘target STIC percentage’ multiplied by the Participant’s Fiscal Year STIC Eligible Earnings. This amount is then multiplied by 4% if the Participant does not participate in the Hillenbrand, Inc. Pension Plan for the Plan Year and 3% if he does. ‘Fiscal Year STIC Eligible Earnings’, for purposes of this Section 5.01(b), is defined as the amount of base compensation received from the Employer during the fiscal year of the Employer.

- Additional SERP Contribution

For each Plan Year, the Employer may make an Additional SERP Contribution on behalf of each Participant who is an Eligible Employee. The Employer, in its absolute discretion, shall determine which, if any, Participants shall receive an Additional SERP Contribution for a Plan Year. The amount of the Additional SERP Contribution shall equal 3% multiplied by the sum of the Participant’s (a) Fiscal Year STIC Eligible Earnings plus (b) Compensation in excess of the Code Section 401(a)(17) limitation in effect for that Plan Year.

Exhibit 10.33

HILLENBRAND, INC. STOCK INCENTIVE PLAN
RESTRICTED STOCK AWARD AGREEMENT

This Restricted Stock Award Agreement (this “Agreement”) is effective as of the _____ day of _____, 20_____, between Hillenbrand, Inc. (the “Company”) and _____ (the “Employee”). The Award of shares of Restricted Stock made herein is a performance based award. The number of shares of Restricted Stock that will ultimately vest free of the restrictions in this Agreement, which will not be determined until the end of the Measurement Period, will depend on the amount of shareholder value created by the Company’s financial performance during the Measurement Period, as compared to the expected amount of shareholder value to be created during the Measurement Period.

AWARD INFORMATION

Target Restricted Stock Award (100% achievement of performance target)	_____ Shares of Restricted Stock
Maximum Restricted Stock Award (150% or greater achievement of performance target)	_____ Shares of Restricted Stock
Measurement Period (three fiscal years)	October 1, 20_____ through September 30, 20_____
Base Shareholder Value (at the beginning of Measurement Period)	$__ million
Incremental Shareholder Value Expected	$__ million
Weighted Average Cost of Capital	_____%

AWARD DETERMINATION

Award Formula

The number of Shares of Restricted Stock that will vest at the end of the Measurement Period is a function of the amount of Incremental Shareholder Value Delivered over the Measurement Period as compared to the Incremental Shareholder Value Expected to be created over the Measurement Period. Except as otherwise provided below in the Terms and Conditions, at the end of the Measurement Period all restrictions will lapse on, and the Shares will become fully vested with respect to, the number of whole Shares (rounded down) equal to the product of (a) the number of Shares comprising the Target Restricted Stock Award, and (b) a multiplier, as provided in the following table, based on the ratio, expressed as a percentage, of Incremental Shareholder Value Delivered for the Measurement Period (as determined below) to the Incremental Shareholder Value Expected for the Measurement Period:

Incremental Shareholder Value Delivered as Percentage of Incremental Shareholder Value Expected (rounded down to nearest whole percent)	Multiplier (rounded down to two decimal places)
Less than 50%	zero (no Shares vest)
At least 50% but less than 80%	.2 plus an additional .01 for each full percentage point realized above minimum for range
At least 80% but less than 100%	.5 plus an additional .025 for each full percentage point realized above minimum for range
At least 100% but less than 110%	1.0 plus an additional .025 for each full percentage point realized above minimum for range
At least 110% but less than 150%	1.25 plus an additional .00625 for each full point realized above minimum for range
At least 150%	1.5 (all Shares vest)

Calculation of Incremental Shareholder Value Delivered

The amount of Incremental Shareholder Value Delivered during the Measurement Period is calculated by subtracting the Base Shareholder Value from the Shareholder Value Delivered, and the Shareholder Value Delivered is calculated by adding two components: the Net Operating Profit After Tax (“NOPAT”) Component and the Cash Flows Component.

1. The NOPAT Component of Shareholder Value Delivered is the Company’s Adjusted NOPAT for the last fiscal year of the Measurement Period, divided by the Weighted Average Cost of Capital.

2. The Cash Flows Component of Shareholder Value Delivered is the sum of the following:

(a) the Company’s Adjusted Cash Flows for the third fiscal year in the Measurement Period;

(b) the Company’s Adjusted Cash Flows for the second fiscal year in the Measurement Period, multiplied by the sum of 100 percent and the Weighted Average Cost of Capital; and

(c) the Company’s Adjusted Cash Flows for the first fiscal year in the Measurement Period, multiplied by the square of the sum of 100 percent and the Weighted Average Cost of Capital.

TERMS AND CONDITIONS

1. Grant of Restricted Stock. Pursuant to and subject to the terms and conditions of the Hillenbrand, Inc. Stock Incentive Plan (as amended from time to time, the “Plan”), the Company hereby awards and is issuing to the Employee, who is an employee of the Company or one of its Subsidiaries, the number of shares of Restricted Stock specified above as the Maximum Restricted Stock Award (the “Shares”), and agrees to distribute to the Employee the number of Dividend Shares determined to be distributable to the Employee (if any) pursuant to, and at the time provided in, Paragraph 6.

2. Acceptance; Transfer Restrictions. The Employee hereby accepts the award of Shares described in this Agreement and agrees that the Shares will be owned and 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 Shares, or any interest in the Shares, until the Measurement Period expires, at which time the restrictions will lapse and the Employee's rights in the Shares will vest 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. Vesting/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 all restrictions on the Shares will lapse, and the Shares will become fully vested and not subject to forfeiture, to the extent determined under "Award Determination" 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 Shares, if any, that will become vested Shares at the end of the Measurement Period. All Shares not vested at the end of the Measurement Period will be forfeited, and the Employee will have no rights or interest in or to those forfeited Shares.

4. Issuance of Shares and Stock Power. The Company, in its discretion, shall as soon as practicable after the effective date of this Agreement either (i) issue the Shares to the Employee in book entry form, with a notation that such Shares are subject to the restrictions, terms and conditions of this Agreement, or (ii) issue stock certificates for the Shares registered in the Employee's name that the Company or its designee will hold until the Measurement Period expires or the restrictions on the Shares represented thereby otherwise lapse and further actions are to be taken with respect thereto under this Agreement. The Employee shall upon request immediately execute and deliver to the Company or its designee a stock power endorsed in blank relating to the Shares, and the Company or its designee will hold that stock power for its use when the Measurement Period expires or the restrictions as to the Shares otherwise lapse and further actions are to be taken with respect thereto under this Agreement.

5. Voting Rights. To the extent permitted or required by applicable law, as determined by the Company, the Employee may exercise full voting rights with respect to the Shares during the Measurement Period.

6. Dividends and Other Distributions; Dividend Shares. During the Measurement Period and thereafter until the Shares that have become vested Shares as of the end of the Measurement Period have been delivered to the Employee in certificate or book entry form under Paragraph 7 (the "Dividend Period"), all dividends and other distributions paid with respect to the Shares (based on the Maximum Restricted Stock Award number of Shares) will be paid to the Company on behalf of the Employee (subject to the same restrictions on transferability, vesting and forfeitability as the Shares with respect to which they were paid) and will be deemed to have been (but will not actually be) invested on the date paid in notional shares of the Company's Common Stock (the "Dividend Shares")

purchased at the then current Fair Market Value. The number of Dividend Shares that are deemed to have been purchased under this Paragraph shall be recorded as being credited to the Employee on the Company's books and records. In addition, during the Dividend Period the Company will, on its books and records, credit the Employee as of each dividend payment date with additional Dividend Shares equal to the number of notional shares of Common Stock that could have been purchased on such date, at the then current Fair Market Value, with the amount of dividends that would have been payable at the per share rate with respect to previously credited Dividend Shares. At the time settlement is made with respect to the vested Shares pursuant to Paragraph 7, the Company will issue to the Employee (in addition to and in the same manner as the vested Shares) that number of shares of the Company's Common Stock (rounded up to the next whole share) equal to the credited Dividend Shares multiplied by a fraction, the numerator of which is the number of Shares vested under Paragraph 3 and the denominator of which is the Maximum Restricted Stock Award number of Shares. Any remaining Dividend Shares on the Company's records shall be forfeited and the Employee shall have no right thereto or interest therein.

7. Actions after Vesting 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 shall 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 that have become vested Shares under this Agreement 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 Shares and to cause them to no longer be recognized as outstanding shares of the Company's Common Stock. In addition, the Company shall issue to the Employee the number of Dividend Shares (if any) that the Employee is entitled to receive pursuant to Paragraph 6. 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 Shares that would otherwise have become vested Shares had the Employee remained employed throughout the entire Measurement Period, if any (the "Full Period Shares"), will vest 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 restrictions will lapse on that number of Shares, and the number of Shares that then become vested Shares will be, equal to the product (rounded down to the nearest whole share) of (i) the number of Full Period Shares, 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 restrictions will lapse on that number of Shares, and the number of Shares that then become vested Shares will be, equal to the product (rounded down to the nearest whole share) of (i) the number of Full Period Shares, 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 restrictions will lapse on that number of Shares, and the number of Shares that then become vested Shares will be, the same portion of the Full Period Shares 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 subparagraph (a), (b), or (c) of this Paragraph, all of the Shares will be forfeited immediately upon the termination of the Employee's employment.

9. Change in Control. Upon the occurrence of a Change in Control during the Measurement Period, the restrictions will lapse immediately on the number of Shares equal to product (rounded down to the nearest whole Share) of (i) the number of Shares equal to the Target Restricted Stock 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. If the Employee is a party to a Change in Control Agreement with the Company or a Subsidiary that, by its terms, covers outstanding awards of Restricted Stock, this Agreement supersedes the terms of that Change in Control Agreement with respect to the Shares and the vesting or forfeiture thereof.

10. Potential Repayment Obligation. If the Company is required, because of fraud or negligence, to restate its financial statements for any fiscal year(s) included in the Measurement Period and such restatement occurs after the end of the Measurement Period but within three (3) years after the end of the fiscal year being restated (as so restated, the financial statements restated within such three (3) year period are referred to herein as the "Restated Financial Statements," and for clarification purposes any restatement of the Company's financial statements for a fiscal year that occurs more than three (3) years after the end of such fiscal year shall not be relevant under, and shall not be considered to be a Restated Financial Statement for purposes of, this Section), and if the number of Shares of Restricted Stock and Dividend Shares earned by the Employee under this Agreement (shares that vested and were not forfeited as calculated in accordance with the Company's financial statements prior to the restatement thereof, being referred to herein as the "Previously Earned Shares") is greater than the number of Shares of Restricted Stock and Dividend Shares that would have been earned by the Employee hereunder if the number of shares earned had been calculated in accordance with the Restated Financial Statements (the "Recalculated Earned Shares," with the excess of the number of Previously Earned Shares over the number of Recalculated Earned Shares being referred to herein as the "Excess Issued Shares"), then the Company may, in its discretion, by written demand made upon the Employee at any time within three (3) years after the end of the Measurement Period (the "Share Return Notification"), require the Employee to return to the Company all or any lesser specified number of the Excess Issued Shares

(with the number of shares to be returned to the Company being referred to herein as the "Return Shares"). Within ninety (90) days after the Share Return Notification is given to the Employee, the Employee shall either (a) transfer to the Company, free and clear of all liens, security interests or other encumbrances, that number of shares of the Company's common stock equal to the Return Shares, or (b) pay to the Company a sum equal to the Fair Market Value of the Return Shares as of the last day of the Measurement Period, or (c) by a combination of shares transferred and cash paid to the Company under clauses (a) and (b) above, effectively satisfy the obligation of the Employee to the Company under this Section. If the Employee fails to satisfy his or her obligation to the Company under this Section in full by the due date stated above, the Employee shall also pay to the Company interest on the cash amount of such obligation (calculated pursuant to clause (b) above) from such due date until paid in full at a rate of interest equal to the prevailing national "prime rate" of interest on such due date plus an amount equal to the attorneys' fees incurred by the Company in collecting amounts due from the Employee under this Section. After the Return Shares (or the cash equivalent) have been transferred back to the Company as required herein, the Company shall file such federal and state tax returns or amended returns, amended W-2 forms, or other tax filings as shall be required of it by applicable law or as reasonably requested by the Employee with respect to all excess income and FICA taxes withheld and/or paid by the Company in connection with or attributable to the Return Shares. The provisions of this Section shall not be applicable to Shares that are earned upon a Change in Control pursuant to Paragraph 9 of this Agreement.

11. Withholding. At the time of the delivery of any vested Shares 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 vested 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 deliverable Shares, or (b) delivering to the Company shares of Company stock already owned for a period of at least six (6) 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 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. Tax Election. The Employee agrees that he or she will not make the election provided for in Code Section 83(b) with respect to any Shares granted under this Agreement.

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 or service of the Company or a Subsidiary or interferes in any way with the right of the Company or a Subsidiary to terminate the Employee's employment or service at any time.

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 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. 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. All other terms used in this Agreement as capitalized defined terms shall have the meanings ascribed to them in the Plan.

(a) "Adjusted NOPAT" is net operating profit after tax adjusted for the following items (net of tax where applicable):

(i) Income, losses or impairments from specific financial instruments held by the Company immediately following the spin-off of the Company in 2008 (i.e., auction rate securities, equity limited partnerships, common stock, and Forethought note);

(ii) Interest income on corporate investments and interest expense on corporate debt;

(iii) Costs related to the spin-off of the Company in 2008;

(iv) All professional fees, due diligence fees, expenses, and integration costs related to a specific acquisition;

(v) Amortization expense of intangible long-lived assets where internally generated costs are not customarily capitalized in the normal course of the business (e.g.: customer lists, patents, etc.);

(vi) All adjustments made to net income related to changes in the fair value of contingent earn-out awards;

(vii) External extraordinary, non-recurring, and material legal costs (e.g.: antitrust litigation);

(viii) Restructuring charges and other items related to a restructuring plan approved by the CEO; and

(ix) Changes in accounting pronouncements in United States GAAP or applicable international standards that cause an inconsistency in computation as originally designed.

(b) “Adjusted Cash Flows” means, with respect to each fiscal year in the Measurement Period, the Company’s net cash provided by operating activities (whether positive or negative) less its capital expenditures net of proceeds on the disposal of property, all as shown on its audited financial statements for the fiscal year, as adjusted (net of tax where applicable) to exclude the effects of the following items:

(i) Cash receipts or disbursements from financial instruments held by the corporation immediately following the spin-off of the Company in 2008 (i.e., auction rate securities, limited partnerships, and Forethought note);

(ii) Interest income on corporate investments and interest expense on corporate debt;

(iii) Disbursements related to the spin-off of the Company in 2008;

(iv) External extraordinary, non-recurring, and material legal disbursements (e.g., antitrust litigation);

(v) Changes in accounting pronouncements in United States GAAP or applicable international standards that cause an inconsistency in computation as originally designed; and

(vi) The cost of acquisitions, including all professional fees, due diligence fees, expenses, and integration costs, amortized over a 36 month period beginning the month after closing (payment of contingent earnouts (when made) shall be treated as a component of the purchase price payment subject to a separate 36 month amortization period at that time).

(c) “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 and ethical standard.

(d) “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.

(e) “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.

(f) “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).

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 10.34

HILLENBRAND, INC.

NON-QUALIFIED STOCK OPTION AGREEMENT

Name of Grantee:	No. of Shares:
Grant Date:	Price per Share:

This Non-Qualified Stock Option Agreement (this "Agreement") by and between HILLENBRAND, INC. (the "Company") and the Grantee named above (referred to below as "you") evidences the grant by the Company of a Non-Qualified Stock Option to you on the date stated above (the "Grant Date") and your acceptance of such Option in accordance with the provisions of the Hillenbrand, Inc. Stock Incentive Plan, as amended from time-to-time (the "Plan").

Your Option is 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 you sign and return to the Company a copy of this Agreement evidencing your understanding of the terms and conditions of your Option. Any terms used in this Agreement as capitalized defined terms that are not defined herein shall have the meanings set forth in the Plan.

1. Option Grant. You have been granted an option (the "Option") to purchase the number of shares of the Company's Common Stock, without par value ("Common Stock"), set forth above. The Option is a "non-qualified stock option" and is not an incentive stock option within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. Option Price. The price at which you may purchase the shares of Common Stock covered by the Option is the price per share set forth above.

3. Term of Option. Your Option expires in all events on the tenth anniversary of the Grant Date (the "Latest Expiration Date"). Your Option, however, may expire prior to such Latest Expiration Date (in the event of the termination of your employment by the Company or one of its Subsidiaries) as provided in paragraph 7 of this Agreement. Notwithstanding anything else to the contrary contained in this Agreement, in no event can your Option be exercised after the Latest Expiration Date set forth in this paragraph 3 or after an earlier expiration date provided under paragraph 7.

4. Vesting of Option.

(a) Unless it becomes exercisable on an earlier date as provided in paragraphs 4(b) or 7 below and subject to those paragraphs, your Option will become exercisable with respect to the first 33-1/3 percent of the shares of Common Stock covered by the Option on the first anniversary of the Grant Date and your Option will become exercisable with respect to the second and third 33-1/3 percent of the shares covered by Option on the second and third anniversaries of the Grant Date, respectively, provided that you are and have been continuously employed since the Grant Date as an employee of the Company or one of its Subsidiaries on each such date.

(b) In the event of a Change in Control of the Company (as such term is defined in the Plan), if you are employed by the Company or one of its Subsidiaries at the time such Change in Control occurs, and if you have been continuously employed by the Company or one of its Subsidiaries since the Grant Date, then your Option will become immediately exercisable as to all shares of Common Stock at the time such event occurs.

5. Manner of Exercise. To the extent your Option has become exercisable with respect to certain shares, you may, subject to limitations under applicable law, exercise the Option to purchase all or any part of such shares at any time on or before the date the Option expires, but in no case may fewer than 100 shares be purchased at any one time except to purchase a residue of fewer than 100 shares. You may exercise your Option by giving written notice to the Company on a form acceptable to the Company specifying the number of shares of Common Stock desired to be purchased under this Agreement. The notice must be hand delivered, faxed, or mailed to the Company at its corporate headquarters (currently One Batesville Boulevard, Batesville, Indiana 47006-7756); Attention: General Counsel. The notice must be accompanied by payment of the aggregate option price for such shares, which payment may be made in the following ways: in cash; by delivery of shares of Common Stock; by broker-assisted cashless exercise; or by a combination of the above, in each case subject to the terms and conditions set forth in paragraphs 6(a), 6(b), and 6(c) below. Your Option will be deemed exercised on the date your notice of exercise (with required accompaniments as described in paragraph 6) is received by the General Counsel of the Company at its corporate headquarters during regular business hours.

6. Satisfaction of Option Price.

(a) Payment of Cash. Your Option may be exercised by payment of the option price in cash (including cash equivalents, such as check, bank draft, money order, or wire transfer to the order of the Company).

(b) Payment in Common Stock. Your Option may be exercised by the delivery of unencumbered shares of Common Stock already owned by you for at least six months (either by actual delivery of the shares or by providing an affidavit affirming ownership of the shares in form and manner approved by the Committee). The shares will be valued at their fair market value on the date of exercise as provided in the Plan. The stock certificates for the shares you deliver in payment of the exercise price must be duly endorsed or accompanied by appropriate stock powers. Only stock certificates issued solely in your name or jointly in your and your spouse's name may be delivered. Only whole shares may be delivered. Any portion of the exercise price in excess of the fair market value of a whole number of shares must be paid in cash. If a certificate delivered in exercise of your Option evidences more shares than are needed to pay the exercise price, an appropriate replacement certificate will be issued to you for the excess shares.

(c) Broker-Assisted Cashless Exercise. You may exercise your Option by executing and delivering the documents necessary to irrevocably authorize a broker acceptable to the Company to sell shares of Common Stock (or a sufficient portion of such shares) acquired upon exercise of the Option and remit to the Company a sufficient portion of the sale proceeds to pay the entire option price and any withholding tax obligation resulting from such exercise.

7. Effects of Termination of Employment.

(a) General. The provisions of this Section apply to your Option in the event of the termination of your employment with the Company or one of its Subsidiaries prior to the Latest Expiration Date. Authorized leaves of absence from the Company or a Subsidiary, or transfers of employment between or among the Company and/or any of its Subsidiaries, shall not constitute a termination of employment for purposes of this Agreement.

(b) Prior to First Anniversary. If your employment with the Company or one of its Subsidiaries terminates for any reason or under any circumstances whatsoever prior to the first annual anniversary of the Grant Date, and if this Option has not previously become exercisable under Section 3(b) by reason of a Change in Control that occurred prior to the termination of your employment, then your Option will expire at the time of the termination of your employment and will not be, and will never become, exercisable as to any of the shares of Common Stock.

(c) On or After First Anniversary. If your employment with the Company or one of its Subsidiaries terminates on or after the first annual anniversary of the Grant Date, the following provisions apply to your Option:

(i) Retirement. If your employment terminates for any reason or under any circumstances other than your death or your discharge by the Company or a Subsidiary for Cause (as defined below), and if at the time of such termination of employment you are at least fifty-five (55) years old and have completed not less than five (5) continuous years of employment with the Company or a Subsidiary ending on such date of termination, your termination of employment will be deemed to be a retirement for purposes of this Option (notwithstanding the fact that it might also fall within one of the other subsections set out below), and upon such retirement this Option (A) will become fully exercisable as to all shares of Common Stock upon such termination of employment, and (B) will expire on (and may be exercised at any time on or before but not after) the earlier of (1) the date that is the fifth (5^{th}) annual anniversary of the date on which your employment terminated; or (b) the Latest Expiration Date (as defined in Section 3). For purposes of determining whether you have had five (5) continuous years of employment prior to your termination of employment under this subsection, any period of continuous employment by Hill-Rom Holdings, Inc. or one of its Subsidiaries prior to April 1, 2008, shall be counted as if you were employed by the Company during such period of employment.

(ii) Disability or Death. If your employment terminates by reason of your disability (as determined by the Committee) or by reason of your death, then upon such termination this (A) Option will become fully exercisable as to all shares of Common Stock upon such termination of employment, and (B) will expire on (and may be exercised at any time on or before but not after) the earlier to occur of (1) the date that is the fifth (5th) annual anniversary of the date on which your employment terminated; or (b) the Latest Expiration Date (as defined in Section 3).

(iii) Termination Without Cause or With Good Reason. If your employment is terminated by the Company or a Subsidiary without Cause for terminating your employment, or if you voluntarily terminate your employment with the Company or a Subsidiary but have Good Reason (as defined below) for doing so (this provision relating to a termination of employment by you for "Good Reason" will not be applicable to you if you do not have a written employment agreement defining the term Good Reason, and your Option will not be subject to the provisions of this clause (iii) in such event), then in either of such events this Option (A) will be exercisable only as to that number of shares as to which it has become exercisable on or prior to the date your employment is terminated (and will not become further exercisable thereafter), and (B) will expire on (and may be exercised at any time on or before but not after) the earlier to occur of (1) the date that is the fifth (5th) annual anniversary of the date on which your employment terminated; or (b) the Latest Expiration Date (as defined in Section 3).

(iv) Termination Under Other Circumstances. If your employment is terminated under any circumstances not falling within one of the above clauses (i)-(iii) of this subsection (c), then upon your termination of employment this Option (A) will be exercisable only as to that number of shares as to which it has become exercisable on or prior to the date your employment is terminated (and will not become further exercisable thereafter), and (B) will expire on (and may be exercised at any time on or before but not after) the earlier to occur of (1) the date that is thirty (30) days after the date on which your employment terminated; or (b) the Latest Expiration Date (as defined in Section 3).

(d) Adjustments by the Committee. The Committee may, in its discretion, exercised before or after your termination of employment, declare all or any portion of your Option immediately exercisable and/or permit all or any part of your Option to remain exercisable for such period designated by it after the time when the Option would have otherwise terminated as provided in the applicable portion of paragraph 7(a), but not beyond the expiration date of your Option as set forth in paragraph 3 above.

(e) Committee Determinations. For purposes of this Agreement and the Plan, the Committee shall have absolute discretion to determine the date and circumstances of termination of your employment, and its determination shall be final, conclusive and binding upon you.

8. Restrictions on Option Exercise.

(a) Even though your Option is otherwise exercisable, your right to exercise the Option will be suspended if the Committee determines that your exercise of the Option would violate applicable laws or regulations. The suspension will last until the exercise would be lawful. Any such suspension will not extend the term of your Option. The Company has no obligation to register the Common Stock covered by your Option under federal or state securities laws or to compensate you for any loss caused by the implementation of this paragraph 8.

(b) Even though your Option is otherwise exercisable, the Committee may refuse to permit such exercise if it determines, in its discretion, that any of the following circumstances is present:

(i) the shares to be acquired upon such exercise are required to be registered or qualified under any federal or state securities law, or to be listed on any securities exchange or quotation system, and such registration, qualification, or listing has not occurred;

(ii) the consent or approval of any government regulatory body is required or desirable and has not been obtained;

(iii) an agreement by you with respect to the disposition of shares to be acquired upon exercise of your Option is determined by the Committee to be necessary or desirable in order to comply with any legal requirements and you have not executed such agreement; or

(iv) the issuance, sale or delivery of any shares of Common Stock is or may in the circumstances be unlawful under the laws or regulations of any applicable jurisdiction.

9. Income Tax Withholding. In connection with the exercise of your Option, you will be required to pay, or make other arrangements satisfactory to the Committee, to satisfy any applicable tax withholding liability. You may elect to have the tax withholding obligation satisfied by having the Company retain shares of Common Stock, otherwise deliverable to you upon exercise of your Option, having a value equal to the amount of your withholding obligation. If you fail to satisfy your tax withholding obligation in a time and manner satisfactory to the Committee, the Company shall have the right to withhold the required amount from your salary or other amounts payable to you.

Any election to have shares withheld must be made (in the manner acceptable to the Company) on or before the date you exercise your Option.

The amount of withholding tax paid by you to the Company will be paid to the appropriate federal, state and local tax authorities in satisfaction of the withholding obligations under the tax laws. The total amount of income you recognize by reason of exercise of the Option will be reported to the appropriate taxing authorities in the year in which you recognize income with respect to the exercise. Whether you owe additional tax will depend on your overall taxable income for the applicable year and the total tax remitted for that year through withholding or by estimated payments.

10. Non-transferability of Option. The Option granted to you by this Agreement may be exercised only by you, and may not be assigned, pledged, or otherwise transferred by you, with the exception that in the event of your death the Option may be exercised (at any time prior to its expiration or termination as provided in paragraphs 3 and 7) by the executor or administrator of your estate or by a person who acquired the right to exercise your Option by bequest or inheritance or by the laws of descent and distribution.

11. Definitions. For purposes of this Agreement, the terms “Cause” and “Good Reason” shall have the following meanings:

(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 and ethical standard.

(b) "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.

12. Adjustment in Certain Events. In the event of any merger, reorganization, consolidation, sale of substantially all assets, recapitalization, stock dividend, stock split, spin-off, split-up, split-off, distribution of assets or other change in corporate structure occurring after the effective date of this award, the Board shall adjust the number and kind of shares of Common Stock covered by your Option, and the exercise price, to reflect the change and such adjustment shall be conclusive and binding upon you and the Company.

13. Forfeiture. Your Option and any Common Stock acquired under the Plan and any gain from the sale of any Common Stock acquired under the Plan are required to be forfeited by you, including after exercise or vesting, if, during your employment or within one (1) year following your termination of employment (or any longer period specified in any applicable employment or severance agreement with the Company), you engage in Disqualifying Conduct, which shall mean: (i) your performance of service (including service as an employee, director, or consultant) for a competitor of the Company or its Subsidiaries or the establishing by you of a business which competes with the Company or its Subsidiaries; (ii) your solicitation of employees or customers of the Company or its Subsidiaries; (iii) your improper use or disclosure of confidential information of the Company or its Subsidiaries; or (iv) your material misconduct in the performance of your duties for the Company or its Subsidiaries, as determined by the Committee.

14. No Guarantee of Employment. The grant of this Option does not constitute an assurance of continued employment for any period or in any way interfere with the Company's right to terminate your employment or to change the terms and conditions of your employment.

15. Other Plans. You acknowledge that any income derived from your Option (or the sale of Common Stock underlying your Option) will not affect your participation in, or benefits under, any other benefit plan maintained by the Company.

16. Administration. The Committee has the sole power to interpret the Plan and this Agreement and to act upon all matters relating to Options granted under the Plan. Any decision, determination, interpretation, or other action taken pursuant to the provisions of the Plan by the Committee shall be final, binding, and conclusive.

17. Amendment. The Committee may from time to time amend the terms of this grant in accordance with the terms of the Plan in effect at the time of such amendment, but no amendment which is unfavorable to you can be made without your written consent.

IN WITNESS WHEREOF the Company and you have executed this Agreement effective as of the Grant Date.

ACCEPTED BY EMPLOYEE:	HILLENBRAND, INC.
By: ______________________	By: ______________________
Printed: ______________________	Title: ______________________
	Printed: ______________________

Exhibit 14.1

MESSAGE FROM THE CHAIRPERSON OF THE BOARD OF DIRECTORS AND THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

Simply put, all of us at Hillenbrand, Inc. and its operating companies should always "do the right thing." Hillenbrand, Inc. and its operating companies have a proud tradition of conducting our business on a high ethical plane based on honesty, integrity, and fair commercial competition. This Code of Ethical Business Conduct applies to all directors, officers and employees ("associates") of Hillenbrand, Inc. and its operating companies and is intended to provide a clear understanding of the ethical principles of business conduct expected of each associate. When either the term "Company" or "Hillenbrand" is used in this Code of Ethical Business Conduct it stands for any and all of Hillenbrand, Inc. and its operating companies. Accordingly, please read these standards carefully as they apply to you regardless of which particular Hillenbrand-owned company you work for.

Our reputation for maintaining the highest standard of ethical conduct, fair dealing and honesty in all of our activities is founded on the personal integrity of our associates and our dedication to the following principles:

- Fairness — by observing both the form and the spirit of all applicable laws and regulations, accounting standards and Company policies and adhering to high standards of moral behavior.

- Respect — coupled with a willingness to solicit, listen to and act appropriately in response to the expressed needs and desires of our shareholders, directors, coworkers, customers, business partners, neighbors and suppliers.

- Competition — belief in a free market as the best mechanism for producing new ideas and new products, encouraging creative people to be productive.

- Candor — free discussion of projects, problems and ethical issues among our associates and with the legal and accounting professionals retained to assist us, together with candor in discussing our operations and their impact on the persons living around our facilities; and candor with suppliers and customers in buying and selling, while in each case protecting confidential information and trade secrets and demonstrating respect for individual privacy rights.

- Prudence — belief in the prudent exercise of personal and corporate discretion.

All actions of Company associates in business or public life tend to enhance or subtract from our reputation. It is imperative, therefore, that the highest standards of conduct be observed in all our behavior.

Today, all corporations are under high levels of scrutiny and are held to increasingly higher levels of accountability. As a result, the Board of Directors has reaffirmed its strong commitment that our business practices be conducted in accordance with the highest professional, ethical, legal and moral standards. Ethical conduct, whether in a business or personal context, can only result from a trained and sensitive awareness of right and wrong. All situations encountered in daily life can never be adequately anticipated by any set of rules intended to govern personal conduct. Nevertheless, we believe that we can identify certain broad areas in which ethical, legal and moral issues may be raised in a business context, and we have endeavored to articulate our general policies regarding conduct in those areas.

In addition, we cannot forget that we function within society and each of us must adhere to and comply with the legal, moral and ethical standards of our society in the conduct of business. The Company's interests never can be served by individual corner-cutting in the interests of a seeming quick profit or temporary advantage.

It is our responsibility not only to conduct ourselves in a responsible and honest manner, but also to ensure that others do the same. If we know of any breach of the Company's standards of business behavior, we are required to report violations. The ultimate responsibility for maintaining the Company's standards of business conduct rests with each of us. As individuals of integrity and honesty, we must behave in ways that will bring credit to ourselves and to our Company.

Please read the Code of Ethical Business Conduct carefully. We are confident that each of us will comply with the Code and thereby help maintain our reputation for the highest standards of business integrity.

Ray J. Hillenbrand
Chairperson of the Board of Directors

Kenneth A. Camp
President and Chief Executive Officer

HILLENBRAND, INC. AND SUBSIDIARIES

Code of Ethical Business Conduct

(As revised and adopted by the Board of Directors on September 2, 2010)

It is the policy of Hillenbrand, Inc. and all of its operating subsidiaries (referred to collectively as the "Company") to conduct their respective businesses and operations according to the standards and guidelines of ethical business conduct stated in this Code of Ethical Business Conduct ("Code") and all applicable laws and regulations. This Code applies to all employees, officers and directors ("associates") of Hillenbrand, Inc. and all of its operating companies and other subsidiaries (together, the "Company").

ADMINISTRATION AND ENFORCEMENT

Board of Directors and Ethics Committees. The Board of Directors of Hillenbrand, Inc. is responsible for approval and oversight of the Code. The Board's Audit Committee, working with the Nominating/Corporate Governance Committee, has responsibility for the implementation and administration of the Code, the review and assessment at least annually of the effectiveness of the Code and the recommendation to the Board of suggested changes in the Code. Accordingly, supplements to and revisions of this Code may be adopted from time to time. Such changes will become effective upon their adoption by the Board of Directors and revisions of the Code will be made available as promptly as possible.

To assist the Committees and the Board and provide guidance in situations where you may have questions concerning the right course of action to take, Ethics Committees exist at Hillenbrand, Inc. and its operating companies. Each committee will include members of the Executive Management Team of the applicable company. It is the responsibility of the Chief Executive Officer, with assistance from the Ethics Committees for each company, to ensure that this Code has been read and understood by all associates, as well as all agents and representatives of that company. The Ethics Committees will meet as necessary to implement this Code and address concerns raised by associates. The operating company Ethics Committees will promptly after each meeting report to the Hillenbrand, Inc. Ethics Committee on compliance with the Code, the status of certifications statements by associates and any other relevant matters relating to the Code. The Chairman of the Hillenbrand, Inc. Ethics Committee will, in turn, provide regular updates to the Audit and Nominating Committees.

Certification Statements and Candor. All associates, including new associates, will be asked to certify annually as to their understanding of and compliance with the Code. Depending on your area of responsibility, you may also be asked to certify as to your understanding of and compliance with certain policies. The certification statements for associates of each company that identify potential concerns will be reviewed by the Ethics Committees of the applicable company. All information disclosed in good faith in the certification statements or by other means shall be treated on a confidential basis, except to the extent reasonably necessary to protect the Company's interests or comply with legal or regulatory requirements.

Addressing Concerns and Violations. Prompt and full disclosure is always the appropriate initial step towards solving any potential concern you may have. When in doubt about a particular situation, ask your manager, supervisor, Company lawyer or human resources representative or any of the members of your company's Ethics Committee. Discovery of events of a questionable, fraudulent or illegal nature that are, or may be, in violation of the guidelines stated in this Code or other Company policies should be reported immediately to any of those individuals, each of whom are required to observe an "open door" policy to all Company associates concerning any of such matters. If such events involve members of management on the Ethics Committee, the matter should be reported to other members of the Committee or the Chief Executive Officer. Additionally, a toll free Code of Ethics and Compliance Help Line is available for those who wish to remain anonymous at 1-888-469-1534.

This Code is intended to create an opportunity for associates to express concerns relating to corporate accountability, alleged violations of Company policy, federal and state statutes, and allegations of corporate misdeeds. Concerns will be investigated and action taken, if appropriate. There will be no discrimination or retaliation against any associate who reports such violations or allegations in good faith.

Waivers. Any waiver of the standards set forth in this Code for executive officers or directors may be made only by the Board of Directors of Hillenbrand, Inc. or its Audit Committee and must be promptly disclosed to shareholders. The Board of Directors, its Audit Committee or the applicable Ethics Committee may grant waivers for other associates.

Get Help to Avoid Violations. Because the principles of responsibility, integrity and honesty are fundamental to how each of us should operate on behalf of the business, violation of this Code or any applicable laws, regulations or Company policies can result in a disciplinary response, up to and including termination of employment or legal action. If you address a questionable situation before it occurs by seeking help from your manager, supervisor, Company lawyer or human resources representative, or any of the members of your company's Ethics Committee, or by contacting the compliance help line, there is the opportunity to avoid a violation with those serious consequences.

Red flags that indicate you may need to seek advice include situations where:

- An associate's interests and those of the Company seem to conflict;
- An associate is in a position to receive a gift or personal favor from a customer or supplier;
- The only good reason for accepting something from a customer or supplier is because you feel like you deserve it;
- An associate will be communicating with a representative of a competitor;
- An associate has the opportunity to disclose confidential information to someone outside the Company;

- An associate has the opportunity to buy or sell Hillenbrand, Inc. stock or stock of a customer or supplier based on information not known to others;
- If the facts were published on the front page of the newspaper in connection with your name, you would be embarrassed;
- A decision is emotionally difficult or involves a conflict between two positive values; or
- The reason for a decision is based on an answer like: “I deserve this”; “Everyone does it”; “It is no big deal”; “No one will find out”; “No one cares”; “It is not my responsibility”; or “The Company wants me to do this.”

Here are a few questions you should ask yourself to determine if your actions are ethical:

- Am I adhering to the spirit and overall values, as well as the letter, of any applicable law or Company policy?
- Would I want my actions reported on the front page of a newspaper?
- What would my family, friends, neighbors and co-workers think of my actions?
- What would I advise my child to do?
- Would I be comfortable testifying about my decision under oath?
- Will there be any direct or indirect potential negative consequences to the Company?
- Would I be comfortable describing my decision at an all-associate meeting?

Other Related Information and Policies. Certain sections in this Code may be further explained in other applicable Company policies and guidelines. Please refer to those materials for a more thorough understanding of these sections. Much of the Code outlines legal requirements. It is not intended to make you an expert in such areas. Instead, it is designed to alert you to problems you may face and enable you to know when you should obtain guidance from your manager, supervisor, Company lawyer or any of the members of your company’s Ethics Committee. The members of the Ethics Committees are consulted at the outset of business dealings, rather than at a later stage when arrangements have become so solidified that necessary changes may be difficult to make.

STANDARDS AND GUIDELINES

Introduction. Each person who is an employee, officer or director of Hillenbrand or any of its operating companies is a Company "associate" and has a responsibility to deal ethically in all aspects of the Company's business and to comply fully with all laws, regulations, and Company policies. Each individual is expected to assume the responsibility for applying these standards of ethical conduct and for acquainting himself/herself with the various laws, regulations, and Company policies applicable to his or her assigned duties. When in doubt, employees have the responsibility to seek clarification from their line management, or, if necessary, from legal counsel, a human resources representative or a member of the Ethics Committee for their company.

CONFLICTS OF INTEREST: ***A conflict of interest exists when an individual's private interest conflicts, or appears to conflict, with the interests of the Company, that is, when an individual's loyalty to the Company and conduct of responsibilities and duties towards the Company is or appears to be prejudiced by actual or potential benefit from another source.***

We are confident of the individual loyalty and honesty of our associates. Good relations with customers and suppliers and the integrity of our associates are critical sources of goodwill and absolutely necessary to our success. Associates should always be in a position so that personal interests or third parties do not influence their judgment on Company matters.

No associate should be subject, or even reasonably appear to be subject, to influences, interests or relationships that conflict with the best interests of the Company. This means avoiding any activity that might compromise or seem to compromise the integrity of the Company or the associate.

Common Sources of Conflicts.

Although it is impossible to prepare a list of all potential conflict of interest situations, conflicts of interest generally arise in four situations:

1. **Interest of Associate.** When an associate, a member of the associate's family or a company, organization or trust in which the associate is involved, has a significant direct or indirect financial interest in, or obligation to, an actual or potential competitor, supplier or customer of the Company;

2. **Interest of Relative.** When an associate conducts business on behalf of the Company with a supplier or customer of which a relative by blood or marriage is a principal, partner, shareholder, officer, employee or representative;

3. **Gifts.** When an associate, a member of the employee's household, a company, organization or trust in which the employee is involved, or any other person or entity designated by the employee, accepts gifts, credits, payments, services or anything else of more than token or nominal value from an actual or potential competitor, supplier or customer; and

4. **Misuse of Information.** When an employee misuses information obtained in the course of employment.

Definitions.

For these purposes, suppliers include those providing goods or services — such as consultants, transportation companies, financial institutions and equipment lessors. Customers include not only those who buy products, but also those who exercise major influence over our customers.

An interest amounting to one percent or less of any class of securities listed on a nationally recognized securities exchange or regularly traded over-the-counter will not be regarded as a “significant” financial interest in a competitor, supplier or commercial customer in the absence of other complicating factors that should cause the employee to recognize that a conflict is present. Similarly, the existence of an interest-bearing loan, at normal rates prevailing at the time of the actual borrowing, from a recognized financial institution will not be regarded as “significant.” However, any equity interest in a competitor, supplier or commercial customer that is not publicly traded must be treated as “significant” and should be reviewed promptly with legal counsel.

Specific Examples.

While it is not possible to describe every situation, it is useful to consider a few examples in which clear conflicts of interest are present so that ground rules can be established:

Position of Influence. If an associate or a member of that associate’s family has a significant financial or other beneficial interest in an actual or potential supplier or customer, the associate may not, without full disclosure and specific written clearance by an Ethics Committee, influence decisions with respect to business with such supplier or customer. Such positions include situations where associates draw specifications for suppliers’ raw materials, products or services; recommend, evaluate, test or approve such raw materials, products or services; or participate in the selection of, or arrangements with, suppliers.

Availability. A conflict of interest may exist when an associate undertakes to engage in an independent business venture or agrees to perform work or services for another business, civic or charitable organization to the extent that the activity prevents such associate from devoting the time and effort to the Company’s business which his or her position requires. An employee shall not accept a position of directorship with another business without the written consent of the chief executive of his or her operating company and shall not accept any position with any organization that prevents such associate from devoting the time and effort to the Company’s business which his or her position requires.

Competitors. An associate must not serve, advise, or be associated with any person or enterprise which is a competitor of the Company, whether as an employee, stockholder, partner, director or advisor, unless that capacity is through membership in trade associations, manufacturer’s groups and the like, and involvement by the associate is at the request of the Company.

Gifts. It is the Company's policy that all business decisions be made impartially and fairly, and not on the basis of gifts or favors. Therefore, no associate, or any of his or her immediate family, may solicit or accept favors, gifts, loans or other benefits (including services, vacations, holidays, travel, accommodations, and discounts, as well as material goods) from any supplier, customer or competitor. The only exception to this policy is for casual entertainment or gifts (other than money) of nominal value which are customarily offered to others having a similar relationship with the supplier, customer or competitor or if specific approval is obtained via a clearance from the Ethics Committee for the business that the associate works for. Associates should exercise judgment in deciding whether a gift or entertainment is of nominal value. It is always better to decline in circumstances where there is doubt. Items classified as advertising novelties that have wide circulation both within and without the Company (calendars, paperweights, etc.) do not violate the policy against receiving gifts. Permitting a supplier's representative to pick up the check at a meal is not offensive so long as business was discussed at arm's length and there are absolutely no implications that an unusual event has been staged with the intention of subverting loyalty to the slightest degree.

Misuse of Information. No information obtained as a result of employment or association with the Company may be used for personal profit or as the basis for a "tip" to others unless the Company has made such information generally available to the public. This is true whether or not direct injury to the Company appears to be involved. This requirement, as it relates to transactions with respect to stock and other securities, is described below. The requirement, however, is not limited to transactions relating to securities and includes any situation in which information may be used as the basis for unfair bargaining with an outsider. The public disclosure of confidential data and trade secrets relating to our business can have a material adverse effect on the Company and, as noted below, is prohibited.

[Hypothetical Scenarios]

Conflicts of Interest

1. John is a Company associate with responsibility for sales of certain of the Company's products. John's sister-in-law has just been employed in a senior position with a customer to which John regularly sells the Company's products. Which of the following would be John's best course of action with respect to this customer?

- **A.** Continue selling products to this customer, but be sure that the price and other terms of the sales are fair and comparable to terms offered to other customers.
- **B.** Immediately discontinue sales to this customer and notify the customer that the Company will no longer be able to conduct business with the customer.
- **C.** Notify a member of the Company's Ethics Committee of this potential conflict of interest and ask for guidance on dealing with this customer.
- **D.** Try to make his sister-in-law look good in her new job by selling the Company's products to her new employer at a steep discount.

Answer: C is the correct answer. This situation creates a clear conflict of interest that should be brought to the attention of the Company's Ethics Committee. A is incorrect because under this approach, even if sales to this customer are actually made on a fair and impartial basis, there is significant risk of the appearance of impropriety. B is also incorrect. Conflicts of interest involving individual associates, if managed appropriately, will rarely prohibit the Company from engaging in business with another entity.

2. A potential software supplier asks Sue if she would participate in a consumer survey sponsored by the supplier and being performed by a third party consultant to the supplier. Sue agrees because she thinks it would take about 15 minutes, but she ends up on the phone with the person performing the survey for about one hour. A few hours after concluding the survey she receives a message from the person who performed the survey saying that to show appreciation for the time Sue spent, they would make a $200 contribution to the charity of her choice.

A. Tell the person the name of the charity to whom the contribution should be made.

B. Politely decline the offer of the donation.

C. Tell the person the name of the charity and mention that the donation should be more than $200 because Sue spent an hour of her time completing the survey.

Answer: B is the correct answer. Sue should politely decline the offer. Sue performed the survey during working hours and her time is valuable. However, if the Company chooses to do business with the software supplier, there should be no appearance after the fact she was improperly influenced to select the software supplier. It does not matter that the potential donation was to a charity. The potential appearance of being improperly influenced remains.

3. Tim is a Company associate with responsibility for purchasing materials used in the manufacture of Company products. One of the Company's suppliers offers Tim an expensive gold watch if Tim agrees to award him a significant contract to supply his product to the Company. Which of the following would be Tim's best course of action with respect to this proposal?

A. Accept this proposal. Tim was considering awarding the contract to this supplier anyway, and he could use a new watch.

B. Decline the proposal and report it to the Company's Ethics Committee before making any decision on awarding the contract.

C. Decline the watch, but award the contract to this supplier.

D. Hold out for a better gift because Tim figures this contract is probably worth a new car.

Answer: B is the correct answer. All business decisions at the Company must be made impartially and fairly and not on the basis of gifts of favors. A is incorrect. Even if the gift did not actually affect the decision to award the contract to this supplier, the gift likely would appear to others to have been a factor in the decision and could influence future business decisions. C is also incorrect. The supplier's conduct in this case is not consistent with the ethical standards that the Company expects of those with whom it engages in business. Accordingly, this conduct should be brought to the attention of an Ethics Committee member prior to any further transactions with the supplier.

4. Same facts as in question 3 above, but instead of asking for Tim's agreement to award him the contract, the supplier offers Tim the watch "just to say thanks" for the business Tim has given him in the past. Tim should:

A. Thank the supplier for the gift, but tell him that Company policies require that Tim decline it.

B. Accept the gift. Since Tim isn't giving the supplier anything in return, there's no harm in taking it.

Answer: A is the correct answer. It does not matter that the supplier is not asking for anything specific in return for the gift. Gifts from customers, suppliers or competitors, other than those of token or nominal value, are prohibited by the Code because of the possibility that such gifts could affect the impartiality of future business decisions, either actually or in appearance.

5. You have recently decided to start your own business, and you intend to operate that business while continuing to work as a Company associate. Which of the following would be permissible under the Code?

A. You own and operate a business that in no way competes with the Company. You do not use Company resources for conduct of the business, and you conduct the business entirely on your own time and in a manner that does not in any way impair your ability to discharge your duties as a Company associate.

B. You own and operate a business that in no way competes with the Company. You spend some of your time while at work at the Company tending to your business, and you use Company computers, telephones and other office equipment and supplies to conduct your business.

C. You own and operate a business that competes directly with the Company, but you conduct the business entirely on your own time and in a manner that does not in any way impair your ability to discharge your duties as a Company associate.

D. You own and operate a business that competes directly with the Company. You spend substantially all of your time while at work at the Company tending to your business, you seize every opportunity to use Company resources for your business and you fraudulently submit expenses associated with your business to the Company for reimbursement.

Answer: A is the only correct answer. The conduct described in each of the other answers is strictly prohibited. The conduct described in answer B is prohibited even where the amount of time spent while at work at the Company or the extent of the use of Company resources is minor.

6. Someone you know is forming a company that will be a competitor of the Company and offers you the opportunity to invest in the competitor and otherwise participate in the business of the competitor. Under the Code, you may:

A. Purchase a controlling interest in the competitor.

B. Purchase a small minority interest in the competitor.

C. Serve on the board of directors of the competitor.

D. Enter into a consulting agreement with the competitor pursuant to which you are paid to consult with the competitor on matters relating to its business.

E. Give your acquaintance free advice on how to operate the business.

F. None of the above.

Answer: F is the correct answer. The Code prohibits all associates from serving in any capacity with, having any financial stake in or providing, with or without compensation, any assistance to competitors of the Company. The only exception is ownership of not more than one percent of a publicly traded class of securities. Ownership of a minority interest in a privately held company, as contemplated by answer B, is allowed under the Code only if the appropriate Ethics Committee is informed of and approves the ownership of such interest.

CORPORATE OPPORTUNITIES

A corporate opportunity is an opportunity that is discovered through the use of Company property, information or position as a Company associate.

Associates are prohibited from taking corporate opportunities for themselves. When an associate uses corporate property, corporate information or corporate position for personal gain, he or she is taking a corporate opportunity. You must use corporate opportunities and Company property or other resources only for advancing the legitimate business interests of the Company.

Sometimes the line between personal and Company benefits is difficult to draw, and sometimes there are both personal and Company benefits in certain activities. Associates who intend to make use of Company property or opportunities in a manner not solely for the benefit of the Company should consult beforehand with the applicable Ethics Committee.

[Hypothetical Scenarios]

Corporate Opportunities

7. You are asked by the Company to identify potential locations for a new manufacturing facility and to recommend one or more locations to senior management. You find two available properties that would be ideal for the new facility. However, one of the properties would also be an ideal spot for a new shopping mall, and you have recently invested in a group that plans to develop a shopping mall. Which of the following is an appropriate course of action?

A. Present only one site to Company management and present the other to your investment group. You thought the two properties were equally good for the Company, so the Company doesn't lose out if you don't present to it both options.

B. Present both options to the Company, and allow your investment group to pursue the property for its shopping mall only if the Company has made the determination not to pursue the property.

C. Acquire both properties for yourself and try to sell them to the Company at an inflated price.

Answer: B is the correct answer. Both properties represent corporate opportunities of the Company. Accordingly, you are prohibited from using the opportunity for your own advantage unless the Company has clearly determined that it is not interested in pursuing the opportunity.

CONFIDENTIAL INFORMATION

The Company's success is largely dependent upon the strict adherence by associates to the Company's policy of nondisclosure of information that belongs to the Company and other confidential data. Of particular concern is the need to safeguard the Company's business plans and developments. The unauthorized disclosure of Company information (including business records, business data, personal and financial information, social security numbers, bank records, acquisition plans, divestiture plans, investment plans, and other strategic business plans), whether verbally or in writing (including on anonymous Internet chat rooms or message boards), will not be tolerated. Under no circumstances should these matters be discussed informally as office gossip, over cocktails, at home or otherwise. Such discussions substantially increase the likelihood that the Company's strategic plans will become known to others prior to the time that the Company is prepared to execute them. Premature disclosure hurts the Company's planning flexibility and may make it impossible to conclude the proposed project. Much time and effort are spent in developing the Company's strategic plans.

Remember the success of the Company is largely dependent upon the strict adherence by all associates to the Company's policy of nondisclosure of confidential information. The sharing of such information with others may: (a) result in penalties under state and federal securities laws; (b) constitute the theft of trade secrets, which is a crime; (c) generate criticism and embarrassment to the employee and the Company; (d) compromise the Company's ability to achieve its strategic objectives; and (e) violate the privacy rights of an individual. If each associate refrains from discussing confidential aspects of the Company's business and operations with anyone inside the Company who is not otherwise familiar with the confidential information and everyone outside the Company, each employee will avoid liability and embarrassment to himself or herself and damage to the Company.

Information obtained from third-parties (including business records, business data, personal and financial information, social security numbers, bank records) should, likewise, be kept confidential. For example, you must not attempt to obtain trade secrets, proprietary information or other confidential information relating to competitors from job candidates or newly hired employees.

[Hypothetical Scenarios]

Confidential Information

8. You and your co-worker, Steve, take a break one afternoon to go get a coffee at the local Starbucks. While standing in line to order your coffee, Steve starts discussing (rather loudly) the Company's plans to purchase another business. (Steve learned of this acquisition while eavesdropping in the break room.) Although you, too, have heard about this acquisition, you are also aware of the Company's policy regarding confidential information. How should you respond to Steve's comments?

- **A.** Share with Steve what you have heard.
- **B.** Turn to the person behind you in line (who happens to be the President of a competitor) and say "can you believe the news?"
- **C.** Ignore Steve's comment.
- **D.** Discretely remind Steve that the acquisition is confidential information about the Company and should not be discussed in public.

Answer: D is the correct answer.

9. Upon returning to work, Steve wants to continue the conversation about the acquisition in the hallway between your two offices. Can you now discuss the matter openly because you are on the Company's premises?

- **A.** Yes — it is acceptable to discuss the acquisition among the Company's employees.
- **B.** No — you and Steve should not discuss the matter any further.

C. No — you and Steve should only discuss the acquisition in the privacy of one of your offices.

D. Yes — it is likely that all the Company's employees are aware of the acquisition because both you and Steve knew.

Answer: B is the correct answer.

10. You are working late one night finalizing some financial documents which include details about the Company's financial condition. As it approaches 11:00 p.m., you decide to stop working and go home. Because you are tired, you question whether you should leave your computer on so that you can resume working as soon as you return to work in the morning. As far as you can tell, no one is around except the cleaning crew, and no one would bother looking at your computer anyway. What should you do?

A. Shut down your computer to ensure that no one will be able to gain access to the financial statements.

B. Leave your computer on, but turn off your monitor so that anyone who comes to your office will think your computer is turned off.

C. Leave your computer and monitor on — you'll be in early.

D. Shut down the computer, and take the documents home to review them.

Answer: Both A and D are correct answers. D raises another important issue regarding confidential information — the Company should ensure that if employees are allowed to take confidential information out of the office (a policy which, if it exists, should be enforced consistently), employees must understand that they are required to safeguard the information from disclosure.

11. You have heard around the office that your supervisor, Mary, and one of your co-workers, Bill, are involved in a romantic relationship. Many of your co-workers within your group are discussing the relationship because Bill and Mary made their relationship very obvious at a recent company golf tournament. You are aware that the Company has a policy prohibiting relationships between a supervisor and his/her subordinate. Your office is just outside the door of the Human Resources Manager, and Mary and Bill have both been in the Manager's office today, along with some of your peers who attended the golf tournament. You overhear bits of the conversation, and you begin to suspect that the Company is conducting an investigation into the relationship. Because of your proximity to Human Resources, people begin asking you what is taking place. How should you respond?

A. Tell them everything you have seen and heard. It's no secret who has been in the Human Resources Manager's office.

B. Tell them you are not sure, and have not been paying attention because it is not your business.

C. Speculate that the Company is conducting a sexual harassment investigation, and Mary will probably be disciplined for violating the Company's policy.

D. Tell them that no one should be discussing the matter because it is confidential.

Answer: D is the correct answer. Although B gets you halfway there, the real answer is D.

12. Although you have enjoyed a prosperous career with the Company, you have been made an offer you cannot refuse by one of the Company's competitors. You will be performing the same job duties as you were at the Company (sales). Although the prospective employer has not requested any information regarding the Company's clients, you suspect that providing the customer information would help you get off to a great start with your new employer. To this end, you decide to take with you the information regarding the clients with whom you have a relationship, including their names, addresses, purchase history and each customer's contact person. You figure that this information is partially yours anyway, since you have maintained the relationship for years. Any problem?

A. No — these are your customers and you are entitled to keep up the relationship, no matter where you work.

B. No — if the customers were important to the Company, the Company would have matched the new company's offer to invite you to stay.

C. Yes — customer lists may be considered the confidential information of the Company.

D. Yes — the Company may seek an injunction to keep you from taking or using the customer information.

Answer: C and D are the correct answers.

PROTECTION AND PROPER USE OF COMPANY ASSETS

Protect the Company's property and resources as you would your own. Associates are responsible for using Company resources and property (including Company travel expenses, time, materials, computers, telephones, other equipment, and proprietary information) for Company business purposes only, and not for his or her personal benefit. Inventions and ideas developed using Company assets and during Company time belong to the Company, and should not be disclosed, used or commercialized other than by and for the Company. These inventions are Company property and must be disclosed to your supervisor, manager or legal counsel for appropriate further action. Company assets may be used only for Company purposes. Use of Company provided technologies and property for calls, emails or other similar matters of a personal nature should be infrequent. We are expected to engage in only Company business related activities during business hours. Associates must not perform non-Company business or solicit business for a non-Company business while working on Company time.

Protection and Proper Use of Company Assets

13. You are an employee in the Company's information services department. In your "free" time at work, you have been creating a software program that has enabled you to create and maintain a database of all the Company's vendors. Although you understand that the information within the database belongs to the Company, you consider the software program that you developed to be your property. You are considering leaving the Company, and plan on taking it with you to use at your next job. Who knows, you may be compensated for it. Are you allowed to do this?

A. Yes — you created the program; therefore, it is yours.

B. Yes — you never signed any agreement with the Company about inventions.

C. No — you created the software while at work using the Company's property.

D. No — but no one will ever know.

Answer: C is the correct answer.

14. You have just joined the Company as a sales person. Previously, you worked with the Company's top competitor in the region. You decide that a friend of yours who is still employed with the competitor would be a great addition to the Company. Moreover, you believe that bringing your friend to the Company as an employee would impress your new boss, because your friend has an impressive sales record. However, you are bound by a two-year covenant prohibiting you from soliciting the competitor's employees (a clause contained in your employment agreement with the competitor). Should you contact your friend about the job?

A. Yes — the Company needs new sales people.

B. No — contacting your friend about joining you at the Company would be a breach of your employment agreement.

C. Yes — your former employer will never know how your friend learned about the job.

D. No — you don't want to risk getting your new employer in trouble.

Answer: B and D are both correct answers.

15. The Company sends you to Home Depot to purchase (with your manager's Company credit card) an emergency item needed in the warehouse. You find what you need, and while standing in line for the register, you see a tape measure. Your spouse has been nagging you to pick one up the next time you go to a hardware store. You question whether you should buy it and charge it to the Company's credit card in order to avoid holding up the line. What should you do?

A. Buy it — the Company should compensate you for going to Home Depot anyway.

B. Buy it — it's only $5. No one will ever notice.

C. Don't buy it with the Company credit card — the purchase is unauthorized.

D. Buy it — but pay for it with your own money.

Answer: Both C and D are correct answers.

FAIR DEALING

Each of us is expected to deal fairly with actual and potential customers, suppliers, competitors and associates. No associate should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts when conducting the Company's business, or any other unfair dealing practice. Be honest in all your dealings.

We should avoid even the appearance of wrongdoing and, at all times, should conduct our business according to the highest ethical standards. We should compete solely on the merits of our products and services, as well as our ability to service what we offer, and not engage in any form of unfair competition.

Furthermore, we will not condone the use of competitors' or other third parties' confidential information obtained during past employment or which has been obtained, directly or indirectly, by improper means such as misappropriating confidential information, bribing, contacting a competitor's employees, or misrepresenting the fact that you are an employee of a competitor. If consultants or other persons are retained by the Company to gather competitive information, the same rules would apply.

Some additional guidelines are:

- Deliberately misleading messages, omissions of important facts or false claims about competitor's products or services are not acceptable.
- Be accurate and truthful in all dealings with customers and be careful not to misrepresent the quality, features, or availability of our products or services.
- Do not interfere with an agreement made between a potential customer and a supplier competing with us.
- Never engage in industrial spying or commercial bribery.

Besides being responsible for their actions toward others, employees are obliged to retain certain documents that they create or receive. Each employee must strictly observe Record Retention Guidelines. The application of the laws of fair competition is complex and sometimes ambiguous. When questions arise, consult with legal counsel.

[Hypothetical Scenarios]

Fair Dealing

16. Josh is a Company associate with responsibility for sales of the Company's products. A customer contacts him to place an order for products. The customer indicates that it must have the products by a specified date and that the customer will look at other options for the products if the Company cannot deliver the products by the specified date. Josh knows, based on orders already in place from other customers and production lead times, that the Company will not be able to provide all of the requested products by the specified date. Which of the following would be a permissible course of action with respect to this order?

A. Furtively attempt to pull strings within the Company to redirect products intended for another customer to this customer.

B. Tell the customer that the Company can fill the order on time. Because Josh knows that by the time the customer discovers that the products won't be delivered on time, it will be too late for the customer to get the products from a competitor. Josh thinks he will be able to blame the delay on "unforeseen circumstances" and smooth things over with the customer.

C. Tell the customer that his request is totally unreasonable and absurd.

D. Explain to the customer that, although the Company always uses its best efforts to meet its customer's requirements, the Company cannot have the quantity of products available by the specified date. Attempt to identify alternatives that will satisfy the customers' needs.

Answer: D is the correct answer. The conduct described in all other answers would violate the Company's policy of Fair Dealing.

17. Josh recently learned that a customer has placed with a competitor an order that Josh had hoped to receive. Josh should:

A. Call the customer and tell her that she will regret the decision to place the order with the competitor because the competitor's products are of poor quality.

B. Attempt to persuade the customer to breach its contract with the competitor.

C. Take appropriate steps to maintain the Company's relationship with the customer so that the Company will be considered for future orders by the customer.

Answer: C is the correct answer. The conduct described in the other answers would violate the Company's policy of Fair Dealing.

18. An acquaintance of yours recently left a position at a competitor of the Company. The acquaintance contacts you and offers to share with you sensitive information concerning the competitor. You should:

A. Allow the acquaintance to share the information with you and use the information to the Company's advantage.

B. Allow the acquaintance to share the information with you, with the thought that you are merely curious about the competitor's practices but don't intend to use the information to the Company's advantage.

C. Tell the acquaintance that you are not interested in the information.

D. Set up a meeting with the acquaintance and all potentially relevant Company associates so that the Company can maximize the benefits of the acquaintance's willingness to share information.

Answer: C is the correct answer. You should assume that your acquaintance has a duty to his former employer not to disclose confidential information concerning the former employer. The Company will not condone the use or intentional acquisition of any information acquired in violation of or potentially in violation of any such duty.

19. A position senior to yours has opened up at the Company, and you believe that you and another Company associate are the most likely candidates to fill the position. You may:

A. Spread rumors concerning the other associate's qualifications for the position and/or interest in filling the position.

B. Try to dig up dirt on the other associate.

C. Express your interest in the position to those responsible for deciding to whom the position should be offered and explain your qualifications to those persons.

D. Offers items of value or favors to the persons responsible for deciding to whom the position should be offered.

Answer: C is the only correct answer. The conduct described in all other answers would violate the Company's policy of Fair Dealing.

20. You learn potentially embarrassing but purely personal information about an employee of a customer, supplier or competitor or another Company associate. You should:

- **A.** Keep the information to yourself.
- **B.** Send out an email containing the information to a large group of Company associates.
- **C.** Share the information with a few of your closest friends at the Company.
- **D.** Threaten the individual with disclosure of the information if the individual does not act in a way that is advantageous to you or to the Company.

Answer: A is the only correct answer. The conduct described in all other answers would violate the Company's policy of Fair Dealing.

COMPLIANCE WITH APPLICABLE LAWS

While the Company is involved in highly competitive business activities and hence must compete vigorously, it must do so in strict compliance with all laws and regulations applicable to its activities. When the Company's internal policies are more stringent than local laws, those policies must be observed and followed. No associate should at any time take any action on behalf of the Company that he or she knows or has reason to suspect violates any applicable law or regulation.

It is the Company's policy to comply not only with the formal requirements of applicable laws and regulations, accounting standards and Company policies, but also with the spirit of such laws, regulations, standards and policies. Any conduct that is technically in compliance with such laws, regulations, standards or policies but violates the principles underlying or is designed to evade the requirements of any such law, regulation, standard or policy is unacceptable.

The following sections outline basic principles of the laws relating to antitrust, inside information, the trading of securities, proprietary information, political contributions, employee relations, environmental regulation and certain other matters. These laws are explained because of their particular importance to our existing and anticipated business activities. It should be understood, however, that this policy is not limited to them, but extends to all applicable laws and regulations.

ANTITRUST COMPLIANCE

At the heart of the antitrust laws is the conviction that the economy and the public will benefit most if businesses compete vigorously, free from unreasonable restraints. Compliance with the antitrust laws is the policy of the Company and the responsibility of each associate. Failure to comply could result in serious consequences for the Company and offending associates. Violations of many antitrust laws are crimes, subjecting the Company and the individuals to heavy fines, and individuals to possible imprisonment as well. In addition, the Company may be required to pay treble damages and be ordered to refrain from engaging in the activity. Frequently, such orders will extend across the entire product line of a company, although the violations relate only to a single product. And, of course, the Company may be damaged in its reputation even in those cases in which it ultimately prevails in a legal action.

Many elements of the U.S. antitrust laws are applicable to international transactions in which any United States person or corporation is a party where it may be shown that the transaction has any substantial effect on the foreign commerce (e.g., imports or exports) of the United States. Once it is found that the international transaction falls within the jurisdiction of the U. S. antitrust laws, those laws are applied in precisely the same manner as they are applied with respect to domestic transactions. Transactions deemed to be automatic violations, if engaged in domestically, will similarly be deemed to be violations if engaged in overseas.

While it is not possible within this Code to address all areas covered by antitrust laws, the following guidelines are intended to address some of the most common antitrust situations that may face associates. In all of your dealings on behalf of the Company, be guided by the following rule: Whenever you are in doubt, consult with legal counsel at the earliest possible moment. For more detailed guidelines, click here to view the Antitrust Compliance Guide.

Basic Antitrust Rules of the Road:

- **Do not discuss prices, terms and conditions of sale, discounts, credit terms or similar subjects with your competitors.**
- **Do not participate in benchmarking or statistical reporting of competitive information among competitors without clearance from legal counsel.**
- **Do not "signal" competitors regarding pricing strategies and do not use customers or other third parties to "send the message" about how the industry should behave.**
- **Do not agree with a competitor to stay out of each other's markets or to stay away from each other's customers.**
- **Do not discuss current or future output, costs, marketing strategies or other competitively sensitive information with competitors.**
- **Do not price below cost without consulting legal counsel.**
- **Do not coerce customers or others into setting specific prices.**
- **Do not tie (that is, condition) the sale of one product to another.**
- **Do not reach agreements with dealers or customers to take any action vis-à-vis another dealer or customer.**
- **Do not agree with competitors not to deal with, buy from or sell to a customer or supplier.**

- **Do not leave open-ended or unsolicited offers from competitors to join a conspiracy hanging in the air.** The standards for conspiracy to violate the antitrust laws are extremely broad and conspiracies have been found even where competitors never met or exchanged words. It is a mistake to think that the prohibited types of agreements identified above must be either formal or conspiratorial. The unlawful agreement may often be no more than an informal understanding reached at a seemingly innocent occasion like a trade association meeting or on the golf course, or simply an understanding based on the sharing of competitive information that naturally tends to produce uniform action. Since there is often no written evidence or testimony that clearly establishes that there was an unlawful agreement, proof of such an agreement usually depends on circumstantial evidence — conversations, memoranda, or the exchange of competitive information which seems to suggest that there may have been an unlawful understanding about prices, production, customers, sales, territories, or the like. If discussion of prohibited subjects should arise in a meeting where competitors are present, you should clearly disassociate yourself from the conversation and leave the meeting so that other participants present will remember that you left the meeting and your reason for leaving. Simply walking away from an improper conversation about price, market allocation or bid rigging is not sufficient. You must document this conversation and consult with legal counsel.

- **Avoid informal contact with competitors to the extent possible.** Trade associations are a frequent source of antitrust complaints. Accordingly, membership and participation in trade associations should be carefully and regularly monitored to make sure that they serve a valuable business purpose and that their benefits are not outweighed by the antitrust risks. Because trade associations are meeting places for competitors, typically the association's articles and by-laws carefully set forth the scope and activities of the association in language that, if followed, is above reproach. However, any forum where competitors meet can become a vehicle for potential antitrust concern. Small local group meetings are perhaps more dangerous than larger more formal groups, as generally their activities are not monitored and the minutes of their meeting, if any, are often incomplete. Even more dangerous are "rump sessions" following the more formal proceedings where competitors get together over drinks and discuss company business. References to such meetings in expense reports can be troublesome because as time elapses, memories dim and, as we have seen in various industry-wide antitrust investigations and litigations, a witness when questioned about such informal gatherings is often faced with saying that he has no recollection of the subjects discussed. This can be awkward, particularly where there are many such incidents. The best advice is to avoid to the extent possible such informal contact with competitors. Any price change or uniform activity among competitors that occurs shortly after such a meeting becomes very suspect.

- **If participation in a meeting with competitors serves a valuable and legitimate business purpose not outweighed by the antitrust risk, formal procedures, including the circulation of agendas prior to the meetings and the memorialization of detailed minutes of the proceedings, should be followed at all meetings.** There should be someone present at all association meetings, such as counsel, or a chairman, who will indicate when the topic under discussion creates a possible risk of antitrust exposure and who will make certain that further discussion of such topic is dropped.

[Hypothetical Scenarios]

Compliance with Applicable Laws

Antitrust Laws

21. At the recent convention, Barbara (a Company associate) runs into Alan from a competing company ("Competitor"). Alan starts by complaining how tough business has been lately, then mentions pending RFP's from two potential customers (Customer A and Customer B). He says: "We are really focusing on Customer A. You know they have been our biggest customer for years. I don't know what we'll do about Customer B, if anything." Barbara is surprised and walks away without responding. Back in her office a few days later, Barbara is reviewing the financial projections in light of the Company's new focus on margins rather than share. She decides to bid to Customer B but not Customer A, and notifies her sales team. Customer A complains to the Justice Department, which charges both companies and individuals with price-fixing. How do you vote: Guilty or Not Guilty?

The Company produces documents to the Department of Justice, including the following email from Barbara to her boss, Bill:

TO: Bill
FROM: Barbara
I ran into Alan at the show last week and he said in so many words that if we don't bid hard for Customer A they would leave us alone at Customer B.

And Bill's response:
TO: Barbara
FROM: Bill
Sounds like a deal!

In the documents Competitor produces to the DOJ is an email from Alan to his boss:
TO: Adelle
FROM: Alan
Looks like we won't have to worry about the Hillenbrand company on this one. They pulled back their proposal to Customer A after I talked to them. We'll have to remember that next time one of their customers approaches us.

Now do you think there was an agreement? Barbara should have:

A. Responded to Alan.

B. Documented her reasons for declining the business.

C. Contacted the legal department.

Answer: All of the above are correct responses although incomplete. Barbara should have stated very clearly that she could not discuss any competitive topics with Alan and walked away. Immediately after that she should have documented what happened and sent the memo to the legal department. She should also have been much more careful about any emails on the subject.

THE USE OF INSIDE INFORMATION AND TRADING IN SECURITIES AND PUBLIC, MEDIA AND GOVERNMENTAL COMMUNICATIONS

Trading. There is always one question every associate must ask before buying or selling, or recommending that others buy or sell Hillenbrand, Inc. shares: "Am I in possession of material nonpublic information?" If the answer is yes, you may not buy or sell Hillenbrand shares.

The federal securities laws prohibit the purchase or sale of any security by a person who possesses material nonpublic information (commonly known as "insider trading") until the Company has disclosed such information to the public. This includes not only orders for purchases and sales of stock and convertible securities but also options, warrants, puts and calls. You should wait until the information has been publicly released and the public has had sufficient time to absorb it, that is two business days from the time of disclosure by the Company.

The federal securities laws also prohibit the passing of such information to another person who may trade in any security based upon such information (known as "tipping"). Because of the taint that can attach even to allegations of insider trading, the Company and its associates should attempt to avoid even the appearance of impropriety in this regard. Remember, transactions are always viewed in hindsight.

The insider trading regulations were designed to ensure that all investors have equal access to material information regarding a company's securities.

Therefore, the federal securities laws and regulations and Hillenbrand, Inc.'s policy prohibit any person having material nonpublic information regarding Hillenbrand, Inc. from buying or selling Hillenbrand, Inc. stock when such information has not been published to the general public. Family members and friends who have gained confidential information from such associates are also prohibited from trading Hillenbrand, Inc. stock. Accordingly, any references to associates below apply equally to these other individuals.

A good rule of thumb regarding timing of purchases and sales of Company securities is to trade only during the period after two calendar days after an earnings announcement until the end of the fiscal quarter prior to an earnings announcement for that fiscal quarter. Even during that period, however, you may not purchase or sell or otherwise engage in transactions involving Company securities if you possess material inside information not disclosed by the earnings announcement.

Associates who have material nonpublic information regarding Hillenbrand stock or another company's stock should (1) not disclose that information to anyone inside or outside the Company; (2) avoid buying or selling stock in Hillenbrand, Inc. or another company until such knowledge has been made public; (3) avoid recommending or suggesting to another to buy or sell stock in Hillenbrand or in another company until such information has been made public. It is particularly important to exercise care and refrain from discussing nonpublic information in public places such as elevators, airplanes, taxis, or restaurants where discussions might be overheard.

Violations of these rules may result in Hillenbrand, Inc. receiving a fine that could involve millions of dollars. Associates may be subject to large fines, treble damages based on unlawful profits, and a jail term. Associates face sanctions imposed by Hillenbrand for violation of these standards.

Public, Media and Governmental Communications. It's essential that we maintain integrity in our relationships with the general public — which is influenced by our shareholders, representatives from the media and other members of our communities. Requests for financial or business information about Hillenbrand and its operating companies from the general public, shareholders, or the media (e.g., newspapers, radio, television, magazines, etc.) must be submitted for review and approval by Hillenbrand's Chief Financial Officer, Vice President of Investor Relations, General Counsel or your company's communications officer. Hillenbrand has established rigidly defined channels through which communications proposed for public release must flow. No disclosure of information that has not yet been disclosed publicly should be made without first consulting the Company's policy and procedures on this subject or one of those individuals. Likewise requests for information or other contacts from the Securities & Exchange Commission or the New York Stock Exchange must all be referred to the Hillenbrand, Inc. Chief Financial Officer, Vice President Investor Relations, or General Counsel. It is critical that you not respond to any such inquiry or contact yourself because any inappropriate or inaccurate response, even a denial or disclaimer of information, may result in adverse publicity and could otherwise seriously affect Hillenbrand's legal position. Any other information request from someone representing a government agency must be referred to your supervisor or manager or to one of the representatives of your company's legal, human resources or finance teams.

Definitions.

Material information is information that is important enough to affect your or anyone else's decision to buy, sell or hold the Company's shares or securities. Information about the following could be material: quarterly or annual earnings results; financial forecasts, mergers, acquisitions, tender offers, joint ventures, divestitures or other changes in assets; dividends; stock splits; management changes or changes in control; public or private sale of a significant amount of additional debt or equity securities; major litigation; significant labor disputes; major plant closings; establishment of a program to buy the Company's own shares; the award of a significant contract; new products or discoveries, or developments regarding customers or suppliers; change in auditors or disagreements with auditors; and deterioration in the Company's credit status. The foregoing list is intended to be illustrative and is not intended to be complete. Any questions regarding whether information is material or nonpublic, or whether there has been an inadvertent disclosure of such information, should be directed immediately to legal counsel.

Nonpublic information has not yet been disclosed to the investing public. Information is considered to be public knowledge when it has been published in newspapers or other media or has been disclosed in a press release. Until formally released to the public through a press release or filing with the Securities & Exchange Commission, material information concerning Company plans, projects, successes or failures is considered "inside" information and, therefore, confidential. Information that has been publicly disseminated such that investors have had the opportunity to evaluate it, or that has been filed with governmental agencies as a matter of public record, is considered public and is available to anyone upon request. Examples include press releases, annual and quarterly earnings reports to stockholders, published speeches, reports to the Commission (e.g., reports on Forms 10-K, 10-Q, and 8-K), registration statements, prospectuses and proxy materials and information appearing on the Company's Internet website.

Directors and Officers. Hillenbrand, Inc.'s directors and certain of the officers and shareholders of Hillenbrand or its operating companies are subject to more restrictive rules concerning the purchases and sales of Company securities, reporting requirements, and recapture of short-swing profits under the securities laws. Those extensive restrictions have been communicated to directors and officers separately. However, compliance with those rules is part of our policy of full compliance with all applicable laws governing securities.

[Hypothetical Scenarios]

The Use of Inside Information and Trading in Securities

22. You overhear a conversation in the lunchroom in which a Company associate remarks that Hillenbrand's earnings for the quarter that is about to end probably will fall below the earnings guidance that Hillenbrand has previously made public. Hillenbrand has not made a public announcement of the expected earnings shortfall. Which of the following is true?

A. You may trade in Hillenbrand stock. Information concerning earnings is not material.

B. You are prohibited from trading Hillenbrand stock.

C. You may trade in Hillenbrand stock. Because you didn't acquire the information while acting in your official capacity at the Company, you aren't prohibited from using the information to trade.

D. You may trade in Hillenbrand stock as long as you buy or sell fewer than 100 shares.

Answer: B is the correct answer. Information concerning earnings is clearly material, and you may not trade whenever you are in possession of material nonpublic information. It does not matter whether you acquire the information accidentally or in the performance of your job. Also, the number of shares that you trade is not relevant for purposes of insider trading laws or the Company's trading policy.

23. On the day you were planning to buy some Hillenbrand stock, you learn for the first time of a positive development relating to one of Hillenbrand's businesses. You aren't sure whether the development is material information or whether the development has been publicly announced. You should:

A. Consult with in-house legal counsel at Hillenbrand before buying.

B. Assume that it is safe to buy Hillenbrand shares, because if the development were material Hillenbrand would already have issued a press release announcing the development.

C. Tell your broker about the development and ask his opinion regarding whether it is okay for you to buy.

D. Buy options for Hillenbrand stock, because trading in options is not subject to insider trading laws or the Company's trading policy.

E. Go ahead and trade, and keep your fingers crossed that the development didn't constitute material nonpublic information.

Answer: A is the correct answer. Hillenbrand's in-house counsel are always available to discuss such matters with you, and this is always the best course of action if you are at all unsure whether it is okay to trade. B is incorrect because there will certainly be situations in which material nonpublic information exists and Hillenbrand has not yet determined to or been required to make a public disclosure. C is incorrect because, among other reasons, you are prohibited from sharing confidential information about any Hillenbrand company with third parties. D is incorrect because trading in options and other derivative securities is subject to insider trading laws and the Company's trading policy to the same extent as trading in Hillenbrand common stock.

24. Jane is having dinner with some friends and discussing her job at the Company. She wants to tell her friends about the exciting transaction she has been working on, which is a significant potential acquisition of another company by Hillenbrand or one of its operating companies. A final agreement with the other company for the acquisition has not been reached yet, and no public announcement of the transaction has been made. May Jane tell her friends about this transaction?

A. Yes. Because no agreement has been reached with the other company, the potential transaction is not material nonpublic information.

B. No.

C. Yes, as long as she tells her friends not to trade in Hillenbrand stock.

D. Yes. It would be okay for Jane's friends to trade in Hillenbrand stock because they are not employees of Hillenbrand or one of its operating companies.

Answer: B is the correct answer. A is incorrect. If a transaction or development would be material when it actually occurred, then the fact that there is a possibility that the transaction or development may occur would likely also constitute material information. C and D are incorrect because disclosing material nonpublic information to third parties is a violation of the Company's trading and confidentiality policies. Moreover, if Jane's friends used the information to trade in Hillenbrand stock, Jane could have liability under insider trading laws for "tipping."

25. Same scenario as in 3 above, but Jane is having dinner with her parents rather than with her friends. May Jane tell her parents about the transaction?

- **A.** Yes. Because no agreement has been reached with the other company, the potential transaction is not material nonpublic information.
- **B.** No.
- **C.** Yes, as long as she tells her parents not to trade in Hillenbrand stock.
- **D.** Yes. It would be okay for Jane's parents to trade in Hillenbrand stock because they are not employees of Hillenbrand or one of its operating companies.

Answer: B is still the correct answer. It does not matter that Jane would be disclosing information to her parents rather than her friends.

26. Jane receives a telephone call from a person who identifies herself as a securities analyst who covers Hillenbrand stock. She asks Jane how things are going at the Company and whether there are any interesting developments at the Company. Jane should:

- **A.** Speak freely and openly to the analyst. Analysts need to know what's going on with the companies they cover in order to do their jobs well.
- **B.** Decline to speak to the analyst about the Company and refer her to the Company's Investor Relations department.
- **C.** Talk to the analyst, but only about things that Jane thinks do not constitute material nonpublic information.
- **D.** Tell the analyst she'll share some good information with her, but only if she gives Jane a good stock tip.

Answer: B is the correct answer. The federal securities laws strictly regulate the manner in which material nonpublic information may be communicated to persons such as securities analysts and investors, and Hillenbrand has established procedures for dealing with inquiries from such persons.

Accordingly, such inquiries should always be referred to Hillenbrand's Investor Relations personnel. Sharing information with the analyst would violate Hillenbrand's trading and confidentiality policies and could result in liability under the securities laws for you or Hillenbrand.

POLITICAL CONTRIBUTIONS

Political contributions by corporations in governmental elections, whether by direct or indirect use of corporate funds or resources, are, in many jurisdictions, unlawful. Even in those jurisdictions where those contributions are not unlawful it is the Company's policy not to make any political contributions in such elections except with prior approval of the applicable operating subsidiary's board of directors.

In the United States, political contributions by corporations in federal elections, whether by direct or indirect use of corporate funds or resources, are unlawful. Limitations on contributions by a corporation in state elections vary from state to state. It is the Company's policy that any contribution by the Company, or any operating subsidiary, to state elected public officials, candidates for public office or political parties, must be preapproved by the President of the Company or applicable operating subsidiary. Any such contribution, however, shall be limited to two thousand dollars ($2,000.00) to any one person or entity in a fiscal year, unless more strictly regulated by state law. Any contribution in excess of that amount is prohibited except with the prior approval of the Board of Directors of the Company or applicable operating company. While individual participation in the political process and in campaign contributions is proper and is encouraged by the Company, an associate's contribution must not be made, or even appear to be made, with the Company's funds; nor should the selection of a candidate or of a party be, or seem to be coerced by the Company. Fines and jail sentences may be imposed on officers and directors who violate certain political contribution laws, and the Company may be fined.

No direct or indirect pressure in any form is to be directed toward employees to make any political contribution or participate in the support of a political party or the political candidacy of any individual.

[Hypothetical Scenarios]

Political Contributions

27. The representative from the third district of Oregon, Congressman Jones, asks for the Company to provide a political contribution to his re-election campaign in the form of a $1,000 cash payment. Can the Company honor this request by drafting a check in that amount from the Company's general funds and transmitting it to the Congressman's official political action committee designated to receive such contributions?

- **A.** Yes, because the dollar amount does not exceed the $5,000 limitation on PAC contributions in a given year.
- **B.** Yes, because the Congressman represents a district in which the Company is not "doing business" under applicable State laws.
- **C.** Maybe, because while lawful under federal law, the contribution may violate applicable statutes in the State of Oregon.
- **D.** No, because contributions from the Company's treasury are expressively prohibited under applicable federal law. Contributions to a federal campaign can only be made from a special, designated fund drawn from individual contributions.
- **E.** It completely depends on Congressman Jones' voting record in the last cycle.

Answer: D is the correct answer.

28. Assume the Company establishes a political action committee, or PAC, properly registered with the Federal Elections Commission, and that the PAC is in compliance with regulatory standards. May all of the members of the Board of Directors of the Company make contributions to the PAC?

A. No, because one of the Board members may be a citizen of Sweden. The PAC administrator would first need to make sure that, by the time the contribution is made, the member was lawfully admitted for permanent residence in the United States.

B. Yes, assuming that the PAC contribution will not result in any of these individual contributors exceeding their personal aggregate annual limitation on federal contributions of $25,000.

C. Yes, assuming that no individual contributes more than $5,000 to the PAC during any one electoral cycle.

D. No, because members of the Board of Directors are not part of the eligible class of contributors to the Company's PAC.

E. Only Directors with stock ownership may contribute to the Company's PAC.

Answer: A is the correct answer.

29. It is well into the future and, having exhausted all other options, the Republican National Committee has somehow chosen Louisville, KY as the site for its national convention. Given the proximity to its headquarters, the Company has decided to become a major sponsor of the convention, and has made this fact plainly known. A Republican Senator, who is up for re-election but is not running for President, asks to be flown in the corporate jet (or driven in the corporate bus, if you prefer) to Louisville. Can the Company provide this service?

A. No, because the jet is owned by the Company, and therefore its use would be an in-kind contribution of corporate monies.

B. Yes, but only if the Senator's campaign reimburses the Company in an amount equal to the price of a first-class ticket to Louisville.

C. Yes, because the convention is a national event not directly related to the re-election of the Senator.

D. No, because the provision of air flight services could be construed as a violation of applicable bribery laws.

E. Yes, but only if the Company offers similar service to any Republican primary opponents that the Senator may have.

Answer: B is the correct answer.

30. The Company has established a PAC, and now it's time to fill the PAC coffers with political contributions for distribution to needy elected officials. For his part, the CEO has decided to contribute the maximum to the PAC — $5,000 for the year. Can he send frequent letters to all employees, noting that the kind of "good citizenship" he has displayed in his contribution is the kind of "good citizenship" the Company likes to see in anyone advancing to the Company's executive ranks, and assuring employees that they will be "made whole" if they contribute?

A. No, because contributing to the corporate PAC cannot be a basis for advancement in employment, even impliedly.

B. No, because the Company may not solicit all employees for contributions to the PAC, only members of the PAC's "restricted class" of stockholders, administrative and executive personnel. An "expanded class" can only be contacted twice-yearly.

C. No, because federal law prohibits rebating PAC contributions in the form of bonuses or other forms of financial remuneration.

D. Yes, because he is the CEO.

E. A, B, and C.

Answer: E is the correct answer.

31. Several employees of the Company wish to volunteer their time for canvassing for a candidate for Congress in a district in which the Company owns and operates facilities. The employees, together with non-employee campaign officials, meet each Friday at the end of the day for 10 minutes in the Company's parking lot. From there, they divide up the signs, campaign literature, addresses, and set out on their adventures in participatory democracy. Can the Company allow this to occur?

A. No, because the use of corporate property in this manner constitutes an in-kind contribution of the Company's assets.

B. No, unless the campaign is willing to compensate the Company for the time and the use of the property.

C. Such employee participation is only allowable if the senior executives order the employees to so participate.

D. Yes, because employees can always volunteer their time, and the property use is only incidental.

E. No, because employee participation constitutes de facto "endorsement" by the Company, an act prohibited by law for a publicly-traded Company.

Answer: D is the correct answer.

EMPLOYEE RELATIONS

Equal Opportunity, Nondiscrimination, and Anti-Harassment

It is the Company's philosophy that ethical business practices are not limited to dealings with third parties but also include the Company's employees. In this respect, business ethics begin at home. It is therefore the policy of the Company that all associates, including managerial personnel, and all others having supervisory responsibilities, have an obligation:

- To respect each associate as an individual and to be courteous, considerate, and fair to each associate in order that personal dignity may be maintained;
- To treat each associate, applicant, supplier or business associate without discrimination with regard to race, color, sex, age, religion, national origin, ethnicity, disability, veteran status, or any other characteristics as established by law with respect to all opportunities, terms, conditions, and privileges of employment;
- To provide all employees with a work environment free from harassment of any kind, including harassment of a sexual, racial, ethnic or religious nature or on the basis of one's age or disability;
- To encourage associates to voice their opinions freely about the policies and practices of the Company, and to provide an orderly system by which employees will be given consideration of any job or personal problem which they may have;
- To provide and maintain safe, clean and orderly work facilities and areas;
- To offer competitive standards of pay and benefits; and
- To operate in compliance with all applicable federal, state and local laws governing the Company's relationship with its associates.

You should be aware that the law forbids discrimination in employment on the basis of race, color, sex, age, religion, national origin, ethnicity, veteran status, disability, or handicapped status. Awareness of concerns or discovery of discriminatory or other events that are or may be in violation of the law or this Code should immediately be reported to your manager, supervisor, Company lawyer or any of the members of your company's Ethics Committee.

REGULATORY COMPLIANCE

Each business segment of Hillenbrand, Inc. and its operating companies is touched in some fashion by government laws and regulations. Each employee is expected to be knowledgeable of, and to comply with, the respective regulatory rules governing his or her industry. Prior to taking actions that directly affect regulatory compliance (e.g., redrafting of product warranties, reporting of safety incidents involving our products or offering a gift or entertainment to a government employee), legal counsel should be consulted. It is the responsibility of the manager of each facility to understand the terms and conditions of all permits and authorizations applicable to operations under his or her control as well as applicable laws and regulations, and to ensure best good faith efforts to attain and maintain compliance therewith. Failure to comply with the appropriate regulations and permits may result in significant corporate penalties, fines, and possibly the forced removal of products from the market.

ENVIRONMENTAL, HEALTH AND SAFETY COMPLIANCE

The Company's operations, and in particular its manufacturing plants, are subject to comprehensive regulations, including comprehensive federal, state and local environmental regulation. The Company's facilities are subject to construction and operating permits and authorizations that describe in detail the conditions under which the facilities can be legally operated. It is the Company's policy to comply fully with the lawful terms and conditions of all permits and authorizations and with the provisions of all applicable environmental laws and regulations. The Occupational Safety and Health Act regulates both physical safety and exposure to harmful or hazardous substances in the workplace. In addition, the Toxic Substances Control Act regulates all chemical substances or mixtures that may present an unreasonable risk of injury to human health or the environment. Compliance with these statutes and implementing regulations is also the responsibility of the manager of each facility. The environmental and safety and health laws, and applicable regulations, are detailed and complex. Should you be faced with an environmental or safety and health issue with which you are unfamiliar, you should contact legal counsel.

[Hypothetical Scenarios]

Environmental, Health and Safety Compliance

32. Abby works in a manufacturing facility of the Company. There is an opportunity to improve manufacturing time if a change in the finishing process is implemented. However, this new process will result in a new waste product. Abby is not familiar with disposal guidelines or environmental regulation of discharge of this new waste product into the waste water. Abby is keen to implement the change to the manufacturing process at the earliest time. Abby should:

A. Proceed to implement the new process at the earliest because productivity is a high priority.

B. Assume that disposal is not a problem, because if it was the company that recommended the process would have included that information.

C. Seek clarification from the legal department before implementing the new process.

D. Focus on modernization and productivity and let legal issues sort themselves out later.

Answer: C is the correct answer. The federal and state regulations that apply to the Company's operations are complex and change frequently. Company associates may at times feel unfamiliar with the details of the regulations and their impact on operations or decisions within the associates' responsibility, at every level within the Hillenbrand organization. Under those circumstances it is incumbent upon the associate to flag the concern to the legal department. Proceeding despite unfamiliarity with the current legal requirements can lead to significant non-compliance that may be heavily penalized or may jeopardize valuable customer relations. Company associates should actively seek clarification or guidance from legal counsel whenever the associate feels tempted to "assume it's not a problem" or "let the legal issues sort themselves out later" or "it has not been an issue before."

33. You are responsible for preparing reports of emission monitoring data. You were out sick for three days, and as soon as you return to work you realize a report you regularly file with the EPA is due by the end of the day. You don't want to miss the deadline, but you don't have time to complete the reports for the three days you were out. You decide to omit the data for those three days. You are:

A. Right because this data is gathered voluntarily and in greater detail than required by the EPA.

B. Wrong because failing to report data accurately and completely can have significant negative repercussions for the Company.

C. Right because only three days data is missing, all the other data is included.

D. Wrong because failing to report data accurately and completely can have significant negative repercussions for the Company. You should consult the legal department about the possible delay in filing and solve the issue of late filing.

Answer: B is correct, but D is the more complete correct answer. Filings must be accurate and complete in every respect. Failing to report data accurately and completely can have significant negative repercussions on the Company and should be considered in consultation with legal department. You must avoid "finessing" an issue in a filing in order to avoid a regulatory hurdle because doing so can render an entire submission misleading and can legally restrict the Company's ability to rely upon any governmental decisions or actions taken in response to the filing. Likewise, you should beware of conveniently "ignoring" unfavorable monitoring or other data on the theory that subsequent data is "better" or that the data was gathered voluntarily and need not be disclosed.

34. Ben has just returned from an industry conference and is eager to change the operations involved in one of the Company's most expensive and time consuming manufacturing procedures. This change will not result in any noticeable change in the product, however Ben does not know if it will cause any change in air emissions. Ben does not want to waste any time on regulatory approval and wants to put the new procedure in place without any delay. What should Ben do?

- **A.** Ben should proceed with the change because it will most likely not be noticed and thus there is no need to bother with regulatory approval by the EPA.
- **B.** Ben should consult with the legal department to ensure that this change will not put the Company in non-compliance, and take appropriate measures to avoid non-compliance.
- **C.** Ben should proceed because time is money and any time spent getting regulatory approval or studying the effect of the process on regulatory compliance is money wasted.

Answer: B is the correct answer. The likelihood that a change in operation or a product modification will not be "noticed" must not cloud the necessity for careful consideration of regulatory requirements. Ben should remain cognizant of the fact that operational changes, frequently require advance notice to regulatory officials and often may not be initiated until the authorities have given preliminary approval. Efficient and confident business planning is essential to the financial health of the Company, thus, taking stock of regulatory issues is a necessary part of ensuring that the Company's plans will work as intended, without unforeseen risks or complications.

35. Joe and Sam have been at the Company for fifteen years. Gary is a new associate who insists on following the safety protocols to the letter. Joe and Sam are amused because they know that there is no need to be so particular, because they know that these protocols were written by persons who have no experience doing what Joe and Sam do. What should Gary do?

- **A.** He should do as Joe and Sam do, because they have been on the job for so long, they know better than the authors of the safety manual.
- **B.** He should notify a senior supervisor and the Ethics Committee of the Company.
- **C.** He should be macho like Joe and Sam.
- **D.** He should follow Joe and Sam's lead, because his supervisor would probably just laugh at him.

Answer: B is the correct answer. "That's the way we've always done it" must not be allowed to justify working conditions or activities that are dangerous or may conflict with good business practice or the law. It is every Company associate's responsibility to flag these conditions and practices to the Ethics Committee, to a senior supervisor, or to the legal department so that appropriate action can be taken. For example, safe and proper storage and handling of dangerous materials is critical for the well-being of all associates. Cavalier or "macho" behavior with potentially dangerous materials or processes has no place at the Company. Similarly, from a management perspective, the concerns and complaints of all associates about environmental, safety and other regulatory matters require serious and prompt attention and must not be dismissed or ignored.

UNLAWFUL, QUESTIONABLE OR SENSITIVE PAYMENTS

The Company does not seek to gain any advantage through the improper use of business courtesies or other inducements. Gifts and entertainment of nominal value, or business courtesies, are occasionally used to create goodwill with our customers, suppliers or others. On the other hand, there are very strict rules on gift giving and entertainment of government employees.

If they go beyond that and make the recipient feel obliged to offer any special consideration to the Company they are unacceptable. The Company's policy is to avoid even the appearance of favoritism based on business courtesies. In order to avoid even the appearance of improper payments, no payments are to be made by the Company in cash, other than approved cash payrolls and documented petty cash disbursements. No corporate checks are to be written to "cash," "bearer" or third-party designees of the person entitled to payment.

Commercial Bribery. Payment (other than for purchase of a product or procurement of a service) or giving of a gift, credit, payment, service or anything else of other than token or nominal value to suppliers or customers or their agents, employees or fiduciaries may constitute a commercial bribe, which may also be a violation of law. Cash payments may never be made to employees of competitors, suppliers, or customers. Commercial bribery is also against the policy of the Company; and no employee may engage in such bribery on behalf of the Company. Associates should exercise good judgment and moderation and should offer business courtesies to customers only to the extent that they are in accordance with reasonable practices in the marketplace.

All gifts and entertainment, regardless of their nature or value, must be properly recorded on expense report forms or other appropriate accounting document.

Bribery of Public Officials. Bribery, or the giving of money or anything else of value in an attempt to influence the action of a public official, is unlawful. No associate is authorized to pay any bribe or make any other illegal payment on behalf of the Company, no matter how small the amount. This prohibition extends to payments to consultants, agents and other intermediaries when the employee has reason to believe that some part of the payment of the "fee" will be used for a bribe or otherwise to influence government action.

The practice of making "facilitating payments" in foreign countries may not be illegal in certain circumstances (e.g., small payments made to minor functionaries who, unless compensated, would delay or refuse to perform administrative functions to which the Company is clearly entitled). To the extent that such payments are legal and considered necessary, they may be made only in those countries where they are a recognized and open practice, and only following approval by legal counsel. Any such facilitating payment must be properly recorded and accounted for so that the Company may comply with all tax and other applicable laws.

Laws and regulations require our businesses to be in contact with public officials on a wide variety of matters. Associates dealing with public officials should be familiar with lobbying laws and public disclosure requirements, particularly those that apply to registrations and filings.

[Hypothetical Scenarios]

Unlawful, Questionable or Sensitive Payments

36. The President establishes a federal commission of inquiry regarding practices in one of the Company's industries. The President announces his intention to nominate a noted university professor to this commission. The professor has a background in the industry, and her university maintains a Center for Responsible Action relating to the industry in question. The Company has frequently donated to this Center, and decides to do so again after it is known that the professor has been nominated, but before she has accepted her new role as commissioner. Could the bribery statute apply?

A. No, because the professor has not yet assumed her public office.

B. No, because the "commission of inquiry" has no regulatory authority, and the professor is neither an elected official nor an employee of a government regulatory agency.

C. No, because the gift is not to the professor herself.

D. Yes, if there is additional evidence that the Company intended the professor to "overlook" acts committed by the Company as a result of the gift.

E. No, because academics are always above reproach.

Answer: D is the correct answer.

37. The Company employs a "business consultant" in order to facilitate sales of products in South and Central America. In one particular nation, the consultant reports that a government minister requires roundtrip tickets to the United States for the minister and his family. The minister states that he must ask for this "in case I wish to inspect the Company's production facilities." The minister tells the Company's consultant that he simply will not approve the importation of the Company's goods until such tickets are provided. Can the Company provide the tickets?

A. No, because the Foreign Corrupt Practices Act prohibits paying money or anything of value in order to obtain or retain business.

B. Yes, but only if the consultant provides the tickets, and the Company does not.

C. No, because the rationale offered by the minister is not sufficiently related to routine governmental actions, such as licensing or processing documents.

D. Yes, because FCPA is only meant to cover monetary bribes disguised as fees.

E. A and C.

Answer: E is the correct answer.

38. The Company is attending a trade show in a foreign nation. The trade show director is the brother-in-law of the prime minister, and has no experience with either trade shows or the Company's products to be displayed at the show. Nevertheless, citing a purported regulation issued by his brother-in-law, the trade show director demands that the Company pay him a cash fee to "see and evaluate a demonstration of the product" before the Company can have access to the trade show. Further, it will be practically impossible to access the nation's market without access to the trade show. If the Company agrees, has it violated FCPA?

A. Yes.

B. Not if the US government fails to prove that local law or product demonstration were actually at issue.

C. No, because participation in the trade show is not the same thing as obtaining actual business.

D. Not if the Company can prove the payment was made as part of demonstrating a product, or not if the Company can prove the payment was lawful under the written laws of the foreign country.

E. No, because the Company deliberately avoided asking too many questions about established pattern and practice.

Answer: D is the correct answer.

39. The Company seeks to provide certain products to a buyer based in the Middle East. The buyer provides a standard purchase order which requires the Company to provide information on any business contacts the Company has with the State of Israel. Does doing so violate the Export Administration Act and the Tax Reform Act of 1976?

A. No, because these statutes are only violated if the Company agrees to participate in an actual boycott as a precondition of doing business.

B. Yes.

C. No, because a Company is always able to simply provide information, particularly given constitutional protections.

D. No, because the statutes only apply if letters of credit are conditioned on boycott compliance.

E. Not if the purchase order is between the buyer and a foreign affiliate of the Company.

Answer: B is the correct answer.

DISCLOSURE; BOOKS AND RECORDS

The Company maintains controls and procedures ("disclosure controls and procedures") designed to ensure that information required to be disclosed by the Company in the reports it files with the Securities & Exchange Commission is recorded, processed, summarized and reported within the required time periods. Disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed by the Company in the reports it files with the Securities & Exchange Commission is accumulated and submitted to the Company's management to allow timely decisions regarding required disclosure. The Company also maintains a process ("internal control over financial reporting") 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 including policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Each associate involved in the Company's disclosure process or financial reporting is required to be familiar with and comply in all respects with the Company's disclosure controls and procedures and internal control over financial reporting.

The Foreign Corrupt Practices Act makes it illegal to obtain or retain business through payments to improperly influence foreign officials and governments. It is not limited to businesses operating abroad, nor to the making of illegal foreign payments. It contains, in fact, significant internal accounting control and record-keeping requirements that apply to all of our operations.

Specifically, the Company must maintain books, records and accounts in reasonable detail to accurately and fairly reflect all of the Company's transactions. The Company and its subsidiaries will maintain a system of internal accounting controls sufficient to reinforce policy compliance and provide reasonable assurance that:

- Transactions are executed in accordance with management's general and specific authorization;
- Transactions are recorded as necessary (a) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and (b) to maintain accountability of assets;
- Access to Company assets and funds is permitted only in accordance with management's general or specific authorization;
- The accounts recorded on the Company's balance sheet are reconciled to the underlying accounting detail at reasonable intervals and, where appropriate, compared to the physical assets. Appropriate actions are taken with respect to significant differences.

These record-keeping requirements are in addition to all other Company financial policies. No employee will knowingly fail to implement a system of appropriate internal controls or falsify any book, record or account.

Violations of the Foreign Corrupt Practices Act can result in fines and imprisonment, or both, for individual associates, and penalties against the Company.

All associates are strictly responsible for ensuring the accuracy and reliability of the Company's accounts. As a result, all associates are responsible for following Company procedures for carrying out and reporting business transactions, including appropriate schedules of authorization controls. It is the policy of the Company that all books and records conform to generally accepted accounting principles in each of the respective countries in which Hillenbrand or its operating companies may do business and to all applicable laws and regulations. In addition to the matters above specifically addressed, this policy also incorporates the following requirements:

- The Company's policy prohibits the existence or creation of any undisclosed, secret or unrecorded funds, assets or liabilities.
- No payment on behalf of the Company will be approved or made with the intention or understanding that any part of the payment is to be used for purposes other than described by the documents supporting the payment.
- No false or fictitious entries will be made in the financial statements or underlying financial records and no employee shall engage in any arrangement that results in such an act.
- The Company's policies prohibit the use of Company assets or funds for purposes other than specifically authorized by management.

- All associates are forbidden to use, authorize, or condone the use of "off the books" bookkeeping, secret accounts, unrecorded bank accounts, "slush" funds, falsified books, or any other device that could be utilized to distort accounts, records, or reports of the Company.

- Any false, fictitious, or misleading accounting entry made to conceal or disguise any "unlawful or questionable payment" described in these standards is prohibited. A false, fictitious, or misleading accounting entry is one that is not posted to the proper account.

- Over billing practices in international transactions which are designed and used unlawfully to transfer assets from one country to another are prohibited.

The policy of accurate and fair recording also applies to an employee's maintenance of time reports, expense accounts and other personal Company records.

USE OF AGENTS, CONSULTANTS AND NON-EMPLOYEES

This Code and other Company policies are mandatory and compliance with this Code by all agents, consultants, contractors and other non-employees is expected. Agents, consultants, or other non-employees cannot be used to circumvent this Code, the law or our policies. Employees will not retain agents, consultants, or other non-employees or representatives to engage in practices that are contrary to our Code or any law or regulation.

REPORTING ILLEGAL OR UNETHICAL BEHAVIOR; ACCOUNTABILITY

We must report violation of laws, regulations, or these standards and guidelines on ethical business conduct. The Company actively supports ethical behavior. When not certain of the best course of action in a specific situation, you should seek clarification and help from supervisors, managers and appropriate personnel.

The Company will not tolerate any attempt by any associate to retaliate against another as a result of good faith reports of illegal or unethical behavior. Federal law provides whistleblower protection for employees. Thus, any associate is prohibited from discharging, demoting, suspending, or in any manner threatening, harassing or discriminating against an associate who provides information about violation of the law or this Code, or assists in the investigation of violation of the law or this Code, or participates in bringing or brings a lawsuit.

Discovery of events of a questionable, fraudulent or illegal nature or that are, or may be, in violation of the standards and guidelines stated in this Code or other Company policies should be reported immediately as discussed above. Failure to report an existing or potential violation of this Code is itself a violation of this Code.

Violations and potential violations of this Code involving a director, an executive officer or any member of an Ethics Committee will be reported to the Audit Committee. The Audit Committee will take all appropriate action to investigate any violation or potential violation reported to it. If the Audit Committee determines that a violation involving a director, an executive officer or a member of an Ethics Committee has occurred or may occur, it may report the violation or potential violation to the Board of Directors. The Audit Committee or Board of Directors will take such disciplinary or preventive action as it deems appropriate, up to and including dismissal or, in the case of criminal conduct or other violations of law, notification of appropriate governmental authorities.

Violations and potential violations of this Code involving any associate other than a director, executive officer or member of any Ethics Committee will be reported to the applicable Ethics Committee. The Ethics Committee will take all appropriate action to investigate any violation or potential violation reported to it. If the Ethics Committee determines that a violation has occurred or may occur, it will take such disciplinary or preventive action as it deems appropriate, up to and including dismissal or, in the case of criminal conduct or other violations of law, notification of appropriate governmental authorities. The Ethics Committee also will report any such violation or potential violation to the Audit Committee if it determines that the Audit Committee should be aware of such violation or potential violation.

Violations and potential violations of this Code involving incidents of (i) auditing, accounting, internal controls or financial improprieties or fraud; or (ii) ethics concerns or illegal acts involving a director, an executive officer or any member of an Ethics Committee; or (iii) material violations of the securities laws or breaches of fiduciary duty will be reported to the Audit Committee. The Audit Committee will take all appropriate action to investigate any violation or potential violation reported to it. If the Audit Committee determines that a violation has occurred or may occur, it may report the violation or potential violation to the Board of Directors. The Audit Committee or Board of Directors will take such disciplinary or preventive action as it deems appropriate, up to and including dismissal or, in the case of criminal conduct or other violations of law, notification of appropriate governmental authorities.

OTHER POLICIES

This Code contains only general information and guidelines. It is not intended to address all the possible applications of, or exceptions to, the general policies described in it. Other Company policies that are applicable to you supplement the Code. You should contact your business unit’s legal counsel or human resource representative for these other policies. Since all associates are obligated to observe the requirements of applicable laws and regulations, failure to review any supplement or revision to our Code and other policies will not be an acceptable excuse for a failure to observe the requirements of any applicable law or regulation then in effect of which the associate had knowledge or reasonably should have had knowledge.

Exhibit 21.1

HILLENBRAND, INC.
SUBSIDIARIES OF THE REGISTRANT

All subsidiaries of the Company are wholly-owned Indiana corporations, unless otherwise noted.

Batesville Services, Inc.

Subsidiaries of Batesville Services, Inc.
- Batesville Casket Company, Inc.
- Batesville Casket Co. South Africa Pty, Ltd., a South Africa corporation
- Batesville International Corporation
- Batesville Logistics, Inc.
- Batesville Manufacturing, Inc.
- Batesville Casket de Mexico, S.A. de C.V., a Mexican corporation
- Green Tree Manufacturing, Inc.
- MCP, Inc.
- Modern Wood Products, Inc.
- WCP, Inc.
- BCC JAWACDAH Holdings, LLC
- Acorn Development Group, Inc.
- The Forethought Group, Inc.
- BV Acquisition, Inc.

Subsidiaries of Batesville Casket Company, Inc.
- NorthStar Industries, LLC

Subsidiaries of Batesville International Corporation
- BC Canada Company, ULC, a Nova Scotia Unlimited Liability corporation
- Batesville Holding UK Limited, a United Kingdom corporation

Subsidiary of BC Canada Company, ULC
- Batesville Canada Ltd., a Canadian corporation

Subsidiary of Batesville Holding UK Limited
- Batesville Casket UK Limited, a United Kingdom corporation

Subsidiary of Batesville Casket de Mexico, S.A. de C.V.
Industrias Arga, S.A. de C.V., a Mexican corporation

Jointly owned by Green Tree Manufacturing, Inc. and Modern Wood Products, Inc.
Global Products Co., S.A. de C.V., a Mexican corporation

Jointly owned by MCP, Inc. and WCP, Inc.
NADCO, S.A. de C.V., a Mexican corporation

K-Tron International, Inc., a New Jersey corporation

Subsidiaries of K-Tron International, Inc.
K-Tron Investment Co., a Delaware Corporation
K-Tron Technologies, Inc., a Delaware Corporation

Subsidiaries of K-Tron Investment Co.
K-Tron America, Inc., a Delaware corporation
K-Tron (Schweiz) AG, a Swiss corporation
Premier Pneumatics, Inc., a Delaware corporation
Pennsylvania Crusher Corporation, a Delaware corporation
Gundlach Equipment Corporation, a Delaware corporation

Subsidiaries of K-Tron (Schweiz) AG
K-Tron Deutschland GmbH, a German corporation
K-Tron France S.a.r.l., a French corporation
K-Tron Great Britain Limited, a U.K. corporation
K-Tron Asia Pte Ltd, a Singapore corporation
K-Tron China Limited, a Hong Kong corporation
K-Tron (Shanghai) Co., Ltd., a China corporation
Wuxi K-Tron Colormax Machinery Co., Ltd., a China corporation

Subsidiaries of Pennsylvania Crusher Corporation
Jeffrey Rader Corporation, a Delaware corporation

Subsidiaries of Jeffrey Rader Corporation
Jeffrey Rader AB, a Swedish corporation
RC II, Inc., a Georgia corporation

Subsidiaries of RC II, Inc.
Jeffrey Rader Canada Company, a Canadian corporation

Subsidiaries of K-Tron America, Inc.
K-Tron Colormax Limited, a U.K. corporation
K-Tron PCS Limited, a U.K. corporation

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Forms S-8 (Nos. 333-149893 and 333-167508) and Form S-3 (No. 333-167986) of Hillenbrand, Inc. of our report dated November 23, 2010, relating to the consolidated financial statements, financial statement schedule, and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Indianapolis, Indiana
November 23, 2010

EXHIBIT 31.1

CERTIFICATIONS

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

I, Kenneth A. Camp, certify that:

1. I have reviewed this Annual Report on Form 10-K 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: November 23, 2010

/s/ Kenneth A. Camp

Kenneth A. Camp
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 Annual Report on Form 10-K 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: November 23, 2010

/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 Annual Report of Hillenbrand, Inc. (the "Company") on Form 10-K for the period ending September 30, 2010, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kenneth A. Camp, 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/ Kenneth A. Camp

Kenneth A. Camp
President and Chief Executive Officer
November 23, 2010

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 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 Annual Report of Hillenbrand, Inc. (the "Company") on Form 10-K for the period ending September 30, 2010, 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
November 23, 2010

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.